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PRESS-RELEASE

St. Petersburg

LSR Group Announces Operating Results for 2009

LSR Group, one of the leading real estate developers and producers of building materials in Russia (LSE: LSRG; MICEX, RTS: LSRG) today announces its operational results for the full year of 2009.

REAL ESTATE DEVELOPMENT AND CONSTRUCTION

Elite residential and commercial real estate in St Petersburg	2008	2009	Change, %
Completed (thousand square meters)	54	85	57%
New sales contracts (thousand square meters)	27	30	10%
Transferred to customers (thousand square meters)	18	76	316%

Mass market and business class residential real estate in St. Petersburg	2008	2009	Change, %
Completed (thousand square meters)	122	82	-33%
New sales contracts (thousand square meters)	141	209	49%
Transferred to customers (thousand square meters)	85	117	38%

Prefabricated panel construction	2008	2009	Change, %
St. Petersburg Transferred to customers (thousand square meters)	445	488	10%
Yekaterinburg Transferred to customers (thousand square meters)	19	11	-42%

Elite Residential and Commercial Real Estate in St Petersburg

In 2009, we signed new contracts with customers for the sale of 30 thousand square meters of net sellable area, which was an increase of 10% from 2008.

During 2009, a total of 76 thousand square meters of real estate were transferred to customers, representing a 316% increase from 2008.

In 2009, LSR Group completed a total of 85 thousand square meters of net sellable area, an increase 57% from the previous year. An increase in the number of square meters completed and transferred to customers in 2009 against 2008 was determined by the construction schedule.

In 2009, we completed phase 3 of the elite residential development at 60 Shpalernaya Street, with a net sellable area of 4 thousand square meters, the Residence at the Suvorovsky residential complex with a net sellable area of 39 thousand square meters, and also two residential buildings of the Paradny Kvartal development, with a net sellable area of 38 thousand square meters.

In the fourth quarter of 2009, an office building was completed at the Paradny Kvartal development with a net leasable area of 3.6 thousand square meters.

Mass Market and Business Class Residential Real Estate in St Petersburg

In 2009, we signed new contracts with customers for the sale of 209 thousand square meters of net sellable area in mass market houses in St. Petersburg, which is an increase of 49% as compared to 2008. 147 thousand square meters were sold under 2 government contracts for public needs. 117 thousand square meters of completed properties were transferred to customers in St. Petersburg, an increase of 38% from 2008.

In 2009, we completed a total of 82 thousand square meters of net sellable area in the mass market segment in St. Petersburg, a decrease of 33% compared to 2008. A reduction in the completion volume was determined by the construction schedule.

During 2009, we completed two buildings with a net sellable area of 37 thousand square meters in the Fortuna project, one building with a net sellable area of 5 thousand square meters in the Dolgoozyorny project, one building with a net sellable area of 10 thousand square meters in the Pulkovsky Posad project, and three buildings totalling 30 thousand square meters of net sellable area in the Antey project.

During 2009, we obtained two significant governmental contracts for the sale of mass market housing for governmental use:

1. The sale of 1,704 flats for use by the RF Ministry of Defence. The contract amount is for RUR 4.7 billion and the construction is scheduled to be completed in September 2010.

2. The sale of 1,040 flats for the use by the Government of St. Petersburg. The contract amount is for RUR 1.8 billion. The project implementation is on schedule, and we plan to complete it by the end of March.

These contracts are being executed by OOO GDSK, the mass market real estate development unit of LSR Group.

Real Estate in Yekaterinburg

In 2009, we signed new contracts with customers for the sale of 23 thousand square meters of net sellable area, and transferred 39 thousand square meters to customers. Approximately 1 thousand square meters of housing have been completed to date.

Real Estate in Moscow

In 2009, we started the construction of six residential buildings with a total area of 140 thousand square meters in Balashikha in Moscow region for the use by the RF Ministry of Defence. The contract amount is RUR 3.9 billion. The project is scheduled to be completed in June 2011. Our Moscow business unit, CJSC Mosstroyrekonstruktsiya, is a subcontractor under the contract.

Prefabricated Panel Construction

In 2009, our housebuilding business units in St. Petersburg and Yekaterinburg transferred to customers over 499 thousand square meters of prefabricated houses.

In 2009, LSR Group obtained a major governmental contract to construct 49 residential buildings with a total area of approximately 380 thousand square meters in the Osinovaya Roscha district of St. Petersburg for use by the RF Ministry of Defence. The contract amount is RUR 11.4 billion and is expected to be completed in June 2011. The contract is being executed by CJSC DSK Blok, the construction business unit of LSR Group.

Commercial Real Estate

As of 31 December 2009, we had four operating business centres under management in St. Petersburg, with total net leasable area of 15 thousand square meters, including: Helios at 47/49 Marata Street, Litera at 10 Galernaya Street, Apollo at 8A Dobrolyubova Prospekt and Orlov office centre, forming part of the Paradny Kvartal development.

