



Presentation of the Financial Results for the 6 months ended June 30 2008

30 September 2008

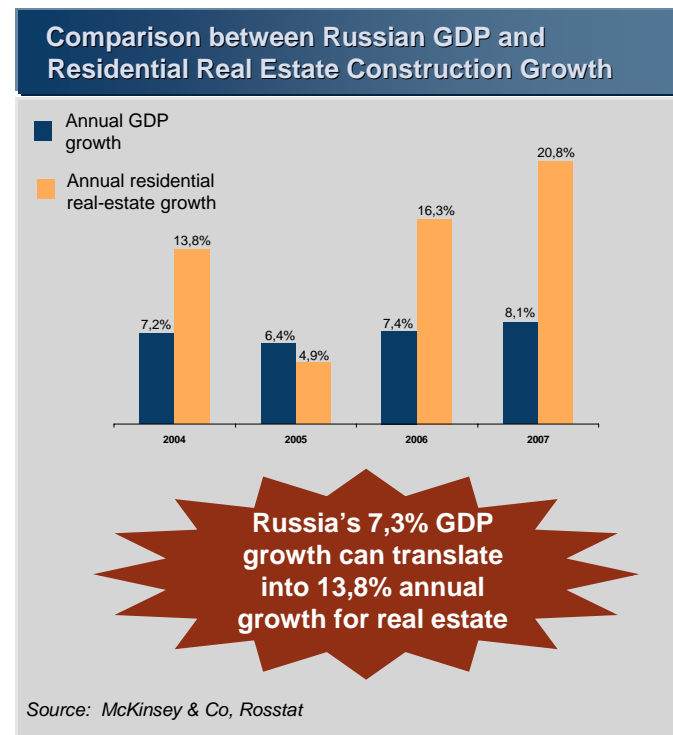
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Executive Summary



- Russia has strong economic fundamentals and economists forecast a continuation of high growth and rising wages despite global credit crisis
- Russia has a large residential market, 143 million people, fundamentally undersupplied
- Russian residential market in line with the Government estimations is expected to triple by the end of 2015
- PIK is the leading residential developer across Russia, focusing on the rising volume and affluence of the middle class
- The Group has an established track record of over 6.5MM⁽¹⁾ sqm completed housing with a development pipeline of about 19.5MM sqm spread across the fastest growing regional cities in Russia
- Current market conditions are impacting less well positioned developers which is advantageous for PIK and positive for the supply/demand balance in the housing market



Note: (1) equivalent to over 110,000 units



Market Overview



Long-term Fundamentals in Place

- Strong market fundamentals remain in place:
 - sustainable growth of Russian economy
 - positive current and government sector accounts
 - growing disposable income (>8% estimated growth for 2008)
 - high level of home ownership (close to 100%)
 - obsolete housing stock (1/3 of the housing stock is to be replaced in the next 5-10 years)
 - low quality of living (21 sq m per capita in Russian Real Estate, 1,5x less than in CEE)
- The current market conditions create opportunities for PIK
 - squeezed supply leads to increasing market share
 - visible public status, transparency against other market players assists in channeling customers to PIK

Liquidity Crisis Leading to...

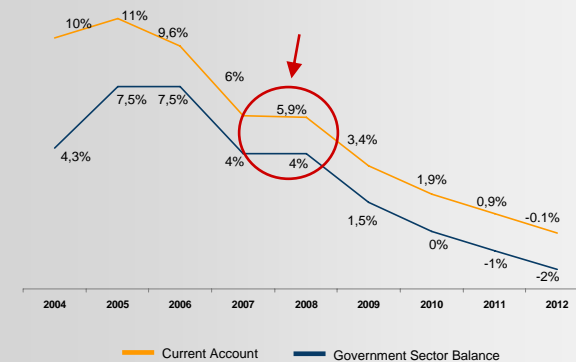
- Increase in funding costs for 2H08 for companies, including developers
- Russian companies with strong cash-flows optionally refinance or redeem outstanding debt at maturity from internally generated funds
- In order to tackle the arising issues, the Government and the Central Bank of Russia already took measures to support liquidity for Tier I and Tier II banks, which in turn shall continue lending to large corporations

Real GDP growth (% p.a.)



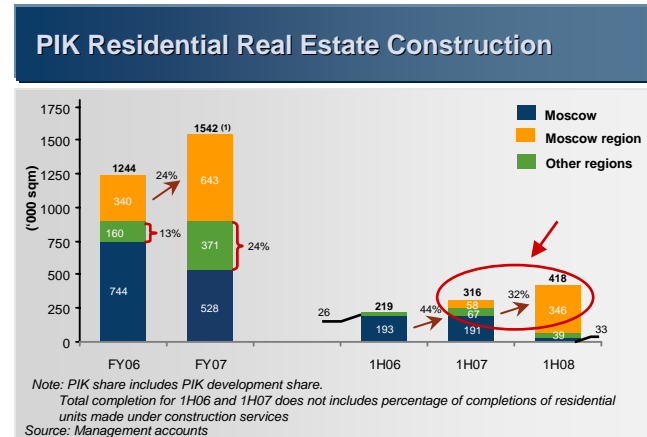
Source: McKinsey&Co

Government sector balance and current account (%)



Source: McKinsey&Co

- In 1H08 21,7MM sqm were completed across Russia, representing 3% yoy increase while Moscow completion volumes were significantly lower as compared to 1H07;
- Meanwhile, in July 2008, there was a slight rebound showing 23,3% yoy growth
- We believe sluggish growth rates in Russia for 1H08 are driven by the underperformance of small- and middle-sized developers as a result of unavailability and increased costs of financing;
- At the same time PIK continued to deliver strong growth in housing completions;



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

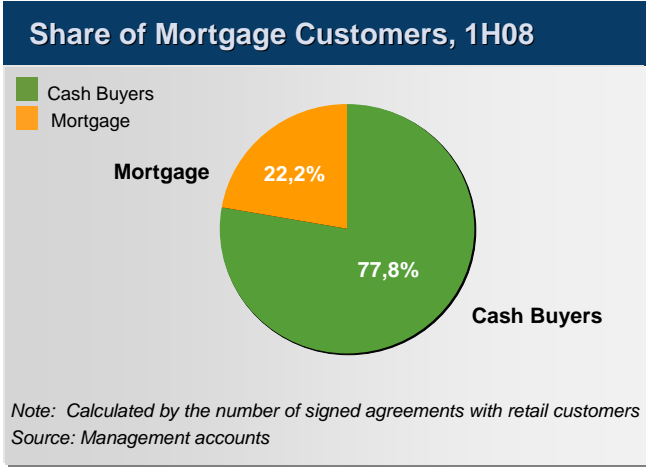


- In summer 2008 PIK conducted a survey of its customers to build a typical **Customer Profile**
 - status: (married) young couple with decent job
 - age: 27-35 years old
 - 77% have university degree
 - 72% have a car and may afford to buy durable goods on a monthly basis

