



THE INFORMATION CONTAINED IN THIS ANNOUNCEMENT IS RESTRICTED AND NOT FOR PUBLICATION, DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY IN THE UNITED STATES OF AMERICA

**PIK GROUP (“The Group” or “PIK”)  
1H2013 Trade update**

**MOMENTUM CONTINUES AND SUPPORTED BY GROWING DEMAND FOR  
MORTGAGES AND SELLING PRICE APPRECIATION IN MOSCOW**

(LONDON, July 17 2013) - PIK Group (LSE: PIK), one of Russia’s leading residential real estate developers, is pleased to publish a trading update for six months ended June 30, 2013 based upon management accounts.

**1H2013 key highlights:**

- Total net cash collections up by 34.1% to RUB 33.9 billion (1H12: RUB 25.3 billion);
  - Cash collections from sale of apartments to individuals increased by 45.0% to RUB 25.9 billion (1H12: RUB 17.8 billion) driven by mix of selling price and volume growth;
  - Cash collections from construction services and other activities slightly changed to RUB 5.5 billion (1H12: RUB 5.7 billion);
- New launches consolidated at 19 properties on sale (1H12: 20) of which 14 came from Moscow Metropolitan area, demonstrating healthy operational run-rate;
- New sales contracts (‘NSC’) to customers grew to 291 thousand square meters, up by 7.8% yoy driven by underlying fundamental demand for affordable housing;
- The structure of NSC remained consistent with previous periods and was as follows:
  - 29.5% is derived from Moscow and New Moscow territory (1H12: 27.4%);
  - 53.0% is generated in Moscow region (1H12: 51.8%);
  - 17.5% came through other regions (1H12: 20.8%);
- Mortgage backed sales continued to surge, reaching 39.2% in 2Q13 on the back of macroeconomic stability and customer confidence; mortgage rates remained stable for the period;
- Compared to FY2012, average net selling prices at PIK’s properties under different stage of construction showed 21.2%, 1.4% and 7.1% increase in Moscow, Moscow region and other regions accordingly; Significant appreciation of selling prices in Moscow is driven by the fact that stock on sale has been at final stage of construction, triggering higher prices to customers;

- In early June 2013 PIK Group completed its RUB 10.45 billion (equivalent to USD 330 million) capital increase issuing 167,236,960 new shares;
- Compared to December 31 2012, total debt excluding accrued interest payable decreased by RUB 6.5 billion from RUB 41.9 billion to RUB 35.4 billion as result of accelerated debt redemption throughout 1H13. This has been in line with PIK's strategy to deleverage its balance sheet to sustainable levels;
- In the same period, PIK heavily cut its net debt by RUB 13.9 billion down to RUB 22.9 billion as a result from the Group's capital increase.

## **2013 Outlook**

- In accordance with the Group's strategy, PIK plans to use excessive cash balances to further deleveraging and reducing total debt below RUB 30 billion by the end of the current year.
- In line with disciplined approach towards new purchases and subject to availability of projects meeting margin requirements, PIK targets to spend up to RUB 4.5 billion for new acquisitions with the aim to replenish existing landbank;
- Operational environment remains good; PIK reiterates 2013 guidance on NSC to customers between 660,000-700,000 square meters with total gross cash collections of RUB 69-73 billion.

Table 1 - Cash collections summary<sup>(1)</sup>

(in RUB MM)	2Q2013	2Q2012	Change, %	1H2013	1H2012	Change, %
<b>TOTAL GROSS CASH<sup>(2)</sup> COLLECTIONS</b>	<b>16 416</b>	<b>13 152</b>	24,8%	<b>33 949</b>	<b>25 669</b>	32,3%
<b>TOTAL NET CASH COLLECTIONS<sup>(3)</sup></b>	<b>16 416</b>	<b>13 752</b>	19,4%	<b>33 868</b>	<b>25 258</b>	34,1%
<i>including:</i>						
<b>Cash collections from residential real estate sales activities</b>	<b>13 480</b>	<b>10 317</b>	30,7%	<b>28 406</b>	<b>19 533</b>	45,4%
<i>including:</i>						
- Cash collections from retail real estate sales	12 645	8 486	49,0%	25 879	17 842	45,0%
<b>Cash collections from construction services activities and others</b>	<b>2 936</b>	<b>3 435</b>	-14,5%	<b>5 462</b>	<b>5 725</b>	-4,6%