BUILDING MATERIALS AND AGGREGATES

Product	2008	2009	Change, %
Reinforced concrete (thousand cubic meters)	550	288	-48%
Ready-mix concrete (thousand cubic meters)	1,493	812	-46%
Bricks (millions of non- formatted bricks)	265	169	-36%
Sand (thousand cubic meters)	17,957	10,207	-43%
Crushed granite (thousand cubic meters)	5,305	3,527	-34%
Aerated concrete (thousand cubic meters)	835	737	-12%

In 2009, sales volumes declined significantly in the building materials segment, primarily as a result of a reduction in the rate of construction, and the related reduction in the consumption of building materials, due to the general economic recession.

Reinforced Concrete

In 2009, we sold 288 thousand cubic meters of reinforced concrete items, a decrease of 48% compared to 2008, with St. Petersburg accounting for 247 thousand cubic meters and Moscow accounting for 41 thousand cubic meters.

Additionally in St. Petersburg, we produced and sold 41 thousand cubic meters of reinforced concrete products within the implementation of construction projects where our reinforced concrete business unit acted as a construction contractor.

Major projects supplied by us in 2009 included: the Hyundai factory, Phase 2 of the Leningrad Nuclear Power Station, Ruslan cargo terminal, and the oil processing plant in Kirishi. We also supplied reinforced concrete to major transport projects such as the Western High Speed Diameter, Ring Road, Ust-Luga Commercial Sea Port and others.

During 2009 in Moscow, we launched a line, equipped with modern production, by Vollert-Weckenmann to produce reinforced concrete items for a new series of prefabricated panel houses, EuroPa. The first shipment of the new plant's products is already being delivered to be used in construction of housing for military personnel in Balashikha, Moscow region.

Aerated Concrete

Aerated concrete sales in 2009 totalled 737 thousand cubic meters, a decrease of 12% compared to 2008. Sales include 367 thousand cubic meters sold in St. Petersburg; 67 thousand cubic meters sold in the Baltic States, Scandinavia and Poland; and 302 thousand cubic meters sold in Ukraine.

Demand for aerated concrete decreased most dramatically in the Baltic States and Scandinavia while there was a significant increase in sales (109% year-on-year) in Ukraine which resulted from an increase in capacity (at the end of 2008 we acquired the existing plant in Ukraine and also put into operation a new production facility there) as well as a reduction in imports and an increased share of aerated concrete in the sales of wall materials.

Ready-Mix Concrete

LSR Group sold 812 thousand cubic meters of ready-mix concrete, a decrease of 46% compared to 2008. Sales included 531 thousand cubic meters sold in St. Petersburg and 281 thousand cubic meters sold in Moscow.

In 2009, we primarily supplied commercial, industrial and infrastructure construction projects such as the Hyundai car factory, Southwest Power Plant, TPP 5 and TPP 14, Airport City and Pulkovo Sky office centres, Stockmann shopping centre and Ust-Luga Port.

In St. Petersburg in 2009, we launched a new high tech concrete plant that replaced an obsolete low-capacity manufacturing facility.

In Moscow in 2009, a considerable portion of ready-mix concrete was also supplied to infrastructure and commercial construction projects such as the Affordable Garage project and the Moscow City International Business Centre. Ready-mix concrete was also supplied for the construction of such projects as the State History Museum, the Customs Academy under the RF State Customs Committee, Russian Army Staff Headquarters, three Moscow metro stations, the Central Clinical Military Hospital and others.

Starting from the second half of 2009, LSR Group signed contracts for supplying ready-mix concrete to a number of construction projects for use by the Ministry of Defence.

Bricks

Brick sales totalled 169 million units (of non-formatted bricks), 36% less than in 2008, with St. Petersburg and the Leningrad region remaining the key sales regions throughout 2009.

Cement

We are in the process of construction of our new cement plant according to our strategic plan and the schedule of construction.

We are planning to launch the plant in the autumn of 2010.

Aggregates

In 2009, LSR Group sold 10 million cubic meters of sand, a decrease of 43% from 2008, and 3.5 million cubic meters of crushed granite (not including crushed granite produced in LSR's Yekaterinburg facilities), which represented a decrease of 34% from 2008.

A reduction in sand sales in 2009 was primarily due to decreased volumes of residential and industrial construction. The key sand consumers in 2009 were infrastructure projects underway in St. Petersburg, primarily, the Ring Road and the Sea Facade land reclamation project. We also supplied our aggregates for the construction of a mooring berth which is a part of Nord Stream Project, Zenit Stadium, the Hyundai factory, the Ring Road, and Sofiyskaya-Kolpino Road.

Crushed granite sales in Yekaterinburg in 2009 were 66 thousand cubic meters.

Notes:

1. The sales volumes in this press release are rounded to thousands while percentage changes are calculated using the data in units.

Note to editors:

OJSC LSR Group is a real estate development and building materials company founded in 1993 and operating in a number of complementary market segments. Its core business areas are building materials, real estate development and panel construction.

LSR Group's main operations are located in St. Petersburg, Moscow, Yekaterinburg and Ukraine.

In 2008, the sales revenues of LSR Group were RUR 49,813m (IFRS). LSR Group is a public company, with its GDRs traded on the London Stock Exchange and its ordinary shares traded on MICEX and RTS.

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