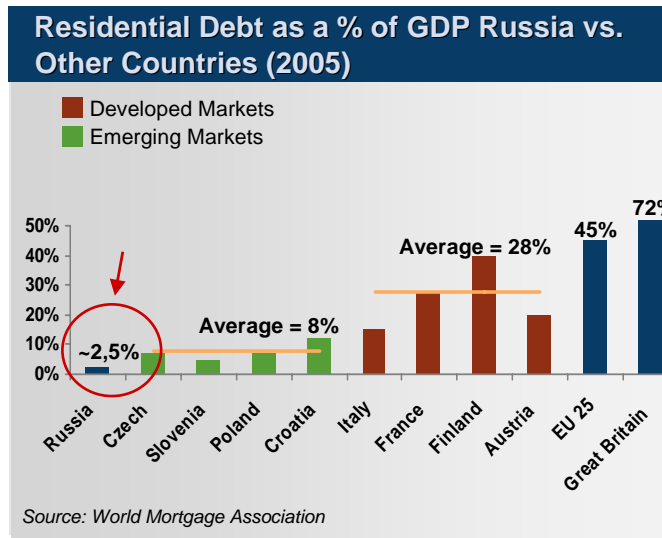
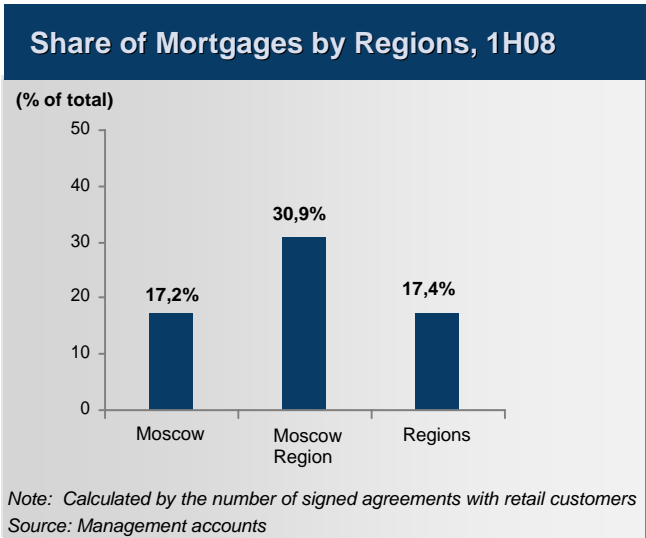
- **Customer Type**
 - **55% are first-time buyers**
 - 30% are buyers upgrading living conditions
 - **only 5%** are buyers with investment purposes

- **Customer Preference**
 - **25% - reputation and credibility** of the developer
 - **21% - competitive selling price** -> mass market focus
 - 19% - site location
 - 6% - infrastructure availability
 - 3% - better payment terms
 - 3% - better client service

- **Customer Occupation**
 - 37% - qualified specialist
 - 31% - middle managers
 - 20% - top managers/business owners



- **Approximately 80% of PIK retail customers pay in cash;**⁽¹⁾
- Mortgage penetration in Moscow Region is the highest, whereas customers with Moscow-level salaries buy mass market housing from PIK, which is much more affordable as compared to Moscow city prices;
- Mortgage penetration in the regions remains low⁽²⁾, showing the customers' appetite towards cash payment for residential housing;
- **20% of the buyers are mortgage buyers**⁽³⁾:
 - typical LTV: 70% (December 2007: >70%)
 - maturity: ~20 years
 - current interest rate: 12-14% in RUB (December 2007: 10-12% RUB)



- Note that in other EM (e.g. China, India or CEE) on average over 60% of the residential real estate purchases are effected through mortgages;
- Consequently, mortgage penetration in those countries is significantly higher than in Russia;
- **This means for the Russian residential real estate market significantly lower exposure to the credit crunch**

Note: (1) either 100% upfront once the sales agreement is signed or 100% in installments within short-term period (in this case prices are not fixed)

(2) as compared to Moscow Region, for example

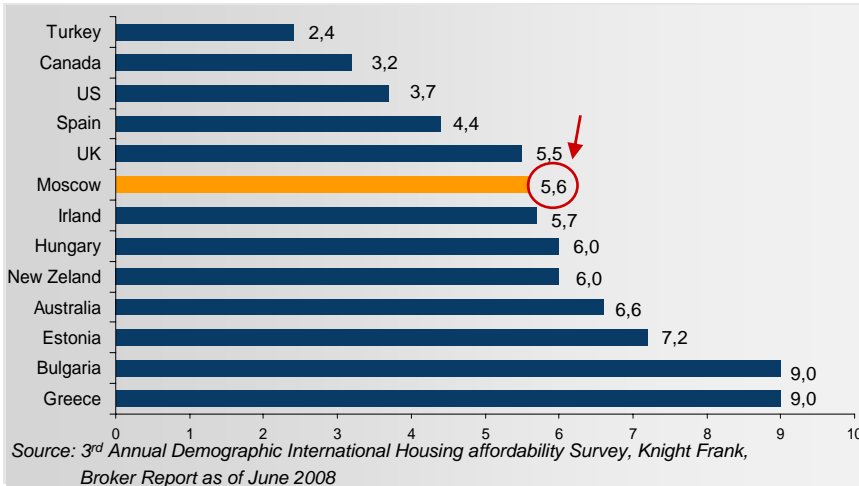
(3) should customer appetite decrease, it may be replaced by installment payments upon apartment purchase

Market Overview

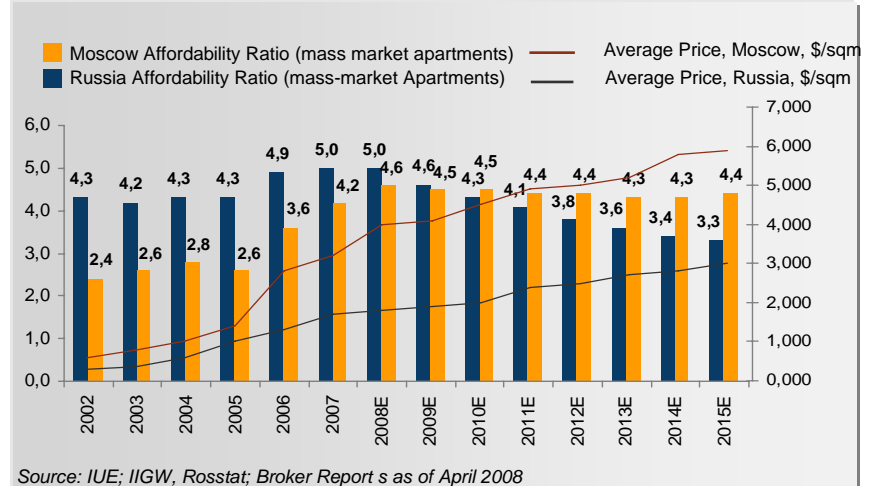
Housing Affordability in Russia is Comparable to Other Countries

