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PIK GROUP (“The Group” or “PIK”)

**PIK ANNOUNCES IFRS FINANCIAL RESULTS
FOR 6 MONTHS ENDED JUNE 30, 2013**

(LONDON, September 26 2013) - PIK (LSE: PIK), a leading Russian residential developer, today announces its audited consolidated IFRS financial results for the 6 months ended June 30 2013.

1H13 financial summary:

- Total revenues were up by 72.4% to RUB25.0 billion (1H12: RUB14.5 billion)
- Revenues from the sale of apartments grew by 118.9% to RUB20.8 billion (1H12: RUB9.5 billion)
- Continued cost control lead to 12.5% decrease in administrative and distribution expenses resulting RUB1.4 billion (1H12: 1.6 billion)
- Gross profit margin reached 28.4% up by 7ppt from 1H12
- Adjusted EBITDA grew more than three times to RUB6.3 billion (1H12: RUB2.1 billion)
- Net positive cash flow from operating activities reached RUB4.6billion (1H12: negative net cash flow of RUB0.4billion)
- Net income amounted to RUB2.6 billion (1H12: loss of RUB0.9 billion)
- Total assets as of June 30 2013 increased to RUB138.5 billion (December 31 2012: RUB126.5 billion)
- In line with the Group’s deleveraging strategy and as a result of the successful SPO completed in June 2013, net debt as of June 30 2013 decreased by RUB14.0 billion to RUB22.8 billion (December 31, 2012: RUB36.8 billion)

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1H2013 financial results overview

In June 2013 the Group completed a successful secondary public offering of 167.2 million new shares, raising its capital by RUB10.45 billion (equivalent to USD330 million)

The Group plans to use around half of the SPO proceeds to deleverage its balance sheet, and the rest will be used for new project acquisitions, mostly in Moscow metropolitan area

Total revenues were up by 72.4% to RUB25.0 billion (1H2012: RUB14.5 billion) driven by an increase in sales of apartments from RUB9.5 billion to RUB20.8 billion. Revenues from apartment sales accounted for 83.2% of total sales (1H2012: 65.5%).

Sales revenue	1H12	1H13	Change, %
Revenue from sale of apartment, RUB bn	9.5	20.8	+118.9%
Other revenue from construction services, RUB bn	5.0	4.2	-23.6%
	14.5	25.0	72.4%

Source: IFRS

Revenues from the sale of apartments were up, due to increased transfers to customers amounting to 261,000 square meters (1H12: 138,000 square meters). Implied average selling prices in transfers increased by 15.8% to RUB79.7 thousand per square meter.

Implied average selling prices ⁽¹⁾	1H12	1H13	Change, %
Revenue from sale of apartments, RUB bn	9.5	20.8	+118.9%
Transfers to customers, 000' sqm	138	261	+89.1%
Implied average selling price, RUB per sqm	68.8	79.7	+15.8%

Note: (1) calculated as revenue from apartment sales divided by transfers to customers

Source: IFRS

Gross profit totaled RUB7.1 billion (1H12: RUB3.1 billion). The gross profit margin accordingly rose by 7 ppt to 28.4% for 1H13.

Gross profit margin	1H12	1H13
Total revenue, RUB bn	14.5	25.0
Gross profit, RUB bn	3.1	7.1
Gross profit margin, %	21.4%	28.4%

Source: IFRS

In 1H13 both administrative & distribution expenses remained under control and were down by 12.5% to RUB1.4 billion (2011: RUB1.6 billion).

Adjusted EBITDA from core activities grew more than three times to RUB6.3 billion (1H12: RUB2.1 billion). Adjusted EBITDA margin increased 11ppt to 25.3%.

	1H12 MM RUB	1H13 MM RUB
Net (loss) / profit for the year	(962)	2,630
Depreciation and amortisation	346	335
Interest expense including penalties payable	2,831	2,539
Interest income	(43)	(141)
Income tax expense / (benefit)	(331)	690
EBITDA	1,841	6,053
Impairment (reversals) / losses	(24)	249
Impairment losses / (reversals) on financial assets	246	8
Forex loss / (gain)	44	(141)
(Gain) / loss on disposal of PP&E	40	(8)
(Gain) / loss from disposal of subsidiaries	22	-
Penalties and fines, including reversals	(94)	170
Adjusted EBITDA	2,075	6,331
<i>As of sales revenue, %</i>	<i>14,3%</i>	<i>25,3%</i>

Source: IFRS

Net income reached RUB2.6 billion (1H12: net loss of RUB0.9 billion).

As a result of the improved operational performance, free net cash flows from operating activities reached RUB4.6 billion (1H12: negative value of RUB0.4 billion). That together with successful share offering let the Group to continue the reduction of debt started in 2012.

Total assets increased to RUB138.5 billion (December 31, 2012: 126.5 billion). Total equity also rose significantly to RUB16.2 billion (December 21, 2012: RUB3.3 billion).

Loans and borrowings decreased by RUB7.1billion to RUB36.1billion, and net debt has been reduced by RUB14.0 billion, down to RUB22.8billion (December 31 2012: RUB36.8billion).

Loans and borrowings	31 December 2012	30 June 2013
Long-term loans and borrowings, RUB bn	33.0	9,8
Short-term loans and borrowings, RUB bn	8.9	25.6
Interest payable accrued at year-end, RUB bn	1.3	0.7
Total debt	43.2	36.1
<i>less</i>		
Accrued interest payable, RUB bn	(1.3)	(0.7)
Cash and equivalents, RUB bn	(5.1)	(12.6)
Net debt	36.8	22.8

Source: IFRS

In February 2013, the Group signed an agreement with Sberbank of Russia for a RUB4.0 billion non-revolving credit facility with final maturity in early 2017. These funds will be drawn down by PIK to finance the first phase of construction of a large-scale residential complex "Buninsky" located in New Moscow territory.

In line with its deleveraging strategy, the Group made full early repayment of the outstanding loans to Nomura International plc, Morgan Stanley Senior Funding Inc., Bin Bank and others for a total of RUB 3.6 bn

Notice to readers

The calculation of certain measures used in this announcement may be different from the calculation used by other companies and therefore comparability may be limited. Some of the measures (e.g. EBITDA, adjusted EBITDA, net debt) are not measures of financial performance under IFRS.

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