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**PIK GROUP (“The Group” or “PIK”)**

**TRADING UPDATE**

**PIK SEES ONGOING MASS MARKET RECOVERY**

(LONDON, October 26 2010) - PIK Group (LSE: PIK), one of Russia’s leading residential real estate developers, is pleased to publish today a trading update prepared as per the nine months ended September 30 2010 management accounts.

**Operational review:**

*Cash collections*

<i>(RUB MM)</i>	<b>9M2008</b>	<b>9M2009</b>	<b>3Q2010</b>	<b>9M2010</b>	<b>Change in 9M, YoY, %</b>
<b>TOTAL CASH COLLECTIONS*</b>	<b>47,215</b>	<b>14,245</b>	<b>11,326</b>	<b>24,163</b>	<b>70%</b>
<i>Including:</i>					
<b>Cash collections from residential real estate sales</b>	<b>37,158</b>	<b>6,245</b>	<b>5,770</b>	<b>14,453</b>	<b>131%</b>
<i>Comprising:</i>					
Cash collections from retail residential real estate sales	25,119	2,450	4,383	10,393	324%
Cash collections from wholesale residential real estate sales	12,039	3,795	1,388	4,060	7%
<b>Cash collections from construction services sales and others</b>	<b>10,057</b>	<b>8,000</b>	<b>5,556</b>	<b>9,710</b>	<b>21%</b>

*\*excluding offsets with suppliers*

Total cash collections (excluding offsets with suppliers) advanced by 70% from RUB14,245million (approx.US\$439million) in 9M2009 to RUB24,163million (approx.US\$800million) in 9M2010, driven mainly by residential real estate sales, which accounted for 60% of the total cash collection. 9M2010 total collections are 49% lower than those in 9M2008 due to a lower number of addresses available for sale.

A quarterly analysis of cash collections shows an improving trend. 3Q2010 total cash collections advanced by 36% relative to 2Q2010 and by 153% relative to 1Q2010, reaching RUB11,326million in total (approx.US\$370million) by the period end. Cash collections in 3Q accounted for approx. 47% collections for the nine month period.

On the back of the continuing recovery in consumer confidence and improvements in mortgage accessibility, PIK saw a 131% year-on-year growth in 9M2010 residential real estate sales, which reached RUB14,453million (approx.US\$478million)

(9M2009: RUB6,245million (approx.US\$192million)). Retail sales accounted for 72% of the total residential real estate sales, with wholesale accounting for the remainder.

*Contracted retail volume (new apartment sales contracts with individuals)*

<b>Total contracted retail volume*</b>	<b>9M2010</b>	<b>9M2009</b>	<b>Change, %</b>
<b>Value (in RUB MM)</b>	<b>12,067</b>	<b>2,603</b>	<b>364%</b>
size (in sqm)	163,305	35,447	361%
size (in units)	2,973	882	237%

*Note: unit is equivalent to aggregated amount of flats, ground floors and parking lots  
Source: Management accounts*

<b>Total contracted retail volume</b>	<b>3Q2010</b>	<b>3Q2009</b>	<b>Change,%</b>	<b>6M2010</b>	<b>6M2009</b>	<b>Change, %</b>
<b>Value (in RUB MM)</b>	<b>5,110</b>	<b>1,500</b>	<b>241%</b>	<b>6,957</b>	<b>1,103</b>	<b>531%</b>
size (in sqm)	69,098	18,515	273%	94,207	16,932	456%
size (in units)	1,197	584	105%	1,776	298	496%

*Note: unit is equivalent to aggregated amount of flats, ground floors and parking lots  
Source: Management accounts*

*\*This measures new apartment contracted (pre)sales to individuals*

New apartment sales contracts with individuals improved in 3Q2010 showing a more than three-fold year-on-year increase. This advance in volumes was driven by a number of new launches in affordable housing projects and extension of mortgage programmes with Russia's leading state-owned banks. The average share of apartment sales funded by mortgages in 3Q2010 was above 9% relative to an average of 3% in 1Q2010.

As a result of robust retail pre-sales volumes for three consecutive quarters, 9M2010 pre-sales increased by 364% year-on-year and exceeded RUB12billion (approx.US\$400million).

PIK's core market, the Moscow metropolitan area, contributed approx. 91% into the Group's 9M2010 total contracted retail presales in money terms and approx. 84% in unit terms.

Average sales to retail customers stood at RUB1,341million (approx.US\$44million) per month (9M2009: RUB289million (approx.US\$9million)), while average unit sales to retail customers were 16.2 apartments per business day (9M 2009: 4.8 units).

**Pavel Poselenov, CEO of PIK Group, comments:**

*"We are pleased to see a robust increase in 3Q2010 sales, which provides further evidence of the housing market recovery in Russia. Consumer demand in the affordable housing segment of the market continues to rise, driven by improvements in macroeconomic conditions, mortgage accessibility and our own increased level of activity."*

**Note:** (1) In our press-release, we reported upon contracted retail volume (RUB12,067million), which is not equivalent to cash collections from residential retail real estate sales (RUB10,393million) given the fact that cash collections represents cash received by the Group while contracted sales mean signed agreements with individuals. In line with PIK's standard sales practice, individuals usually pay 100% upfront within 5 working days for residential real estate or they are offered to pay in installments within a certain period (e.g. up to 6 months for apartments);

(2) 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 units.

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