- Russia has adequate affordability (measured by price-to-income ratio) as compared to other countries;
- The affordability index has not changed significantly over time, it seems that the increase in residential property prices can be attributed to fast-rising incomes hitting the pool of limited supply;
- Out of the BRIC countries, Russia has the highest growth rate of middle class households⁽²⁾ that forms the core demand for housing, which is a pre-requisite for growth in the housing market, both in size and value;

Affordability Index by Country (Price-to-Income ratio)



Affordability Ratio ⁽¹⁾



Note: (1) Assumes 54 sqm apartment in high-rise mass-market building and an average household income
 (2) Disposable income over \$25,000 per year according to the EIU



Strategy Overview





Maintain Residential Focus Nationwide & CIS

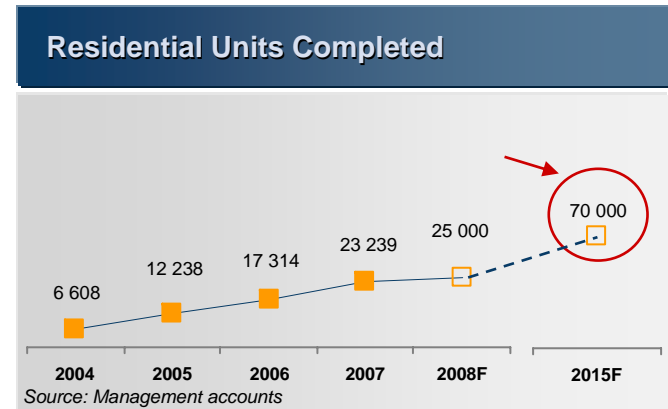
Unlock Additional Shareholders' Value through Synergies in Commercial Sector

Provide Sustainable Growth throughout Russia's Regions

Increase Efficiency through Attracting Co-Investors on the Project Level

Generate Additional Shareholder Value through Acquisitions

- PIK's long-term vision is reach an annual run rate of 70,000⁽¹⁾ units completions by the end of 2015, which shall be achieved through multiregional development presence in around 60-70 cities across Russian and the CIS⁽²⁾
- In order to achieve that run rate, PIK needs to growth moderately between 15-20% per annum

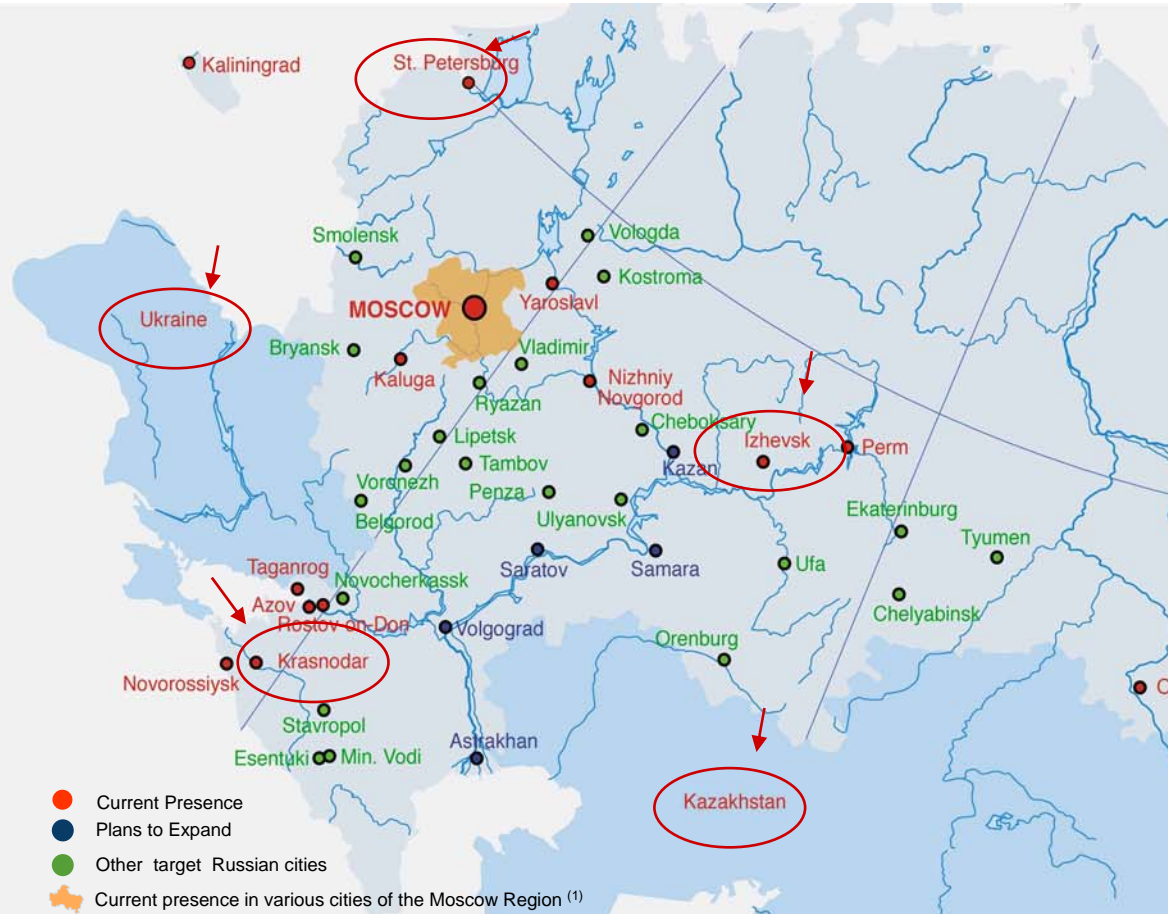


Note: (1) equivalent to 4.5MM sqm of annual housing completions

(2) equivalent to around 830 units completions per each city plus 20,000 units completions in Moscow and Moscow region area.

