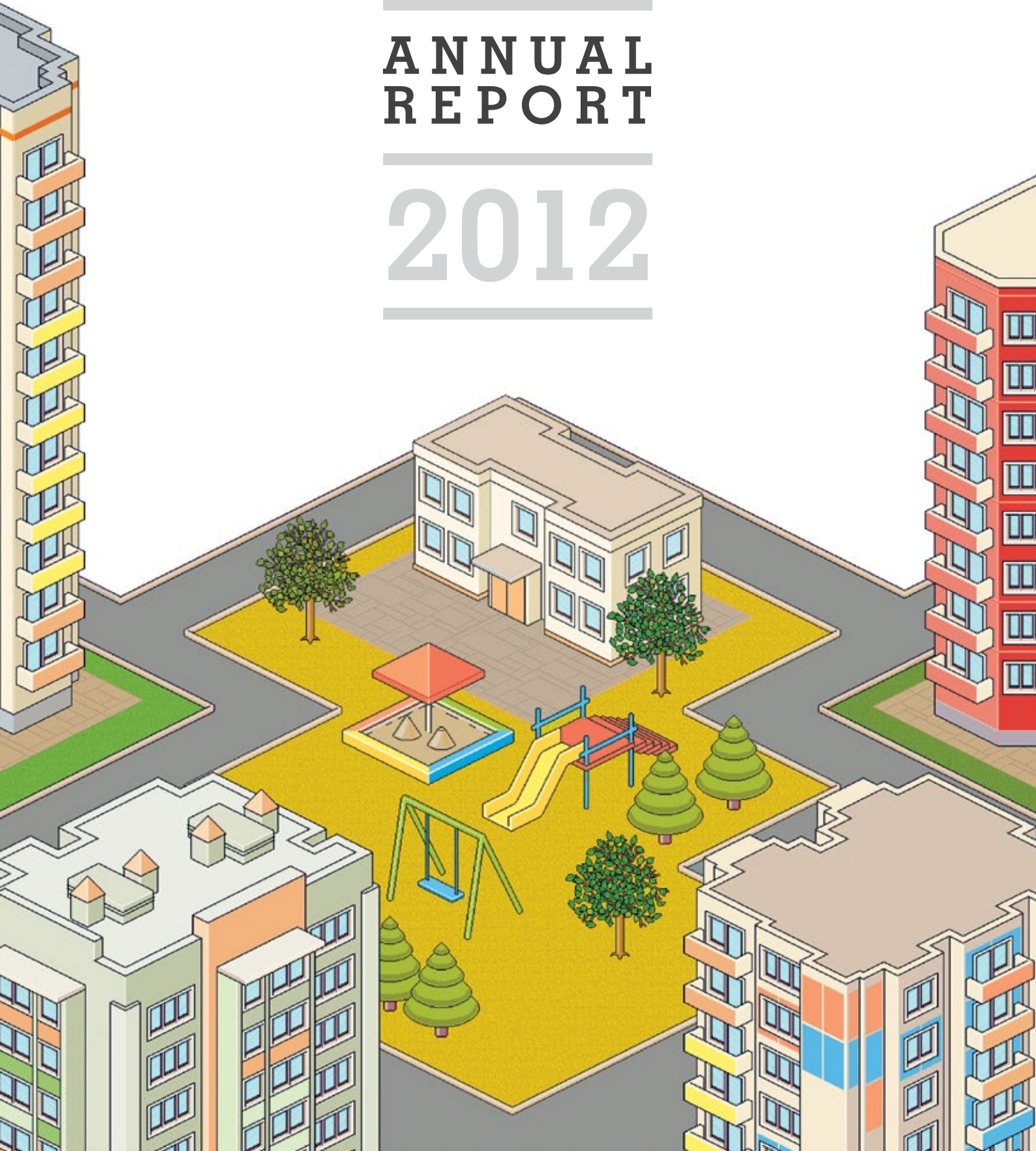




ANNUAL REPORT

2012

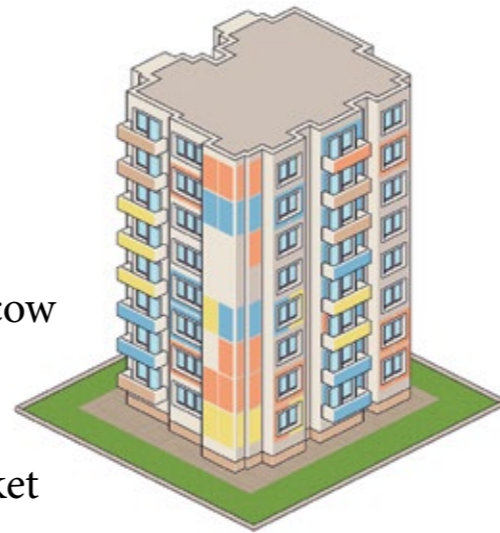


Chapter

1

PIK Group at a glance

We are a leading residential real estate developer in Russia, with a particular strategic focus on the Moscow Metropolitan Area. Our principal activity is the development, construction and sale of mass-market residential properties in the Russian real estate market



BUSINESS HIGHLIGHTS

- 1 A leading mass-market residential developer in Russia with an 18 year track record
- 2 Integrated business model with substantial production facilities and an extensive portfolio of projects
- 3 Improving financial performance

- Around 15.9% market share¹ in Moscow Metropolitan Area (MMA)² in 2012
- Over 13 mn sqm of net selling area (NSA) completed since inception
- 89% of project portfolio by value is concentrated in MMA³

- Diversified portfolio of projects with 6.5 mn sqm of unsold NSA (valued by Cushman & Wakefield at US\$2.9 Billion³)
- #1 in Russia by pre-fabricated panel facilities
- Construction services and in-house sales force

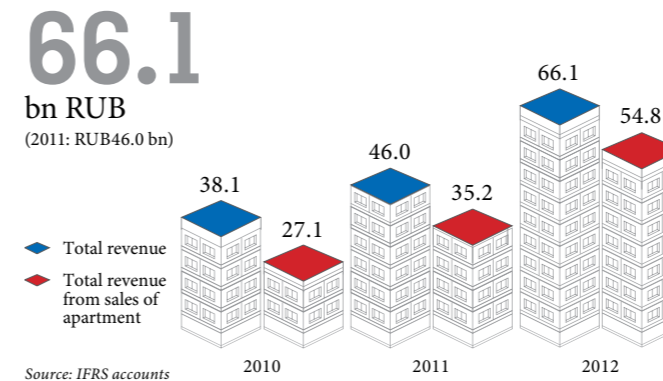
- Strong sales growth of apartments (+29% y-o-y to 658 th sqm)
- Solid cash collections from pre-sales (RUB67.5 Billion)
- Increasing profitability (21.8% gross profit margin)

OUR CORE ACTIVITIES ARE:

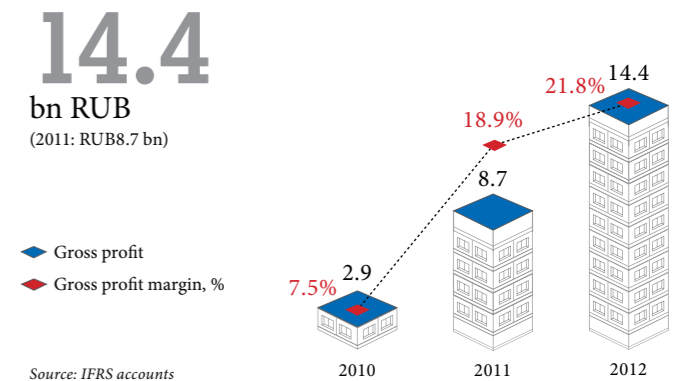
- The development of residential real estate properties and sale of completed units.
- The construction of reinforced concrete panel housing, production and assembly of prefabricated panel residential buildings, including construction at our development sites and construction services provided to third parties.
- The production of reinforced concrete panels, window frames and other construction materials.
- The servicing and maintenance of real estate properties constructed by us and other developers and other activities, not included in the real estate development, construction and industrial segments.

FINANCIAL FIGURES

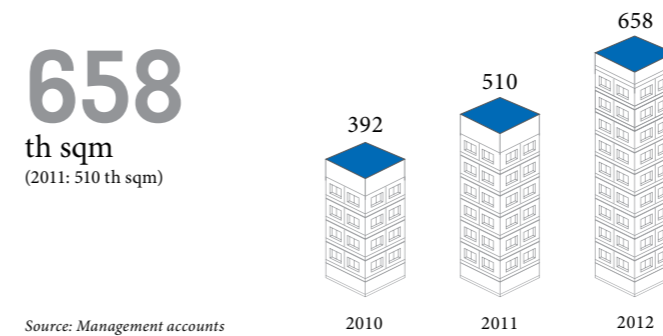
Total revenue



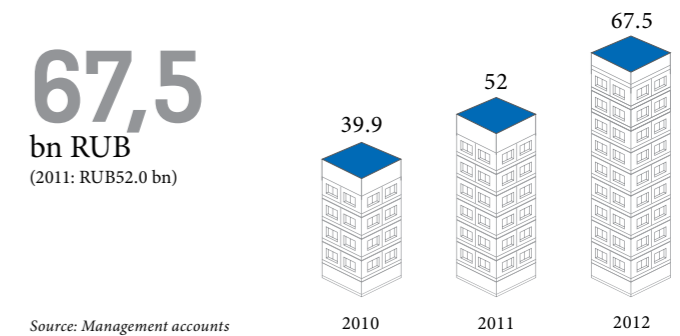
Gross profit



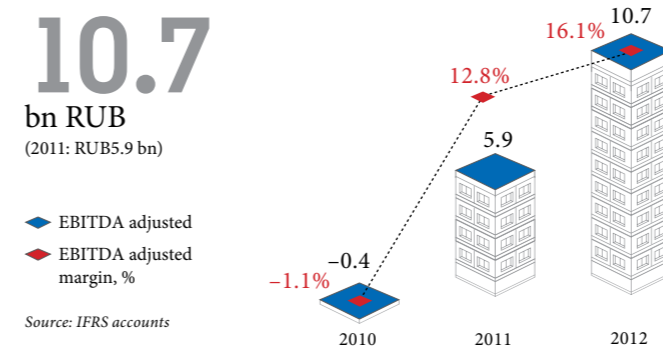
New sales to customers⁽¹⁾



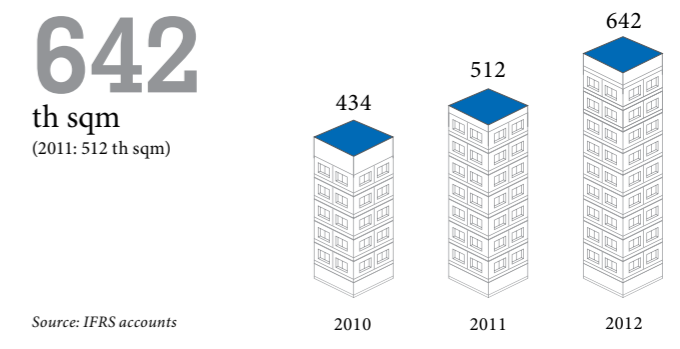
Total cash collections



EBITDA adjusted⁽²⁾



Transfers to customers⁽³⁾



WE BELIEVE...

...that our integrated real estate development process together with our diversified project pipeline give us a diversified advantage.

(1) Calculated as PIK's share in total residential housing completed (in sqm) in MMA in 2012 excluding individual housing

(2) Moscow Metropolitan Area (MMA) includes Moscow and the Moscow region

(3) As of December 31, 2012

(1) PIK own development projects, PIK share under Management accounts

(2) Adjusted EBITDA from development activities represents net profit for the period before income tax expenses, interest income, interest expense including penalties payable, depreciation, foreign exchange gain and losses, impairment reversals and losses, gain or loss on disposal of subsidiaries and development rights, equity accounted investee, PP&E and other items

(3) PIK own development projects, PIK share under IFRS accounts

2

Chairman's statement

Dear Shareholders,
On behalf of the Board of Directors, it is a pleasure to introduce PIK Group's Annual Report for 2012.

Net cash flow from our operations

RUB7.0 bn

PIK market share reached

15.9%

In 2011 the Group saw the recovery of the Russian residential market and made strong progress with the turnaround of its business operations. We worked hard in 2012 to build on this momentum and were able to generate record revenues of RUB66 billion and net cash flow from operations of RUB7.0 billion for the first time since the 2008 financial crisis. We significantly deleveraged our balance sheet and have plans to continue with this process through 2013.

Operationally, PIK accelerated the launch of new projects from its development pipeline by adding 49 new addresses for sale to our customers. Our geographically diversified pipeline of new launches provided enough sellable area for a near-30% pick-up in apartment sales for the second consecutive year. In Moscow Metropolitan Area PIK's market share reached 15.9%, the highest level ever.

This growth is driven in part by growing customer demand for mortgages, a trend we expect to continue in 2013.

In the last two years management was able to both realize strong top line growth and improve profitability while PIK's brand was re-established firmly as the market leader in residential property. This is a significant achievement, in our view, and the Board continues to extend full support to the management team.

Going forward we expect growth in net sellable area to moderate toward 10-15% per annum. However, the initiatives the Company has underway to increase margins and develop its residential product offering coupled with an already strong culture of focus on cash flows should ultimately create a solid basis to continue PIK's profitable growth pattern and unlock shareholder value.

We worked hard in 2012 to build on this momentum and were able to generate record revenues of RUB66 billion

During 2012 we focused on repositioning PIK Group to Russian and international institutional investors by continuing to improve our transparency standards and adhering to international best practices in corporate governance. The number of independent directors on the Board increased while management resumed regular investor non-deal road shows and organized two analyst/investor days. In December 2012 both the shareholders and the Board approved new share capital increase of up to 363 million new shares of the existing equity capital base. The Secondary Public Offering planned for 2013 would be yet another step to strengthen PIK's balance sheet and allow the Company to start replenishing its land bank. The Offering is supported by Nafta Moskva, the largest shareholder, who made its intentions to participate in the public offering.

PIK Group is a well-positioned residential development platform in one of the fastest growing cities in Europe. With a stronger financial position, disciplined and stable management and healthy market conditions in place, PIK once again is able to look with confidence into the future.

We would like to take the opportunity to thank all our stakeholders for their support in the past year and look forward to further strength in 2013.



Vladislav MAMULKIN
Chairman

Chapter

3

Our history

Founded in 1994, PIK Group is a leading residential property developer in Russia, where today our brand is well known to a whole generation of homebuyers



1998

As its name suggests, PIK, an abbreviation of ("First Mortgage Company"), has always had close ties to the mortgage industry. Having started life investing in a small number of residential development projects in Moscow, by 1998 the Group had already completed or was in the process of developing 12 projects. It was at that time that PIK launched mortgage financing activities in cooperation with the Moscow Mortgage Agency, an agency of the Moscow Government that we helped to establish at the request of the Moscow Government. Under the Agency's programme, we originated the first ten pilot mortgages in Moscow.

2001

With development and mortgage finance activities in place, we began our diversification into large scale residential housing development in 2001, when PIK Group acquired DSK-2, a concrete panel manufacturer in Moscow. This was followed in 2005 by the acquisition of two more concrete panel manufacturers, DSK-3 and 100 KGI, located in Moscow and Moscow Region respectively. These strategic purchases gave PIK a dominant position in pre-fabricated concrete panel production in Moscow and Moscow Region, from which it has been able to establish itself as the leading provider of new apartments in the Russian capital.

2004–2007

Success in Moscow allowed the Group to expand into other Russian cities and in 2004 we began the process of building up our portfolio in Russia's regions with the acquisition of a development project in Rostov-on-Don. In 2006, we acquired regional developer Stroyinvestregion and over the following two years the Group added interests in development projects in new regions including St. Petersburg, Yaroslavl, Perm, Kaliningrad, Kaluga and Krasnodar. In 2007, we extended construction materials production into the regions, acquiring manufacturers of concrete, panels and other construction materials, located in Obninsk, a city close to the border of Moscow and Kaluga regions.

2007–2009

After many year of growth, culminating in the successful IPO of PIK Group on the London Stock Exchange, MICEX and RTS in 2007, the global financial crisis hit Russia hard in 2008. The subsequent economic downturn had a severe effect on Russia's real estate industry, as credit dried up for businesses and consumers. PIK was adversely affected and in the second half of 2008, as with many other real estate developers in Russia and abroad, we experienced a steep decline in demand for apartments in our real estate developments. In 2009, we entered into contracts with our customers for 123 th square meters of housing, which represented a 85% decrease compared to the 2007 pre-crisis level.

For many of our customers, a PIK apartment has been their first experience of property ownership and a first move away from the family home. Our Company has developed whole new neighbourhoods, replacing obsolete Soviet

era housing and abandoned industrial areas with modern accommodation. At some of our larger projects, whole new communities have taken root supported by strong infrastructure including roads, schools, kindergartens and parking. The Group has

played an important role in regenerating Moscow and replacing housing in other Russian cities and as such it is officially recognized by the Russian Federation as a business of strategic importance to the nation.

"Novokurkino" development, Khimki, Moscow region



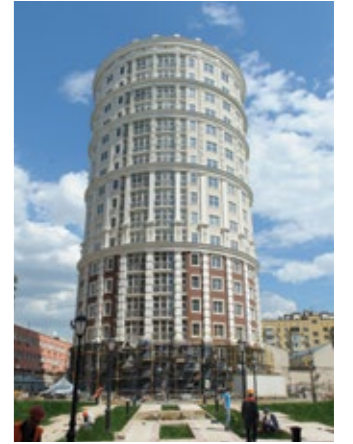
"Yubileyny" development, Khimki, Moscow region



"Yaroslavsky" development, Mytishi, Moscow region



"English town" development, Moscow



2009

To reduce the impact of the economic downturn on our operations and overcome related liquidity constraints, we revised our development strategy and concentrated on achieving higher operating efficiency while reducing cash expenditures. In 2009, we divested a number of subsidiaries and development projects unrelated to our core business operations in order to maximize liquidity and meet our working capital needs during the downturn, repay a portion of our indebtedness, reduce our costs and concentrate on our core business activities. We cut back some of our investment program in Russian regions outside the Moscow Metropolitan Area and closed our offices outside Russia.

2009

In April 2009 Nafta Moskva (the "Nafta Moskva Group") became our main shareholder and helped to further strengthen our business. Thanks to its significant contribution, during 2009-2011 we completed the restructuring and recapitalization of all of our US\$1.3 billion bank debt. A key element in the successful restructuring was the receipt of support from the Russian Government, in the form of guarantees to Sberbank as well as the divestment of certain non-core assets. The receipt of these guarantees allowed us to successfully secure new funding for working capital requirements and complete the restructuring of our credit portfolio in February 2011.

2009–2011

The residential housing market started to recover in 2009, when demand from consumers returned. The recovery started in Moscow and Moscow region and it later reached the rest of Russia's regions. Since 2009 we have worked hard to get our operations into gear again, regain consumer confidence and restore PIK's reputation. The result has been that in 2011 we sold 510 th sqm of new housing and launched 41 new buildings, a level of sales comparable to before the financial crisis began. This is an enormous achievement, putting the Group back on a footing where its focus is once again growth.

2012

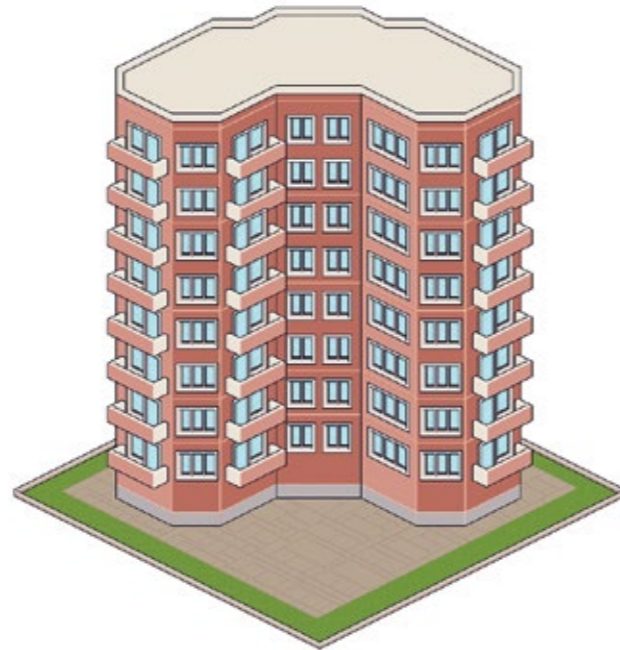
PIK Group was assigned an individual "A" credit rating by the National Rating Agency (NRA), one of the leading ratings agencies in Russia. During the year the Group continued to broaden its sales offices in different Russian cities. The priorities of the Group remain production modernization, new technology development and building design updating. Within the PIK_2.0 program Group offered its clients partially furnished apartments with designer fit outs. In 2012 Group launched a centralised street retail property management program – PIK Retail. The main goal of the program is lifestyle quality improvement in the Group's residential districts. The high quality of projects built by PIK Group was recognized by the professional community - residential complex The English Town won the title of The Best Business-Class Project of 2012 at one of the most prestigious competitions in the residential estate market Urban Awards. PIK Group has been named one of the top employers in Russia for the second year in a row. PIK is the only real estate company, included into this list. The President of PIK Group, Pavel Poselenov, won The Builder of the Year 2012 in the federal competition.

2013

The Group started to merge two of its Moscow based industrial housing plants, DSK-2 and DSK-3, into one business unit. By integrating the two plants, PIK plans to achieve important efficiencies. These include investing in the modernization of a single production site rather than two, bringing core competences closer together and reducing annual operating costs. Operational effectiveness will also be improved by centralizing management functions and creating one service and purchases center. In the second quarter of 2013 the Company successfully completed its charter capital increase. The final size of the completed capital increase was RUB10.45 billion (equivalent to US\$330 million). This number represented a significant increase from the initially announced minimum size of US\$150 million, which was set following the receipt of preliminary commitments to participate in the open subscription from Nafta Moskva and a number of other investors. The additional US\$180 million which has been raised through the accelerated share offering and open subscription follows strong investor demand.

