Presentation of the Financial Results for 12 months ended December 31 2008

May 15 2009

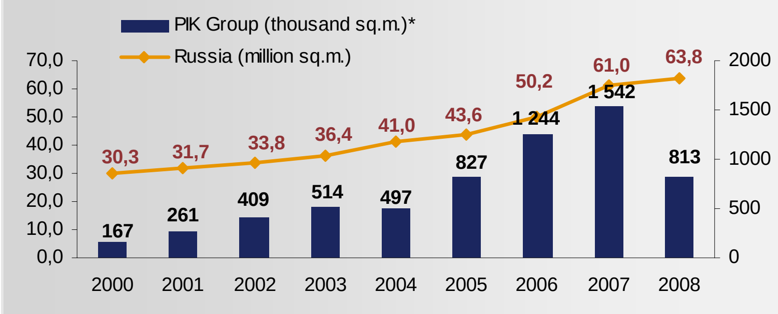
Content

Introduction

Proven Track Record in Real Estate Development

- Leading residential nationwide developer in Russia, focusing on mass market communities
- Proven track record in RE development, since inception completed over 7.3MM square meters of housing (equivalent of approx. 122,000 units)
- Vertically integrated business model
- Founded in 1994, public since June 1 2007

Volume of completed housing in 2000-2008



Source: Rosstat, Company data

High-End Real Estate Developments

***Fersmana Street, Moscow, 18k m²*, 2003**

***Krylatskie Ogni, Moscow, 46k m²*, 2006**

***Presnya House, Moscow, 16k m²*, 2007**

High-End Commercial Developments

Business park 'Kaluzhsky' (1), Moscow Region, 230k m²

Park City (1), Moscow, 312k m²

Mass Market Residential Developments

Novokurkino, Moscow Region, 1 160k m²

Dolgoprudny, Moscow Region, 420k m²

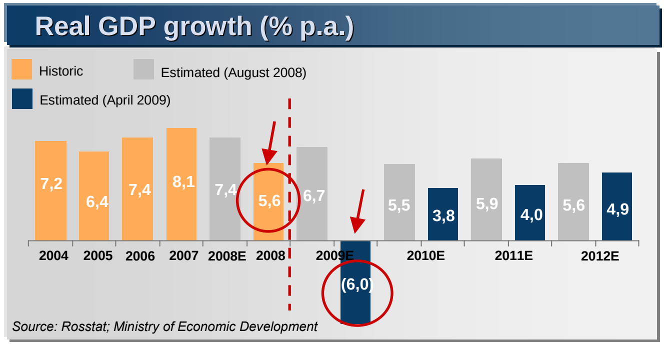
New-Peredelkino, Moscow, 211k m²

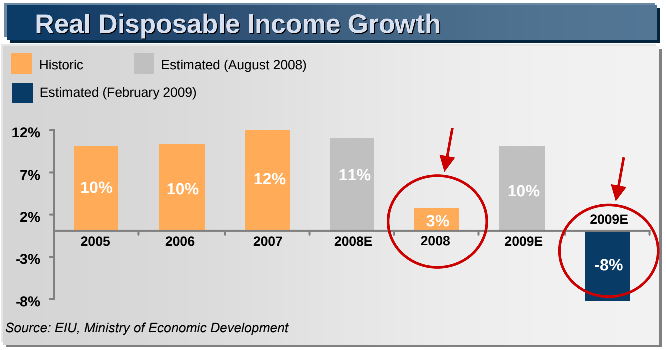
Yaroslavskiy, Mytishi, Moscow Region, 987k m²

Note: (1) to be developed through Storm Properties, PIK Group company

Change in economic outlook leads to reboot in market perception

- During last 3 years, in the CEE/CIS region[1] over US$15bn of new money were invested into the equity market for real estate companies;
- Since Summer 2008, marketcap of the real estate sector on average plummeted by >90% (RTS: >60%; MSCI EM: >40%);
- The reason for that substantial decrease is attributed to weakening drivers for the RE sector as a whole:
  - macroeconomy is in recession;
  - real disposal income outlook deteriorated;
  - distressed financial sector with lack of capital and substantial exposure to RE sector can not afford to continue lending[2];
  - mortgage market with increased interest rates[3] is unaffordable;