Strategy Overview

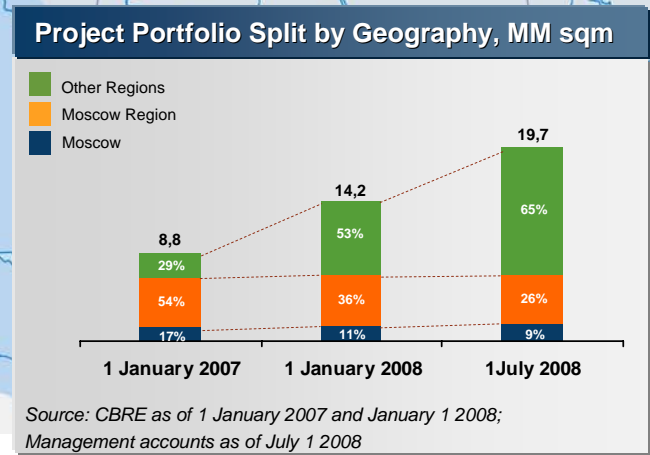
Executing Regional Expansion Plan



New Cities, 1M-8M08		
Location	Area, '000 sqm	Comments
St. Petersburg including	1 277	
- Marine Facade	1 231	Business Housing to be developed Commercial project to be developed (through Storm Properties)
- Pulkovo	46	
Krasnodar	250 ⁽¹⁾	Mass Market Housing to be Developed
Izhevsk	1 760	Mass Market Housing to be Developed
Ukraine/Kazakhstan	-	Residential Projects to be Sourced

Note: (1) preliminary

■ In 1H08 PIK has continued to expand throughout Russia and entered into a number of Russian cities and also into Kazakhstan and Ukraine through opening offices and/or acquiring the necessary landbank for development



Note: (1) includes 11 satellite cities from Moscow region (Dmitrov, Yakhroma, Lobnya, Khimki, Dolgoprudniy, Dedovsk, Mytishi, Krasnogorsk, Odintsovo, Scherbinka, Lyubertsy)
 (2) include satellite cities from Kaluga Region



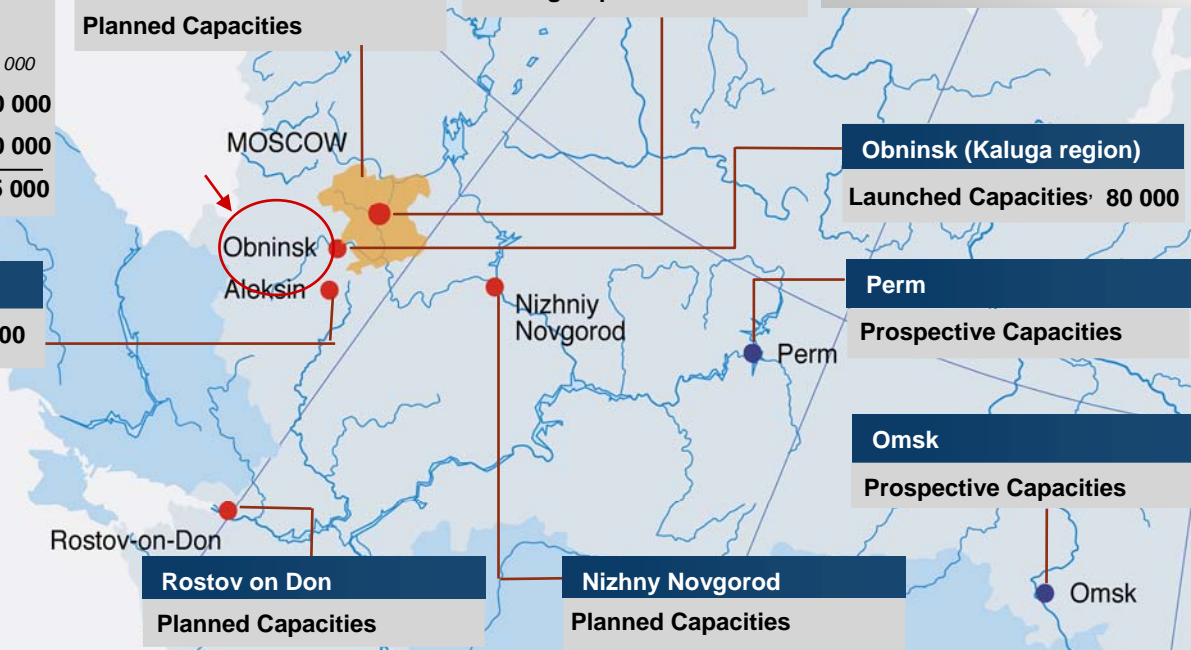
Total ⁽⁴⁾	
Existing Capacities	1 345 000
<i>Including:</i>	
<i>Launched Capacities ⁽⁵⁾</i>	<i>80 000</i>
Planned Capacities ⁽⁶⁾	700 000
Prospective Capacities	500 000
Total	2 545 000

Aleksin (Tula region)	
Existing Capacities	165 000

Moscow Region	
Existing Capacities	150 000
Planned Capacities	

Moscow	
Existing Capacities ⁽²⁾	950 000

● Prospective Capacities
● Existing and Planned Capacities



- In line with regional growth strategy in July 28 2008, PIK launched the first production plant in Kaluga Region, which would implement the new precast technology ⁽⁷⁾;
- Additionally, PIK is planning to modernize another 3 regional precast production plants, which are intended to be put into operation during 2008-2009;
- The increased capacity volumes shall contribute towards rolling out the integrated model into the regions;

Note: (1) single family homes manufacturing existing facility is excluded from the list
 (2) Dsk-2, Dsk-3
 (3) shown for visualization purposes
 (4) data given on per annum basis expected by the end of 2010/2011

(5) in 2008
 (6) expected to be launched by Summer 2009
 (7) it provides flexibility of planning, economy of scale and velocity of construction