4

Our business



We are a leading residential real estate developer in Russia, with a particular strategic focus on the Moscow Metropolitan Area

Our principal activity is the development, construction and sale of mass-market residential properties to Russian consumers. We have a well-recognized brand in Russia, particularly in the Moscow Metropolitan Area. Since the Company's foundation in 1994, we have completed over 13 million sqm of residential housing, or approximately 210 th apartments. In 2012 alone, we finished approximately 1,294 th sqm of residential housing, including housing constructed for authorities and other developers.

We are one of the few integrated developers in Russia, which allows us to manage and control many of the important steps in the development and sale of our properties.

We own several plants that produce reinforced concrete panels, window frames that are used in the construction of our projects, and, in the Moscow Metropolitan Area, we assemble and construct all concrete panel housing for our developments. Our plants include two of the three reinforced concrete panel manufacturers in Moscow, DSK-2 and

DSK-3. We also own 100 KGI, which is a concrete panel manufacturer located in the Moscow region, as well as NSS and 480 KGI. NSS is a manufacturer of concrete, reinforced concrete elements and panels and other construction materials located in Obninsk, in the Kaluga region, close to the border of the Moscow region.

480 KGI is a manufacturer of prefabricated panel housing located in Alexin, a town in the Tula region. Industrial and construction facilities that we own have an aggregate prefabricated production capacity of approximately up to 1.3 million sqm of housing per year.

We also provide servicing and maintenance for a substantial number of our developed properties. Beyond our own operational capabilities, we have established and continue to build strategic relationships with a wide range of financial institutions that provide mortgage financing to our clients, including state-controlled VTB24, Sberbank and privately-owned Nomos-Bank, Rosbank, Bank Vozrozhdenie and others.

We believe that this integrated real estate development approach gives us an

important competitive advantage as it mitigates execution risk in the development process and enables us to develop large scale urban neighborhoods.

PIK Group concentrates on developing large residential projects, some of which are large townships integrated with social infrastructure (e.g. kindergartens, schools and sport centers). We have a large and diverse land bank to support the development of additional projects of this kind, which as of December 31, 2012 consisted of around 1.7 million hectares. This land will ensure the sustainability of our growth and our leading market position in the future.

For the year ended December 31, 2012 we had revenues of RUB66,1 billion, gross profit of RUB14.4 billion and net income of RUB3.1 billion. Our development pipeline contained 95 properties with 6.5 million sqm of net sellable area attributable to us (PIK share). According to the latest valuation report prepared by Cushman & Wakefield, as of December 31, 2012 the combined market value of our properties was US\$2.9 billion. As of December 31, 2012, we had more than 12,000 employees.

OUR CORE ACTIVITIES ARE:

- 1 The production of reinforced concrete panels, window frames and other construction materials
- 2 The construction of reinforced concrete panel housing and assembly of prefabricated panel residential buildings, including construction at our development sites and construction services provided to third parties
- 3 The development of residential real estate properties and sale of completed units
- 4 The servicing and maintenance of real estate properties constructed by us and other developers

OUR KEY INDICATORS

13 mn sqm

Total completions of housing since 1994

Source: Management accounts

6.5 mn sqm

of landbank for development of additional housing

Source: CW

4.5 mn sqm

of landbank located in Moscow Metropolitan Area

Source: CW

1 294 th sqm

Total completions of housing in 2012

Source: Management accounts

642 th sqm

Transfers to customers on PIK's own development projects in 2012

Source: IFRS accounts

227 th sqm

Construction services rendered to third parties in 2012

Source: Management accounts

PIK RETAIL

The PIK Retail Programme (“PIK Retail”) was launched in 2011 with the aim of improving infrastructure at PIK Group housing developments.



Part of the “PIK 2.0” initiative, PIK Retail is changing the way that commercial services are provided at large scale PIK developments. By centralizing the ownership and management of commercial space – previously sold or let to different tenants – PIK Retail is improving the commercial and retail facilities available to residents.

The result is an infrastructure that better supports residents’ needs, being well-balanced both in terms of brand composition and scope of services. Commercial tenants are selected on the basis of resident surveys and include cafés, restaurants, pharmacies, banks, beauty salons, fitness clubs, dry-cleaners, supermarkets and other consumer service providers. Current tenants benefit from having a single, reliable business-partner in PIK Group while prospective apartment buyers know they will have all necessary services within walking distance.

PIK Group’s commercial real estate premises are now included in Closed End Share Real Estate Investment Funds (or ZPIFNs, Russian regulated REITs) managed by TRINFICO Property Management. There are three ZPIFNs in operation, while more are due to be launched in 2013-2014. The total area of commercial space included in the first two ZPIFNs (2012-year Program) is approximately 15 th sqm, while it is expected that an additional 20 th sqm will be added in 2013 and a further 100 th sqm in 2014-15.

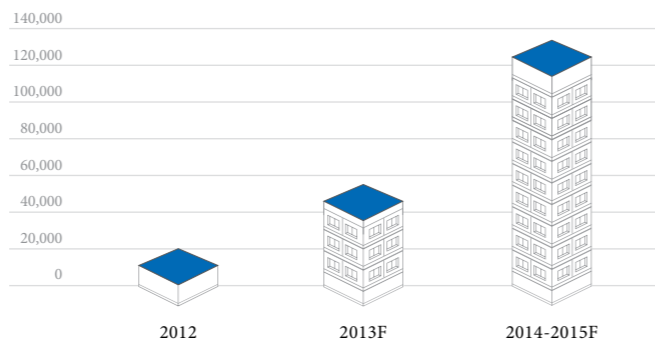
This type of REIT is a new investment product in Russia, offering investors the opportunity of a long-term, steady income from a portfolio of commercial properties.

ZPIFN investment units are mainly offered to banks, non-state pension funds and insurance companies, although their profile makes them potentially attractive to a wide range of institutional investors, as well.



One of the largest Russian non-governmental pension funds – BLAGOSOSTOYANIE - has already been secured as anchor investor for the first two PIK Retail ZPIFNs and to date has invested over 800 million rubles.

PIK Retail portfolio, sqm



Source: PIK customer survey

OPERATIONAL EFFICIENCY PROGRAM

During 2012 PIK Group analyzed closely the efficiency of its construction business. In February 2013 a new efficiency program was approved by the Board of Directors.

The new efficiency the program has targeted cost optimization within the Group’s construction business in Moscow.

Cost savings are expected to be achieved through the integration (merger) of PIK Group’s industrial housing plants, namely DSK-2 and DSK-3. As part of this process, PIK will invest in the modernization of a single production site rather than two, bringing core competences closer together and reducing annual operating costs. Operational effectiveness would also be improved by centralizing management functions and creating one single service and purchases center.

One of PIK’s key strategic competitive advantages is that it has ownership of its production facilities, ensuring that it can efficiently deliver on large scale affordable housing development projects. This integration project would be a logical strategic step as both plants already work in close cooperation.

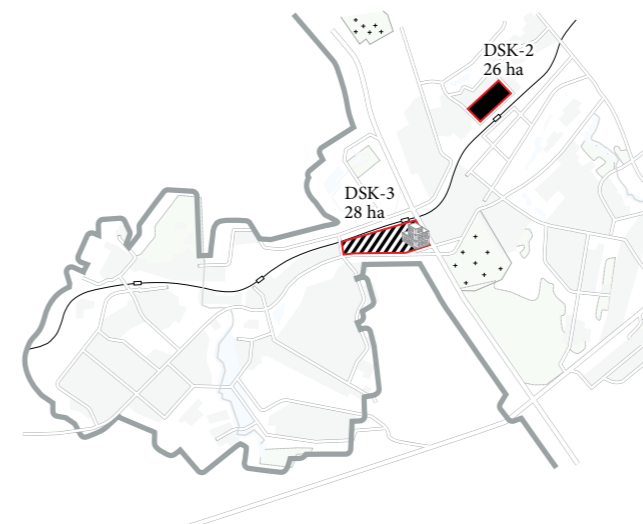
Their total production capacity is 658 th cu m of reinforced concrete per year, equivalent to 820 th sqm of housing. Within the framework of the project PIK plans to increase capacity to 850 th cu m reinforced concrete per year, or 1 million sqm of housing.

The project is expected to take 1.5-2 years to complete and would deliver cost savings of RUB1.5 billion rubles per annum.

The project would also free up valuable land (namely, DSK-3 territory) for the Group to allocate for new development projects. The estimated net sellable area to be developed by PIK on that land would be over 200,000 sqm. PIK plans to spend the next 2-3 years on predevelopment, and start active development later in 2015.

The value of the land has not been accounted for in the Group’s portfolio valuation report as of December 31, 2012.

Reasoning for launching PIK Group’s operational efficiency program



+ RUB370 mn p.a.⁽¹⁾
Integration (merger) of DSK2 and DSK3

+ RUB745 mn p.a.⁽¹⁾
Increase of operating efficiency

+ RUB420 mn p.a.⁽¹⁾
Optimization of the supply process

+ RUB6-10 bn⁽¹⁾
Housing development on DSK-3

Source: Company Data

(1) Assuming current prices and standard current utilization rates

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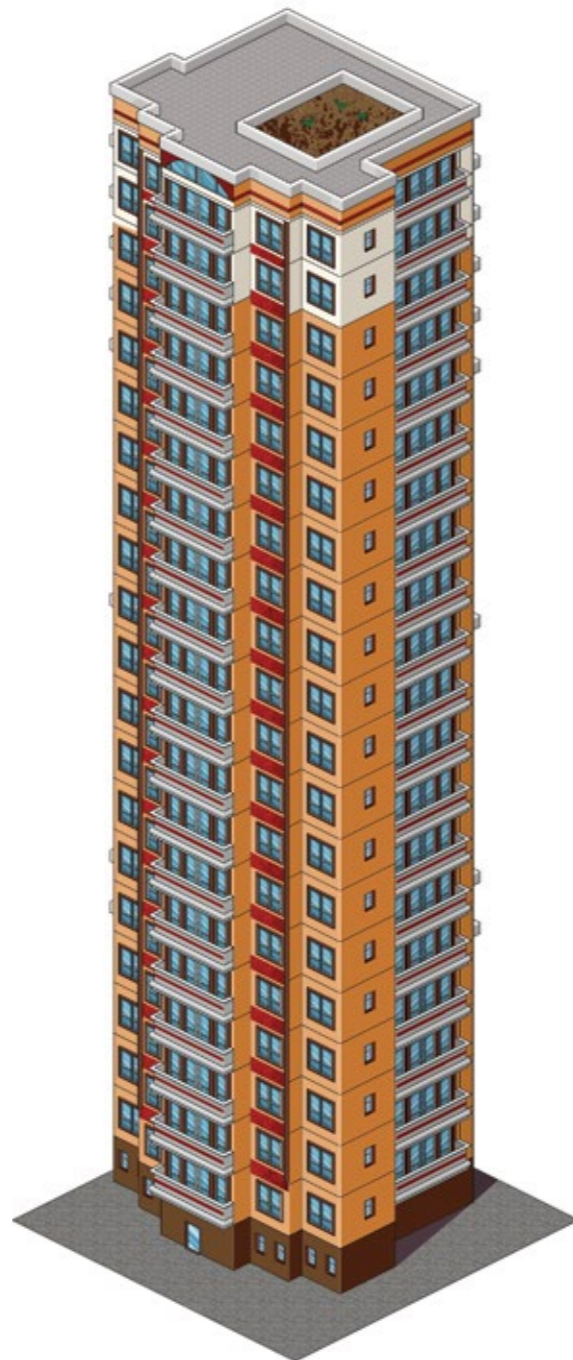
Our philosophy

OUR VISION

Be the leader in creating modern housing in Russia. Improve operating and financial performance to increase the group's value and create a strong business for the long-term benefit of all stakeholders, including shareholders, customers and employees.

OUR MISSION

Become the largest public company in Russia by playing the leading role in addressing the country's shortage of modern housing. Develop large-scale projects containing desirable, modern, affordable housing with the related social and commercial infrastructure. Build communities that people aspire to live in. Use the Group's sizable production and construction capacity and strong management team to enhance PIK Group's status as a company of strategic importance to the Russian Federation.



OUR STRATEGY

MARKET LEADERSHIP

- Maintain market leadership in modern and affordable housing development in Moscow and Moscow region
- Develop high quality apartments that are well marketed and competitively priced
- Target development activities in the most attractive fast-growing regions of Russia
- Effectively manage the current land bank including its sizing and diversification

VERTICAL INTEGRATION EFFICIENCY

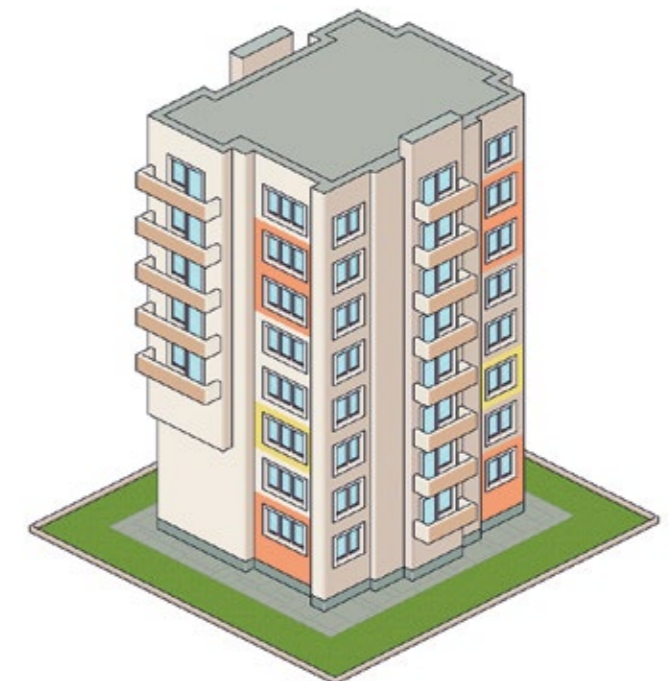
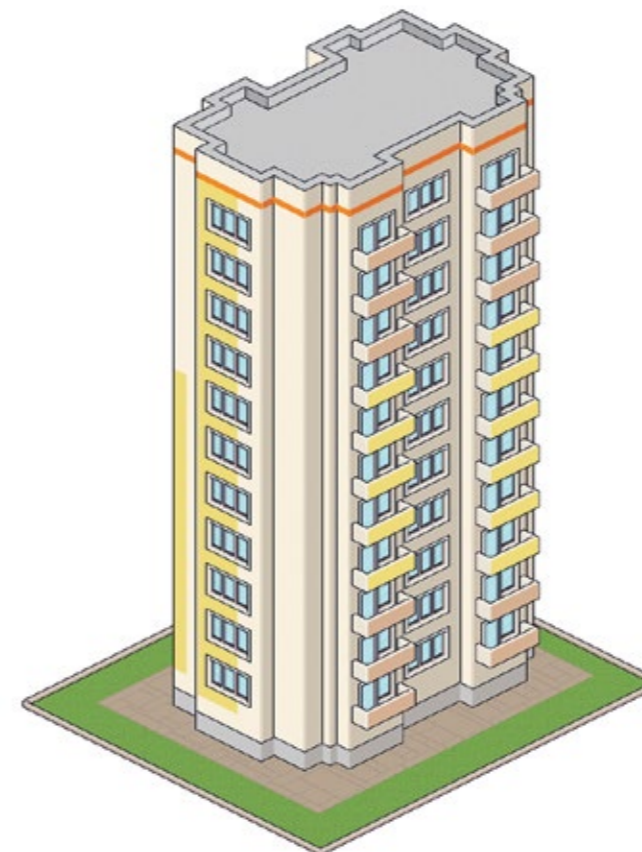
- Focus on high demand real estate development projects
- Invest in modern, production and construction capacities to ensure that operational efficiency and market leading production techniques are maintained
- Use high quality housing maintenance services to secure customer loyalty

OPERATIONAL EFFICIENCY

- Provide high operational efficiency by using the latest project management tools
- Ensure continuous cost control along the entire value chain
- Implement the right IT tools for best practice planning, accounting and controlling
- Ensure efficient risk management systems are in place

PROFESSIONAL TEAM

- Retain strong operational management
- Create attractive and fair working conditions to enable employees to realize their full potential
- Secure continuous business development via implementation of appropriate incentive schemes
- Observe high ethical standards in everything we do



Corporate Governance

Acknowledging the importance of good corporate governance for a successful business performance for all stakeholders, PIK Group has developed a strong Code of Corporate Governance.

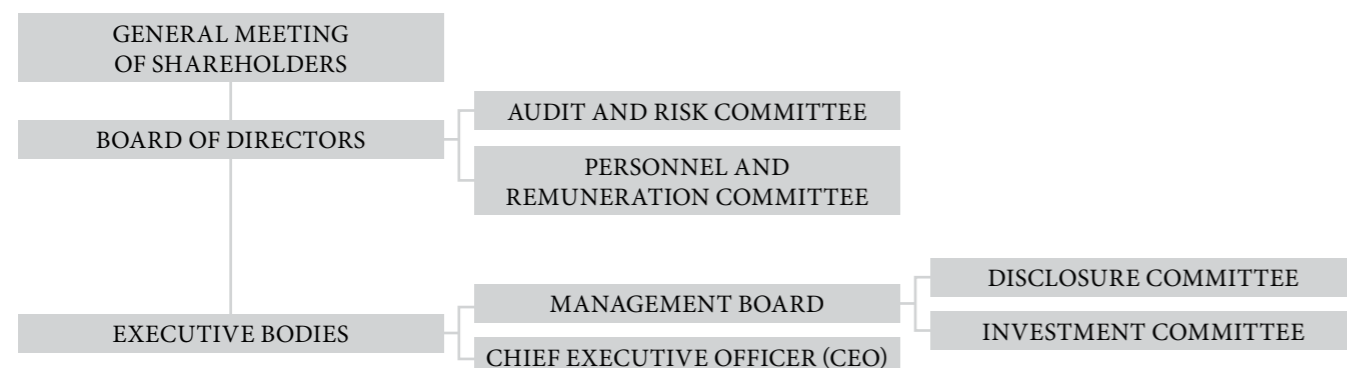
The Code aims to ensure the effective protection of the rights and interests of all shareholders. It demands transparency of decision-making, professional and ethical conduct from the Board of Directors as well as other management bodies. It also requires the Company to have effective financial and risk management controls. The Board of Directors of the Company, and the Company's Management Board, President and employees are required to observe compliance with the Code.

Currently three of the nine members of the Board are independent directors in compliance with the criteria established by the Federal Law «On Joint Stock Companies», the Corporate Governance Code of PIK Group and the UK Combined Corporate Governance Code.

Participation of independent directors in the work of the Board of Directors allows the Company to adopt informed decisions benefiting all shareholders, and guarantees the transparency of our governance process.

The Board of Directors is constantly seeking to improve its effectiveness. This includes working to achieve the optimal balance of professional knowledge and skills within the Board, as well as the right balance of executive, non-executive and independent directors.

GOVERNING BODIES



The General Meeting of Shareholders is the supreme governing body of PIK Group. The Annual General Meeting of Shareholders is held not earlier than two months after and not later than six months after the end of the reporting fiscal year. Sessions of the General Meeting of Shareholders held additionally to the Annual General Meeting of Shareholders are considered Extraordinary General Meetings of Shareholders.

The Board of Directors of the Company has overall charge of its activities, with the exception being issues classified by the Federal Law On Joint-Stock Companies as falling under the jurisdiction of the General Meeting of Shareholders. Its competence is determined by the Charter of the Company. All major decisions are taken at the meetings of the Board of Directors in the form of a mutual presence.

Collective and individual executive bodies – Management and the President (CEO) – are responsible for the day-to-day operations of the Company. The executive bodies report to the Board of Directors and the General Meeting of Shareholders. The President of the Company is simultaneously the Chairman of the Management Board of the Company. The CEO and the Company's Management Board ensure the fulfillment of the decisions of the General Shareholders' Meeting and the Board of Directors. The CEO is responsible for the matters that do not fall in the competence of the General Meeting of Shareholders or the Management Board in accordance with PIK Group's Charter.

The following matters shall come under the competence of the General Meeting of Shareholders:

- to make amendment and addenda to the Company's Charter;
- determination of the size of the Company's Board of Directors, election of its members and early termination of their powers;
- the determination of quantity, face value, category (type) of declared shares and rights granted by these shares;
- increase or reduction of the charter capital of the Company;
- the election of members of the Audit Commission of the Company and prescheduled termination of their authorities;
- approval of the Company's Auditor;
- approval of the Company's annual reports, annual financial statements, including profit-and-loss reports (profit-and-loss accounts), as well as distributions of profits, including the payment (declaration) of dividends and the approval of large transactions resolving other matters pursuant to the Federal Law «On Joint Stock Companies»
- reorganization of the Company.

The key priorities of the Board include:

- determination of the priority orientations of activity of the Company's activities, including approval of annual budget, budgets for middle-term and long-term development, strategies and programs of the Company's development, introducing modifications into the stated documents, examination of results of their performance;
- formation of the collegial executive body – the Board of the Company, determination of term of its authorities, and prescheduled termination of the authorities of members of the Board;
- appointment of a sole executive body (the President) of the Company, determination of the term of his authorities, and prescheduled termination of his authorities and dissolution of the labour contract with him;
- approval of the internal documents of the Company regulating the issues within the competence of the Board of Directors of the Company, except for the internal documents, approval of which is relegated by the Charter of the Company to the competence of the General Meeting of Shareholders and executive bodies of the Company;
- establishment of branches, opening and liquidation of representative offices, approval of bylaws on them;
- other issues provided for by the Federal Law "On Joint Stock Companies" and the present Charter of the Company.

The Management Board of the Company will oversee:

- approval of internal documents regulating issues within the competence of the Management Board, except for documents to be approved by the General Meeting of Shareholders and the Board of Directors;
- proposals on principal orientations of activity of the Company, including drafts of annual budget, budgets for middle-term and short-term development, development strategies and programs, and proposals for modifying the stated documents;
- decisions on the fulfillment of resolutions of the General Meeting of Shareholders and the Board of Directors;
- analysis of results of work of structural departments of the Company, including subsidiaries, and instructions for improvement of their work;
- determination of the Company's policy on human resources;
- determination of accounting policy, control over improving the effectiveness of methodologies used for financial and managerial reporting, and over the preparation of financial reporting of the Company in accordance with the international standards;
- determination of planning and budgeting methodology;
- determination of the Company's security policy.