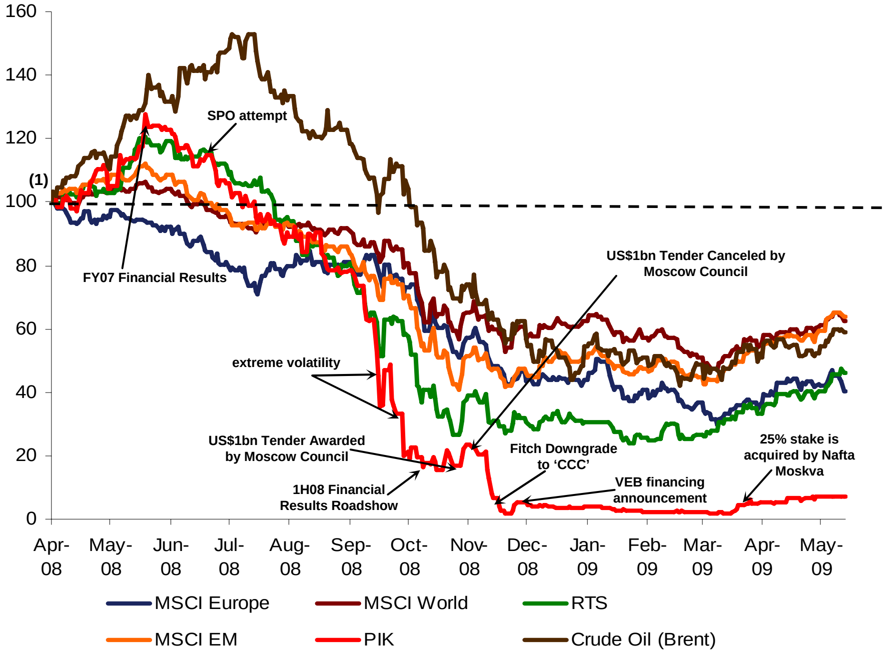




Note: (1) and partly western European region such as Austria
(2) either to corporate or to individuals
(3) up to 20% in dollar, up to 30% in rouble

Relative Stock Performance

PIK share price performance vs. indexes

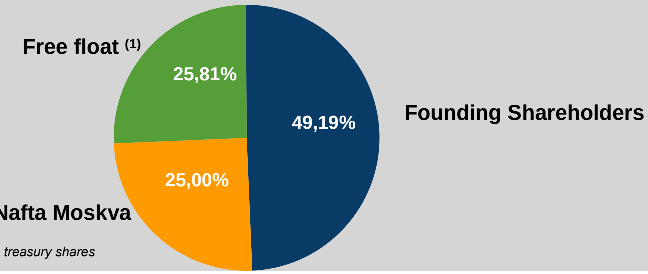


Index Performance

	Since 01.03.09	Since 01.01.2009
PIK	**+255,8%**	**+91,7%**
RTS	+74,0%	+50,0%
MSCI World	+22,5%	-0,1%
MSCI EM	+42,2%	+24,9%
MSCI Europe Real Estate	+9,4%	-8,5%
Brent	+21,5%	+8,0%

Source: Bloomberg, LSE closing prices as of 16.05.09

PIK's share capital structure



Note: (1) includes 3.2million treasury shares

- As per Bloomberg, PIK shares, which are included into MSCI EM index, surged to most among all shares in 1Q 2009

Note: (1) Share price performance Rebased to 100 on April 1 2008 (for PIK 100=$25,5/GDR)

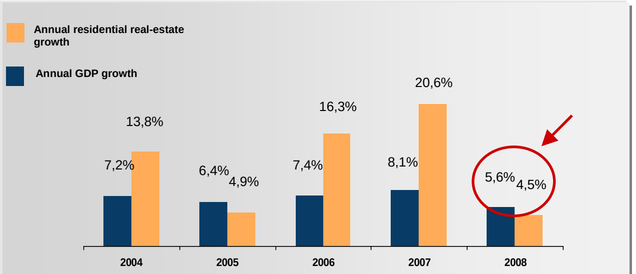

Market Overview

Market Overview

Russia and the Russian Real Estate Market have Strong Fundamentals

- Russia has a large residential market of 143 million people, which is fundamentally undersupplied; replacement of the existing obsolete housing is needed
- Russian Government still plans to target housing constructions to raise up to 140million sqm per annum (1 sqm per capital) in the long-run, which represents a significant lag from the current levels
- PIK Group, which focuses on the Russian middle class is fundamentally well-positioned in the supply/demand balance in housing market to benefit from the above long-term plans
- In the meantime, with the aim to ease the consequences of the current global market turbulence, Russian government initiated the following measures (but not limited to the below), from which the RE sector may benefit in the future:
  - Soft-landing of the ruble through utilization of ~$200bn currency reserves allowed seamless adjustment into the new normalized macroeconomic;
  - Recapitalization of the banks (~$50bn via subordinated debt);
  - VEB refinancing support for external debt (~$15bn was spent in total of which PIK secured ~$262million);
  - Recapitalization of the mortgage agency AIZhK (~$1.7bn is expected in total);
  - Corporate income tax reduction (from 24% to 20%);
  - List of strategic companies was introduced, compiling preferred companies for lending, issuance of government guarantees and subsidized interest expense on loans (PIK is part of the list);
  - Government procurement program was budgeted for 2009 to create additional demand (~$14bn[1])[2]

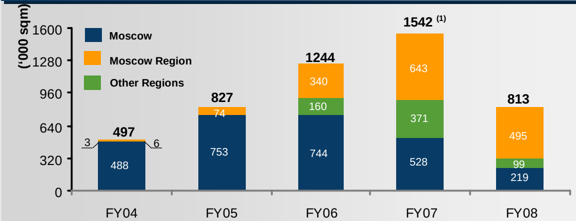
Comparison between Russian GDP and Residential RE Construction Growth



Note: Russia's 6,9% GDP growth can translate into 12,0% annual growth for real estate

Source: Rosstat, AIZhK

PIK Residential Real Estate Construction



Note: PIK share includes PIK development share.