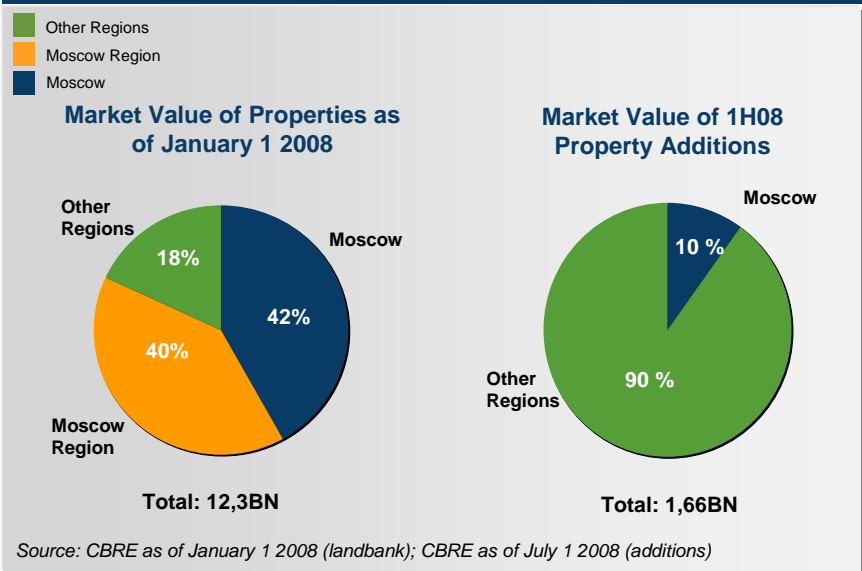


Portfolio Overview

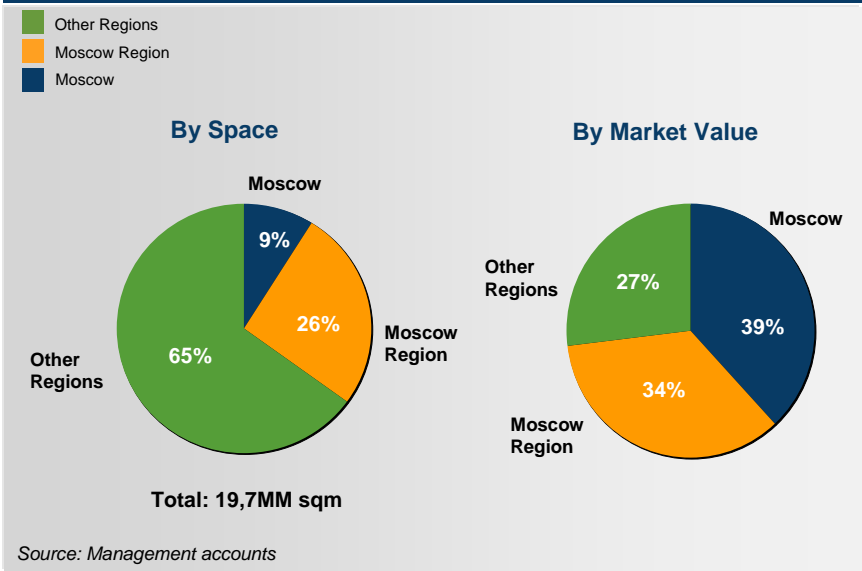


- In 1H08 PIK continued expanding its landbank in the regions through entering into new cities and further expanding its presence in existing ones
- PIK in total added over 5,6MM sqm, mainly in the regions ⁽²⁾
- Market portfolio value as of January 01 2008 reached \$12.3BN
- Market portfolio value of the projects added amounted to \$1.66BN⁽¹⁾ as of July 01 2008

Project Portfolio Split by Type (\$BN)



Project Portfolio Split by Geography ⁽¹⁾ as of July 01 2008



Note: (1) CBRE
(2) outside Moscow Metropolitan area

Largest Projects by sqm as of July 1 2008

Name	Location	PIK share, ths. sqm to be sold	Estimated whole Project Completion	Value ⁽¹⁾ MM	Value \$/sqm	Acquired Status
New Baharevka	Omsk	2 600	2026	93	36	4Q2007
Izhevsk City	Izhevsk	1 760	2038	75	43	2Q2008
Marine Facade	St. Petersburg	1 231	2021	891	724	2Q2008
Kommunarka	Moscow Region	1 023	2015	745	728	1Q2008
Sun Valley	Perm	983	2018	190	194	1Q2008
Mytischki, Yaroslavsky	Moscow Region	881	2014	998	1 133	2003-2004
Khimki, Novokurkino	Moscow Region	742	2014	1 196	1 613	2003-2004
Yaroslavl, Frunzensky district, Sokol	Yaroslavl	671	2015	196	292	2Q2008

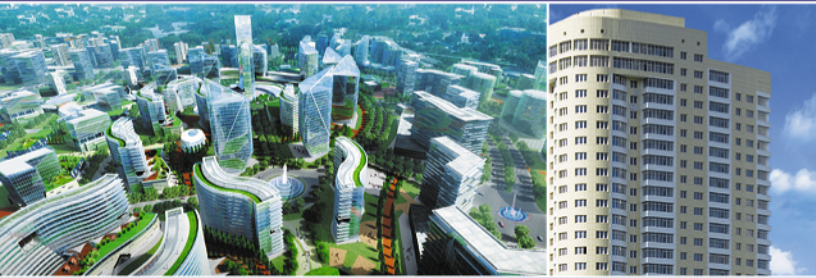
Source: CBRE
Note: (1) as of January 1 2008 or July 1 2008

Largest Projects by Value

Name	Location	PIK share, ths. sqm to be sold	Estimated whole Project Completion	Value ⁽¹⁾ MM	Value per sqm	Current Status
Khimki, Novokurkino	Moscow Region	742	2014	1 196	1 613	under construction
Mytischki, Yaroslavsky	Moscow Region	881	2014	998	1 133	under construction
Park City	Moscow	122	2017	977	8 023	predevelopment
Marine Facade	St. Petersburg	1 231	2021	891	724	for future development
Kommunarka,	Moscow Region	1 023	2015	745	728	predevelopment
English Town	Moscow	63	2011	693	10 917	under construction
Mantulinskaja, vl.7 (Office)	Moscow	225	2015	493	2 191	predevelopment
Kuntsevo	Moscow	167	2013	489	2 938	under construction

Source: CBRE
Note: (1) as of January 1 2008 or July 1 2008

- Land bank additions were valued by CB Richard Ellis at US\$1,66BN as of July 01 2008
- Given the project's long-term development cycle and conservative assumptions (discount rates ~up to 30% on new projects) used by the independent appraisal the assigned individual project values are small (comparable to initial cost of investments, especially on regional projects)
- The above represent future upside revaluation (potential positive surprises) once execution of these projects initiated
- Given the low value \$/sqm of these new large projects, the valuation already accounts for the potential downside risks



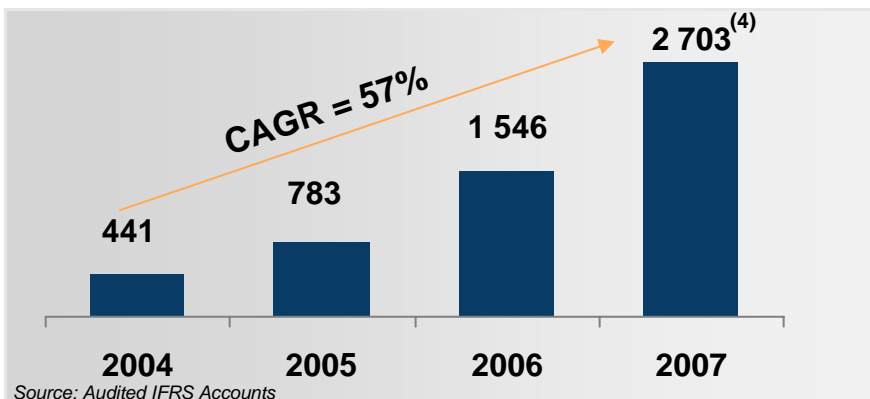
Financial Overview for 6 Months ended June 30 2008



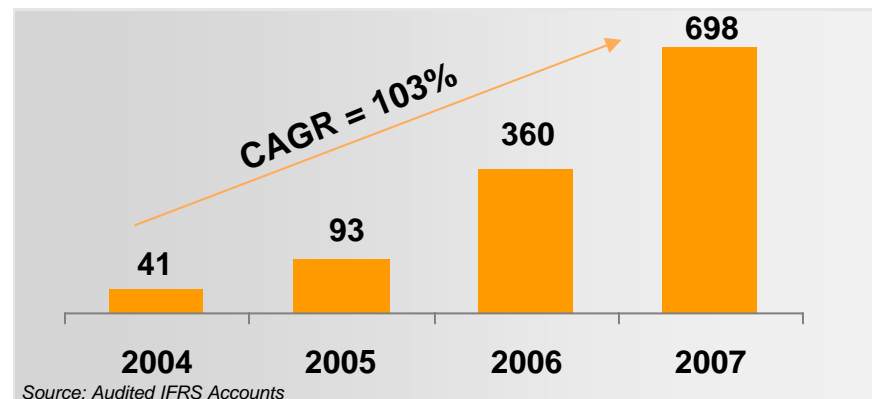
Financial Overview for 6 months ended June 30 2008