PIK GROUP'S BOARD OF DIRECTORS HAS THE FOLLOWING STANDING COMMITTEES:

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee currently comprises three members of the Board of Directors: Dmitry Skryabin, Anna Kolonchina and Vladislav Mamulkin. Mr. Skryabin serves as the chairman of the Committee. The Audit and Risk Committee must be chaired by a non-executive independent director, who may not be the chairman of the Board of Directors. The Audit and Risk Committee holds meetings as often as necessary, but at least once every quarter.

The Audit and Risk Committee is authorised to carry out the following functions relating to the control of our financial and business operations:

- coordination with the Company's independent auditors and preparation of recommendations for the Board of Directors in connection with the election and removal of the independent auditors and on the fees and scope of services to be provided by auditors;
- coordination with the Review Commission and examination of the Review Commission's findings on the verification of the Company's financial activities and annual accounts;
- coordination with the internal control division and issuance of recommendations for appointment of the division's managers, review of its plan regarding annual checks and the division's reports;
- review of the Company's standards and internal controls procedures and provision of appropriate reports and recommendations; and
- assessment of the Company's financial reports.
- annual evaluation of effectiveness of the Company's risk management system.

PERSONNEL AND REMUNERATION COMMITTEE

The Personnel and Remuneration Committee currently comprises three members of the Board of Directors: Lee Timmins, Zumrud Rustamova and Vladislav Mamulkin. Mr. Timmins serves as the chairman of the Committee. The Personnel and Remuneration Committee must be chaired by a non-executive director, who may not be the chairman of the Board of Directors.

The Committee carries out the following functions:

- determination of criteria for appointment to the Board of Directors, the Management Board and Company President and consideration of potential candidates;
- issuance of recommendations as to the term of service and removal of the Management Board members;
- considering the candidacy of the Company's President, term of his service and removal;
- issuance of recommendations with respect to service contracts for the Company's President and members of the Management Board;
- assessment of the activities of the Company's President and members of the Management Board; and
- preparation of proposals on the level of remuneration of the members of the Management Board as well as the Company's Review Commission, the Company's President, members of the Company's Board of Directors and members of its committees.

PIK GROUP'S MANAGEMENT BOARD HAS THE FOLLOWING STANDING COMMITTEES:

DISCLOSURE COMMITTEE

The Disclosure Committee currently consists of five members. The following table sets out the name and position of each member of the Disclosure Committee: Artem Eyramdzants – First Vice-President, Chief Operating Officer, Chairman of the Disclosure Committee; Andrey Rodionov – Vice-President for Economy and Finances – Financial Director, Chief Operating Officer; Fedor Sapronov – Vice-President for Legal Matters; Viktor Szalkay – Director for Investor Relations and Capital Markets; Vladimir Lapenkov – Corporate Secretary, Secretary and Chief Disclosure Officer of the Disclosure Committee.

The Disclosure Committee is responsible for, inter alia:

- the establishment, maintenance and updating of reporting systems and procedures within the Company, its subsidiaries and their operational divisions;
- the formulation, introduction and updating as required of various guidelines and thresholds (including in relation to monetary value, operational impact and types of event) to aid each disclosure officer in identifying inside information that may arise;
- the implementation and production (in cooperation with its external advisors) of materials for the Company's employees, officers and third parties relating to compliance; and
- making final decisions in relation to price sensitive information and the need, or otherwise, for its disclosure.

INVESTMENT COMMITTEE

The main task of the Investment Committee is to make decisions on key Group investment projects, including:

- investment in development projects;
- the purchase/sale of industrial and construction assets;
- renovation and upgrading of industrial and construction assets;
- construction by means of a commercial contract, federal and city order.

The Investment Committee will meet regularly to consider investment projects.

The Investment Committee is authorized by the Management Board to make decisions on the following issues:

- making a principal decision on entering into or exiting a project;
- approval of criteria of investment project effectiveness;
- revision of parameters of current and key indicators of investment project effectiveness;
- determination of the methodology of planning and analysis of performance of investment projects.

BOARD OF DIRECTORS

All of our directors were elected or re-elected on June 7, 2012 by the Annual General Meeting of Shareholders. Our current directors hold office until the date of the next annual General Shareholders' Meeting¹.

The business address of each of our directors is 19 Barrikadnaya Street, building 1, Moscow, 123242, Russian Federation.

Vladislav MAMULKIN

Chairman of the Board of Directors

BORN: 1973

Vladislav Mamulkin has been Chairman of the Board of Directors since 2011.

EDUCATION

Mr. Mamulkin graduated from the Moscow State Institute of International Relations with a degree in international economic relations in 1995 and from the Wharton Business School, University of Pennsylvania (USA), with a Master of Business Administration degree in 2003.

CURRICULUM VITAE

Vladislav Mamulkin has been a member of the Board of Directors since 2011. Since 2010 Mr. Mamulkin has been a managing director of the Moscow representative office of Nafta Moskva (Cyprus) Limited LLC.

Sergey BESSONOV

Director

BORN: 1976

Sergey Bessonov has been a member of the Board of Directors since 2011.

EDUCATION

Mr. Bessonov graduated from the State Finance Institute (currently, Financial University under the Government of the Russian Federation) in 1998 with a degree in finance and lending, and obtained a candidate of economic sciences in 2003.

CURRICULUM VITAE

In 2001–2003, Sergey Bessonov was the Head of the Project, Investment and Special Financing Department of NIKoil Investment Banking Group. In 2004, after its merger with URALSIB BANK OJSC, he was appointed the Head of the Project and Structural Financing Business Unit. In November of 2006, he was employed by NOMOS-Bank OJSC as the Director of the Project and Structural Financing Department. In the middle of 2009, he was employed by Sberbank of Russia OJSC as the Deputy Head of the Lending and Project Financing Department, and in June of 2010 he was appointed the Head of the Real Estate and Infrastructure Financing Department of Sberbank of Russia.

Roman NAGAEV

Director

BORN: 1970

Roman Nagaev has over 15 years of private equity and investment banking experience in Russia, EC countries and USA, and also worked for three years as a consultant at McKinsey & Company

EDUCATION

Roman holds MBA degree from Harvard Business School and BA degree with honors from the Russian Academy of Finance.

CURRICULUM VITAE

Roman Nagaev is a Managing Director and Head of Investment, Credit and Project Finance at VTB Capital. Prior to joining VTB Capital in May 2008, Mr. Nagaev was Head of Private Equity Group for Russia and CIS at Deutsche Bank.

Anna KOLONCHINA

Director

BORN: 1972

Anna Kolonchina has been a member of the Board of Directors since 2010.

EDUCATION

Anna graduated from the Moscow Financial Institute (currently, the Financial University under the Government of the Russian Federation) in 1994 with a degree in accounting and audit.

CURRICULUM VITAE

Anna Kolonchina has been a member of the Board of Directors since 2010. From 2001 to 2008, Ms. Kolonchina was a director at Deutsche Bank AG, London. In 2008, Ms. Kolonchina was a managing director of Wainbridge Limited, and, from 2008 to 2010, she was Vice President for Economic Affairs and Finance of PIK Group. Since 2010, she has been a managing director of the Moscow representative office of Nafta Moskva, a member of the board of directors of OJSC Polyus Gold and JSC Bank International Financial Club, and a member of the Supervisory Board of BPC.

Pavel POSELENOV

Director, President
(Chief Executive Officer)

BORN: 1967

Pavel Poselenov has been Chairman of the Management Board and President (Chief Executive Officer) since 2009 and a Director since 2010.

EDUCATION

Mr. Poselenov graduated from Moscow State University with a degree in chemistry and the Multidisciplinary Technological Institute with a specialization in finance and lending.

CURRICULUM VITAE

Pavel Poselenov has been Chairman of the Management Board and President (Chief Executive Office) since 2009 and a Board Director since 2010. From 2001 to 2007, Mr. Poselenov was the general director of the Industrial Insurance Group OSNOVA. At the same time, he was a member of the Presidium of All-Russian Insurers Union and chairman of the committee for insurance issues in the construction sector at the Russian Builders Association. From 2008 to 2009, he was the general director of PIK Severo-Zapad. From December 2008 to July 2009, he was a vice-president of coordination of activities of the Group.

(1) On June 10, 2013 all members of the Board of Directors were re-elected at the Annual General Shareholders' Meeting. The new Board of Directors members are: Mamulkin V., Kolonchina A., Poselenov P., Rustamova Z., Kanushkin D., Saltiel J.P., Timmins L., Tsenin R. and Stepaninshchev I.

Zumrud RUSTAMOVA

Independent Director

BORN: 1970

Zumrud Rustamova has served as our Independent Director since 2011.

EDUCATION

Zumrud graduated from the Moscow Institute of Economics and Statistics (currently, the Moscow State University of Economics, Statistics and Informatics) with a degree in statistics in 1992.

CURRICULUM VITAE

From 1995 to 1999, she served on the Russian Federation State Committee for Government-Owned Property Administration. From 1999 to 2000, she was Deputy Chairman of the Russian Federal Property Fund. From 2000 to 2004, Ms. Rustamova was Deputy Minister for Property Relations of the Russian Federation and, from July 2004 to 2006, was Vice-President of Siberian Coal Energy Company. Since 2006, she has served as Deputy Chairman of the management board of OJSC "Russian Development Bank" and Deputy CEO of OJSC Management Company Polymetall. Ms. Rustamova is also a member of the board of directors of International Airport Sheremetyevo OJSC, Magnitogorsk Iron and Steel Works OJSC and Bank of Khanty-Mansiysk.

Dmitry SKRYABIN

Director

BORN: 1979

Dmitry Skryabin has been a member of our Board of Directors and chairman of the Audit Committee since 2011.

EDUCATION

Mr. Skryabin graduated from the State University of Management in 2001 with a degree in power industry management, and obtained the first-level CFA in 2003.

CURRICULUM VITAE

From 2003 till 2011, worked as an analyst/manager (investments to equity and utilities of Russian and CIS-based energy companies). Joined VTB Capital in 2008.

Lee TIMMINS

Independent Director

BORN: 1961

Lee Timmins has served as our Independent Director since 2006 and as chairman of the Personnel and Remuneration Committee since 2011.

EDUCATION

Mr. Timmins graduated from the University of Texas in Austin, Texas (USA) with a Bachelor degree in Business Administration in 1984 and from Southern Methodist University in Dallas, Texas (USA) with a Masters degree in Business Administration in 1987.

CURRICULUM VITAE

Since 1987, Mr. Timmins has managed the implementation of projects in the U.S. and Eastern Europe. He has worked for Hines International Inc. since 1988 and has been the head of its Moscow representative office since 1993.

Robert TSENIN

Independent Director

BORN: 1949

Robert Eugene Tsenin has served as our Independent Director since 2011.

EDUCATION

Mr. Tsenin graduated from the University of Sydney in 1973 with a bachelor's degree in economics, from the University of London in 1976 with a degree in mechanical economics and statistics, from the London Business School in 1977 with a degree in corporate finance and from the City University of London in 1978 with a degree in general technology of petroleum.

CURRICULUM VITAE

Mr. Tsenin commenced his career with Royal Dutch Shell (Group Planning Division) in London. He joined Goldman Sachs in 1987. From 1987 to January 1997, he worked with Goldman Sachs in New York, London and Sydney. He has extensive experience in corporate finance and M&A. His last assignment with Goldman Sachs was as Managing Director of the

Australasian operations. Between 1997 and 2003 Mr Tsenin was Group Finance Director of Lend Lease Corporation and director of Lend Lease's major subsidiaries. Lend Lease is a global, integrated real estate company including development, construction, facilities management and funds management. From 2003 to 2005, Mr Tsenin served as Senior Advisor of Lazard plc., London, where he assisted Lazard on a number of real estate principal investment opportunities and select real estate M&A transactions. From March 2010 till February 2012 Mr Robert E Tsenin was Group Chief Executive Officer of Centro Properties Group Limited. Mr. Tsenin served as an Independent Director of Sistema-Hals JSC, Telstra Corporation, AXA National Mutual Ltd., WACO International, SAGASCO Ltd., Metrix Capital Partners, Global Properties Fund, International Distressed Debt Fund and Matrix European Real Estate Investment Limited. He is currently an Independent Non Executive Director of Australian Infrastructure Fund Limited.

Information on the amount of fees, privileges and/or reimbursement of expenses of the members of the Board of Directors:

In accordance with the Bylaw on the Board of Directors approved by the General Meeting of Shareholders on October 02, 2009 (Minutes No. 4 dated October 06, 2009), fees to the members of the Board of Directors may be paid by decision of the General Meeting of Shareholders. Amounts of such fees are established by the General Meeting of Shareholders of the Company.

At the General Meeting of Shareholders of PIK Group held on June 07, 2012, a decision was taken on payment of fees and reimbursement of expenses to independent members of the BoD of the Company (Timmins L., Tsenin R., Rustamova Z.):

BoD total remuneration	2012
Participation fees	RUB11,683 th
Salary, bonuses, commissions, privileges	0
Reimbursement of expenses	RUB464,0 th
Other types of fees	0
TOTAL	RUB12,147 th

MANAGEMENT BOARD

Our day-to-day activities are managed by the Management Board. The Management Board reports to and is responsible for implementing decisions taken by our shareholders and the Board of Directors. Among other things, the Management Board coordinates the activities of our subsidiaries, develops and controls the implementation of our investment and financial projects, adopts certain of our internal bylaws and represents us in labor relations. For more detailed information on the authority of the Management Board, see “Description of Share Capital and Certain Requirements of Russian Legislation – Management Board.”

Our Management Board currently consists of five members. All of our Management Board members were appointed or re-appointed on July 27, 2012 by resolution of the Board of Directors.

The terms of appointment for all members expire on July 28, 2013. The business address of each member of our Management Board is 19 Barrikadnaya Street, building 1, Moscow, 123242, Russian Federation.

PRESIDENT

Pursuant to the Joint Stock Companies Law and our charter the President of the Company is responsible for the implementation of decisions of the General Shareholders’ Meeting, the Board of Directors and the Management Board. Our President is our Chief Executive Officer and is the Chairman of the Management Board by virtue of being the President.

The President acts on behalf of the Company without a power of attorney, representing its interests, entering into transactions, disposing of assets, opening bank accounts, approving staffing structure and issuing internal orders and directives. Our current President is Mr. Poselenov.

Pavel POSELENOV

President
(Chief Executive Officer)

BORN: 1967

Pavel Poselenov has been Chairman of the Management Board and President (Chief Executive Officer) since 2009 and a Director since 2010.

EDUCATION

Mr. Poselenov graduated from Moscow State University with a degree in chemistry and the Multidisciplinary Technological Institute with a specialization in finance and lending.

CURRICULUM VITAE

Pavel Poselenov has been Chairman of the Management Board and President (Chief Executive Office) since 2009 and a Board Director since 2010. From 2001 to 2007, Mr. Poselenov was the general director of the Industrial Insurance Group OSNOVA. At the same time, he was a member of the Presidium of All-Russian Insurers Union and chairman of the committee for insurance issues in the construction sector at the Russian Builders Association. From 2008 to 2009, he was the general director of PIK Severo-Zapad. From December 2008 to July 2009, he was a vice-president of coordination of activities of the Group.

Artem EYRAMDZHANTS

First Vice-President

BORN: 1969

Artem Eyramdzhants has served as our First Vice-President since 2006 and our Director since 2006. He has also been a member of our Management Board since March 2006.

EDUCATION

Mr. Eyramdzhants graduated from the State Finance Institute (currently, Financial University under the Government of the Russian Federation) with a degree in international economic relations in 1992.

CURRICULUM VITAE

Artem Eyramdzhants joined PIK Group in 1996. In 2006 Artem expanded his leadership responsibilities in the Company by being appointed as First Vice-President of PIK Group. Prior to PIK Mr. Eyramdzhants worked for United Industry and Trade Bank as Deputy Chairman, heading the bank’s mortgage department.

Andrey RODIONOV

Vice-President for Economics and Finance
(Chief Financial Officer)

BORN: 1968

Andrey Rodionov has served as our Financial Director (Chief Financial Officer) since 2010.

EDUCATION

Mr. Rodionov graduated from the Yaroslavl High Military Financial School with a degree in accounting and audit in 1989.

CURRICULUM VITAE

Andrey Rodionov was appointed as Chief Financial Officer of PIK Group in 2010. Andrey joined the Company from Nafta Moskva where he was most recently Managing Director, previously working as Director of the Finance Department.

Fedor SAPRONOV

Vice-President for Legal Matters

BORN: 1973

Fedor Sapronov has served as our Vice-President for Legal Issues since 2009 and as a member of our management board since 2006.

EDUCATION

Mr. Sapronov graduated from the Military University of the Russian Ministry of Defence with a degree in law in 1995.

CURRICULUM VITAE

Fedor Sapronov is Vice President for Legal Affairs of the Company. Joining PIK Group in 1998, Mr. Sapronov had been Head of the Legal Department between 2002-2009, during that time providing legal advice for all major deals. Prior to PIK Mr. Sapronov had a broad experience in the military justice authorities, banking sector.

Konstantin KUZNETSOV

Vice-President for Industry and Construction

BORN: 1963

Konstantin Kuznetsov has served as our Vice-President for Industry and Construction since 2009.

EDUCATION

He graduated from the Moscow Institute of Civil Engineering in 1985 with a degree in engineering, construction and technology, and from the State Management University with a Master of Business Administration degree in corporate management and finance in 2005.

CURRICULUM VITAE

Konstantin Kuznetsov is Vice President for Industry and Construction of PIK Group. Mr. Kuznetsov began his career as a worker gradually passing all stages of production management to Vice President of a large company. Prior to PIK Konstantin was General Director of Glavmosstroy Industrial Companies Board. In 2006-2008 Konstantin combined his primary employment with Glavmosstroy Vice President position. Konstantin has won a number of important awards including the Honourable Builder of Russia and Honorary Employee of Moscow Industry Awards.

8

Risk management policy

PIK considers a strong risk management policy to be one of the core elements of strategic management and internal control.

The Group's risk management policy is to identify, classify, evaluate and treat risks in a timely manner. The Board conducts a formal risk assessment each year but regards risk assessment, control and treatment as an ongoing process, integrated into the corporate culture.

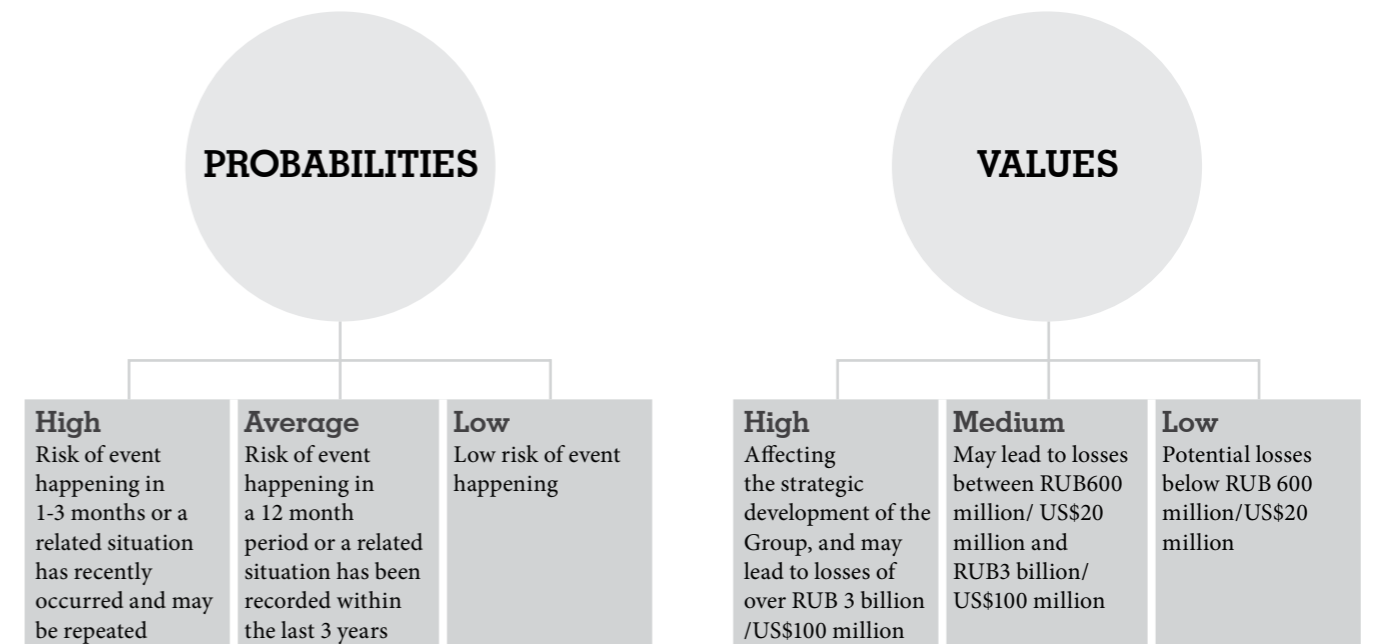
On July 27, 2012, the Board approved a new risk management policy, which includes not only the above mentioned framework but a risk matrix and evaluation table. The Audit Committee has been granted oversight of risk and additional responsibilities and on July 27, 2012 was renamed the Audit and Risk Committee.

Management has accepted a framework developed and approved by the Audit Committee of the Board on December 15, 2011.

In accordance with the Group's risk policy all risks are divided into:

STRATEGIC	FINANCIAL	OPERATIONAL EFFICIENCY
Affecting the achievement of PIK's long term goals, such as the availability of resources, growth of competition, politics, changes to legislation and reputational risks	Liquidity, inflation, currency exchange rate, access to credit lines	Defaults on contracts, execution by suppliers, growth in raw materials costs, issues with raw materials quality, own production efficiency, loss of skilled staff.

