PIK GROUP

PIK GROUP REPORTS 2013 CONSOLIDATED FINANCIAL RESULTS AND PORTFOLIO VALUATION SUMMARY

Moscow, April 22, 2014 - PIK Group (LSE: PIK), ("The Group" or "PIK"), one of the leading Russian residential developers, today announces its audited Consolidated Financial Statements prepared in accordance with IFRS, for the year ended December 31, 2013 and the Valuation Report in respect of the portfolio of its properties.

2013 Financial Highlights:

- Total revenue decreased by 5.4% to RUB62.5 billion (2012: RUB66.1 billion); Revenue from sale of apartments declined by 2.7% to RUB53.3 billion (2012: RUB54.8 billion)

- Gross profit margin increased to 28.2% from 21.7% in 2012; gross profit margin in the Real Estate Development segment increased to 28.5% from 23.4% in 2012

- Adjusted EBITDA from core operations increased by 31.9% to RUB14.0 billion (2012: RUB10.8 billion); the adjusted EBITDA margin increased to 22.4% from 16.1% in 2012

- Net income for the period increased more than 2.3x to RUB7.4 billion (2012: RUB3.1 billion)

- Net cash generated from operating activities reached RUB12.5 billion (2011: RUB7.0 billion)

- Net debt as of December 31, 2013 decreased by RUB20.1 billion to RUB18.0 billion (2012: RUB38.1 billion).

2013 Operational Highlights:

- Total cash collections increased by 10.8% to RUB74.8 billion (2012: RUB 67.5 billion)

- Cash collections from sales of apartments increased by 20.4% to RUB63.0 billion (2012: RUB52.3 billion) and 52 new buildings were released for sale during the year compared to 49 buildings in 2012

- Cash collections from sale of apartments to individuals increased by 32.3% to RUB 59.3 billion (2012: RUB 44.8 billion) with the share of retail sales increasing to 94.2% from 85.7% in 2012

- New sales contracts to customers grew by 2.9% to 677 th. sq. meters (2012: 658 th. sq. meters)

- Mortgage backed sales reached 39.0% of total new sales in 2013 (2012: 28.5%)

- PIK's average selling prices in 2013 increased by 17.0% in Moscow, 21.5% in New Moscow, 1.1% in the Moscow region and 7.7% in other regions.

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2013 Development Portfolio Valuation Summary:

- Total net selling area amounted to approximately 6.9 million square meters (6.5 million as of December 31, 2012), of which 99% is residential

- The market value of the property portfolio increased 7.6% to RUB95.2 billion (RUB88.4 billion as of December 31, 2012) and was unchanged when denominated in US Dollars

- The market value of new projects acquired in 2013 as of December 31, 2013 amounted to RUB6.1 billion

- The market value per square meter increased by 1.6% to RUB13,753. In MMA market value per square meter increased by 21.8% to RUB20,949

- The market value of the portfolio per ordinary share was RUB144.1/ordinary share.

Pavel Poselenov, PIK Group's President and Chief Executive Officer, commented:

"2013 was another very successful year for PIK Group during which we achieved strong financial results and increased our financial and investment flexibility. As growth in the Russian economy slowed, we shifted our focus from rapid expansion in volumes to better earnings' quality and overall deleveraging of the company. We believe our strong profitability in 2013 is a good indication that our business model works, even in times when the macroeconomic trends are not optimal.

Despite macroeconomic pressures, the Russian residential real estate market was stable during 2013 with average selling prices growing slightly ahead of inflation. PIK Group was able to exceed average market price growth rates in the key regions primarily due to changes in sales mix and efficient marketing. Increasing mortgage penetration continues to provide good support to sales momentum. A new record was set last year with 39% of our new contracts being backed by mortgages as overall mortgage affordability and accessibility continue to improve.