Source: Management accounts

Important note: PIK Group has a conservative revenue recognition accounting principles, which means that sales revenue is only recognized when apartments are sold and completed and approved by the state commission in the form of State Acceptance Act.

The completions in the charts imply total square meters completed including city share and share of co-investors

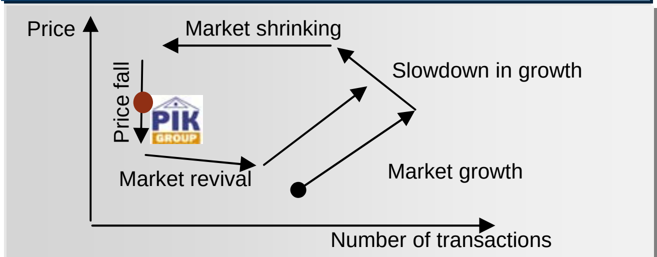
Note: (1) equivalent to RUB450bn

(2) Kommersant № 77(4132) om 29.04.2009 № 77(4132) om 29.04.2009

Current Price Environment

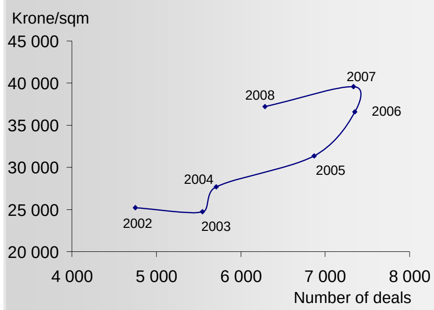
- Under the current macroeconomic environment, starting from the RE market shrank, correction of prices started slowly:
  - Sales dried up almost to a single transaction both in the primary and the secondary market. At that time, offered prices did not correct significantly;
  - Transactions on the secondary market were concluded only on condition of approx. 20% discount.
  - Primary market prices were offered with 3-10% discount. At the same time, customers were waiting for further correction to come through, given the mass media influence and comments upon “market meltdown”;
  - The majority of the projects under construction were suspended; there was slow down progress on the rest;
  - New projects were not launched;
  - Mortgage volume decreased. Conditions of mortgaging tightened – mortgage market became obsolete.
- Price analysis based on the case study of European capitals shows that the housing market has positive price elasticity in the growing market: demand grows in proportion to price growth (i.e. customers consider housing as investments irrespective of goals).
- We understand, that the price correction, we already saw in the past, shall theoretically lead to price correction in 2Q09, but this would be hugely mitigated by the inelastic elements of the constructions costs. Note that >50% of the costs are not pure construction costs, but represented by the cost of permitting, city share, social infrastructure, utilities etc.. These costs has not changed over the last periods;
- Following price and macroeconomics stabilization, we expect growth in subsequent periods given the lack of supply and present weak construction activity.

Housing Market in the Context of Falling Demand during the Period of Economic Slump



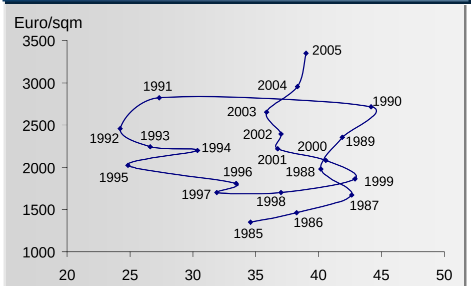
Note: Current Market Environment
Source: Public Data, Company data

Average Price Dynamic in Oslo



Source: Public Data, Company data

Average Price Dynamic in Paris



Sources : Insee, Chambre interdépartementale des notaires de Paris, Perval, Company Data

Strategy Overview

Nationwide Leader in Russian Affordable Residential Real Estate

Maintain residential focus nationwide whilst being a strategic partner in affordable housing construction

Restructure loan portfolio to allow PIK to meet existing debt liabilities

Increase business efficiency through cost cutting and tighter control over construction costs

Meet existing liabilities in real estate development

Extend subcontracting activity

Nationwide Leader in Russian Affordable Residential Real Estate

PIK GROUP

Restructure loan portfolio to allow PIK to meet existing debt liabilities

- Replacement of the majority of short-term borrowings with longer maturities up to 5 years
- 4 months 'stand still' for current debt principal and interest payments till the end of July 2009
- Withdrawal of all existing lawsuits and moratorium on new ones
- PIK already obtained the agreement regarding the 'standstill' condition from a major creditor
- Obtain additional funding of US$600million

Meet existing liabilities in real estate development

- Finish apartments already presold to approx. 18,000 customers
- Maintain integrity of the business, which employs approx. 12,800 people
- Continue business with companies which employ another 45,000 people in allied industries (cement producers, steel works etc.)

