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PIK GROUP (“The Group” or “PIK”)

PIK ANNOUNCES STRONG FINANCIAL RESULTS FOR 2007

(LONDON, 19 May 2007) - PIK (LSE: PIK), a leading Russian residential developer, today announces its financial results for the year ended 31 December 2007, based upon audited consolidated IFRS accounts.

Financial Highlights

- Revenues increased by 75% to US\$2.7 billion (2006: US\$1.5 billion);
- EBITDA rose by 93% to US\$939 million (2006: US\$486 million), while EBITDA from development activity reached US\$944 million (2006: US\$416 million);
- Net profit for the year increased by 135% to US\$700 million (2006: US\$298 million);
- Earning per share was up by 125% to US\$1.46 (FY06: US\$0.65);
- Total assets as of December 31 2007 amounted to US\$5.2 billion (2006: US\$2.5 billion);
- Cash and equivalents as of December 31 2007 reached US\$695 million (2006: US\$43 million);
- Net debt as of December 31 2007 fell to US\$716 million (2006: US\$869 million);
- CB Richard Ellis independent appraisal reports 40% rise in the value of the Group’s property portfolio to US\$12.3 billion as of January 1 2008 (US\$8.8 billion as of January 1 2007);

Kirill Pisarev, CEO of PIK comments:

“Strong economic growth combining with large obsolete housing stock, rising consumer wealth and increased mortgage penetration create strong demand for new housing in Russia.

These record results demonstrate PIK’s ability to deliver the large volumes of residential housing required to meet this demand, which is spreading out from Moscow into Russia’s regions. We have made exceptional progress during 2007 expanding our land bank across the country and, as the market leader in the

residential sector, we believe we are very well placed to capitalize on these strong market fundamentals.”

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The full version of the IFRS financial statements is available on the Group's website at www.pik.ru

Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of PIK. You can identify forward-looking statements by terms such as “expect,” “believe,” “anticipate,” “estimate,” “intend,” “will,” “could,” “may” or “might” the negative of such terms or other similar expressions. These statements are only predictions and actual events or results may differ materially. PIK does not intend to or undertake any obligation to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in PIK's projections or forward-looking statements, including, among others, general economic conditions, PIK's competitive environment, risks associated with operating in Russia, rapid technological and market change, and other factors specifically related to PIK and its operations

CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT

By any measure, 2007 was a year of outstanding achievement for the Group.

On June 1 2007, we successfully completed our Initial Public Offering ('IPO') on the London and Russian (Micex, RTS) stock exchanges. The IPO followed a year long period of intensive preparation and, on completion, it was the largest ever real estate IPO in Europe. With an offer size of US\$1.93 billion, it was also the largest ever non-REIT IPO globally.

In August 2007, we entered the commercial sector of the market through the acquisition of a majority stake in Storm Properties, a dynamically growing Russian commercial developer. The acquisition has enabled us to harness the expertise of proven professionals from the commercial office development market.

In December 2007 we successfully received our first credit rating, 'BB-', from the Fitch rating agency, the highest rating of any company in the Russian real estate sector.

In the same month, we closed a milestone transaction with GIC Real Estate, the real estate investment arm of the Government of Singapore, This was an unprecedented deal, which saw a first ever foreign investor take a significant stake in a large mass market residential project (Mytishi, located in Moscow region). Under the partnership agreement, an affiliate of GIC Real Estate acquired a 25% stake in the project for about US\$233 million.

During the course of the year we delivered on a core IPO promise to take advantage of low land prices to expand PIK's presence in the regions. A assessment by independent appraisers CB Richard Ellis published on 12 May 2008, after the year-end, found that in 2007 the Group's total net saleable space increased during by 61% to 14.2m square meters, driving a 40% rise in the portfolio's market value to \$12.3bn. The full CB Richard Ellis report is available on our website at www.pik.ru

Financial summary

During the year we completed over 23,000 apartments (2006: over 17,000 apartments), volume growth that has driven a record financial performance. Total housing completions rose 23.9% to 1,542,000 sq. meters (2006:1,244,000 sq. meters).

In line with our strategy to expand outwards from Moscow, completions in Russia's regions leapt by 131.8% to 371,000 sq. meters (2006: 160,000 sq meters), while in Moscow Region they rose by 89.1% to 643,000 sq meters (2006: 340,000 sq. meters). The same time, central Moscow fell by 29% to 528,000 sq. meters (2006: 744,000 sq. meters).

Sales for the year ended 31 December 2007 jumped by 75% up to \$2.7 billion, while net profit rose by 135% to US\$700 million compared to US\$298 million in the same period of 2006.