Based on probabilities and the value of potential losses, PIK categorizes its risks as below.



Probability Impact in million dollars	Low	Average	High
Above 100	FINANCIAL Recall of a credit line. STRATEGIC Hardening of legislation related to PIK business activity.	FINANCIAL Credit line prolongation, increase of bank interest on new credit lines.	
Between 20 and 100	FINANCIAL Reduction of income due to the drop of demand on Company's production. Competition growth.	OPERATIONAL Loss of development project in Moscow. Default on timely execution of development projects. Growth of prime cost.	
Below 20	FINANCIAL Cash flow gaps. Growth of RUB/US\$ rate exchange. Taxation. STRATEGIC Third party activity intended to create negative image of PIK in various communication sources. Loss of experienced top managers.	OPERATIONAL Inefficient use of industrial assets.	

CEO statement

Dear Shareholders,

On behalf of the Management Board, I am pleased to summarize our achievements for 2012.

Sales increased by over	adj. EBITDA increased by over
43.8%	81.6%
year-on-year	year-on-year

Free net cash flow from operations

RUB7.0 bn

Net debt to EBITDA ratio

3.5x

While the performance of the global economy remained mixed, the Russian economy continued to grow, recording 3.4% GDP growth in 2012. The stable macroeconomic environment continues to strengthen consumer confidence and drive demand for affordable housing in Russia. As a result, mortgage penetration has significantly increased and reached all-time high levels in origination. We continue to see increased mortgage penetration as a long-term catalyst for the industry; mortgage financed transactions still represent a small proportion of total housing transactions when compared to Western Europe and we believe that increased mortgage penetration together with better affordability offer significant upside potential for our business. We are encouraged that the percentage of mortgage backed purchases has shown a marked increase in Q1 2013.

Average selling prices and buying patterns returned to normality back in 2011. In 2012 average selling prices rose above 2007 levels and have since grown at above inflation due to the structural undersupply of new, modern housing in the country.

For the second year in a row, we continued to grow new sales by approximately 30% year-on-year at our residential development projects. Residential apartment sales amounted to 658 th sqm, while we also provided 227 th sqm through our construction services activity, which provides building capacity to third party developers as well as federal and local government authorities. If third party investors and city share components are added, in total we completed 1.3 million sqm of housing across 21 cities in Russia.

We have achieved success in turning around our business by generating positive free net cash flow from our operations to the amount of RUB7.0 billion, compared to negative amount of RUB8.1 billion in 2011

We kept good momentum in our development pipeline, launching 49 new buildings in 2012 compared to 41 launched in 2011. So far in 1Q2013, PIK has launched 14 new buildings across the country.

Overall, PIK Group increased sales revenue by 43.8% to RUB66.1 billion and reported corresponding adjusted EBITDA of RUB10.7 billion (up by 81.6% year-on-year). We have achieved success in turning around our business by generating positive free net cash flow from our operations to the amount of RUB7.0 billion, compared to negative RUB8.1 billion in 2011. This enabled us to cut net debt by RUB6.1 billion down to RUB36.8 billion and achieve a lower net debt to adjusted EBITDA ratio of 3.5x. At the same time, a net profit was achieved after one-offs and non-cash transactions of RUB3.1 billion, versus a normalized net loss of RUB1.0 billion a year earlier.

This improved performance exceeded management expectations, and with the business on a sounder financial footing and more disciplined in taking key decisions, we have focused more strongly on other opportunities to strengthen the business. In early 2013 we decided to further strengthen our operational flexibility and efficiency by making important changes to our production assets located in Moscow.

On behalf of the Management Board, I would like to thank all employees for their energy and commitment. We are approaching a new period of growth at a sustainable pace against the background of a stable macroeconomic environment.



Pavel POSELENOV
Chief Executive Officer

10

Organization structure



Chapter

11

New Share issuance⁽¹⁾ in 2013

The prospectus relating to the issuance of new shares was registered with the FSFM on February 21, 2013⁽²⁾. On May 28, 2013, the Board of Directors set the placement price at RUB62.50 per New Share.

The minimum size of the Offering was anticipated to be US\$150 million. This was set following the receipt of preliminary commitments from Nafta Moskva and a number of other investors.

PIK's Chief Executive Officer and other members of the management team participated in the capital increase, together purchasing a total of 445,000 new shares.

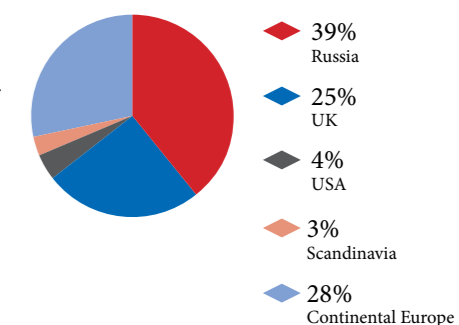
PIK also made the Offering available to a wider range of investors and reserved the right to increase the size of the Offering to accommodate excess demand.

As a result of strong investor demand for PIK Group shares, the size of Offering was initially increased from US\$150 million to US\$275 million under an accelerated share offering. Followed by additional demand from investors, the total size of the offering process was increased by another US\$55 million giving a total size of US\$330 million.

PIK intends to use at least 50% of the net proceeds from the Offering for deleveraging. A portion of the net proceeds from the Offering may also be used for investment in new projects and for general corporate purposes.

Sberbank CIB and VTB Capital acted as Joint Global Coordinators and joint Bookrunners.

Geographical split of demand





Source: Company data

Note: excluding US\$150 million demand secured through Nafta Moskva and a number of other investors

(1) Secondary public offering

(2) Under state registration number 1-02-01556-A

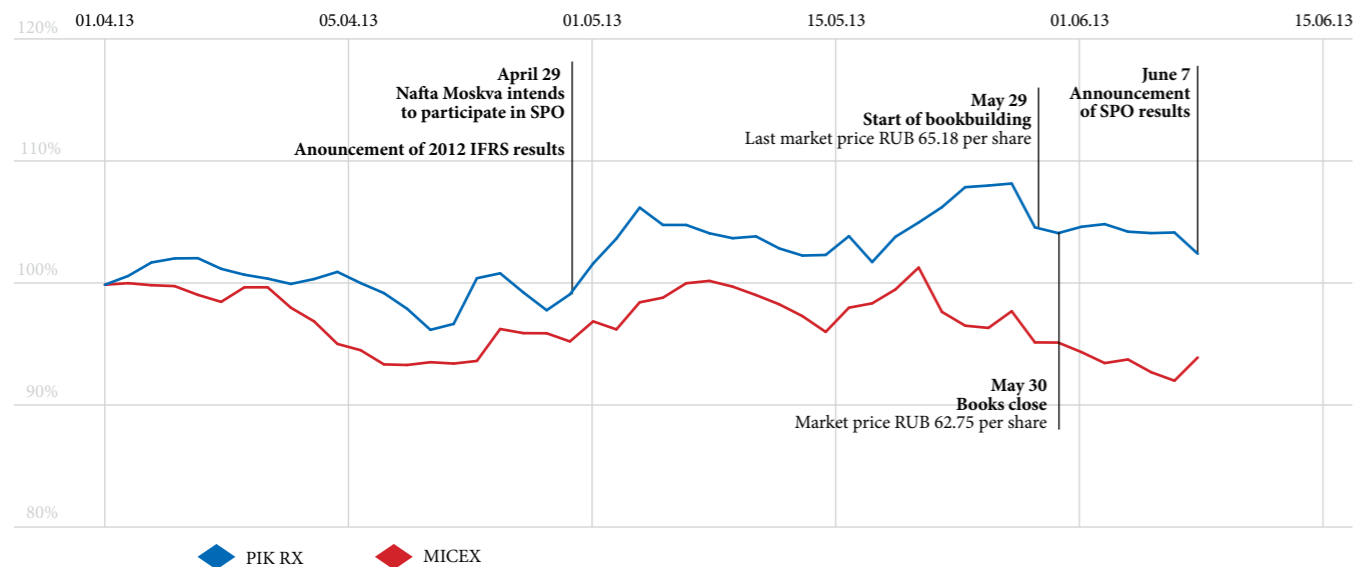
Transaction overview

Issuer	PIK Group OJSC
Instrument	Ordinary shares
Listing	MICEX Stock Exchange
Offering size	\$330 mn 167 mn shares / 34% of pre-deal share capital
Offering price	RUB 62.5 per share (equal to par value) Approved and announced at launch
Discount	Priced at a tight discount: -4.3% to share price before launch (RUB 65.18) -0.4% to share price at books close (RUB 62.75)
Primary / secondary split	100% primary
Offering structure	Outright new share offering via open subscription and 2-day accelerated bookbuilding (ABB)
Selling restrictions	Reg. S for investors outside the US and Rule 144A for QIBs investors in the US. No sales into Australia, Canada, Japan
Joint Global Coordinators and Bookrunners	 

Transaction highlights

- A landmark transaction:
 - First public equity offering out of the Russian Real Estate sector since April 2011
 - Largest public equity offering out of Eastern Europe in the Real Estate sector since April 2011
 - First public equity offering of PIK Group since June 2008
- Bookbuilding on the back of pre-announced offer price
- Closed successfully despite accelerated execution format (2-day of bookbuilding) and adverse market conditions (MICEX -3%, EuroStoxx -1.3% during bookbuilding)
- Significant deal size in both absolute and relative terms - US\$330 million, c. 34% of pre-deal share capital
- Preliminary commitments for US\$150 million were received by the Company from key shareholder Nafta Moskva and other investors before launch. Despite discount of just 4% to the last close before launch, the deal was largely oversubscribed with final value of US\$330 million size
- High quality book of demand with several dozens of orders primarily from long-only UK and Russian institutional investors
- Contribution to the Company's deleveraging strategy
- The first equity offering out of Russia executed according to the new legislation and FSFM rules with respect to new share issuance (same code and ticker - full fungibility with existing shares, start of trading immediately after issuance)

Share price performance pre-SPO



Chapter

12

Share price performance



On June 7, 2013 PIK Group completed its US\$330 million secondary public offering (SPO).

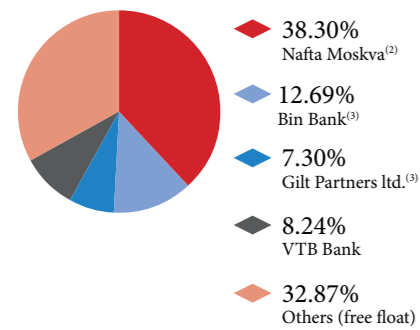
PIK's ordinary shares and GDRs, certifying the rights in respect to the Company's ordinary shares, are traded on the London Stock Exchange and MICEX-RTS local exchange.

Ticker code	
MICEX-RTS	PIK RM
LSE	PIK LI
Securities code numbers	
Regulation S GDRs	ISIN:US69338N2062
Rule 144A GDRs	ISIN:US69338N1072

Share price as of June 7, 2013		
MICEX (RUB)	62.50	
LSE (US\$)	1.9	
Share performance (52 weeks ended June 7, 2013)		
MICEX (RUB per share)	58.01	75.47
LSE (US\$ per share)	1.86	2.42
GDR:Share	1:1	
Shares outstanding post-offering	660,487 mn	
Market capitalization	US\$1,255 mn	

Shareholder structure as of May 29, 2013 pre-offering ⁽¹⁾

493,260 mn
Total number of shares



Source: Company data

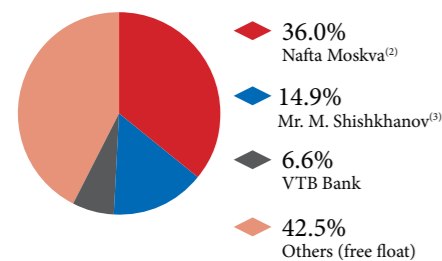
Notes: (1) Shareholders are shown with interest above 5% of share capital

(2) Mr. S. Kerimov is the beneficiary owner of Nafta Moskva

(3) Mr. M. Shishkhanov is the beneficiary owner of Bin bank and Gilt Partners Ltd. Thereon his total ownership in PIK Group is 19.99%

Shareholder structure as of June 14, 2013 post-offering

660,497,344⁽¹⁾
Total number of shares



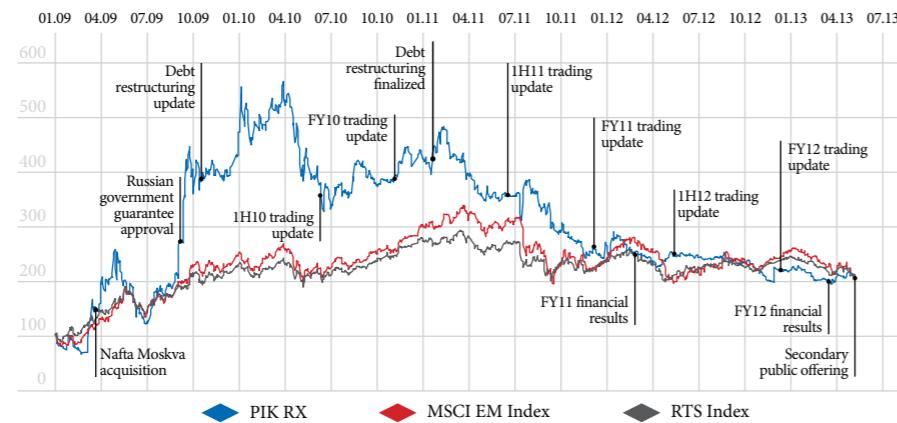
Source: Company data

Notes: (1) June 7 2013 PIK Group completed a \$330mn capital increase, issuing 167,236,960 new shares

(2) Mr. S. Kerimov is the beneficiary owner of Nafta Moskva

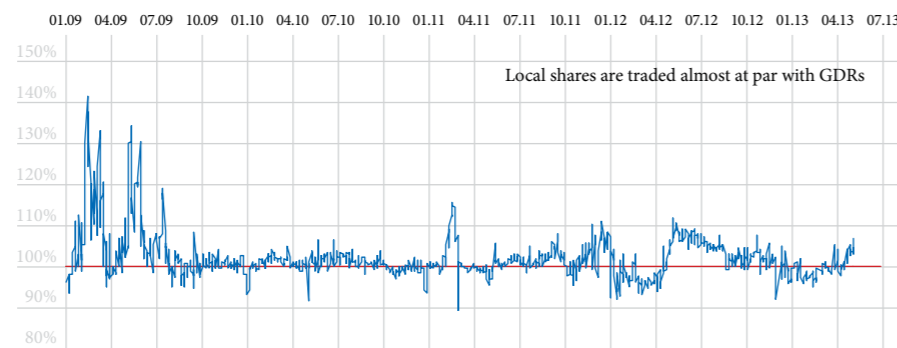
(3) Mr. M. Shishkhanov is the beneficiary owner through Bin bank and Gilt Partners Ltd.

PIK share price performance vs. indices



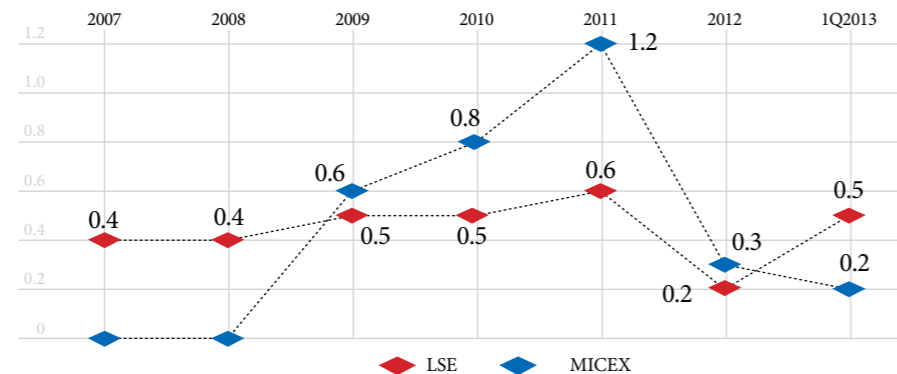
Source: Datastream, Bloomberg as of June 07, 2013

PIK stock performance on MICEX vs. LSE



Source: Datastream as of June 07, 2013

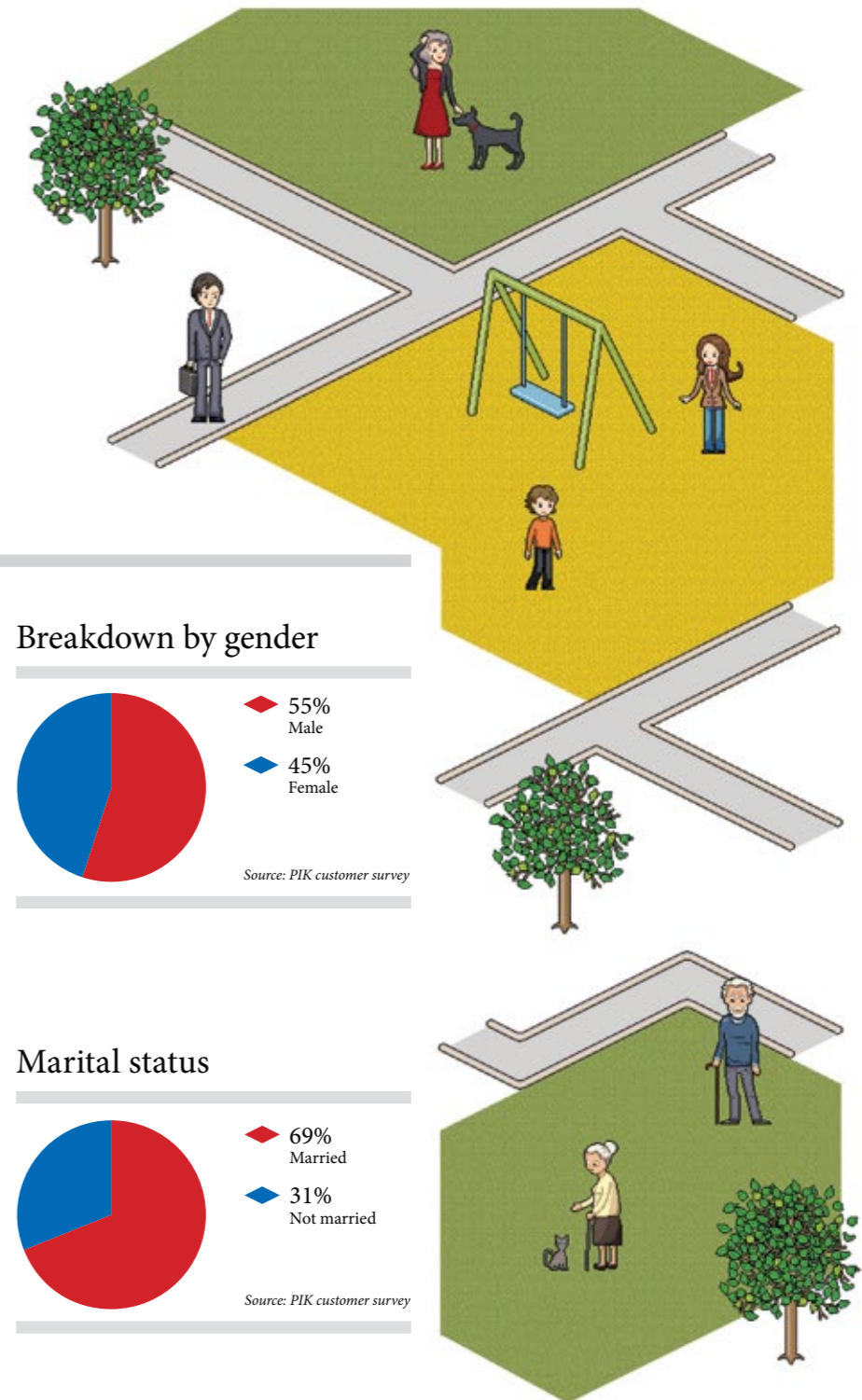
PIK's average daily trading volumes on stock exchanges



Source: Datastream as of June 7, 2013

13 Our customers

Our apartments suit a wide range of people, but our most typical customer is a young family with small children moving out from their parents' home or buying an apartment for the first time.

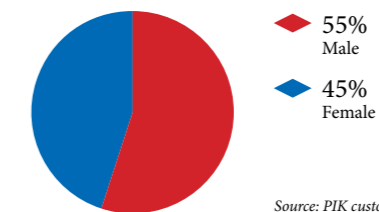


For this group of people, a PIK apartment is ideal, as it offers attractive living space and independence at an affordable price. On top of this, many of our projects have all the facilities a family needs, such as a kindergarten school, playground, shops, medical facilities and good transport links.

79% of our customers are represented by this group, who are typically aged between 25-35. 41% of customers are first time buyers while 38% are those who simply want to upgrade their living conditions. They are the rising middle class of Russia, 79% of whom have university and higher degrees and are typically employed in managerial, white-collar positions. 70% of them already have at least one car.

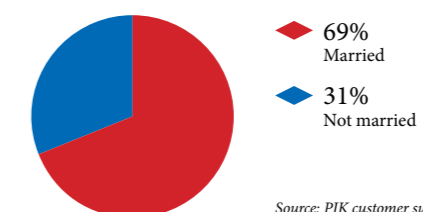
Our internal surveys show two things are most crucial to our customers when choosing an apartment – the location of the apartment and the reputation of the developer. We are proud that today so many young families are choosing PIK Group.