Strong Growth Profile Over Time ⁽¹⁾

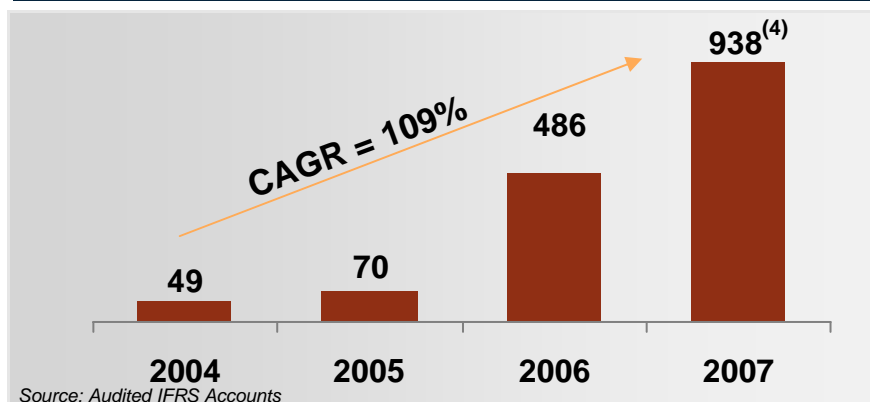
Sales (\$MM)



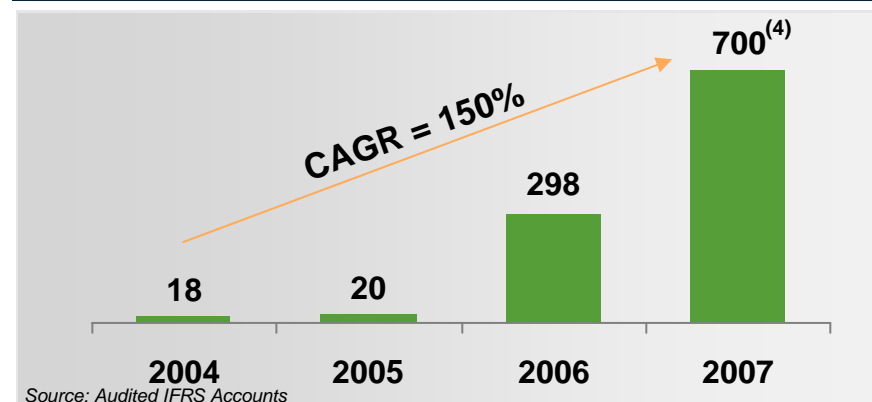
Gross Profit (\$MM)



EBITDA (\$MM)⁽²⁾⁽³⁾



Net Income (\$MM)⁽²⁾⁽³⁾



Note: 1. 2007, 2006, 2005, 2004 financial data were converted at 25.55, 27.19, 28.29 and 28.82 RUR/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 Mytischki project to GIC RE

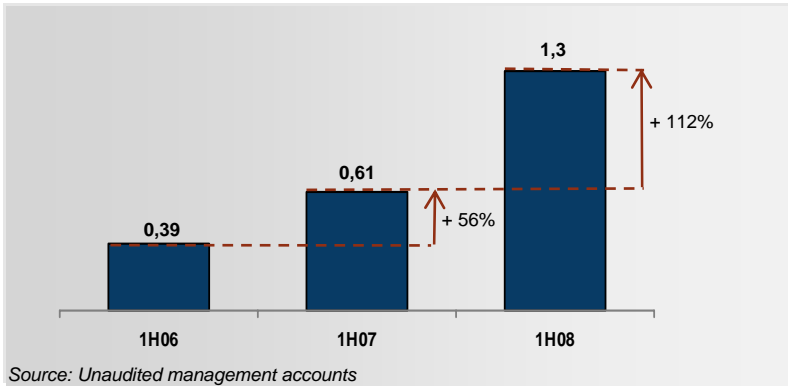
4. Consensus estimates (averages) of UBS, Troika, Nomura, Morgan Stanley, Alfa Bank, Deutsche Bank, JPMorgan, Renaissance Capital estimates for 2007 Revenue, EBITDA, Net Income accordingly were \$2.8BN, \$898MM, \$592MM

Accounting Treatment for Revenue Recognition

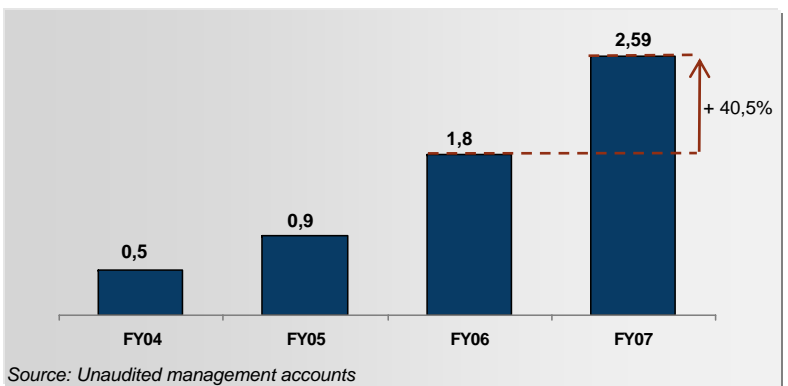
PIK adopted a conservative accounting policy, namely:

- Revenue and cost recognition
 - When a building is complete and approved by the state commission in the form of the receipt of State Acceptance Act
- Cash pre-completion sales
 - Booked as advances from customers under IFRS
- Costs incurred pre-completion
 - Booked as Inventory (work-in-progress)
 - Land plots in beginning stages of development included in inventory
- Majority of completions and approvals received mainly in the second half of the year
- As an example in the first half of 2007 revenue recognized from sale of apartments amounted to about 21% of the total revenue for the whole year; accordingly EBITDA was only 14% of the total.