Earnings per share for the year ended 31 December 2007 increased to US\$1.46 compared to US\$0.65 in the prior year.

The Company's cash balance as at 31 December 2007 was US\$695 million (31 December 2006: US\$43 million) as a result of continuous cash collections. Total assets rose in value to US\$5.2 billion (31 December 2006: US\$2.5 billion) as a result of increased construction activity and significant land expansion undertaken during the year.

Market overview

In each of the last three years, real GDP in Russia has increased by about 6-8% (2007 year: 7.8%) driven by a combination of fiscal and budgetary discipline, falling interest rates, structural economic reforms, decreasing unemployment, as well as growing oil and gas revenues.

Russia's residential market has tracked this growth, driven along by fundamental forces: strong real disposable income growth (around 10% p.a. during the last 3-4 years), a comprehensive government housing program (which has proscribed the necessity to build 140 million square meters of housing by 2015); decreasing household size and urbanization of the population; falling interest rates and the increasing propensity of households to spend on housing.

Now with increasing wealth at their disposal, Russian families are attributing a high priority to improving their living conditions

Strategy

PIK has positioned itself to take advantage of these economic trends. The Group has established itself as the market leader for mass market housing in Moscow and Moscow region.

Since 2006, PIK has also been expanding its geographic presence and diversify into the regions, entering important cities such as Kaluga, Kaliningrad, Omsk, Perm, Novorossiysk, Rostov and Yaroslavl, Taganrog and Nizhny Novgorod.

Recently, PIK announced its intention to further extend its reach, by moving into St. Petersburg and to the Ukraine, marking the Group's first move outside the Russian Federation. Over the next few years, management intends to extend PIK's reach further, through land purchases and by acting as a consolidator of Russia's fragmented real estate development industry. We will also look at entering new territories within the CIS where we believe the demographic and socioeconomic profile is right for our product.

Management also sees opportunities to unlock synergies in the commercial sector. Principally these will focus on opportunities related to our residential developments, for example office and retail developments in and around PIK constructed mini-cities.

Following the successful sale of a 25% stake in one of our flagship projects to Singapore's GIC sovereign wealth fund, the Group is also exploring new methods of attracting finance for its development pipeline. The GIC Real Estate transaction was a first for the Russian market and management believes it is a deal structure that can be replicated for other large projects.

In another innovation, we are in the process of establishing PIK Capital Partners, the real estate private equity arm of PIK Group, which has launched the PIK Real Estate Fund to invest mainly in a broad range of commercial real estate transactions.

IPO

In early June 2007 PIK Group successfully completed its Initial Public Offering (IPO) on the London Stock Exchange. PIK Group's IPO was the largest ever by a private Russian company and the biggest non-REIT real estate IPO globally in 2007. It raised \$1.93bn from investors in Asia, Europe and the US.

Before the IPO the Group was owned on a parity basis by the Group's founders, Kirill Pisarev, the company's CEO, and Yury Zhukov, its Chairman. Following the offering and the exercise of the overallotment option, each retained approximately 42% stake. The IPO valued the company at \$12.3 billion and raised net proceeds for the Group of US\$ 895m, which have been used to reduce debt and finance land acquisitions.

Corporate Governance

We comply with the corporate governance requirements applicable to Russian public companies listed on Russian stock exchanges. Additionally, we are aiming at introducing international standards of corporate governance.

In line with Russian requirements, we are required to comply with a number of corporate governance requirements, such requirements include the: (1) obligation to have at least one independent director, (2) formation of an audit committee, (3) adoption of a bylaw on insider trading and (4) implementation of internal control procedures. We are in full compliance with these requirements. In addition, we observe the code of corporate conduct, as recommended by the Russian Federal Service for the Financial Markets.

Board and employees

We have made significant progress transforming PIK into an internationally recognized real estate developer focused on sustainable growth in the mass market residential sector. PIK Group's management and staff have worked hard to meet the challenges associated with this transformation. During an IPO year we all kept our focus on driving value through the business. and on behalf of the Management Board we wish to thank all our employees for their efforts.

Outlook

Forecasts for Russian economic growth in 2008 range around 7-8%. Although there are some signs of inflationary pressure within the financial system, the overall economic background remains solid, supported by continuing strength in the global oil price and federal government finances.

Mortgage accessibility in Russia has not been affected by the credit crisis that has impacted residential markets in some western countries and we see continued demand for new, modern housing from consumers across Russia. Management is therefore confident that further growth will be delivered to shareholders in line with current market expectations.