Breakdown by gender



Source: PIK customer survey

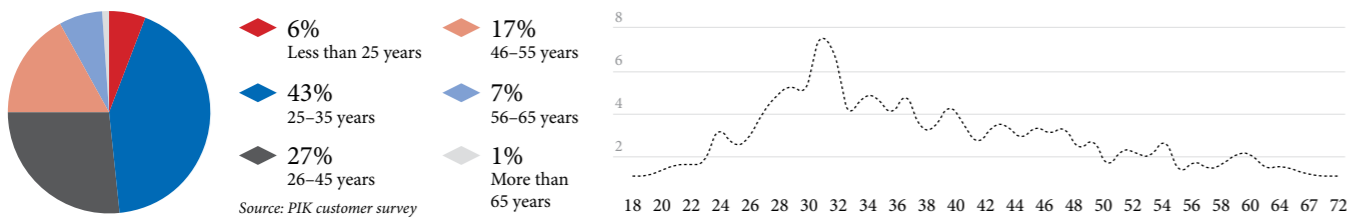
Marital status



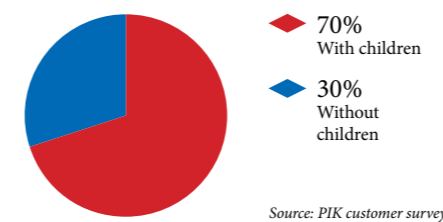
Source: PIK customer survey



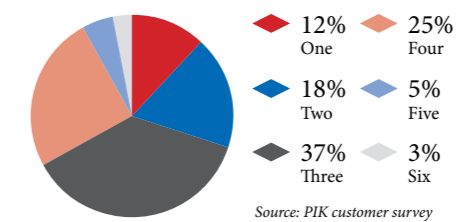
Breakdown by age



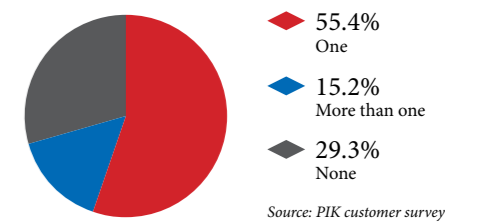
Breakdown by presence of children



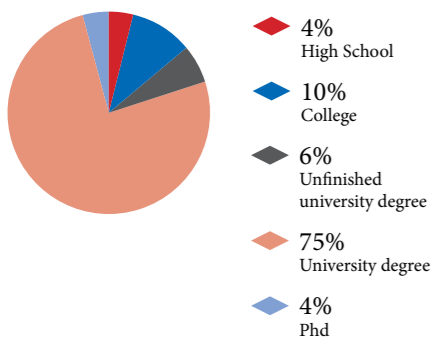
Number of people living in the apartment



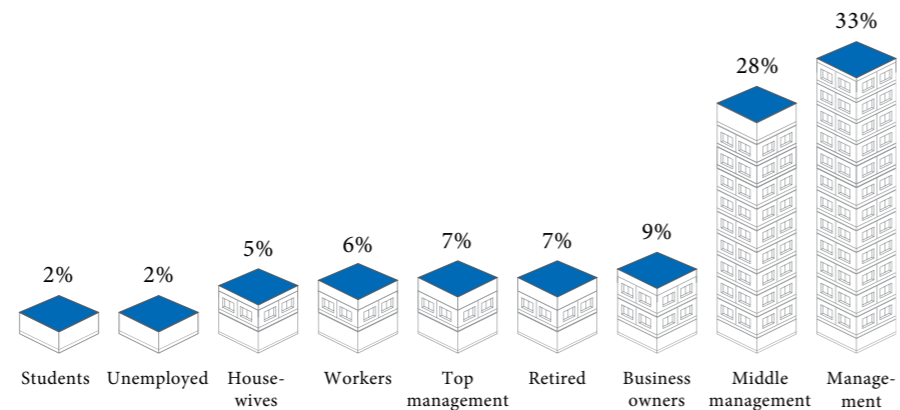
Number of cars in the household



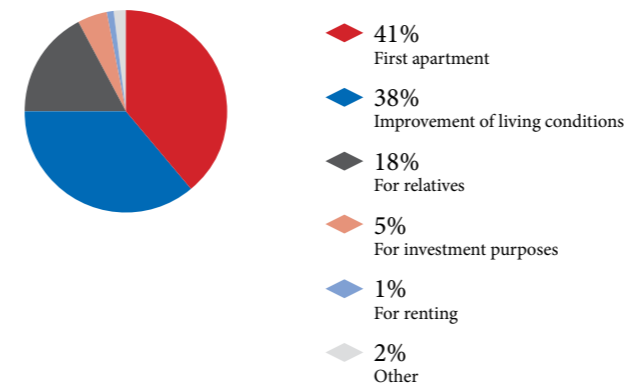
Breakdown by education



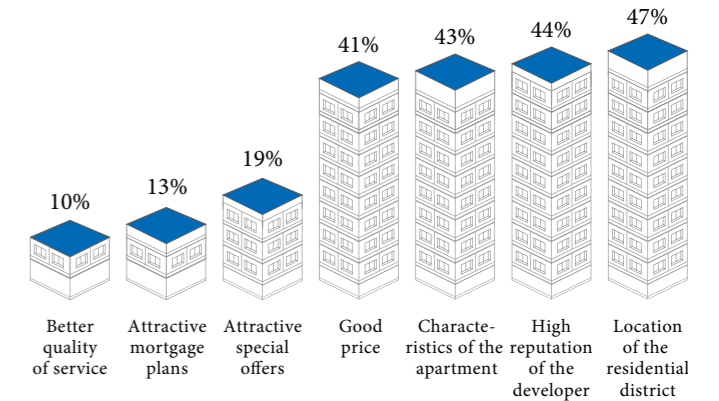
Breakdown by education



Purpose of the purchase



Key factors why customers choose PIK



Our social responsibility

PIK Group is rated one of the three most socially responsible developers in the Moscow Metropolitan Area (MMA)



Since 2005 PIK Group has been assisting the government in completing residential projects where other developers have failed to fulfill their obligations to investors and homebuyers.

Within the framework of this assistance program, the Group has now completed the construction of more than 20 buildings and delivered 3,300 apartments to homebuyers.

At its own developments, the construction of modern social facilities is integral to the Group's residential complexes. All aspects of social infrastructure built by PIK are fully equipped with furniture, toys and other technical equipment.

Social objects completed in 2012

	Area, sqm
Moscow	
1 "Chertanovsky", kindergarten	4 041
Total Moscow	4 041
Moscow region	
2 Mytishi, "Yaroslavsky", kindergarten	6 209
3 Mytishi, "Yaroslavsky", school	25 174
4 Khimki, "Levoberegny", kindergarten	1 937
5 Lyubertsy, "Red hill", kindergarten in bldg 59	2 950
6 Lyubertsy, "Red hill", kindergarten in bldg 63	2 950
7 Mytishi, "Yaroslavsky", hospital	1 614
8 Khimki, "The star of Russia", kindergarten	1 176
Total Moscow region	42 010

In 2012 PIK completed six kindergartens, a school and a medical clinic for 100 people in the MMA. The Group pays special attention to both the quality and functionality of its social infrastructure. The largest and the most contemporary school in the Moscow region, located in Group's Yaroslavsky project in Mytishi, was opened in September 2012. In addition, a new kindergarten was located in PIK's Anninskiy residential project in the Southern Chertanovo District of Moscow. PIK Group has also built the first kindergarten in Russia adapted for children with disabilities.



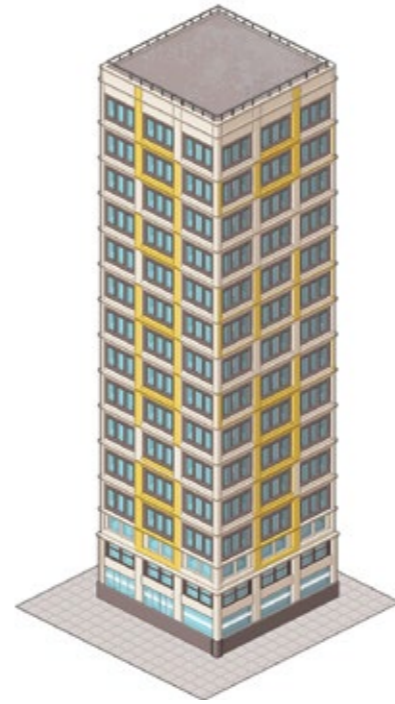
In 2011 Group presented a new client oriented program PIK 2.0 EVERYTHING MATTERS! targeted at improving the quality of residential projects. Within the framework of this program PIK Group has continued to make designer decorated and partially furnished apartments available to the affordable housing market.



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Industry overview

In 2009-2012, significant monetary easing was introduced by many of the central banks in the developed world across the globe to tackle the consequences of the 2008 economic turmoil, including the Euro zone debt crisis.



The intention was to stabilize economies globally and underpin recovery in global growth. Russian real GDP growth accelerated to 4.8% in 2011 but lowered to 3.4% as European market instability took hold in 2012. A low debt to GDP ratio in Russia compared to other developed countries, together with large foreign currency reserves and a restrictive current monetary policy make Russia well-positioned to take advantage of the global recovery in the long-run.

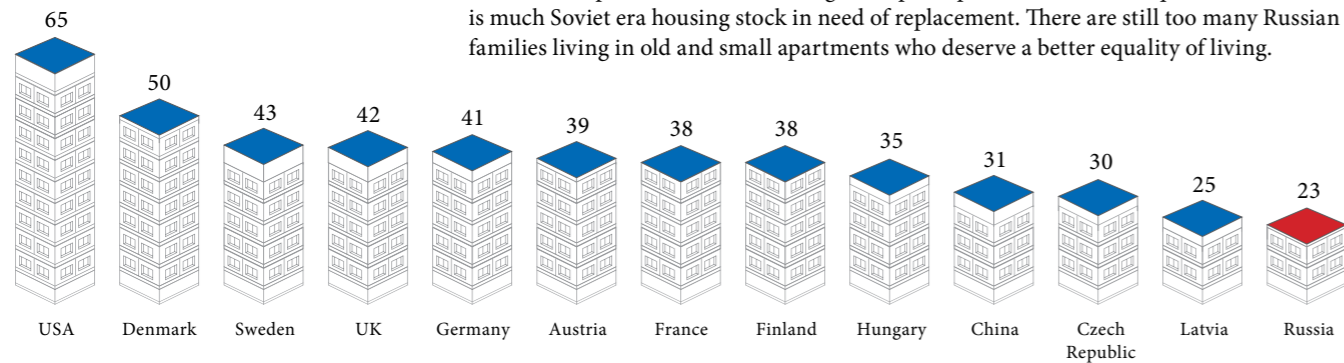
RUSSIAN RESIDENTIAL REAL ESTATE MARKET HIGHLIGHTS

In 2011, Russian housing construction exceeded pre-2007 levels and continued moderate growth of 4.7% to 65.2 million sqm in 2012.

(in million sqm)	2007	2008	2009	2010	2011	2012
Residential housing completions	60.4	63.8	59.8	58.1	62.3	65.2
growth y-o-y, %	-	5.6%	-6.3%	-2.8%	7.2%	4.7%
Residential completions in MMA	12.4	11.1	11.0	9.5	10.3	9.5
growth y-o-y, %	-	-10.9%	-1.1%	-13.1%	7.9%	-7.8%

Source: Rosstat

Meanwhile, the adequacy of Russia's housing stock per capita is at a low level compared to most European countries. Housing stock per capita amounts to 23 sq meters, and there is much Soviet era housing stock in need of replacement. There are still too many Russian families living in old and small apartments who deserve a better equality of living.



Source: Rosstat 2010 data for Russia, UNECE for other countries

PIK market share in 2012⁽¹⁾

15.9%

Our mission is to become the largest public real estate company in Russia by playing the leading role in addressing the country's shortage of modern housing. We aim to develop large-scale projects containing desirable, modern and affordable housing with the related social and commercial infrastructure.

Our key market is represented by the largest residential submarket in Russia, which adjoins Moscow and Moscow region – together called the Moscow Metropolitan Area ('MMA'). The MMA accounts for around 12% of the country's total population and approximately 13% of Russia's total housing stock.

Residential completions in MMA

9.5 million sqm

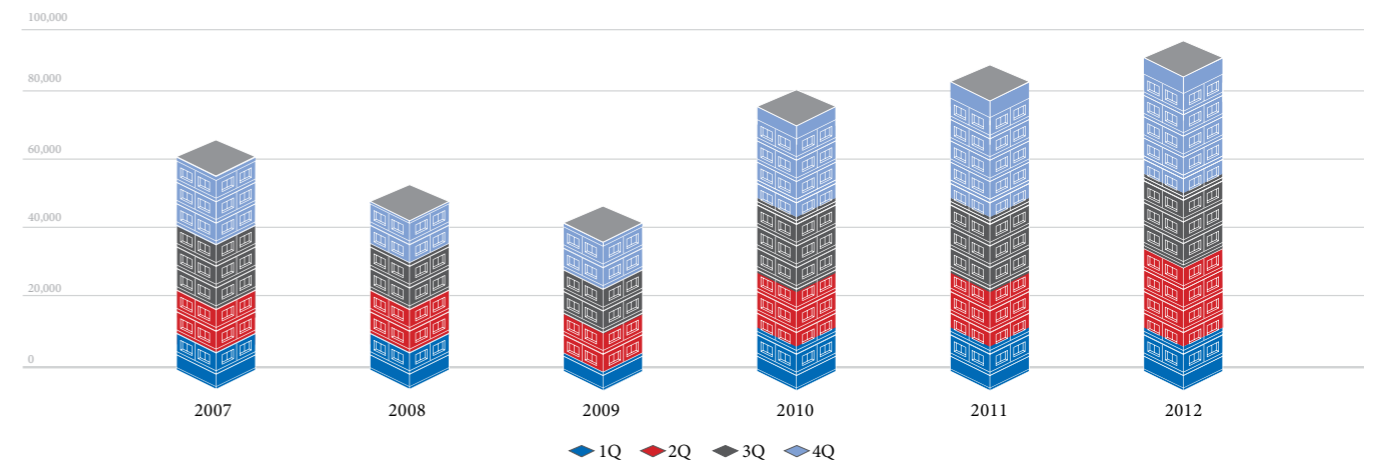
Historically, the MMA has always been the largest real estate market in Russia. It has shown some of the highest economic growth supported by continuous migration from the Russian regions. Currently, the MMA is an established marketplace, having a 14.5% share of total residential completions, equating to 9.5 million sqm. In 2012 PIK occupied a 15.9% share of this market, up by 5.4 ppt from 2011.

Market activity in the MMA market continued to accelerate during the year. Secondary transactions in Moscow, one of the publicly available barometers of the market as a whole, continued to rise in 2012.

In almost every quarter since 2008 we have witnessed moderate growth in the transaction numbers. The number of transactions has advanced by almost 50% (approx 10.4% per annum) 2008-2012. In 2012 transactions on the secondary market in Moscow were up by 6.0% year-on-year to 96,715 units.

Mortgage lending showed an outstanding performance in 2012 despite increasing interest rates. Total mortgage loans issued rose by 30.7% and reached a record-high level of RUB2.1 trillion.

Number of transaction on secondary market in Moscow



Mortgage lending environment

(RUB in billions)	2006	2007	2008	2009	2010	2011	2012
Housing loans outstanding	350	758	1,265	1,181	1,295	1,625	2,123
As of GDP, %	1.3%	2.3%	3.1%	3.0%	2.9%	3.0%	3.4%

Source: CBR

(1) Excluding individual residential housing (cottages)

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Operational overview

In 2012, PIK continued benefiting from the upturn in the residential market and recorded 29% growth in new sales to customers

Overall, 658 th sqm were sold in 2012 driven by accelerating fundamental demand for affordable housing. The final quarter of 2012, which is seasonally the strongest, turned out to be extremely positive, hitting 219 sqm sold, up by 31.1% compared to the corresponding period of the previous year (4Q10: 167 th sqm).

The upward trend continued in 1Q2013 with further growth of 19.5% to 153,000 sq meters in new sales to customers. Growing sales were the result of the new launches of 49 buildings (2011: 41 buildings) in 2012 and another 14 in 1Q2013 (1Q2012: 9). The MMA represented 82% of total news sales in 2012 by size.

New sales contracts to customers for the last three years⁽¹⁾

th sqm	1H	2H	FY	4Q
2010	159	233	392	128
2011	229	281	510	167
2012	270	388	658	219
Change, %			29,0%	31,1%

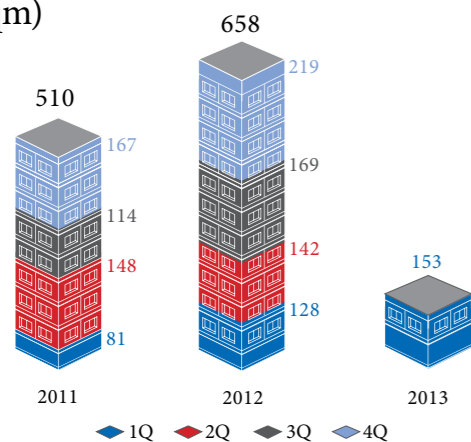
Note: (1) including contracted retail and wholesales and others
Source: Management accounts

Key operational data for the last three years

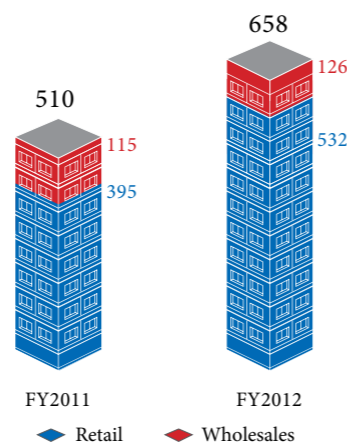
th sqm	2010	2011	2012	Change y-o-y, %
Total housing completions(1)	739	870	1,294	48.7%
New sales contracts to customers(1)	392	510	658	29.0%
Transfers to customers(2)	434	512	642	25.4%

Source: (1) Management accounts
(2) as per revenue recognition policy adopted under IFRS

Total new sales to customers (q-o-q) (th. sqm)



Total new sales to customers (y-o-y) (th. sqm)



New sales contracts to customers

658 th sqm

Transfers to customers

642 th sqm

Total housing completions

1,294 th sqm

New launches

49 buildings

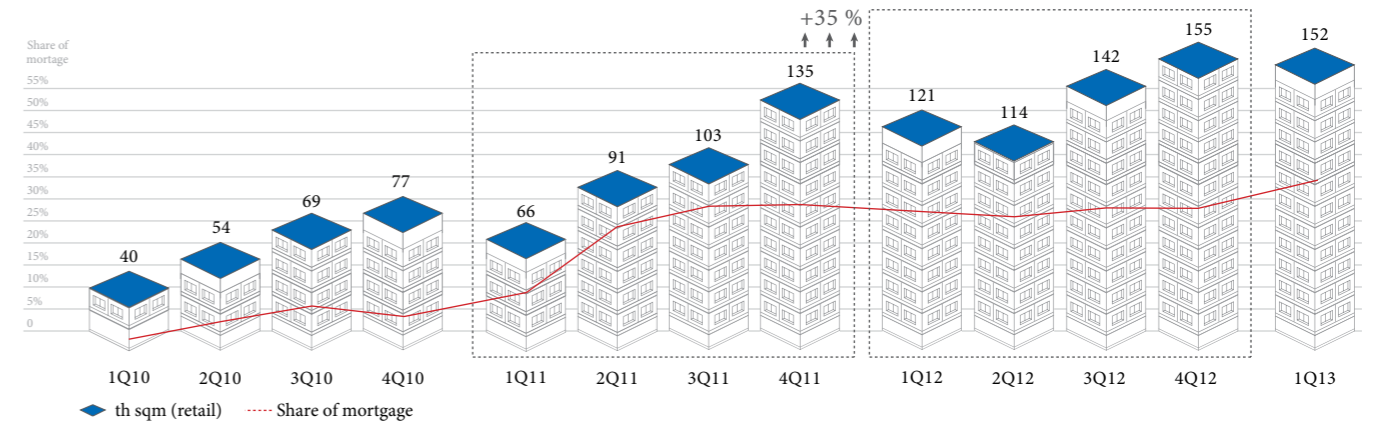
2012-1Q2013 pre-sales launches in Russia



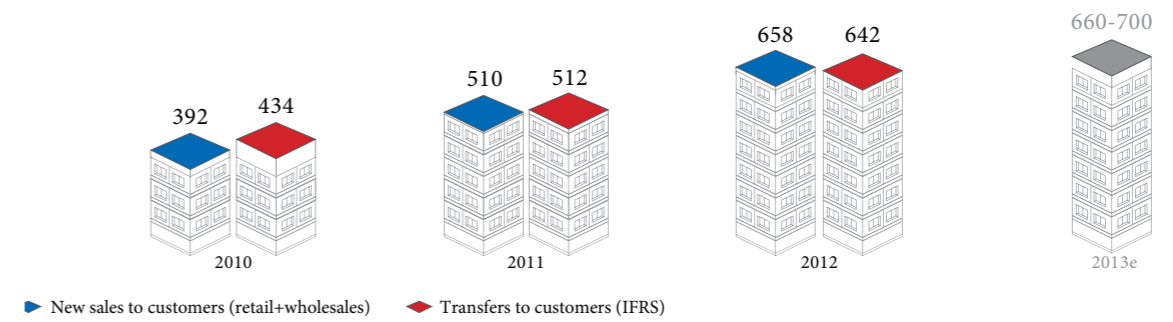
2012-1Q2013 pre-sales launches



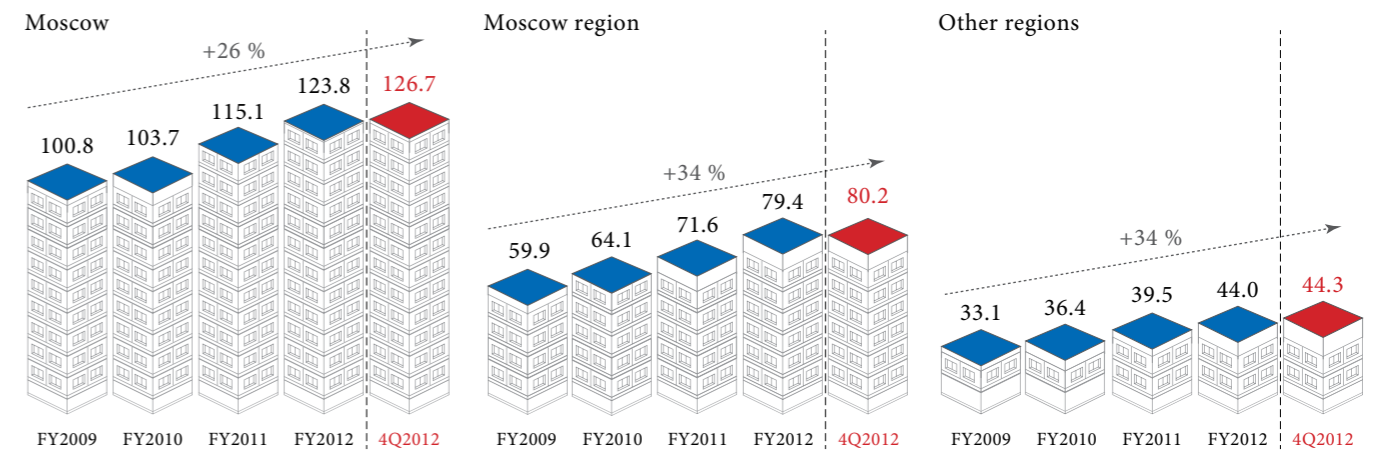
New sales to retail customers (q-o-q) (th sqm)



Total new sales and transfers to customers (th sqm)



Pricing environment (PIK average price dynamics) (RUB th / sqm)



Note: Realized prices based on pre-sales of mass market projects under construction excluding high-end residential projects (English Town)

Transfers to customers under IFRS reached 642 th sqm up by 25.4% compared to the previous year. Total housing completions from all activities (real estate development, construction services and share of third parties) were up by 48.7% to 1,294 th sqm.