Overall, the pace of growth is moderating. In 2013, our residential apartment sales amounted to 677,000 square meters, just 2.8% higher than in 2012. Our cash collections in 2013 rose by 10.8%, while retail residential sales were 32.3% higher due to intentional reduction in lower margin wholesale transactions. The steadying of growth allowed us to focus on profitability by further enhancing our project management in the real estate development segment and by launching efficiency measures at our production facilities in Moscow. As a result, we have achieved an adjusted EBITDA margin of 22.4% compared to a margin of 16.1% in 2012. Together with a number of other positive financial developments, we were able to boost our net income for the year more than 2.3 times to RUB7.4 bn and to generate a record free cash flow of RUB8.4 bn.

The strong cash flow from operations coupled with capital raised during the secondary public offering in June, 2013 have enabled us to cut our net debt by about RUB20 bn and achieve a significantly lower net debt to adjusted EBITDA ratio of 1.3x.

We entered 2014 with a strong platform, both in terms of our financial standing and operational efficiency across all business lines. Our prime goals are to maintain the current level of profitability and investment discipline while capturing current market opportunities, which continue to be plentiful as indicated by homebuyers' activity early in 2014.

All in all, we continue to be optimistic about the Group's future – both for 2014 and in a longer perspective, despite increased macroeconomic uncertainty in Russia .

On behalf of the Management Board, I would like to thank all our employees for their energy and commitment and encourage them to keep up the good work for the benefit of all of our stakeholders."

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Additional documents:
The Audited Consolidated Financial Statements, prepared in accordance with IFRS, for the year ended December 31, 2013 can be found under the following link:
http://pik-group.com/investors/financial-statements/2013/

For additional information please see our Corporate Governance Statement under the following link: http://pik-group.com/corporate-governance/regulatory-documents/documents-being-currently-in-force

Conference Call Dial-In Details:

PIK Group's Management will host a conference call for investors and analysts followed by a Q&A session.

Date:	Tuesday, April 22, 2014
Time:	17:30 Moscow / 14:30 London / 9:30 New York
Title:	PIK Group 2013 IFRS Results
Conference ID:	4680429
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Management review of financial condition, results of operations and portfolio of projects for the year ended December 31, 2013

Discussion of operating environment and results

In 2013, PIK Group's new sales to customers continued to advance by 2.9% to 677,000 sq meters, although at a slower pace compared to 2011-2012. In line with its strategic focus on profitability, the Group had significantly reduced the share of lower-margin wholesale contracts to 2.8% in 2013, compared to 19.1% in 2012. At the same time, the volume of sales to retail customers increased by 23.6% to 658,000 sq meters which was generally in line with the overall growth rates of 20-30% demonstrated in 2011-2012.

New sales contracts (2011-2013)[(1)]

In '000 sqm	**1H**	**2H**	**FY**	**Share of retail sales**
2011	229	281	510	77.5%
2012	270	388	658	80.9%
2013	291	386	677	97.2%
Change 2013/2012 (%)			***2.9%***	***20.1%***

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

The increase in new retail sales was the result of new launches of 52 buildings in 2013 (2012: 49 buildings) and an increased offering of properties in the Moscow region, which was partially offset by lower offering in Moscow.

Key operational data (2011-2013)

In '000 sqm	**2011**	**2012**	**2013**	**Change y-o-y,%**
Total housing completions[(1)]	870	1,294	859	(33.6%)
- Housing completions (PIK share only)	*465*	*826*	*658*	*(20.3%)*
New sales contracts to customers[(2)]	510	658	677	2.9%
Transfers to customers[(3)]	512	642	603	(6.1%)

Note : (1) Includes the share of co-investors and completions related to construction services; (2) PIK share only
(3) as per revenue recognition policy adopted under IFRS
Source: (1),(2)Management accounts. (3) IFRS financial report

Transfers of properties to customers under IFRS amounted to 603,000 square meters, down by 6.1% compared to 2012 due to variations in the mix of development projects and completion timetable resulting in lower revenue recognition under IFRS in the reporting period.

