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PIK GROUP (“The Group” or “PIK”)

2010 TRADING UPDATE PIK ENDS 2010 WITH RECORD CASH COLLECTIONS FOR DECEMBER

(LONDON, January 31 2011) - PIK Group (LSE: PIK), one of Russia’s leading residential real estate developers, is pleased to publish today a trading update for 12 months ended December 31 2010 based upon management accounts.

Operational review

Cash collections <i>(in RUB MM)</i>	FY2008	FY2009	FY2010	Change, %
TOTAL GROSS CASH COLLECTIONS	61,852	32,801	39,897	22%
<i>including</i>				
offsets with suppliers	-	10,355	4,189	-60%
TOTAL NET CASH COLLECTIONS	61,852	22,446	35,708	59%
<i>including:</i>				
Cash collections from residential real estate sales activities	44,826	9,420	23,394	148%
<i>comprising:</i>				
- Cash collections from retail real estate sales	27,612	4,394	16,675	279%
- Cash collections from wholesale real estate sales	17,214	5,026	6,719	34%
Cash collections from construction services activities and others	17,026	13,026	12,314	-5%
<i>(in RUB MM)</i>				
	1H2010	3Q2010	4Q2010	2H2010
TOTAL NET CASH COLLECTIONS*	12,837	11,326	11,545	22,871
<i>including:</i>				
Cash collections from residential real estate sales activities	8,682	5,770	8,942	14,712
<i>comprising:</i>				
- Cash collections from retail real estate sales	6,010	4,383	6,282	10,665
- Cash collections from wholesale real estate sales	2,672	1,388	2,660	4,047

Cash collections from construction services activities and others	4,154	5,556	2,603	8,160
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Note: (*) excluding offsets with suppliers
Source: Management accounts

Total gross cash collections for FY2010 was up by 22% and reached RUB39,897million.

Concurrently, total net cash collections for FY2010 were strongly up by 59% from RUB22,446million to RUB35,708million.

Total net cash collections for 2H2010 showed a continuing improvement of the Group's operations and totaled RUB22,871million, showing 78% growth relative to 1H2010 due to strong cash collections from retail customers.

This strong growth was achieved by the start of pre-sales for new project launches (4Q2010: 13 new properties were put on sale). In particular, in the last month of the year, following a new-year marketing campaign, total net cash collections reached a record high post-crisis level of RUB6.3billion, including RUB3billion from apartment sales to retail customers.

With a recovery in consumer confidence, improvements in macroeconomic conditions, mortgage accessibility and property price growth in place, PIK saw a 148% year-on-year growth in FY2010 residential real estate sales, which came to RUB23,394million (FY2009: RUB9,420million). Retail sales accounted for 71% of the total residential real estate sales.

New sales contracts to customers (contracted retail volume)

New real estate sales contracts to customers	FY2009	FY2010	Change, %
value (in RUB MM)	4,461	18,158	307%
size (in sqm)	59,802	240,212	302%
size (in units*)	1,384	4,323	212%

Note: (*) equivalent to the aggregated amount of apartments, ground floors and parking lots
Source: Management accounts

FY2010 new real estate sales contracts to customers increased by 307% year-on-year and exceeded RUB18,1billion. In total, the Group sold approx. 392,000 square meters, including 240,000 square meters to individuals and another 152,000 square meters to wholesale customers.

The Group's core market, the Moscow metropolitan area, contributed approx. 83% into the Group's FY2010 total new apartment sales to customers. PIK was mostly preselling properties at an early stage of construction. Average square meter prices for these properties showed positive dynamics in 2010. Property prices for Moscow, Moscow region and other regions were up year-on-year in ruble terms by approx. 12.9%, 7.0% and 9.9% respectively.

Average property price dynamics

Average property prices* (in '000 RUB per square meter)	FY2009	FY2010	Change, %
Moscow	100.8	113.8	12.9%
Moscow region	59.9	64.1	7.0%
Other regions	33.1	36.4	9.9%

Note: (*) calculated for property under construction
Source: Management accounts

Average sales to retail customers in FY2010 stood at RUB1,513million per month (FY2009: RUB372million), while average unit sales to retail customers were at 17.4 apartments per business day (FY2009: 5.6 units).

Note: (1) In our press-release, we reported upon new sales contracts to customers (RUB18,158million), which is not equivalent to cash collections from residential retail real estate sales activities (RUB16,675million) given the fact that cash collections represents cash received by the Group while new sales contracts 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.

Enquiries:

Investors

PIK Group
Viktor Szalkay

Tel: +7 495 505 97 33 ext. 1315/1358

International media

Citigate Dewe Rogerson
Tom Baldock
Priscilla Garcia

Tel: +44 20 7638 9571

Russian media

Dmitry Ivliev

Tel: +7 495 505 97 33 ext. 1010/1028