The MMA accounted for 1,016 sqm of total completions (including 240,000 sqm in Moscow, 659 sqm in Moscow region at own development projects, the rest under construction services activities). At the same time, these completions translated into 72 buildings of which 66 were residential buildings and another seven were social infrastructure (including five schools and kindergartens).

For the third year in a row, average net selling prices for PIK properties grew faster than the country's inflation rate. In 2012 for example, average net selling prices in Moscow were up by 10%, while in Moscow region and other Russia's regions they increased by 12% respectively.

Presales patterns have been back to normality since early 2011, with almost all apartments presold during the construction period of the buildings. Consumer confidence, our creditworthiness and long-standing reputation in the market helps us to receive 100% prepayments on the purchase price of the apartments before their completion.

Mortgage market dynamics were strong following the signing of partnership programs with around 18 of Russia's leading commercial banks, including VTB24, Sberbank of Russia, Nomos Bank, Uralsib and others. In 2012 PIK was nominated as the best mortgage partner for VTB24 from the industry. Promoting mortgages enables us to support our sales to a wider market. Accordingly, mortgage penetration reached 34.6% in 1Q2013.

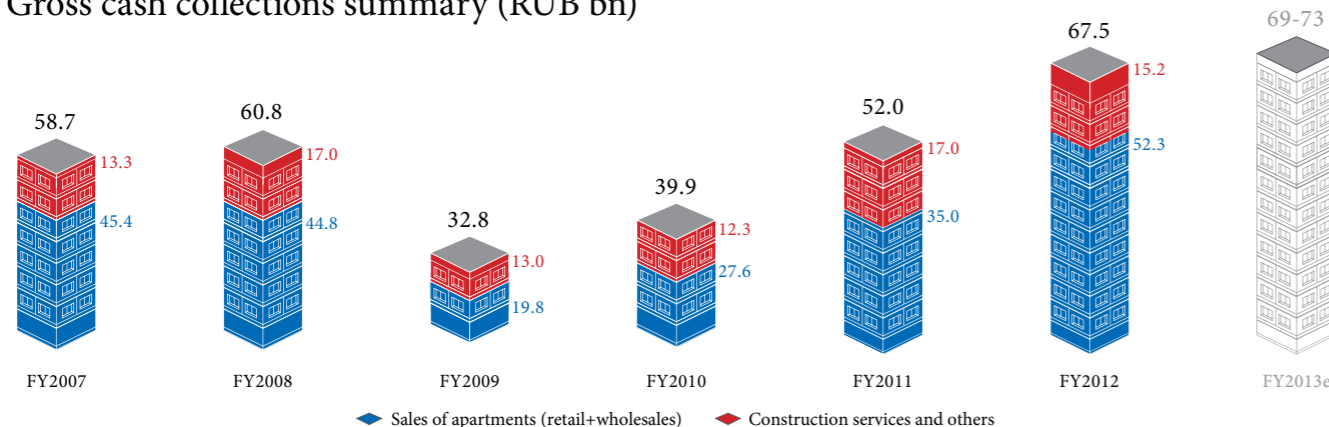


Share of mortgage funded retail sales

%	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Share of sales funded by mortgages (1)	12.4%	25.3%	29.5%	29.7%	28.5%	27.3%	29.0%	29.2%	34.6%

Note: (1) based upon retail sales, calculated as per flats
Source: Management accounts

Gross cash collections summary (RUB bn)



Source: Company Data, Management accounts

Chapter

16

Financial results overview

Total revenues were up by over 43.8% to RUB66.1 billion (2011: RUB46.0 billion) driven by an increase in sales of apartments from RUB35.2 billion to RUB54.8 billion.

Revenues from apartment sales accounted for 82.8% of total sales (2011: 76.6%), while revenues from construction services contributed 9.0% of total sales (2011: 11.3%). The balance of revenues came from other businesses, such as facilities management and the sale of construction materials.

Sales revenue	2011	2012	Change, %
Revenue from sale of apartment, RUB bn	35.2	54.8	+55.7%
Revenue from construction services, RUB bn	5.2	5.9	+13.5%
Revenue from sale of construction materials and other sales, RUB bn	5.6	5.4	-2.6%
Total	46.0	66.1	+43.8%

Source: IFRS

Revenues from the sale of apartments were up, due to increased transfers to customers amounting to 642 th sqm (2011: 512 th sqm). Implied average selling prices in transfers increased by 23.9% to RUB85.3 th per sqm.

Implied average selling prices (1)	2011	2012	Change, %
Revenue from sale of apartments, RUB bn	35.2	54.8	+55.7%
Transfers to customers, th sqm	512	642	+25.4%
Implied average selling price, RUB th per sqm	68.8	85.3	+23.9%

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

Gross profit totaled RUB14.4 billion (2011: RUB8.7 billion). The gross profit margin accordingly rose by 2.9% to 21.8% for 2012. The gross margin derived from development activities (sales of apartments) reached 23.5%, up by 4.2%.

Gross profit margins	2011	2012	Change, %
Revenue from sale of apartments, RUB bn	35.2	54.8	+55.7%
Gross profit from sales of apartments, RUB bn	6.8	12.8	+88.3%
As of %	19.3%	23.5%	+4.2ppt
Revenue from construction services, RUB bn	5.2	5.9	+13.5%
Gross profit from construction services, RUB bn	0.84	0.77	+18.2%
As of %	16.2%	13.0%	-3.2ppt

In 2012 both administrative and distribution expenses were under control and remained unchanged amounting to RUB4.2 billion (2011: RUB4.1 billion). On a separate note, personnel costs stayed capped at previous levels, while effective social charges increased to 25.1%.

Personnel costs	2011	2012	Change, %
Salaries and wages, RUB bn	4.5	4.5	+0.0%
Social charges, RUB bn	0.88	1.13	+28.1%
Effective rate, %	19.7%	25.1%	+5.7%

Source: IFRS

As a result of the above changes, EBITDA equaled RUB10.7 billion (2011: RUB11.7 billion), whilst adjusted EBITDA from core activities grew 81.6% to RUB10.7 billion (2011: RUB5.9 billion). The adjusted EBITDA margin increased 3.3% to 16.1%.

Net income reached RUB3.1 billion (2011: RUB4.8 billion), however, once adjusted (normalized) for one-offs and others (the same as for EBITDA above), it amounted to RUB3.1 billion, an increase of by RUB4.1 billion compared to 2011.

	2011 RUB mn	2012 RUB mn
Net profit for the year	4,805	3,127
<i>Adjustments for:</i>		
Depreciation and amortisation	736	860
Interest expense including penalties payable	5,871	5,891
Interest income	(1,340)	(90)
Income tax expense/(credit)	1,607	904
EBITDA	11,679	10,692
<i>Adjustments for</i>		
Impairment (reversals) / losses	(2,877)	(210)
Impairment losses / (reversals) on financial assets	564	614
Foreign exchange loss / (gain)	(179)	(182)
(Gain) / loss on disposal of PP&E	39	24
(Gain) / loss from disposal of development rights and subsidiaries	(2,298)	(131)
Effect of termination long-term land lease agreements	(585)	-
Accrued penalties and fines / (reversals)	(473)	(145)
Adjusted EBITDA	5,870	10,662
As of sales revenue, %	12,8%	16,1%

Source: IFRS

	2011 RUB mn	2012 RUB mn
Net profit for the year	4,805	3,127
<i>Adjustments for:</i>		
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Effect of termination long-term land lease agreements	(585)	-
Accrued penalties and fines / (reversals)	(473)	(145)
Net income adjusted (normalized)	(1,004)	3,097
As of sales revenue, %	-2,2%	4,7%

Source: IFRS

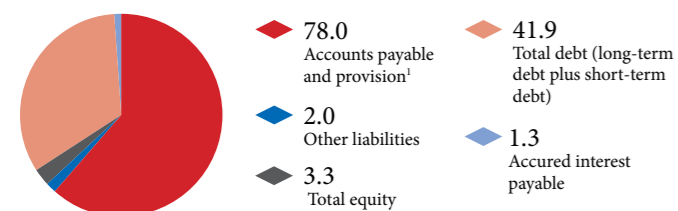
NOTICE TO READERS

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.

Balance sheet structure (RUB bn)

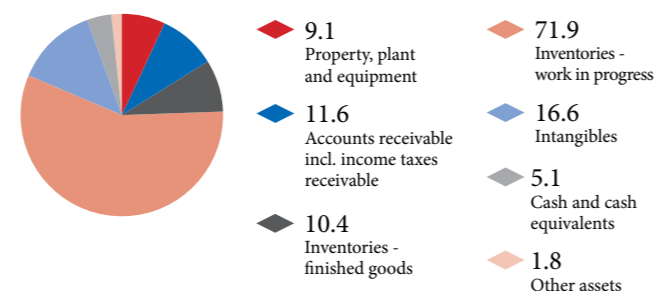
126.5 bn RUB
Total equity and liabilities

Structure of equity and liabilities



126.5 bn RUB
Total assets

Structure of assets



Notes: (1) Mostly consist of advances from customers (RUB 34 bn), accounts payable for construction works (RUB 10 bn) and provision for construction costs to complete (RUB 24 bn)

Source: IFRS accounts

As a result of the Group's improved operational performance, free net cash flows from operating activities became positive and reached RUB7.0 billion (2011: negative value of RUB8.1 billion). The turnaround in operational performance and improves cash generating has enabled the Group to start deleveraging in 2012 by reduction of debt. Total assets declined to RUB126.5 billion (2011: RUB128.8 billion). Total equity moved upwards into the positive area of RUB3.3 billion (2011: RUB0.2 billion). Loans and borrowings significantly decreased by RUB3.9 billion to RUB43.2 billion, and net debt reduced by RUB6.1 billion down to RUB36.8 billion (2011: RUB42.9 billion).

Loans and borrowings	2011	2012
Long-term loans and borrowings, RUB bn	27.5	33.0
Short-term loans and borrowings, RUB bn	18.3	8.9
Interest payable accrued at year-end, RUB bn	1.3	1.3
Total debt	47.1	43.2
less		
Accrued interest payable, RUB bn	(1.3)	(1.3)
Cash and equivalents, RUB bn	(2.9)	(5.1)
Net debt	42.9	36.8

Source: IFRS

In March and November 2012 the Group successfully renegotiated its debt repayment schedule relating to the credit facilities with Sberbank of Russia. Meanwhile, there were no other changes in interest rates or other terms of the credit facilities.

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 mass-market residential project named "Buninsky". With regards to other debt providers, PIK has started redeeming debt ahead of repayment schedules from free cash generated from its development activity.

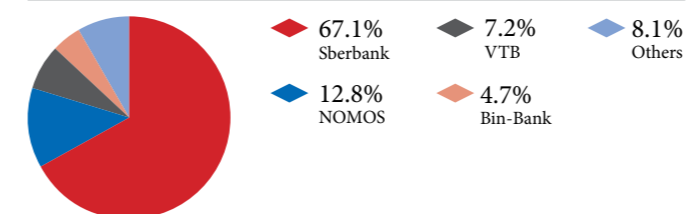
Overall, since the beginning of year of 2013, PIK reduced gross debt by another RUB1.7 billion down to RUB40.1 billion (net debt declined to RUB34.1 billion)

RUB bn	2011	2012	April 2013
Total debt	45.8 ⁽¹⁾	41.9	40.1
Cash and equivalents	(2.9)	(5.1)	(6)
Net debt	42.9	36.8	34.1

(1) Debt principal is taken excluding accrued interest expense at year-end

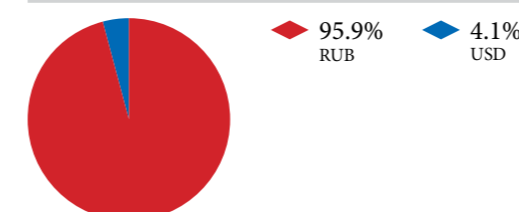
Debt composition by source (01.04.2013)

RUB40.1 bn
Total debt

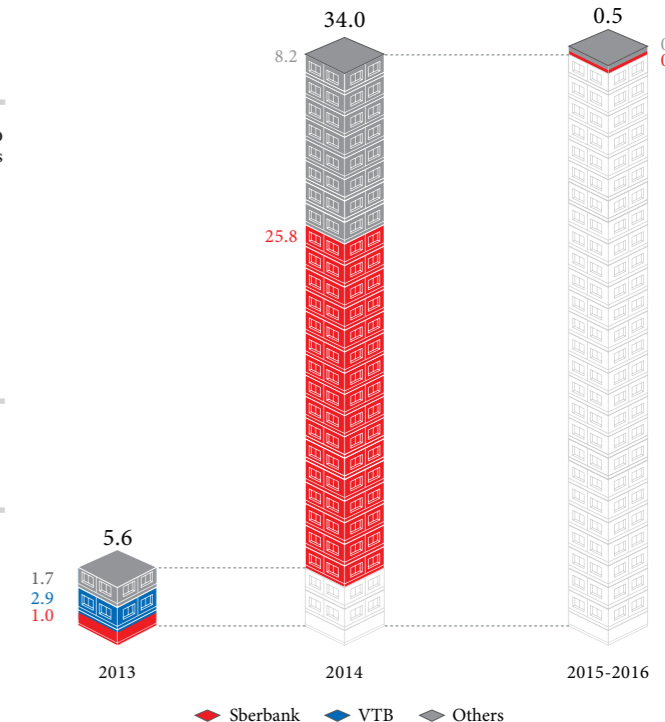


Debt composition by currency (01.04.2013)

12.3%
Average interest rate

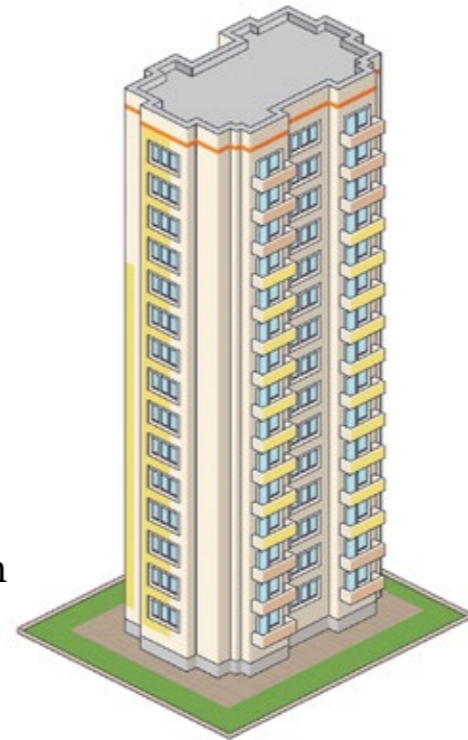


Debt repayment schedule as of April 2013



Portfolio of projects overview

At December 31, 2012, the Group's total portfolio of projects had a net sellable area of 6.5 million sqm (2011: 6.9 million sqm), of which 6.3 million sqm is residential and 0.2 million sqm commercial.



Changes in the portfolio during 2012 are explained by sales to customers amounting to 658 th sqm and landbank replenishment with new projects totalling 381 sqm (of which 83% came from the MMA).

The market value of the property portfolio as of December 31, 2012 stood at US\$2.9 billion (December 31 2011: US\$2.7 billion). The market value per share increased to US\$5.9 from US \$5.4 per share. Net asset value per share calculated as market value less net debt divided by shares outstanding rose from RUB 87.7 to RUB 104.6.

Market value per square meter increased by 15.0% to US\$445 (2011: US\$387) due to changes in the project portfolio and differences in applied exchange rates.

Net asset value per share calculation

	2011	2012	Change
Market value, (RUB mn)	86,180	88,441	+2,285
Net debt, (RUB mn)	42,874	36,829	-6,045
Shares outstanding, (mn shares)	493.260	493.260	-
Market value per share, RUB/share	174.7	179.3	+4.6
NAV per share⁽¹⁾, RUB/share	87.7	104.6	+16.9

Source: CBRE, C&W, IFRS

Note: (1) NAV is calculated as MV per share less net debt per share

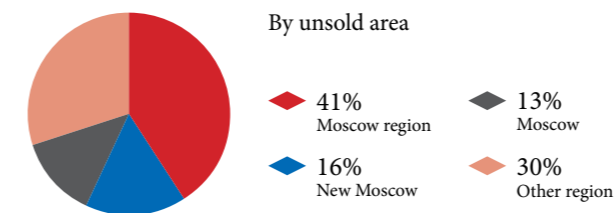
Portfolio of properties by region

	Number of projects	Size (ha)	Net selling area, PIK share (th sqm)	Market value (US\$ mn)	Value per sqm (US\$)
Moscow	24	142	831	1,507	1,813
New Moscow	3	144	1,057	226	214
Moscow region	24	677	2,665	845	317
Other regions	44	730	1,984	334	168
	95	1,693	6,537	2,912	445

Source: C&W

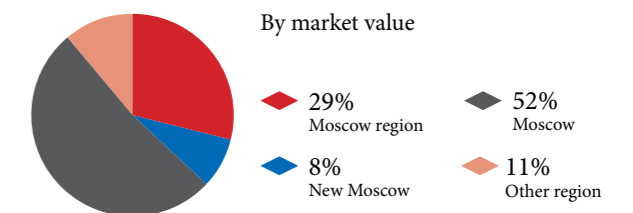
Project portfolio split by geography, %

6,537 th sqm
Total



Source: C&W

US\$2,912 MN
Total



Source: C&W

The average value of our portfolio per square meter was up by 20.0% to US\$1,813 in Moscow (excluding New Moscow territory), 13.4% to US\$317 in Moscow Region and 18.2% to US\$169 in Russia's regions, compared to the previous year.

The MMA represented 4.55 million sqm (70% of the total area) with a total market value of US\$2.58 billion (88.5% 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.

In total, the Group has a pipeline of 95 development projects at various stage of development of which 45 projects are currently in the course of development. They represent 4.45 million sqm (68.2% of total area) and have an underlying market value of US\$1.9 billion (65.6% of total value). The share of completed projects by value is negligible, representing around 1% of total project portfolio value.