Total housing completions from all activities (including proprietary real estate development, construction services and share of third parties/co-investors) were down by 33.6% to 859,000 sq meters. The decline in total completions in 2013 was explained by:

(i) variation in the mix of development project and completion timetable,
(ii) lower investment into acquisition of new development projects in 2009-2011,
(iii) reduction in the volume of lower-margin construction services for 3rd parties.

Average net selling prices for PIK properties (based on cash collections data) continue to grow faster that the average market prices. In 2013, selling prices in the majority of regions where PIK is present have once again exceeded the inflation rate. PIK's average selling prices in 2013 increased by 17.0% in Moscow, 21.5% in New Moscow, 1.1% in the Moscow region and 7.7% in other regions. Presales patterns continue to be robust with nearly all apartments presold during the construction period of the building, with full purchase consideration for the apartments received before its completion and transfer.

Mortgage affordability continued to improve in 2013, providing additional financial flexibility to homebuyers as well as an opportunity of buying properties earlier in the construction cycle. PIK Group extended its mortgage partnership programs to 20 of Russia's leading commercial banks, which enabled us to support our sales with a wider customer base. As a result, mortgage penetration reached 39% in 2013.

Share of mortgage funded retail sales

In %	**1Q**	**2Q**	**3Q**	**4Q**	**Annual average**
2013	34.6%	39.2%	42.2%	39.8%	39.0%
2012	28.5%	27.3%	29.0%	29.2%	28.5%

Note: Based on monthly data on retail sales, calculated using apartments only
Source: Management accounts

Discussion of the Group's financial results

Group revenues in 2013 decreased by 5.4% to RUB 62.5 billion compared to RUB66.1 billion in 2012. The decline was driven by a reduction in the volume of rendered construction services, lower sales of construction materials and overall lower transfers of properties to customers. Revenues from apartment sales accounted for 85.3% of total revenues, increasing from 82.9% in 2012.

Sales revenue by segment

In RUB billion	**2012**	**2013**	**Change, %**
Revenue from sale of apartments	54.8	53.3	*(2.7%)*
Revenue from construction services	5.9	4.4	*(25.4%)*
Revenue from sale of construction materials and other sales	5.4	4.8	*(11.1%)*
Total revenue	**66.1**	**62.5**	**(5.4%)**

Source: IFRS

PIK Group's core revenues come from the sale of apartments. In 2013, they were 2.7% lower due to a decrease in transfers of properties to customers resulting from lower volumes of wholesale transactions and variations in the projects' completion timetable. These downward factors were partially compensated by higher revenue from retail sales of apartments and higher implied revenue per sq. meter of transferred properties.

Implied revenue per sq. meter of transferred properties [1]

	2012	2013	Change, %
Revenue from sale of apartments, RUB bn	54.8	53.3	*-2.7%*
Transfers to customers, 000' sqm	642	603	*-6.1%*
Implied revenue per sqm of transferred property, 000' RUB/sqm	**85.3**	**88.4**	***+3.6%***

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

Gross profit increased by 23.3% to RUB17.7 billion from RUB14.3 driven by a reduction in cost of sales. The reduction in cost of sales was in line with the Group's strategic focus on profitability and was achieved through better individual project management, strict cost discipline and operational efficiency improvement measures. The resulting gross profit margin for the Group increased to 28.2% from 21.7% in 2012 driven primarily by a 5.1ppt expansion in the real estate development segment margin to 28.5% from 23.4%.

In 2013, administrative expenses were under control and did not change materially, amounting to RUB3.3 billion (2012: RUB3.2 billion). Distribution expenses increased to RUB0.92 billion from RUB0.75 billion due to an increase in advertising expenses.

Personnel and social costs, included both in cost of sales and administrative and distribution expenses, demonstrated an aggregate increase of 6.5%, generally in line with inflation.

As a result of the above factors, adjusted EBITDA from core activities increased 31.9% to RUB14.0 billion from RUB10.6 billion in 2012, whilst adjusted EBITDA margin increased 6.3ppt to 22.4% from 16.1%. EBITDA increased by 25.5% to RUB13.4 billion from RUB10.7 billion in 2012.