Increase business efficiency through cost cutting and tighter control over construction cost

- Decrease and emphasize tighter control over construction costs
- Rationalize overheads through upto 30% reduction (i.e. cancel office leases, cut non-operational costs)[1]
- Rationalize headcount (approx 2,500 people were already made redundant) [1]
- Postpone capex for regional facilities acquired in 2008 (i.e. rolling over the new technology into the regions is put 'on hold')
- Suspend commercial projects development till debt financing is in place
- Close down CIS offices

Extend subcontracting activity

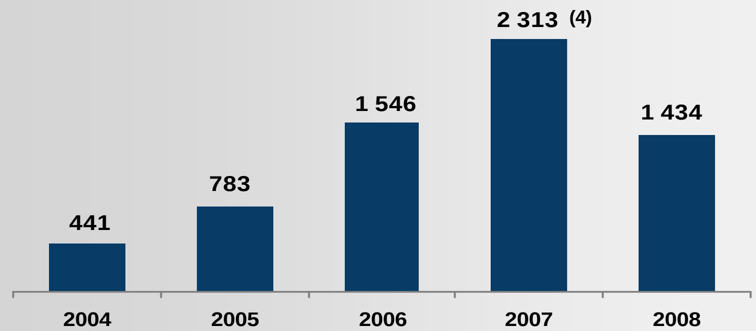
- Maximize usage of existing production capacities
- Cooperate with federal and local authorities in social housing programs (contracts for approx. 250k sqm for 2009 already done, others in negotiation process)
- Secure future cashflows for the business

Note: (1) PIK Management estimated cost reduction upon the above measures is around RUR3bn (~$90MM) per annum (RUR250MM per month)


Financial Results for the year ended 31 December 2008

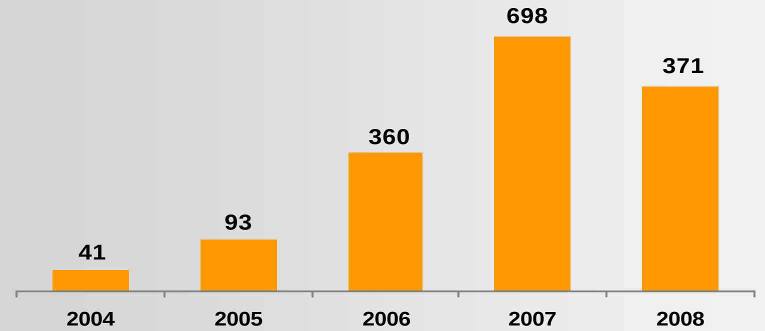
Strong growth profile before market turbulence started[1]

Sales ($MM)



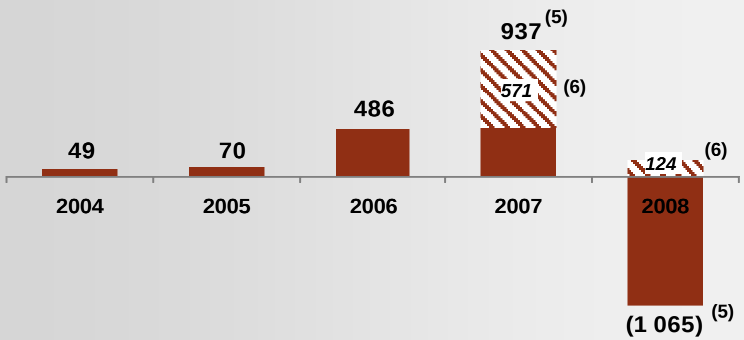
Source: Audited IFRS Accounts

Gross Profit ($MM)



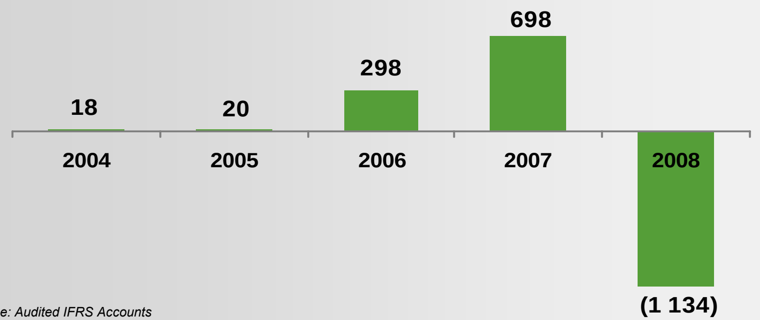
Source: Audited IFRS Accounts

EBITDA ($MM)[2][3]