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) Including offsets with suppliers  
(3) Excluding offsets with suppliers  
Source: Management accounts

Table 2 - New sales contracts to customers (total)

000' sqm	1H2013	1H2012	Change, %
<b>Total new real estate sales contracts to customers<sup>(1)</sup></b>	<b>291</b>	<b>270</b>	<b>7,8%</b>

Note: (1) including contracted retail and wholesales  
Source: Management accounts

Table 3 – New sales contracts to customers by region<sup>(1)</sup>

000' sqm	1H2011	2H2011	1H2012	2H2012	1H2013
<b>Moscow</b>	57	61	54	96	74
<b>New Moscow</b>	n/a	n/a	20	60	12
<b>Moscow region</b>	168	128	140	169	154
<b>Other regions</b>	56	40	56	63	51
<b>Total</b>	<b>281</b>	<b>229</b>	<b>270</b>	<b>388</b>	<b>291</b>

Note: (1) including contracted retail and wholesales  
Source: Management accounts

Table 4 – Pre-sales launches summary table

No. of buildings	1H2013	1H2012	Change
<b>Number of addresses put on sale</b>	<b>19</b>	<b>20</b>	<b>-1</b>

Source: Management accounts

Table 5 – 1H2013 pre-sales launches (detailed summary)

Project	Location	Start of sales
<b>Buninsky</b>	Moscow	
- bldg 11		February 2013
- bldg 14		February 2013
- bldg 8		March 2013
<b>Grand Kuskovo</b>	Moscow	
- bldg 3		May 2013
<b>Putilkovo</b>	Moscow region	
- bldg 37		March 2013
- bldg 38		March 2013
<b>Drozhino</b>	Moscow region	
- bldg 3		January 2013
- bldg 4		March 2013
<b>Mytischki 'Yaroslavsky'</b>	Moscow region	
- bldg 25		February 2013
- bldg 26		February 2013
- bldg 65 (parking)		April 2013
<b>Dolgoprudny</b>	Moscow region	
- townhouses		January 2013
<b>Dmitrov, 'Moskovsky'</b>	Moscow region	
- bldg 1		January 2013
<b>Zheleznodorogny, 'Centre – 2'</b>	Moscow region	
- bldg 302		May 2013
<b>Yaroslavl</b>	Central Russia	
- "Sokol", bldg 17		March 2013
- "Sokol", bldg 5		January 2013
- "Bragino", bldg 4		March 2013
<b>Perm, 'Griboedovsky'</b>	Central Russia	
- bldg 2		May 2013
<b>Novorossiysk, 'Picadilly'</b>	Southern Russia	
- bldg 1		June 2013

Source: Management accounts

Table 6 - Share of mortgage funded retail sales

000' sqm	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13
<b>Share of sales funded by mortgages</b> <sup>(1)</sup>	28.5%	27.3%	29.0%	29.2%	34.6%	39.2%

Note: (1) Based upon monthly averaged data upon retail sales, calculated as per flats only

Source: Management accounts

Table 7 - New sales contracts to retail customers (contracted retail volume)

New sales contracts to customers	2Q2013	2Q2012	Change %	1H2013	1H2012	Change %
Value, apartments and ground floors (in RUB MM) <sup>(1)</sup>	12,059	9,589	25.8%	26,175	18,724	39.8%
size (in thousand sqm) <sup>(2)</sup>	137	114	20.2%	289	235	23.0%

Notes: (1) unit is equivalent to aggregated amount of flats, ground floors and parking lots

(2) size is taken for flats and ground floors

Source: Management accounts

*Table 8 - Average PIK's net selling price dynamics <sup>(1)</sup>*

<b>Average net selling prices <sup>(2)</sup></b>	<b>FY2011</b>	<b>FY2012</b>	<b>1H2013</b>	<b>Change, %</b>
<i>(in '000 RUB per square meter)</i>				
Moscow <sup>(3)</sup>	115.1	123.8	150.0	21.2%
Moscow region	71.6	79.4	80.5	1.4%
Other regions	39.5	44.0	47.1	7.1%

*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) Excluding business class projects, such as the 'English Town'*

*Source: Management accounts*

**Enquiries:**

*PIK Group*

*Investors*

Viktor Szalkay

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

*Media*

Natalia Ivanova

Tel: +7 495 505 97 33 ext. 1010 /1014