Adjusted EBITDA reconciliation

	2012	2013
	RUB mln	*RUB mln*
Net profit for the year	**3,127**	**7,448**
Depreciation and amortisation	860	705
Interest expense	5,891	4,382
Interest income and reversal of penalties	(90)	(362)
Income tax expense	904	1,246
EBITDA	**10,692**	**13,419**
Adjustments for		
Impairment losses, net	252	894
Impairment losses on financial assets, net	152	746
Write-off of accounts payable	(165)	(667)
Foreign exchange gains, net	(182)	(226)
Loss on disposal of PP&E	24	35
Penalties and fines, including reversals	(145)	(185)
Adjusted EBITDA	**10,628**	**14,016**
Adjusted EBITDA margin, %	*16,1%*	*22,4%*

Source: IFRS

Due to a significant reduction in gross debt, effective interest rate reduction and strong operational cash flow, the Group was able to reduce its net finance costs by 37.3% to RUB3.7 billion from RUB6.0 billion in 2012. The effect from the ongoing deleveraging on the Group's finance costs is expected to be fully visible in the subsequent reporting periods (i.e. 2014).

As a results of the above factors and due to a recognized reversal of tax provision in the amount of RUB1.3 billion, profit for the period (net profit) increased 2.4 times to RUB7.4 billion from RUB3.1 billion.

Discussion of Group's current financial position, cash flows and liquidity

Net cash from operating activities in 2013 reached RUB12.5 billion, beating the record of RUB7.0 billion established in 2012. This result was achieved due to an improved operational performance and better working capital management. Free cash flow (defined as net cash generated from operating activities, less acquisition of property, plant & equipment and development rights and other intangible assets) amounted to RUB8.4 billion in 2013, compared to RUB4.4 billion in 2012 due to stronger operating net cash flow being partially offset by an increased investment into new development projects.

Strong free cash flow from improved operational performance and proceeds from the public offering of equity in 2013 in the amount of RUB10.4 billion, have resulted in significant deleveraging of the Group. As of December 31, 2013, the Group had RUB29.1 billion of gross debt (down from RUB43.2 billion of gross debt as of December 31, 2012). Net debt as of December 31, 2013 amounted to RUB 18.0 billion, down from RUB38.1 billion at the end of 2012.

Portfolio of projects overview

As of December 31, 2013, the Group's total portfolio of projects had a net sellable area of 6.9 million sq. meters (2012: 6.5 million), of which 6.5 million are residential and 0.4 million sq. meters are commercial properties (i.e. ground floors of residential buildings).

Key changes to net sellable area in 2013

	'000 sq. meters
Net sellable area as of December 31, 2012	**6,537**
Sale of properties to customers in 2013	677
Project cancellation and reclassifications into land	(157)
Landbank replenishment with new development projects in 2013	223
Reclassification of land into economically viable projects	1,036
Changes in projects' layouts	(40)
Net sellable area as of December 31, 2013	**6,922**

Source: C&W

The market value of the property portfolio as of December 31, 2013 increased 7.6% to RUB95.2 billion (RUB88.4 billion as of December 31, 2012) and was unchanged at US$2.9 billion when denominated in US Dollars.

Market value per square meter increased by 1.6% to RUB13,753 (2012: RUB13,529) due to changes in valuation assumptions and projects.

The average value per square meter was up by 9.6% to RUB60,369 in Moscow, 89.2% to RUB12,305 in New Moscow, 26.0% to RUB12,142 in the Moscow Region and down 35.3% to RUB3,299 in Russia's regions. The decline in value in other regions of Russia is explained by the recent reinstatement of Bakharevka project in the Perm region which, given its pre-development stage, has a relatively low market value.

The MMA represented 4.1 million sq. meters (60% of the total area) with a total market value of RUB85.9 billion (90.2% of total value). The Group plans to maintain its market leadership in providing modern and affordable housing in the MMA through building out the existing pipeline, while targeting development activities in the most attractive fast-growing regions of Russia.