Source: Audited IFRS Accounts

Net Income ($MM)[2][3]



Source: Audited IFRS Accounts

Note: 1. 2008, 2007, 2006, 2005, 2004 financial data were converted at 24.8639, 25.5798, 27.19, 28.29 and 28.82 RUB/US$ exchange rates respectively

2. 2006 EBITDA and Net Income include KSRZ disposal and negative goodwill from SIR acquisition

3. 2007 EBITDA and Net Income include disposal of development rights in the Mytischi project to GIC RE

4. Adjusted Revenue for FY07 due to changes in accounting policy; 2004, 2005 and 2006 is not adjusted as per changes in accounting policy but shown for presentation purposes

5. EBITDA represents net profit/(loss) for the year before income tax expenses, interest income, interest expense, depreciation and amortization

6. Adjusted EBITDA from development activities represents net profit/(loss) for the year (FY08:US$(1 134)million; FY07:US$698million) before income tax expenses (FY08:US$48million; FY07:US$(141)million), interest income (FY08:US$20million; FY07:US$14million),interest expense (FY08:US$(93)million; FY07:US$(81)million),depreciation&amortization (FY08:US$(44)million; FY07:US$(31)million), foreign exchange gain/(loss) (FY08:US$(119)million; FY07:US$(12)million), impairment losses on non-financial assets and inventory write-down (FY08:US$(967)million; FY07:US$(3)million), gain from sale of development rights (FY08:nil; FY07:US$372million), impairment losses on financial assets (FY08:US$(103)million; FY07:nil) and gain on available of sale assets (FY08:nil; FY07:US$9million)

Majority of completions and approvals in the second half of the year

Accounting Treatment for Revenue Recognition

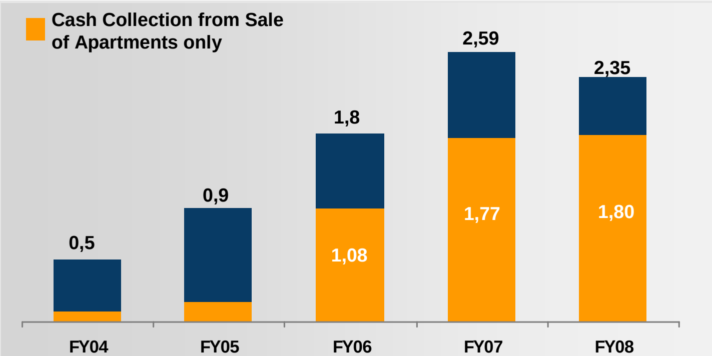
PIK adopted a conservative accounting policy, namely:

- Revenue and cost recognition
  - When a building is complete and approved by the state commission (receipt of State Acceptance Act)
- Cash pre-completion sales
  - Booked as advances from customers under IFRS
- Costs incurred during pre-completion
  - Booked as Inventory (work-in-progress)
  - Land plots in the initial stages of development are included in the inventory
- Historically, the majority of completions and approvals received mainly in the second half of the year, however, unavailability of finances hampered us from meeting the target in 2H08

Financial Results for the year ended 31 December 2008

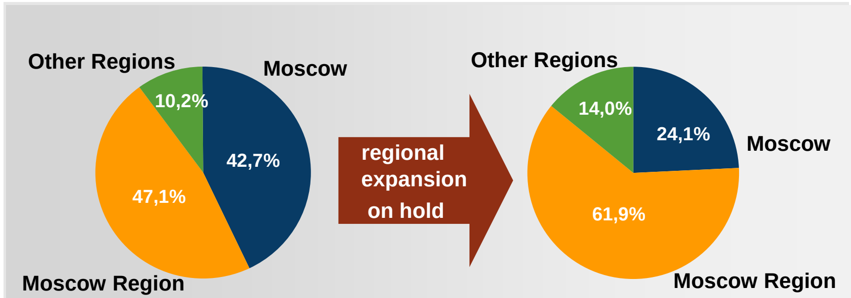
Cash Collections from sale of apartments for 2008 were in line with 2007 level

Total Cash Collections, 12 months 2004-2008 (US$bn)[1]



Source: Unaudited management accounts

Cash Collections by Geography, FY08 vs. FY07[2]



Total US$1,77bn (FY07) ***Total US$1,80bn (FY08)***

Source: Unaudited management accounts

- Total cash collections slightly decreased by 9,3% from US$2,5bn to US$2,35bn;
- Underlying residential cash collections (i.e. apartments presales/sales) remained at the level of previous year (2008: $1.8bn vs. 2007 of $1.77bn)
- During 9M08 residential sales amounted to US$1,5bn (9M07: US$0,9bn), significant residential sales of US$300million concluded in the final quarter of the year partially offset cancellation of a large wholesale order from Moscow city government;

Note: Ruble amounts were converted at average exchange rates of 28,83RUB/USD, 28,29RUB/USD, 27,19RUB/USD, 25,57RUB/USD, 24,86RUB/USD, 27,62RUB/USD, 26,07 RUB/USD , 23,92 RUB/USD and 27,27 RUB/USD for the FY04, FY05, FY06, FY07, FY08, 1H06,1H07, 1H08 and 4Q08 accordingly.