Portfolio of properties by stages of development

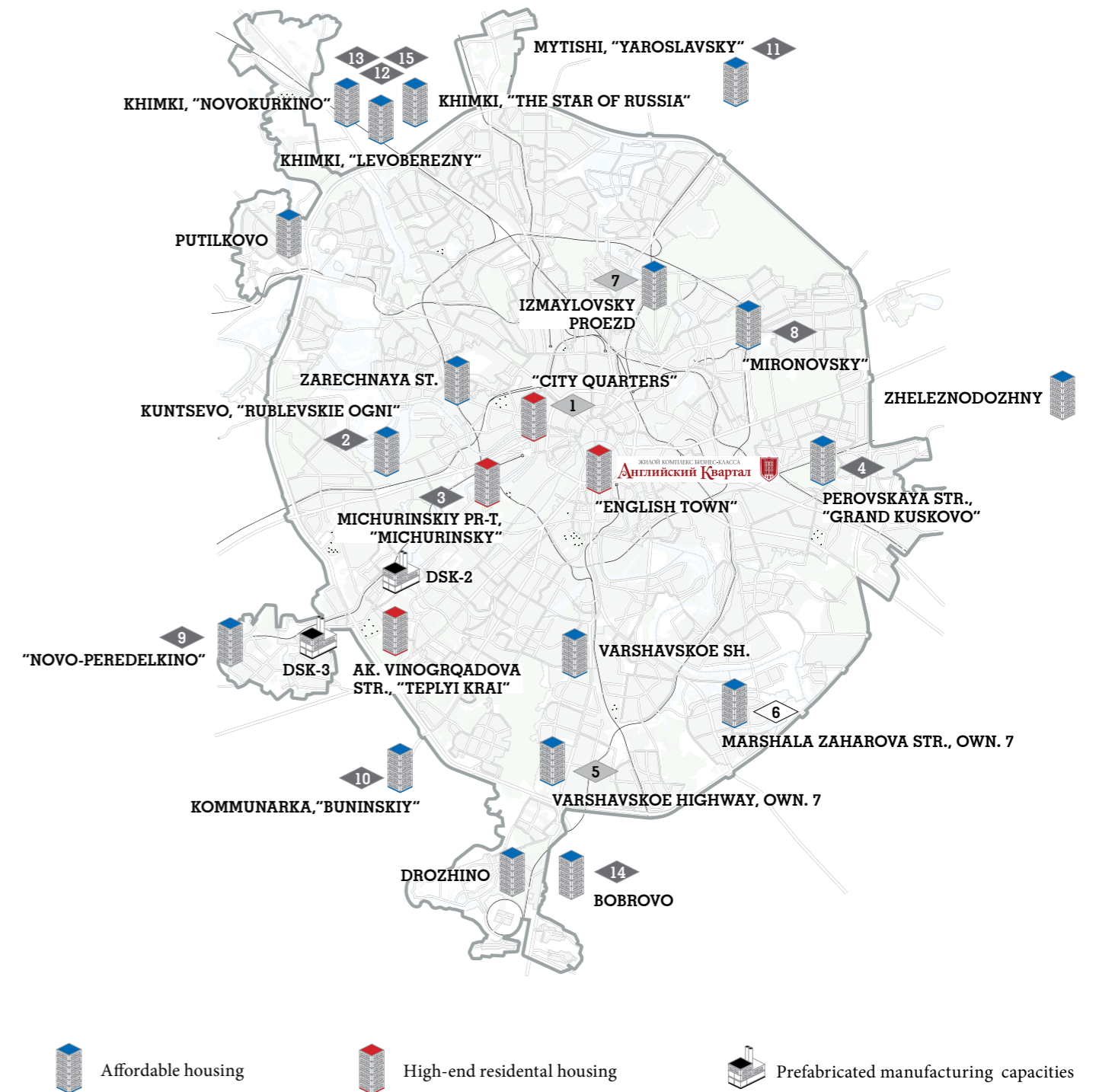
	Number of projects	Net selling area, PIK share (th sqm)	Market value (\$mn)
Projects completed and partially sold	19	67	95
Projects in course of development	45	4,458	1,910
Properties held for future development	31	2,012	907
	95	6,536	2,912

Source: C&W

PROJECT PIPELINE IN MMA

Top projects	Size (ha)	Total NSA (th sqm)	Unsold NSA (th sqm) 31.12.11	Unsold NSA (th sqm) 31.12.12	Market value (US\$ mn) 31.12.11	Market value (US\$ mn) 31.12.12	Total remaining budget (US\$ mn)
MOSCOW							
1 "City Quarters"	6.83	115	113	115	376	419	475
2 Kuntsevo	-	174	146	143	161	150	439
3 "Michurinsky"	19.03	35	64	26	133	141	0
4 "Grand Kuskovo"	15.32	142	132	88	135	131	230
5 "Varshavskie Ogni"	8.87	130	130	130	113	130	329
6 Marshala Zakharova str.	4.79	79	79	79	73	87	155
7 Izmaylovsky Proezd	3.5	58	54	58	51	69	135
8 "Mironovsky"	2.64	36	33	27	46	62	51
9 "Novo-Peredelkino"	21.22	211	34	16	72	55	28
				682	1 244		
"NEW" MOSCOW							
10 Kommunarka, "Buninsky"	127.79	1 069	1 069	1 049	168	212	1798
				1 049	212		
MOSCOW REGION							
11 Mytishi, "Yaroslavsky"	114.25	825	632	564	254	258	1282
12 Khimki, "Levoberegny"	41.67	412	301	252	171	166	368
13 Khimki, "Novokurkino"	81.0	833	239	183	90	91	436
14 Bobrovo	88	161	-	161	-	49	302
15 Khimki, "The Star of Russia"	5.78	192	109	84	47	47	140
				1 244	611		
SUBTOTAL				2 975	2 067		
Total all projects				6 537	2 912		
Subtotal as % of total				45.5%	71.0%		

Active development
 Active development starts in the next 6-12 months
 Predevelopment



Major portfolio of projects by value

		UNSOLD AREA, TH SQM	VALUE, \$MN
City Quarters	The Property is situated in the general area of Big City on Mantulinskaya Street near the Third Transport Ring and 1905 Goda Street. The Vystavochnaya metro station is within a 10-minute walk from the site. Moscow City, Expocentre, World Trade Centre office developments, and the building of the Government of the Russian Federation are located in the vicinity. Access to the Property is convenient by both public and private transport.	115	419
LOCATION: Moscow	The land plot will be developed with business class residential and apartment buildings of monolithic concrete structure, a 4 star hotel for 155 rooms, a retail complex of around 20 th sqm rentable areas and an underground car park for more than 3,700 spaces.		
TYPE: High-end residential			
Yaroslavsky	The Property is located in the city of Mytishi in the Moscow Region next to the Moscow Outer Ring Road (MKAD). Mytishi is one of the largest satellite cities of Moscow with a population of approximately 164,000 people. Once completed, the Property will accommodate more than 45,000 citizens. The site can be conveniently accessed by Yaroslavskoye and Ostashkovskoye highways. The journey by car to the centre of Moscow takes about 30 minutes. Access to Moscow by public transport is possible by shuttle buses to the nearest metro stations (Medvedkovo, Babushkinskaya, Altufievo). The Property is comprised of three land plots with a total area of 114.25 ha in the course of development with 58 buildings, including:	564	258
LOCATION: Mytishi, Moscow region	<ul style="list-style-type: none"> • 42 multi-story residential buildings with some commercial properties on the ground floors, totalling 1,094,555 sqm net selling area. • 14 stand alone commercial buildings with leasable areas varying from 1 th sqm to 7.5 th sqm; • Stand alone fitness centre of 10 th sqm; • Parking for approximately 10,457 cars. 		
TYPE: Mass market residential			
Levoberezhny	Khimki is situated at the intersection of one of the most important transport corridors of Russia, namely the Moscow-St. Petersburg highway, the Oktyabrskaya railway, and the Moscow River. Khimki is one of the largest satellite cities of Moscow with a population of approximately 186,000 people. The Property is located about 1 km from the MKAD. Access to the Property is possible by both public and private transport. The distance to the centre of Moscow is approximately 20 km. It takes between 30 minutes to reach the centre by car. Access to Moscow by public transport is possible by shuttle buses to the nearest metro stations (Rechnoy vokzal, Planernaya, Tushinskaya and Voikovskaya). The Master Plan includes construction on the 55.8 ha site of 577,286.9 sqm of net selling area of apartments (of this, eight residential buildings with 77,286.9 sqm of NSA belong to The Star of Russia micro district which is located nearby), eight car parks with 4,960 parking spaces, four shopping centers of 9,705 sqm and social infrastructure. PIK plans to construct on the sites 15 residential buildings, seven car parks, infrastructure facilities and three local shopping centers.	252	166
LOCATION: Khimki, Moscow region			
TYPE: Mass market residential			
Buninsky	The Property is located in the Moscow Region's Leninsky Administrative District, in close proximity to "South Butovo" residential microdistrict, 4 km south west of the Moscow Outer Ring Road (MKAD) along Kaluzhskoye highway. Access to the Property is convenient by public transport: by buses # 213, 165 and 288 from "Buninskaya Alley" metro station, some 10 minutes away. The subject land site is planned for development with a new residential complex including multistory residential buildings, schools, kindergartens, commercial premises on the ground floors of the residential buildings and a stand alone retail centre.	1,049	212
LOCATION: Kommunarka, New Moscow			
TYPE: Mass market residential			
Rublevskie Ogn	The Properties are located at Akademika Pavlova Street, at the intersection of Rublevskoe highway and Yrtsevskaya Street. Molodezhnaya metro station is located in the vicinity. Residents of the area enjoy close proximity to Suvorovsky Park and the Moscow River, which are located on the opposite side of Rublevskoe highway to the Property's east. A popular recreational venue for Moscow residents – the Serebryany Bor forest park – is located not far from the Property to the north. The area is well developed in terms of amenities. Access to the Property is convenient by both public and private transport. The project represents the construction of several buildings of monolithic concrete construction complying with business and economy class residential standards. The residential properties will be delivered in shell & core condition. The buildings will be supplied with underground parking.	143	150
LOCATION: Kuntsevo, Moscow			
TYPE: High-end residential			

Grand Kuskovo**LOCATION:**
Moscow**TYPE:**
Mass market residential

Perovskaya Street is situated in eastern Moscow's Novogireevo district at the intersection with Novoteterki Street. To the south of the Property across the railway line is Kuskovo, a historical park with the Kuskovskiye lakes. To the north west of the Property is Perovsky Park. Access to the Property is convenient by both public and private transport. Kuskovo railway station on the Gorkovskoye line is nearby. The nearest metro stations are Perovo and Novogireyevy on the Kalininskaya line. The preliminary project proposes the construction of eight residential buildings of P3M panel construction with underground parking and two stand alone garage buildings.

88**131****Michurinsky****LOCATION:**
Moscow**TYPE:**
High-end residential

Michurinsky Prospect is situated in south west Moscow between Kutuzovsky and Leninsky Avenues. The location is considered very prestigious for middle-class accommodation. The area is undergoing rapid development; the majority of new buildings are of quality monolithic concrete construction with underground parking facilities. The area is well developed in terms of amenities. Access to the Property is convenient by both public and private transport. Universitet and Prospect Vernadskogo metro stations are fifteen minutes away by public transport. The Property comprises a 19.03 ha site in the course of development with several buildings of monolithic concrete construction. The project complies with business class residential standards.

26**141****Varshavskie Ogn****LOCATION:**
Moscow**TYPE:**
Mass market residential

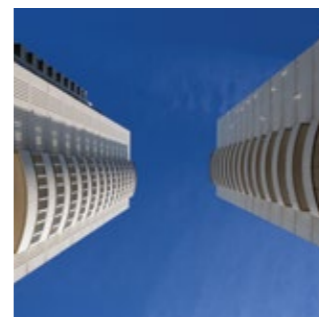
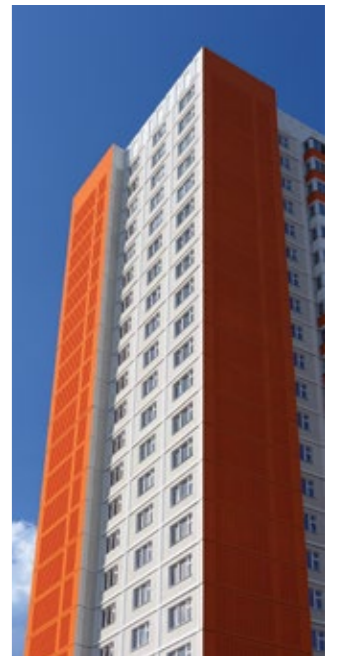
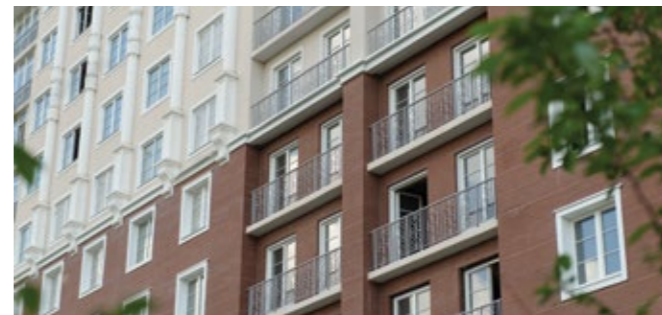
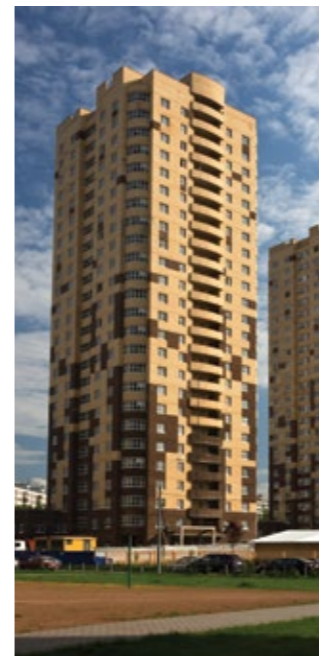
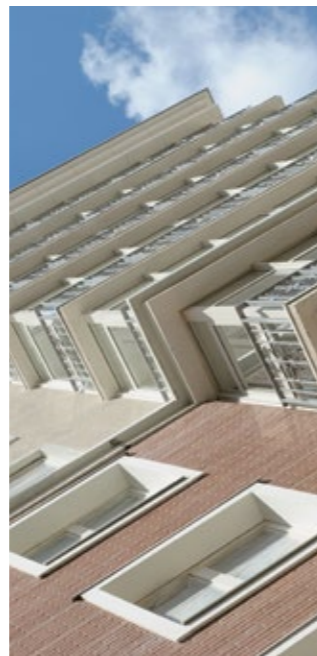
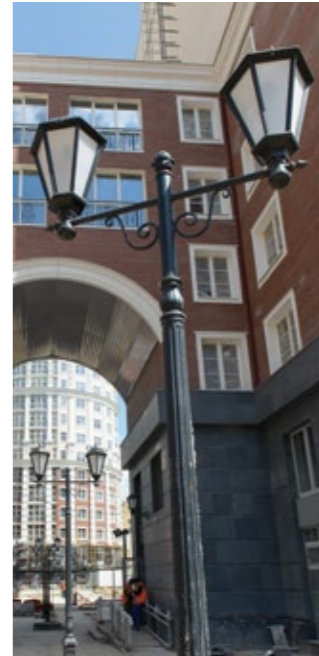
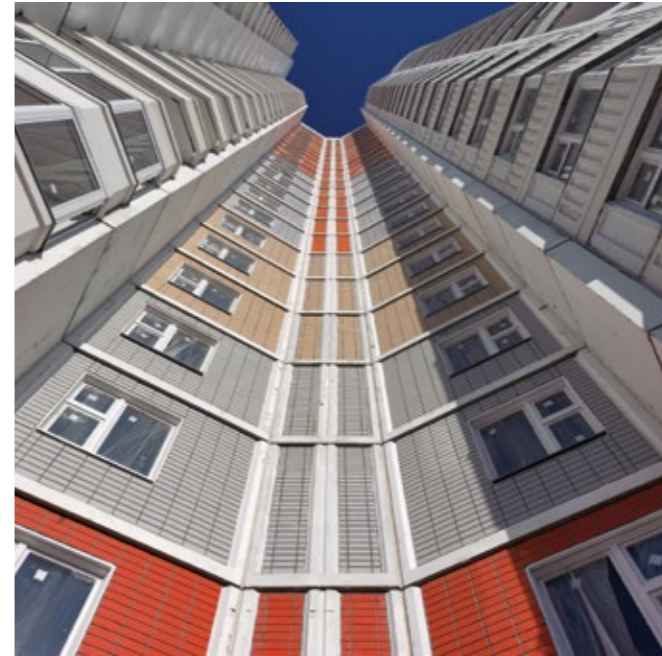
The Property is located in the southern part of Moscow, near the intersection of Varshavskoe Highway and Kirpichnye Vyemki Street. The Property has good access both by public and private transport. Annino and Ulitsa Akademika Yangelya metro stations are located within walking distance of the Property. Bitsevsky Park is located in the vicinity of the Property, across Varshavskoe Highway. The Property comprises a 7.37 ha land plot which is currently occupied by the former "GazStroy mash" factory. The developer intends to demolish the factory and build the residential complex on the site.

130**130****Novokurkino****LOCATION:**
Khimki, Moscow region**TYPE:**
Mass market residential

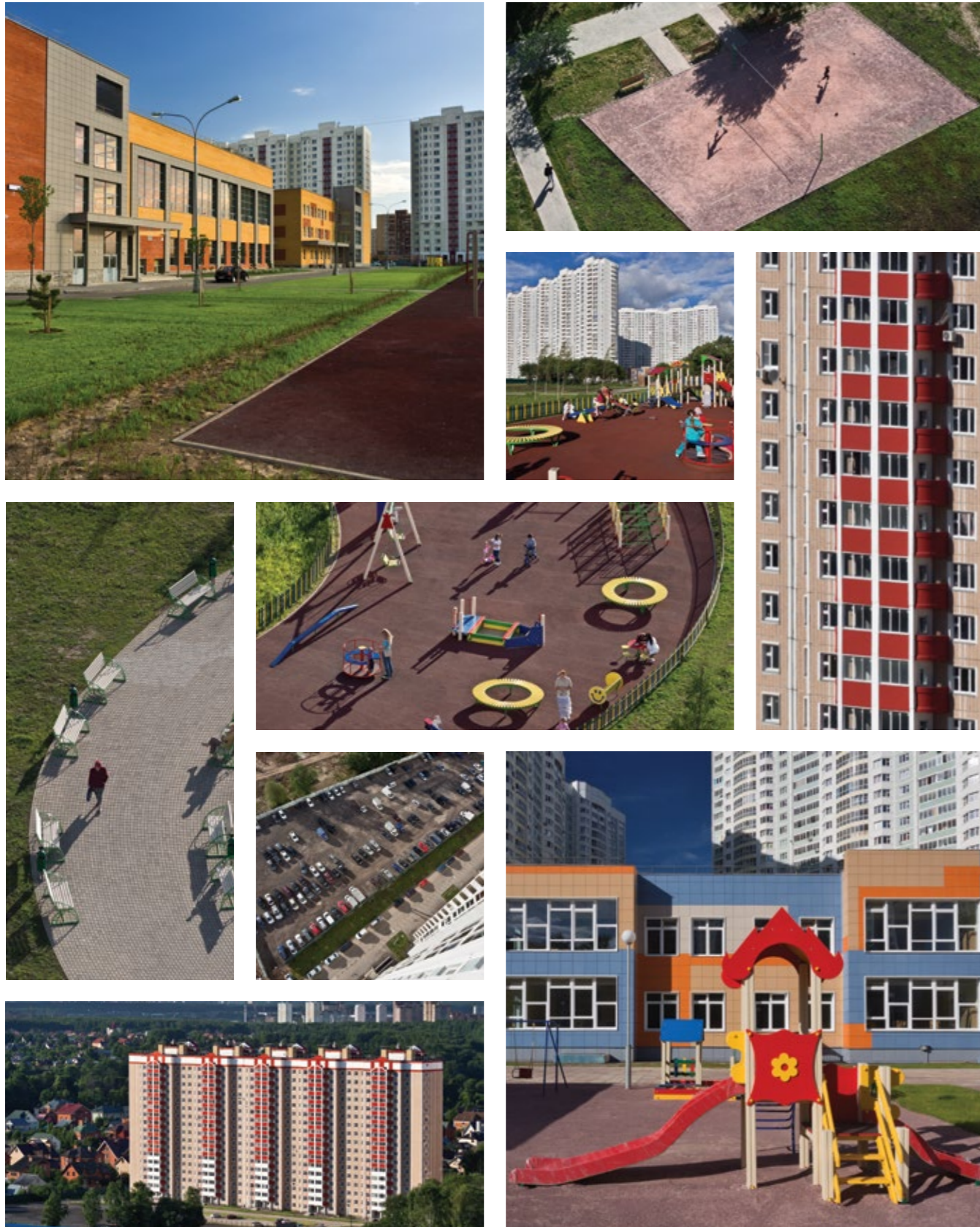
Khimki is situated at the intersection of one of the most important transport corridors of Russia, namely the Moscow-St. Petersburg highway, the Oktyabrskaya railway, and the Moscow River. Khimki is one of the largest satellite cities of Moscow with a population of approximately 186,000 people. The Property is located about 4 km from the MKAD. Access to the Property is convenient by both public and private transport. The distance to the centre of Moscow via Leningradskoe highway is approximately 25 km. Access to Moscow by public transport is possible by shuttle buses to the nearest metro stations (Rechnoy vokzal, Planernaya, Tushinskaya and Voikovskaya). PIK will also build appropriate social infrastructure such as kindergartens, schools and sports centres to serve the entire neighbourhood. The panel residential properties will be delivered in turnkey condition, monolith – in shell and core. The commercial properties will be delivered in shell & core condition. The residential buildings will comply with economy class standards.

