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PIK GROUP (“The Group” or “PIK”)

PIK CONTINUES 2Q11 WITH ROBUST SALES & CASH COLLECTIONS GROWTH AND REITERATES FY11 GUIDANCE

(LONDON, July 28 2011) - PIK Group (LSE: PIK), one of Russia’s leading residential real estate developers, is pleased to publish today a trading update for 6 months ended June 30, 2011 based upon management accounts.

Key highlights:

- Cash collections from sale of apartments surged 63% to RUB 14.2 billion (1H10: RUB 8.7 billion) driven by higher volume and residential selling prices in the corresponding period;
- Total gross cash collections for 1H11 showed continuing growth of the Group’s operations and increased by 57% reaching RUB 23.3 billion (1H10: RUB 14.9 billion);
- 1H11 new sales contracts to customers showed 44% growth up to 229 thousand sq meters compared to the same period of 2010 upon continuing market growth & diversification of product offering (1H11: 19 new addresses were introduced onto sale) accompanied by increasing mortgage affordability at PIK’s projects;
- 2Q11 sales funded by mortgages reached pre-crisis level at 25.3% as a result of PIK’s initiative to introduce various mortgage partnership programs with Russian state-owned and private banks;
- Cash collections from construction services were up by 49% at RUB 5.8 billion (1H10: RUB 3.9 billion);
- FY2011 guidance on new sales contracts to customers of 520 000 square meters is reiterated together with total gross cash collections of RUB 50-55 billion (RUB 40-45 billion of which account for sales of apartments)

Cash collections summary⁽¹⁾

<i>(in RUB MM)</i>	1Q2010	2Q2010	1Q2011	2Q2011	1H2010	1H2011	Change, % (2Q11/2Q10)	Change, % (1H11/1H10)
TOTAL GROSS CASH COLLECTIONS	4 441	10 456	8 072	15 261	14 897	23 333	45.6%	56.6%
<i>including</i>								
offsets with suppliers	25	2 282	853	2 477	2 307	3 330	8.5%	44.3%
TOTAL NET CASH COLLECTIONS⁽²⁾	4 416	8 174	7 219	12 784	12 590	20 003	55.9%	58.8%
<i>including:</i>								
Cash collections	2 946	5 740	5 293	8 889	8 686	14 182	54.8%	63.3%

from residential real estate sales activities

comprising:

- Cash collections from retail real estate sales	2 542	3 471	4 927	6 763	6 013	11 690	94.8%	94.4%
- Cash collections from wholesale real estate sales	403	2 269	366	2 126	2 672	2 492	-6.3%	-6.7%
Cash collections from construction services activities and others	1 470	2 434	1 925	3 893	3 904	5 818	59.9%	49.0%

Note:(1) In line with PIK's accounting standards, these cash collections will be recognized as sales revenue once the residential real estate properties have been completed and third party acceptance acts (formal building certification provided by authorities) are received upon the completed unit

(2) Excluding offsets with suppliers

Source: Management accounts

1H11 total gross cash collections reached RUB23.3billion, up by 56.6%. With a recovery in consumer confidence, improvements in macroeconomic conditions, mortgage accessibility and property price growth in place, PIK saw a 63% year-on-year growth in 1H11 residential real estate sales, which came to RUB 14.2 billion (1H10: RUB 8.7 billion). This was driven by retail sales which accounted for 82% of the total residential real estate sales.

Pre-sales launches summary (2011 YTD)

Project	Location	Start of sales
South Chertanovo, mcr.17, 18	Moscow	
“Chertanovsky”, bldg. 40A		February 2011
“Chertanovsky”, bldg. 40B (parking)		July 2011
Khimki, ‘Novokurkino’	Moscow region	
- bldg 10		April 2011
- bldg 11		April 2011
- 4G (parking)		June 2011
- bldg 8		July 2011
Khimki, ‘Levoberezny’	Moscow region	
- bldg 18		April 2011
- bldg 2		March 2011
Khimki, ‘Sovhoznaya’	Moscow region	
- bldg 3		July 2011
Khimki, ‘Yubileiniy’	Moscow region	
- bldg 8a		February 2011
- bldg 10		July 2011
Mytischki ‘Yaroslavsky’	Moscow region	
- bldg 13		February 2011
- bldg 14		February 2011
- 64 (parking)		June 2011
Obninsk	Central Russia	
- mkr. 38, bldg 5		January 2011
- mkr. 55, bldg 2A		March 2011
Kaliningrad ‘Selma-2’	Western Russia	
- bldg 11		January 2011
Roston-on-Don	Southern Russia	

Source: Management accounts

In 2011 year-to-date PIK continued aggressively launching new projects as the market continued to grow. In total 19 new projects were put on sale, of which 14 projects came from Moscow Metropolitan area. The rest was attributed by Russian regions.

New sales contracts to customers

000' sqm	FY07	FY08	FY09	FY10	1H10	1H11	Change, %
Total new real estate sales contracts to customers ⁽¹⁾	825	520	123	392	159	229	44%

Note: (1) including contracted retail and wholesales

Source: Management accounts

Total new sales to customers in 1H11 reached 229 thousand sq meters, of which 156 thousand sq meters attributed to sales to retail customers. 1H11 total sales to customers showed a 44% increased compared to the same period of last year. Moscow Metropolitan area contributed towards 89% of total new sales to customers.

As to the full year ended December 31 2011 PIK reiterates its guidance and targets 520 thousand square meters of total new sales to customers.

Share of mortgage funded retail sales

000' sqm	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
Share of sales funded by mortgages ⁽¹⁾	3.1%	6.4%	9.3%	7.5%	12.4%	25.3%

Note: (1) based upon retail sales, calculated upon flats only

Source: Management accounts

In 1H2011 the Group significantly expanded its existing partnership programs in Moscow Metropolitan area and other regions with such banks as Sberbank, VTB24, Gazprombank, Svyaz-Bank, and renewed its partnership with Uralsib. The Group also signed new partnership agreements with AltayenergoBank, Bank Vozrogdnie, Investtorgbank, Bank Baltica, Zenit Bank. The increased amount of partner banks and mortgage programs resulted in substantial growth of sales funded by mortgages.

Average property price dynamics ⁽¹⁾

Average property prices	FY2010	1H2011	Change, %
<i>(in '000 RUB per square meter)</i>			
Moscow	113.8	140.0	23.0%
Moscow(excl. business-class) ⁽³⁾	103.7	114.1	10.0%
Moscow region	64.1	69.4	8.2%
Other regions	36.4	38.0	4.4%

Note: (1) PIK is preselling properties at different stages of construction. Selling prices vary depending on geographic location, size, floor location, stage of construction. Accordingly, average prices per square meters represent blended average price calculations of the above.

(2) Calculated for property under construction on contracts with retail customers

(3) I.e. English Town project, which was launched in 4Q2010

Source: Management accounts

In 1H11 compared to FY2010, real estate prices in Moscow were up by 23%, excluding business-class projects (i.e. English Town) they showed 10% growth. At the same time, prices in Moscow region and other regions increased by 8.2% and 4.4%.

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