(1) Data represented by total cash collections including sales of apartments, sales of development rights and others;

(2) Data provided for cash collections from sale of apartments only

Sustainable margins and revenue growth from sales of apartments

PIK GROUP

Key Financial Highlights

($MM)

	FY07 *Restated*	FY08	Change%
Revenue *Revenue from sale of apartments*	2 313 *85%*	1 434 *65%*	-38,0%
Gross Profit *Gross Profit Margin*	698 *30%*	371 *26%*	-46,9%
EBITDA *EBITDA Margin*	937 *42%*	(1 065) *(74%)*	-193,6%
Adjusted EBITDA *Adjusted EBITDA Margin*	571 *25%*	124 *9%*	78,3%
Net Income/(loss) *Net Income Margin*	698 *30%*	(1 134) *(79%)*	-262,5%
Normalized Net Income/(Loss) per Share	0,69	(0,34)	-149,5%

Source: Management accounts for FY07, FY08 audited by KPMG;

Note: Ruble amounts were converted at average exchange rates of 25.5798 RUB/USD and 24,8639 RUB/USD for the FY07 and FY08 accordingly

(1) EBITDA represents net profit/loss for the year before income tax expenses, interest income, interest expense, depreciation and amortization. EBITDA is not a measure of financial performance under IFRS. You should not consider it an alternative to net profit for the year as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Our calculation of EBITDA may be different from the calculation used by other companies and therefore comparability may be limited. We believe that EBITDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions of subsidiaries and other investments and our ability to incur and service debt. While depreciation and amortization are considered operating costs under IFRS, these expenses primarily represent non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods.

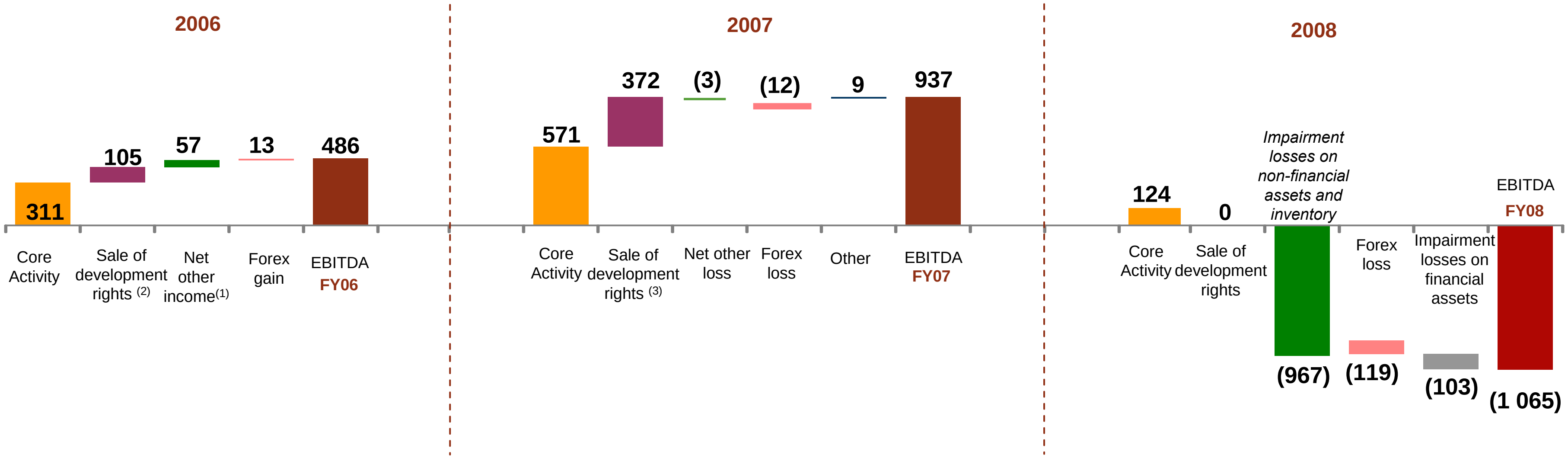
(2) Adjusted EBITDA from development activities represents net profit/loss for the year before income tax expenses, interest income, interest expense, depreciation, foreign exchange gain, foreign exchange loss, impairment losses and gain from sale of development rights.