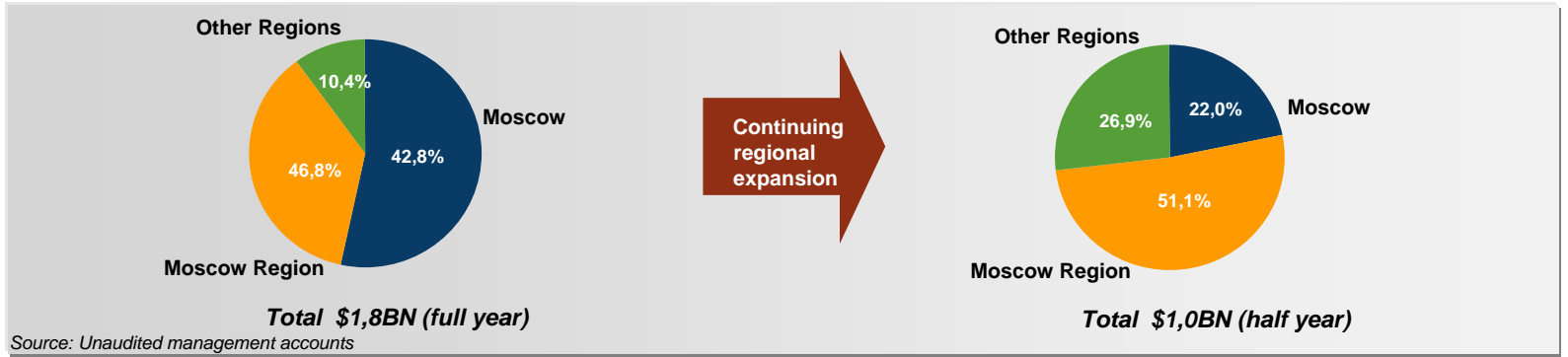
Cash Collections, 6 months 2006-2008 (\$BN)⁽¹⁾



Cash Collections, 12 months 2004-2007 (\$BN)⁽¹⁾



Cash Collections by Geography, 1H08 vs. FY07⁽²⁾



- Cash collections for 1H08 was up by 112%, driven by continuing demand for residential housing in mass segment of the market;
- PIK is rapidly executing its regional strategy:
 - share of regional cash collections is up to 26,9% for 1H08;

Note: Ruble amounts were converted at average exchange rates of 28,83RR/USD, 28,29RR/USD, 27,19RR/USD, 25,55RR/USD, 27,62RR/USD, 26,07 RR/USD and 23,92 RR/USD for the FY04, FY05, FY06, FY07, 1H06, 1H07 and 1H08 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

Key Financial Highlights

(\$MM)

	FY07	FY07 <i>Comparables</i>	1H07 ⁽¹⁾ <i>Comparables</i>	1H08	Change %
Revenue	2 702	2 450	525	859	63%
<i>Revenue from sale of apartments</i>	73%	81%	76%	80%	
Gross Profit	698	698	159	320	101%
<i>Gross Profit Margin</i>	25,8%	28%	30%	37%	
EBITDA	938	938	134	200	49%
<i>EBITDA Margin</i>	35%	38%	26%	23%	
Net Income	700	700	69	93	34%
<i>Net Income Margin</i>	26%	29%	13%	11%	

Source: Management accounts for 1H07, 1H08 reviewed by KPMG; audited data for FY07

Note: Ruble amounts were converted at average exchange rates of 25.55 RR/USD, 26.09 RR/USD, 23.96 RR/USD for the FY07, 1H07 and 1H08 accordingly

(1) As per change of accounting policy on recognition of certain transactions within construction services business segment

(2) EBITDA represents net profit for the year before income tax expense, interest income, interest expense, depreciation and amortization and foreign exchange gain. 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.

Cash Flow Statement

(\$MM)

	1H07	1H08
OPERATING ACTIVITIES		
Profit for the Year	70	95
Operating Profit before Changes in Working Capital and Provisions	133	205
Cash Flow from Operations before Income Taxes and Interest Paid	(146)	163
Cash Flows (utilized by)/from Operating Activities	(203)	80
INVESTING ACTIVITIES		
Cash Flows utilized by Investing Activities	(258)	(582)
FINANCING ACTIVITIES		
Cash Flows from Financing Activities	1 034	41
Net Increase in Cash and Cash Equivalents	573	(460)
Cash and Cash Equivalents at Beginning of Year (net of overdrafts)	32	727
Cash and Cash Equivalents at End of Year (net of overdrafts)	604	263

Source: Management accounts for 1H07, 1H08 reviewed by KPMG

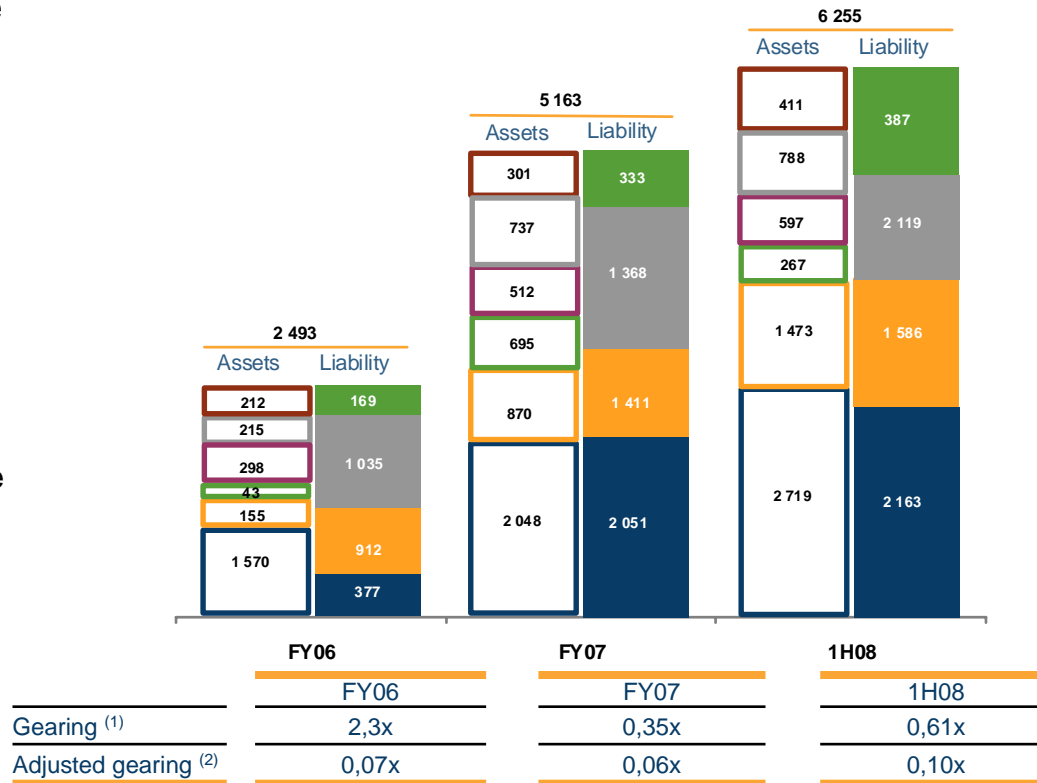
Note: Ruble amounts were converted at average exchange rates of 25,82RR/USD and 23,46 RR/USD for 1H07, 1H08 accordingly

Financial Structure

(\$MM)

- Other Assets
- Cash and cash equivalents
- Intangibles
- Inventory
- Accounts Receivable
- Property, Plant and Equipment