Portfolio of properties by region

	Number of projects #	Size *(ha)*	Net selling area, PIK share *('000 sqm)*	Market Value *(RUB MM)*	Value per sqm *(RUB)*
Moscow	23	117	745	44,953	60,369
New Moscow	2	129	1,223	15,055	12,305
Moscow region	23	642	2,132	25,886	12,142
Other regions	43	705	2,822	9,313	3,299
Total	**91**	**1,594**	**6,922**	**95,207**	**13,753**

Source: C&W

In total, the Group has a pipeline of 91 development projects at various stages of development. Of these, 43 projects are currently in the course of development. They represent 4.6 million sq. meters (66.2% of total area) and have an underlying market value of RUB 75.1 billion (78.9% of total value). The share of completed projects not yet sold amounted to RUB 4.5 billion, or 4.8% of the total project portfolio value.

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Portfolio of properties by stages of development

	Number of projects	Net selling area, PIK share *('000 sqm)*	Market Value *(RUB MM)*
Projects completed and partially sold	21	39	4,535
Projects in course of development	43	4,585	75,099
Properties held for future development	27	2,298	15,573
	91	**6,922**	**95,207**

Source: C&W

Major portfolio of projects by value

Project Name	Location	Type	December 31, 2012 Unsold area *(th. sqm)*	December 31, 2012 Value *(RUB bn)*	December 31, 2013 Unsold area *(th sqm)*	December 31, 2013 Value *(RUB bn)*
Kommunarka, "Buninsky"	New Moscow	Mass market	1 049	6,4	1 223	15,0
"City Quarters"	Moscow	High-end	115	12,7	115	13,8
"Varshavskie Ogni"	Moscow	Mass market	130	4,0	169	7,1
Khimki, "Levoberegny"	Moscow	Mass market	252	5,0	198	5,8
Kuntsevo	Moscow	High-end	143	4,6	147	5,4
Mytischi, "Yaroslavsky"	Moscow region	Mass market	564	7,8	501	4,7
"Grand Kuskovo"	Moscow	Mass market	88	4,0	45	3,0
Izmaylovskiy proezd, 11	Moscow	Mass market	58	2,1	58	2,6
Vavilova st., 4	Moscow	Mass market	-	-	32	2,6
Marshala Zakharova st., 7	Moscow	Mass market	79	2.6	46	2.3
Subtotal			**2 478**	**49,2**	**2 534**	**62,3**
As of total, %			*37,9%*	*55,7%*	*36,6%*	*65,4%*

Source: C&W

Net asset value per share calculation

	2012	2013	Change
Market value, (RUBMM)	88,441	95,207	*6,766*
Net debt, (RUBMM)	36,829	18,020	*(18,809)*
Shares outstanding, (MM shares)	493.260	660.497	*167.237*
Market value per share, RUB/share	**179.3**	**144.1**	**(35.2)**
NAV per share, RUB/share	**104.6**	**116.9**	**12.3**

Source: C&W, IFRS

Directors' Responsibility Statement

The attached Annual Financial Report (Consolidated Financial Statements) and the financial information contained herein, are the responsibility of, and have been approved by, the directors of PIK Group. The directors are responsible for ensuring that management prepares the Financial Report in accordance with the IFRS and the Listing Rules of the Financial Conduct Authority.

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, normalized net income, net debt) are not measures of financial performance under IFRS.

Some of the information in this press release may contain guidance, projections or other forward-looking statements regarding future events or the future financial performance of PIK Group. You can identify forward-looking statements by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may" or "might," or the negative of such terms or other similar expressions. These statements are only predictions and actual events or results may differ materially. PIK Group does not intend to or undertake any obligation to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in PIK Group's projections, guidance or forward-looking statements, including, among others, general economic and market conditions, PIK Group's competitive environment, risks associated with operating in Russia, rapid market change, and other factors specifically related to PIK Group and its operations.

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