(3) Normalized profit/loss per share calculated as normalized net profit/loss divided by average number of shares outstanding during the year.

EBITDA bridge

EBITDA Bridge

($MM)



- Major driver for EBITDA decrease was:
  - significant assets impairment which represent non cash account adjustments which could be revised in subsequent periods;
  - absence of transactions upon sale of development rights to co-investors;
  - S&D and G&A expenses over the year almost doubled[2]

Note: (1) mainly recognition of goodwill

(2) mainly gain from transaction on the KSRZ project

(3) mainly gain from transaction on the Mytischi project with GIC RE

(4) as a result of the above, EBITDA from core activity was down by US$131million in 2008

Strong investing cash flows

PIK GROUP

Cash Flow Statement

($MM)

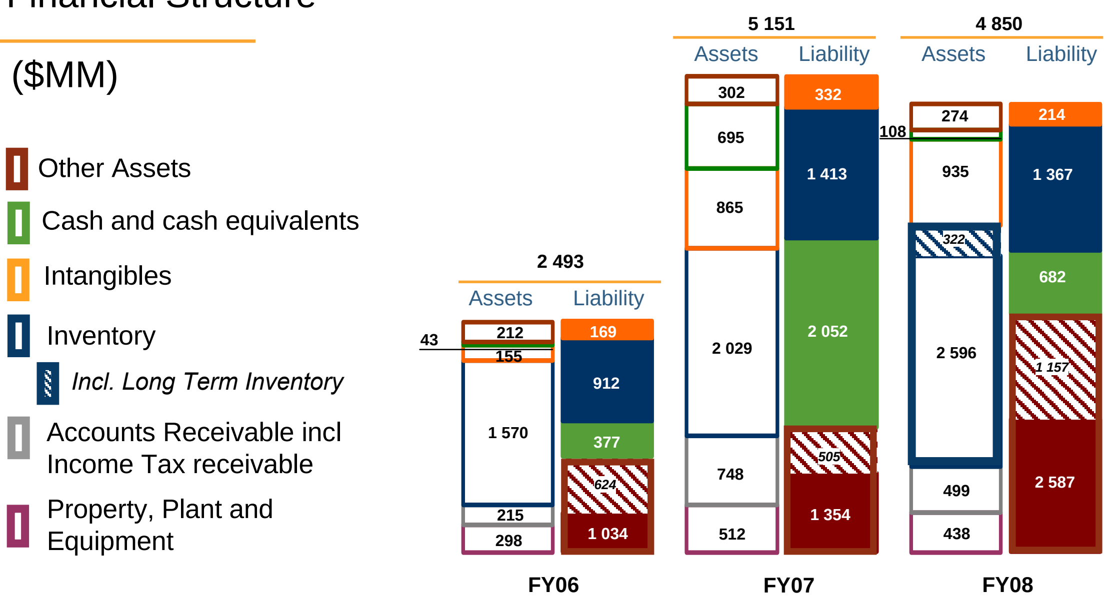
	FY07	FY08
OPERATING ACTIVITIES		
Profit for the Year	698	(1 134)
Operating Profit before Changes in Working Capital and Provisions	580	127
Cash Flow from Operations before Income Taxes and Interest Paid	14	496
Cash Flows (utilized by)/from Operating Activities	(118)	330
INVESTING ACTIVITIES		
Cash Flows utilized by Investing Activities	(515)	(897)
FINANCING ACTIVITIES		
Cash Flows from Financing Activities	1 273	10
Net Increase in Cash and Cash Equivalents	642	(558)
Cash and Cash Equivalents at Beginning of Year (net of overdrafts)	32	686
Cash and Cash Equivalents at End of Year (net of overdrafts)	666	126

Source: Audited Financial Statement for FY08 and FY07
Note: Ruble amounts were converted at average exchange rates of 25,5798RUB/USD and 24,8639 RUB/USD for FY07, FY08 accordingly

Strong balance sheet structure, high leverage due to impairment losses

Financial Structure

($MM)



	FY06	FY07	FY08
Total Assets	2 493	5 151	4 850
Adjusted gearing (1)	0,07x	0,06x	n/a
Net Tangible Assets per Share (2)	n/a	6,01	5,20

- Under current, severe market conditions, non-cash impairment losses on non-financial assets of US$967million significantly reduced shareholders equity, which in turn effected the leverage ratios of the business;
- Lack of availability of financing not allowed to complete large number of projects, which resulted in almost 30% surge of inventory (from US$2bn to US$2.6bn);
- Strong cash collections driven by presales have been not converted into revenue and thereon significantly increased the advances received from customers account (from US$505million to US$1,157million);