- Total Debt
- Other Liability
- Total equity
- Accounts Payable and Provision

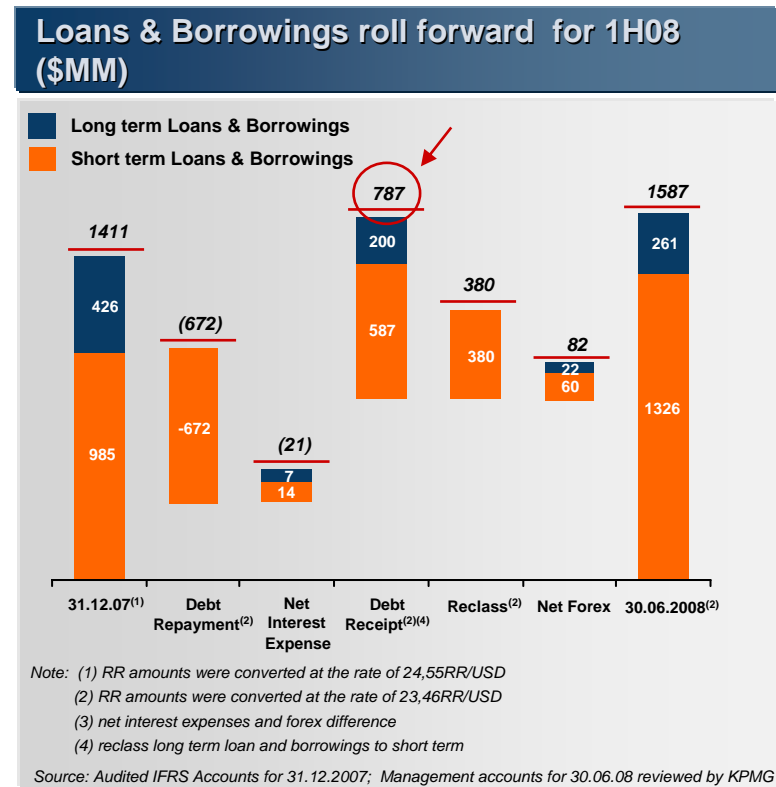
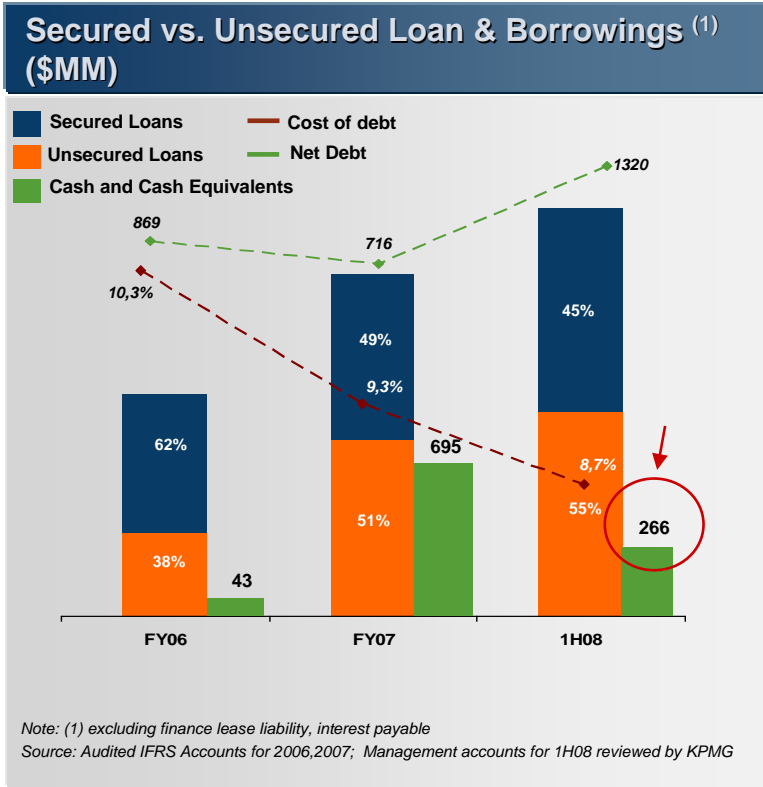


- Strong balance sheet structure is driven by expanding asset base (through land banking), continuing presales (through advances received from customers) and low debt leverage;

Note: (1) Net Debt/Shareholders' Equity including Minorities

(2) Net Debt/CBRE portfolio value as of 31/12/07, 31/12/07 and 03/06/08 for FY06, FY07 and 1H08 accordingly

Source: Management accounts for 1H08 reviewed by KPMG; audited accounts for FY06, FY07



- In 2008, PIK continued improving its capital structure
 - cost of debt has slightly decreased⁽¹⁾ and equaled to 8,7% (December 2007: 9,3%)
 - share of unsecured debt was up and reached 55% of the total portfolio⁽²⁾
 - Over \$650MM of short-term debt was redeemed / refinanced in 1H08
 - cash and equivalents remained sufficient and equaled to \$266MM

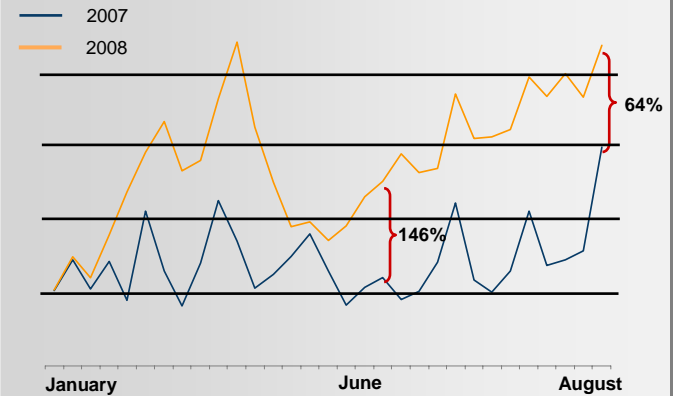
Note: RR amounts were converted at the following closing rates: 26.33 , 24.55 and 23.46 for 31/12/06, 31/12/07 and 30/06/08 accordingly

(1) excluding finance lease liability, interest payable

(2) due to PIK's management initiatives

- Continuing strong demand from customers and selling initiatives undertaken shall be crystallized in revenue recognition once buildings are completed and accepted;
- PIK intends to target upto 25,000 unit completions for 2008⁽²⁾;
- PIK believes that for the whole 2008 year cash collections from sale of apartments may reach over \$2,6BN⁽¹⁾ (2007: \$1.8BN), of which more than \$1BN shall be attributed to agreements reached with wholesale customers for provision of mass market housing;
- Additional income from selling development rights may be generated either by the end of the current calendar year or at the beginning of next year;
- Based upon the above, PIK anticipates strong performance for the second half of 2008;

Retail Cash Collections from Sales over Time



Source: PIK, Management accounts

Note: (1) conservative scenario
(2) equivalent to 1,6-1,7 MM sq m

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