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Etalon IPO Raises $575M With Price in Lower Range

By The Moscow Times

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LONDON — Etalon Group, a developer that builds high-rise apartment blocks in Moscow and St. Petersburg, raised $575 million in an initial public offering and will use most of the proceeds to buy land.

Etalon sold 82.1 million Global Depositary Receipts for $7 each in the London share sale, the St. Petersburg-based company said in a statement Friday. That was at the bottom of the $7 to $9 range used to canvass investor interest in the stock. Etalon is expected to list on the London exchange on April 20.

The gross proceeds from the offering are expected to be $500 million, and the developer will use 70 percent of the money to buy land, the statement said. Credit Suisse Group, Renaissance Capital and VTB Capital managed the sale.

Most of Etalon's projects are homes sold to middle-income earners. The company wants

to buy land or work with owners who have been prevented from developing sites by borrowing restrictions or financial distress.

"Investors got burnt two years ago on Russian developers, including PIK Group and Sistema-Hals, who lost financial solvency in the crisis and failed to implement the announced investment plans," said Yulia Gordeyeva, an analyst at Deutsche Bank in Moscow.

The shares were priced at about 1.6 times the asset value of Etalon's real estate, Gordeyeva said.

PIK listed shares at $25 in London in 2007. The stock plunged from a peak of $32.50 in May 2008 to as low as 43 cents in March 2009 and was at $4.44 as of 4:35 p.m. Friday in London.

Sistema-Hals listed shares at $10.70 per Global Depositary Receipt in November 2006. Its stock plunged to 11 cents in November 2008 and last traded at $1.34.

Isovoltaic, the biggest maker of solar-module backsheets, on Friday joined British vacuum-pumps maker Edwards Group, Indian billionaire Gautam Thapar's BILT Paper and Internet-payment provider Skrill Group, which deferred London IPOs this month citing lack of investor demand, as concern about corporate debt eroded interest in new issues.

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