Zhukov Y.V.
Chairman of the Board of Director

Pisarev K.V.
Chief Executive Officer

Appendix

Note: The Group's Consolidated Financial Statements have been audited by KPMG in Russian roubles and available on demand. For presentation purposes, however, certain financial information from the consolidated financial statements have been converted into US\$ at the average RR/US\$ exchange rates of the Central Bank of Russian Federation (FY07: 25.55; FY06: 27.19) for the income statements items and at the closing balance sheet RR/US\$ exchange rates (31 December 2007: 24.55; 31 December 2006: 26.33) for the balance sheet items. The above US\$ equivalent figures are provided for information purposes only and do not form part of the audited consolidated financial statements of the Group.

Consolidated Profit and Loss Statement

	MM USD	
	2007	2006
	(audited)	(audited)
Revenues	2 703	1 546
Cost of sales	(2 005)	(1 186)
Gross profit	698	360
Sales of development rights	372	105
Distribution expenses	(34)	(17)
Administrative expenses	(122)	(56)
Other income(loss)	(2)	57
Results from operating activities	912	449
Finance Income	22	21
Finance Expenses	(92)	(50)
Share of loss of equity accounted investees (net of income tax)	(1)	0
Profit before income tax	841	420
Income tax expense	(141)	(122)
Net profit for the year	700	298
EBITDA	939	486

Consolidated Balance Sheet

	MM USD	
	2007	2006
	(audited)	(audited)
Property, plant and equipment	511	298
Intangible assets	864	155
Deferred tax assets	5	2
Other non-current assets	5	1
Investments	289	223
Inventory	2 048	1 470

Assets held for sale		87
Accounts receivable	746	215
Cash and cash equivalents	695	43
Total assets	5 163	2 494
Total equity	2 050	377
Total debt	1 411	912
Deferred tax liability	326	169
Accounts payable and provisions	1 376	1 036
Total equity and liabilities	5 163	2 494

Consolidated Cash Flow Statement

	MM USD	
	2007	2006
	<i>(audited)</i>	<i>(audited)</i>
<i>Operating activities</i>		
Profit for the year	729	308
Adjustments for:		
Depreciation and amortisation	32	26
Foreign exchange loss/(gain), net	12	(13)
Loss on disposal of property, plant and equipment	9	8
Gain on disposals of development rights	(387)	(108)
Gain on disposal of available-for-sale financial assets	(9)	0
Negative goodwill on acquisition of subsidiaries and minority interests	1	(59)
Share of loss of equity accounted investees	1	0
Interest expense	84	52
Interest Income	(14)	(9)
Income tax expense	146	126
Operating profit before changes in working capital and provisions	604	330
Increase in inventories	(372)	(69)
Increase in trade and other receivables	(440)	(7)
Increase/(decrease) in trade and other payables	183	(27)
Increase/(decrease) in provisions	0	(3)
Cash flows from operations before income taxes and interest paid	(25)	225

Income taxes paid	(29)	(21)
Interest paid	(108)	(68)
Cash flows (utilised by)/from operating activities	(162)	135
<i>Investing activities</i>		
Proceeds from disposal of property, plant and equipment	1	2
Interest received	13	3
Acquisition of property, plant and equipment	(148)	(108)
Acquisition of development rights and other intangible assets	(659)	(314)
Acquisition of equity accounted investees		(13)
Acquisition of minority interests	(1)	0
Loans advanced	(361)	(111)
Proceeds from sale of minority interests and development rights	438	195
Repayment of loans advanced	277	77
Acquisition of subsidiaries, net of cash acquired	(98)	(42)
Cash flows utilized by investing activities	(538)	(311)
<i>Financing activities</i>		
Proceeds from borrowings	1453	888
Repayment of borrowings	(1 025)	(695)
Proceeds from share issue	938	0
Transactions with shareholders, net	(39)	0
Cash flows from financing activities	1 327	193
Net increase in cash and cash equivalents	669	17
Effect of exchange rate fluctuations on cash and cash equivalents	(8)	0
Cash and cash equivalents at beginning of year	33	14
Cash and cash equivalents at end of year	694	31

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NOTES TO EDITORS

PIK Group Overview

Founded in 1994, PIK is one of the leading vertically integrated residential developers operating on a nationwide scale. Its business activities are concentrated in Moscow and the Moscow region with an increasing footprint in many of Russia's other regions. Its principal activity is the development, construction and sale of residential properties in large scale developments targeted primarily at the middle income housing market in Russia.

The last four years between 2004 and 2007, PIK has completed over 4 million square meters of housing (equivalent to over 59,000 units) in Russia, including over 1.5 million square meters (equivalent to 23,000 units) in 2007 alone.

June 1, 2007, the Group completed successful listings on the London Stock Exchange, the RTS and MICEX exchanges in Russia.