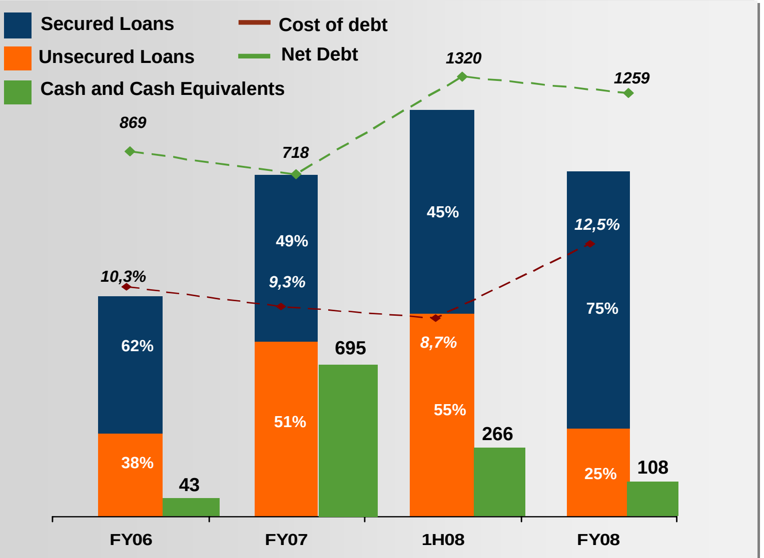
Note: (1) Net Debt/CBRE portfolio value as of 31/12/07 and 31/12/08 for FY06 and FY07 accordingly

(2) Net tangible assets per share calculated as total assets less total debt less intangible assets divided by average number of shares outstanding during the year

Source: Management accounts for FY06, FY07, FY08 audited by KPMG

Capital structure dynamic

Secured vs. Unsecured Loan & Borrowings [1] (US$MM)



Note: (1) excluding finance lease liability, interest payable
Source: Audited IFRS Accounts for 2006,2007; Management accounts for 1H08 reviewed by KPMG

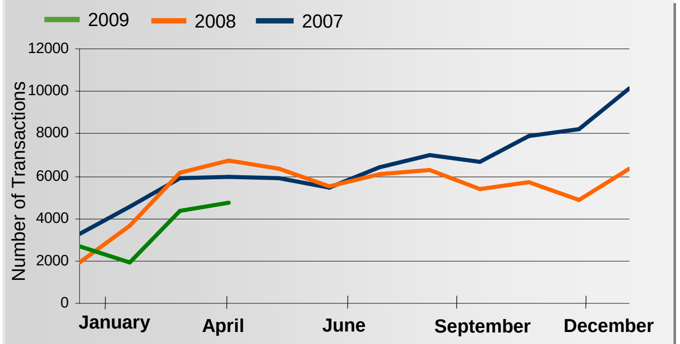
- PIK managed to roll-over into 2009 approx US$900 short-term debt maturing in the final quarter of the year [1] ;
- Given the current adverse environment, these debt was mostly secured and bore significantly higher interest rate as compared to previous periods.
- Accordingly, average interest rate surged up to 12.5% and share of secured loans were up to 75%;
- Currently, PIK is in talks with the banks regarding the restructuring of the debt portfolio with the aim to extend maturities up to 5 years.

Note: RUB amounts were converted at the following closing rates: 26.33 , 24.55, 23.46 and 29,38 for 31/12/06, 31/12/07, 30/06/08 and 31/12/08 accordingly
(1) except for a loan from VTB

Outlook

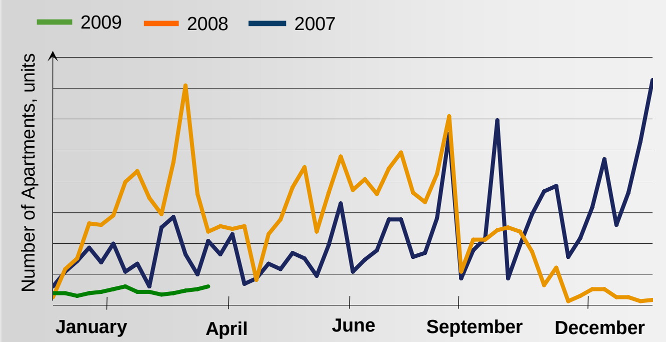
- The first priority of PIK is to finalize debt restructuring in summer 2009 and obtain new financing thereafter;
- PIK intends to target over 250,000 sqm of subcontracting activity in 2009
- Subject to availability of financing, PIK could resume construction of its own residential developments from the pipeline
- PIK believes that slump in demand from retail customers could be partially replaced by wholesale buyers in the future
- Based upon the above, PIK anticipates to weather the storm in the current market turbulence

Number of Secondary Transactions in Moscow over Time



Source: Official Statistics

Retail Cash Collections from Sales over Time



Source: PIK, Management accounts

Further Questions

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