183**91****Subtotal 2,550 1,698****As of total 39.0% 58.3%**

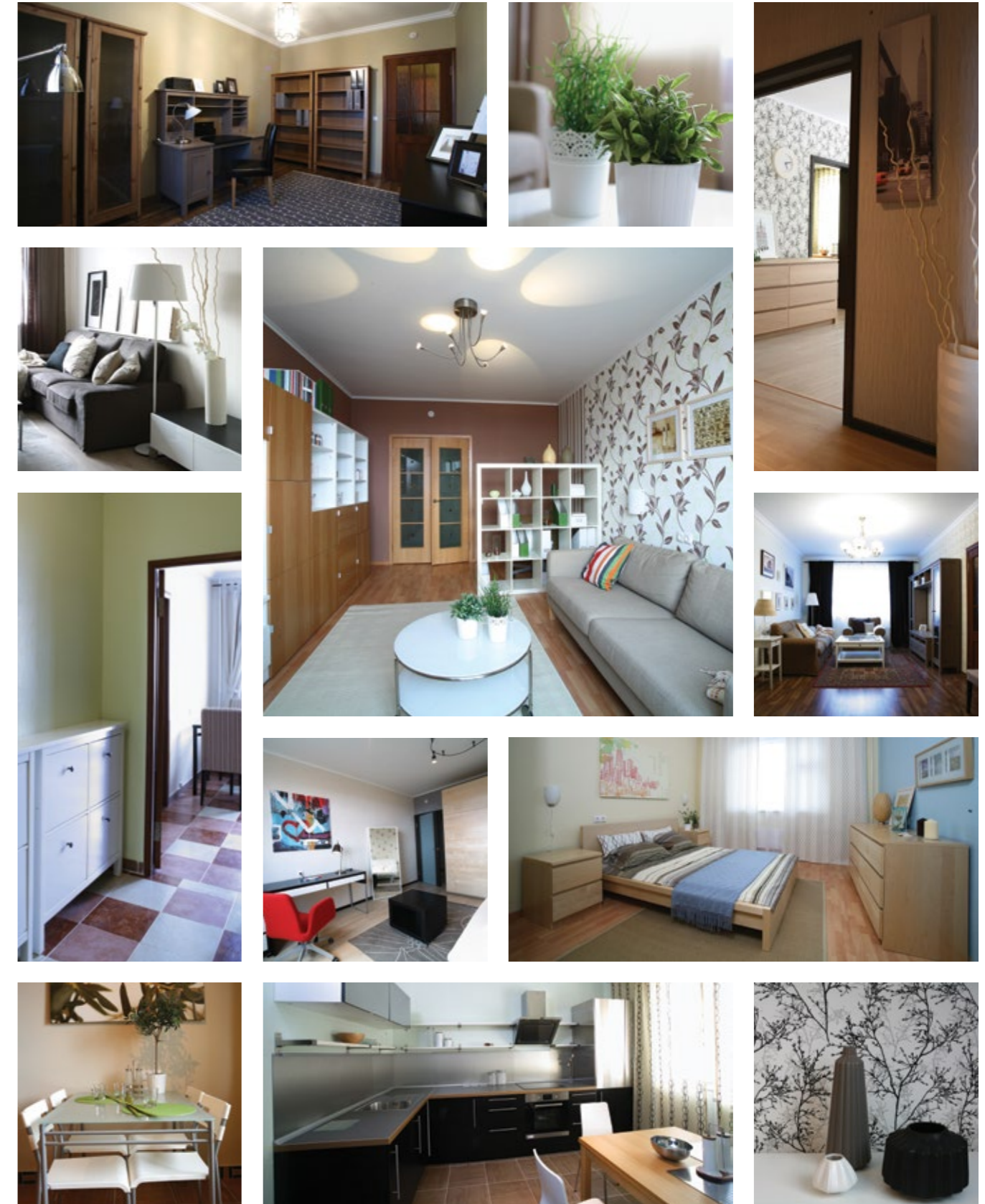
Development projects



Social infrastructure



Outfits introduced to market in 2011



MOSCOW: CITY QUARTERS

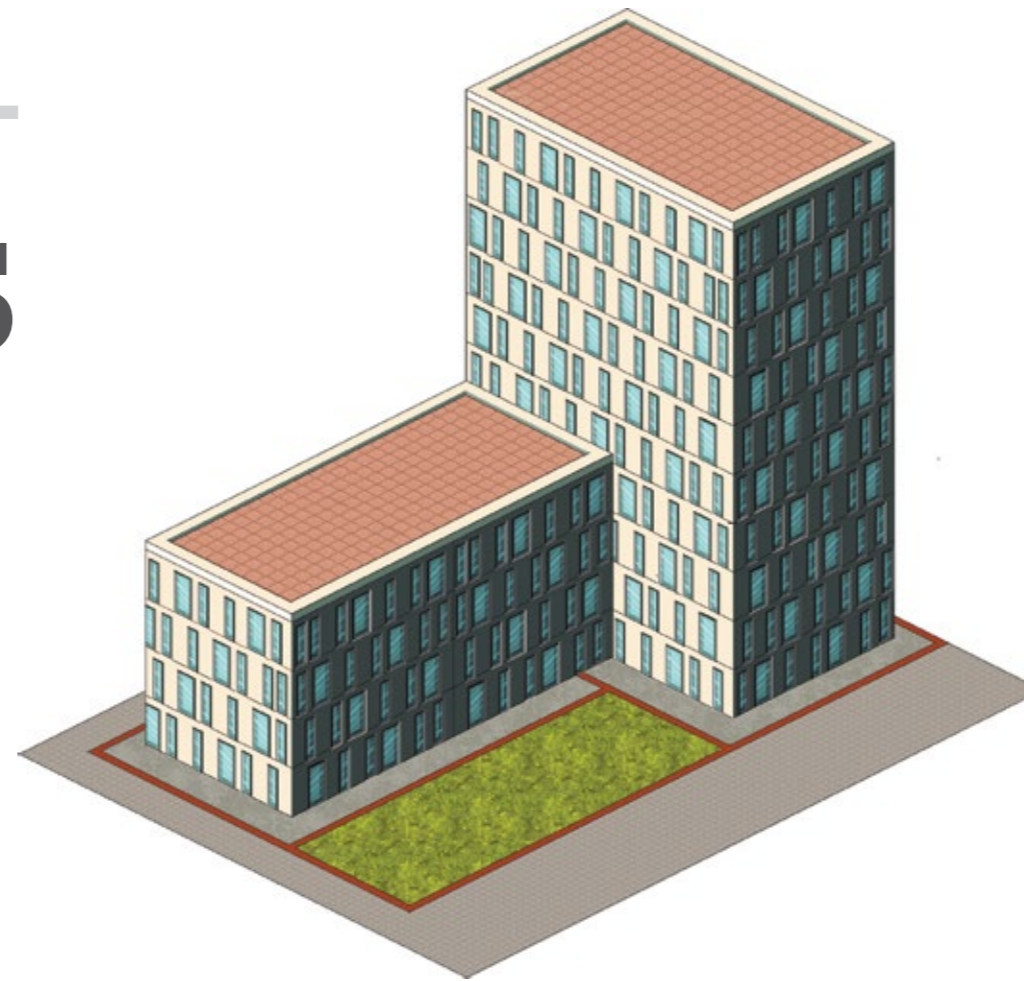
The Property is situated in the general area of Big City on Mantulinskaya Street near the Third Transport Ring and 1905 Goda Street. The Vystavochnaya metro station is within a 10-minute walk from the site.

Moscow City, Expocentre, World Trade Centre office developments, and the building of the Government of the Russian Federation are located in the vicinity.

Access to the Property is convenient by both public and private transport.

The land plot will be developed with business class residential and apartment buildings of monolithic concrete structure, a 4 star hotel for 155 rooms, a retail complex of around 20,000 sq m rentable areas and an underground car park for more than 3,700 spaces.

This project is a brownfield redevelopment of the former Krasnopresnensky sugar plant, which is currently used as warehousing.



6.83 ha

Land plot

115 th sqm

NSA (PIK share, unsold)

115 th sqm

Total NSA
(PIK share)

US\$475 mn

Total remaining
budget

115 th sqm

Total NSA

May 2012



2017E



MOSCOW: ENGLISH TOWN

ЖИЛОЙ КОМПЛЕКС БИЗНЕС-КЛАССА
Английский Квартал



The English Neighborhood residential development is located between the Garden Ring Road and the Third Ring Road just to the south of central Moscow.

The area is very popular among home buyers. More than twenty embassies are located in the area. The English Neighborhood is conceived as a district of high-quality residences.

Access to the Property is convenient by both public and private transport. There are five metro stations in the neighborhood's vicinity: Shabolovskaya, Dobryninskaya, Serpukhovskaya, Otyabrskaya and Tulsкая. Access is also very convenient from the city's main roads: Leninsky Prospect, Bolshaya Yakimanka, Bolshaya Polyanka and Pyatnitskaya Streets. The area is very well developed in terms of amenities.

The Property is constructed of cast reinforced concrete. Buildings will include studio apartments, apartments and penthouses. The commercial properties will include premises located on the ground floors of the residential buildings.

PIK will also build an underground parking garage with 1,193 spaces (PIK's share is 835).

The project was completed in 2012.



4.23 ha

Land plot

8,039 sqm

NSA (PIK share, unsold)

74,653 sqm

Total NSA (PIK share)

US\$43 mn

Total remaining budget

103,071 sqm

Total NSA

2

Total buildings

May 2012



May 2013



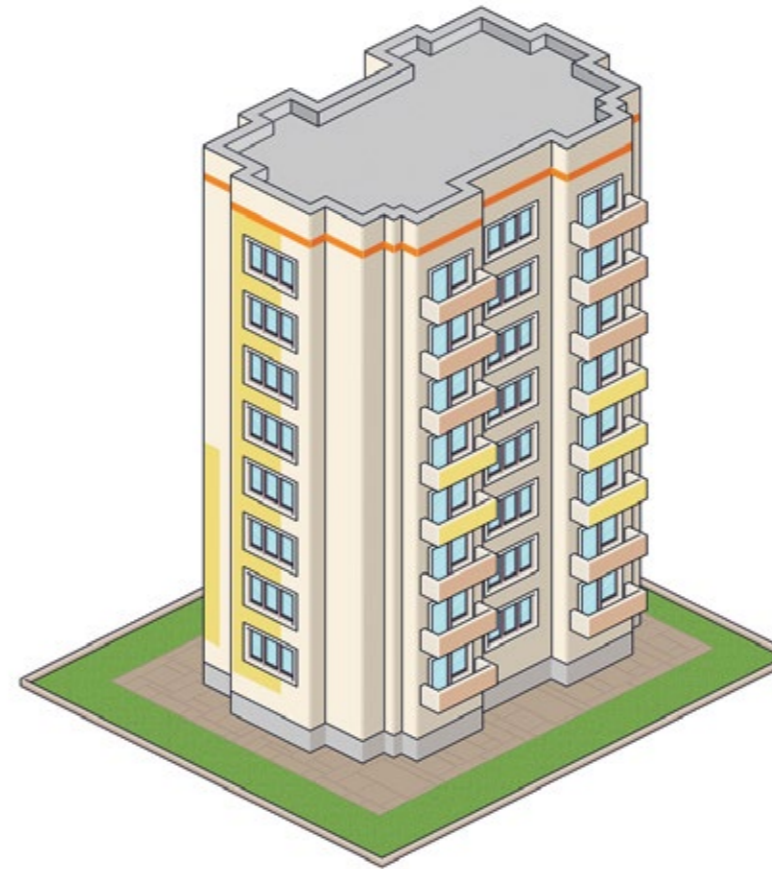
PEROVSKAYA STR.: GRAND KUSKOVO

Perovskaya Street is situated in eastern Moscow's Novogireevo district at the intersection with Novoteterki Street. To the south of the Property across the railway line is Kuskovo, a historical park with the Kuskovskie lakes. To the north west of the Property is Perovsky Park.

Access to the Property is convenient by both public and private transport. Kuskovo railway station on the Gorkovskoye line is nearby. The nearest metro stations are Perovo and Novogireyevo on the Kalininskaya line.

The preliminary project proposes the construction of eight residential buildings of P3M panel construction with underground parking and two stand alone garage buildings.

Construction works started in first quarter of 2012.



15.32 ha

Land plot

88,348 sqm

NSA (PIK share, unsold)

141,931 sqm

Total NSA (PIK share)

US\$229 mn

Total remaining budget

141,931 sqm

Total NSA

12

Total buildings

May 2012



May 2013



NORTH-EAST MOSCOW: MIRONOVSKY

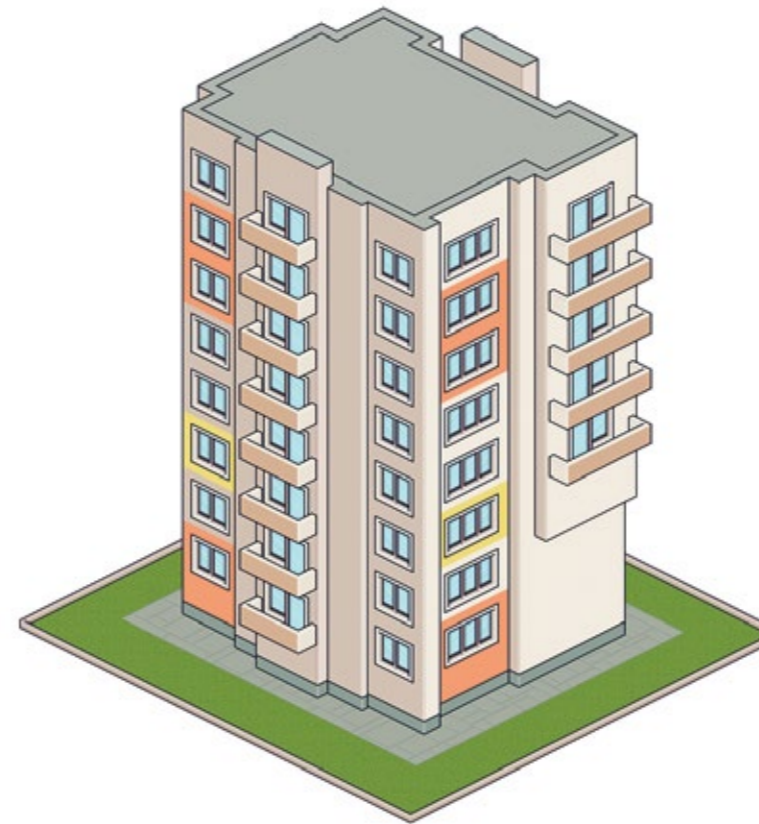
The Property is located in the north-eastern part of Moscow, between three metro stations: Preobrazhenskaya Ploshad, Semenovskaya and Partizanskaya.

The subject location is mainly industrial in nature; however, in recent times, obsolete industrial buildings have been replaced by new housing.

A former weaving mill is currently located on the site. PIK intends to demolish the factory and construct a residential complex on the site.

The preliminary project proposes construction of residential buildings of panel construction and underground parking with 700 spaces. The residential apartments will be delivered in shell & core condition as standard.

Construction works have been started in first quarter of 2012.



2.64 ha

Land plot

26,662 sqm

NSA (PIK share, unsold)

35,762 sqm

Total NSA
(PIK share)

US\$51 mn

Total remaining
budget

35,762 sqm

Total NSA

3

Total buildings

May 2012



May 2013



KUNTSEVO: RUBLEVSKIE OGNI

The Properties are located at Akademika Pavlova Street, at the intersection of Rublevskoe highway and Yrtsevskaya Street. Molodezhnaya metro station is located in the vicinity.

Residents of the area enjoy close proximity to Suvorovsky Park and the river Moscow, which are located on the opposite side of

Rublevskoe highway to the Property's east. A popular recreational venue for Moscow residents – the Serebryany Bor forest park – is located not far from the Property to the north. The area is well developed in terms of amenities. Access to the Property is convenient by both public and private transport.

The project represents the construction of several buildings of monolithic concrete construction complying with business and economy class residential standards.

The residential properties will be delivered in shell & core condition. The buildings will be supplied with underground parking.



0.95 ha

Land plot

143,453 sqm

NSA (PIK share, unsold)

174,284 sqm

Total NSA
(PIK share)

US\$439 mn

Total remaining
budget

177,111 sqm

Total NSA

May 2012



May 2013



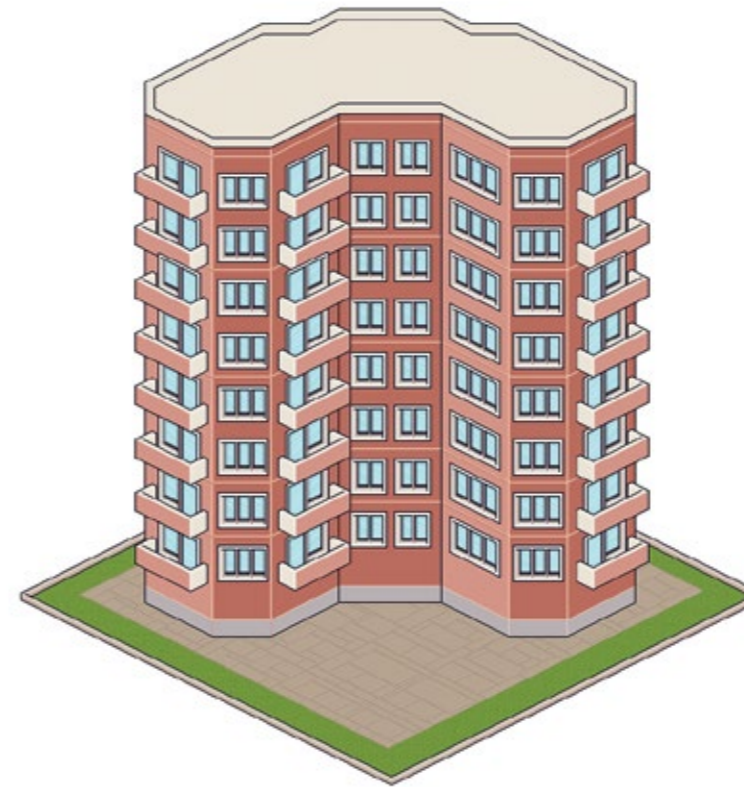
SOUTH-WEST MOSCOW: MICHURINSKIY PR-T, 5-6

Michurinsky Prospect is situated in south west Moscow between Kutuzovsky and Leninsky Avenues. The location is considered very prestigious for middle-class accommodation. The area is undergoing rapid development; the majority of new buildings are of quality monolithic concrete construction with underground parking facilities. The area is well developed in terms of amenities. Access to the Property is convenient by both public and private transport.

Universitet and Prospect Vernadskogo metro stations are fifteen minutes away by public transport.

The Property comprises a 19.03 ha site in the course of development with several buildings of monolithic concrete construction. The project complies with business class residential standards.

Overall, PIK has a 16% stake in project, which is prepaid in full



19.03 ha

Land plot

25,611 sqm

NSA (PIK share, unsold)

34,500 sqm

Total NSA (PIK share)

US\$0 mn

Total remaining budget

34,500 sqm

Total NSA

2

Total buildings

May 2012



May 2013



KHIMKI: NOVOKURKINO

Khimki is situated at the intersection of one of the most important transport corridors of Russia, namely the Moscow-St. Petersburg highway, the Oktyabskaja railway, and the Moscow River. Khimki is one of the largest satellite cities of Moscow with a population of approximately 186,000 people. The Property is located about 4 km from the MKAD. Access to the Property is convenient by both public and private transport. The distance to the centre of Moscow via Leningradskoe highway is approximately 25 km. It takes between 30 minutes and 1.5-2 hours (during peak time) to reach the city centre. Once completed,

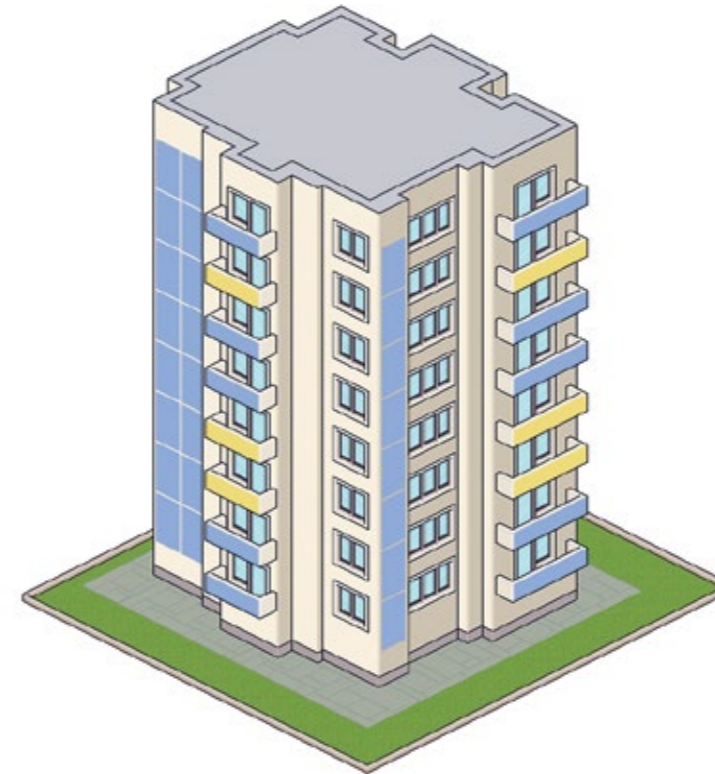
the Property will accommodate more than 35,000 citizens.

Access to Moscow by public transport is possible by shuttle buses to the nearest metro stations (Rechnoy vokzal, Planernaya, Tushinskaya and Voikovskaya) and by rail (the nearest stations are Planernaya and Khimki, 3 km and 4 km away respectively; the total travel time to the city centre is about 1 hour).

The surrounding neighbourhood comprises mainly residential buildings. A large shopping mall, Mega, is located within

walking distance of the Property. NLA of the mall is over 175,000 sq m and includes the IKEA and Auchan supermarkets, the OBI DIY centre and the Kinostar cinema.

PIK will also build appropriate social infrastructure such as kindergartens, schools and sports centres to serve the entire neighbourhood. The panel residential properties will be delivered in turnkey condition, monolith – in shell and core. The commercial properties will be delivered in shell & core condition. The residential buildings will comply with economy class standards.



81.00 ha

Land plot

182,926 sqm

NSA (PIK share, unsold)

833,255 sqm

Total NSA (PIK share)

US\$436 mn

Total remaining budget

854,902 sqm

Total NSA

38

Total buildings

May 2012



May 2013



KHIMKI: LEVOBEREGNY

Khimki is situated at the intersection of one of the most important transport corridors of Russia, namely the Moscow-St. Petersburg highway, the Oktyabrskaya railway, and the Moscow River. Khimki is one of the largest satellite cities of Moscow with a population of approximately 186,000 people.

The Property is located about 1 km from the MKAD. Access to the Property is possible by both public and private transport. The distance to the centre of Moscow is approximately 20 km. It takes between 30 minutes and 1.5-2 hours (during peak time) to reach the centre by car.

Access to Moscow by public transport is possible by shuttle buses to the nearest metro stations (Rechnoy vokzal, Planernaya, Tushinskaya and Voikovskaya) and by rail (the nearest station is Levoberezhnaya, 1.5 km away; the total travel time to the city centre is 1 hour).

The surrounding neighbourhood comprises mainly residential buildings.

The Master Plan includes construction on the 55.8 ha site of 577,286.9 sqm of net selling area of apartments (of this, eight residential buildings with 77,286.9 sqm of NSA belong to The Star of Russia micro district which is located nearby), eight car parks with 4,960

parking spaces, four shopping centers of 9,705 sqm and social infrastructure.

PIK plans to construct on the sites 15 residential buildings of P3M, P11M, KOPE panel series and monolithic concrete construction, seven car parks, infrastructure facilities and three local shopping centers.

The residential buildings of panel construction will be delivered in turnkey condition, and the monolithic concrete buildings and commercial properties will be delivered in shell and core condition.

The residential buildings will comply with economy class standards.



41.67 ha

Land plot

252,167 sqm

NSA (PIK share, unsold)

412,235 sqm

Total NSA
(PIK share)

412,235 sqm

Total NSA

US\$368 mn

Total remaining
budget

24

Total buildings

May 2012



May 2013



MYTISHI: YAROSLAVSKY

The Property is located in the city of Mytishi in the Moscow Region next to the Moscow Outer Ring Road (MKAD). Mytishi is one of the largest satellite cities of Moscow with a population of approximately 164,000 people. Once completed, the Property will accommodate more than 45,000 citizens.

The site can be conveniently accessed by Yaroslavskoye and Ostashkovskoye highways. The journey by car to the centre of Moscow takes about 30 minutes (or up to 1.5-2.0 hours during peak time). Access to Moscow by public transport is possible by

shuttle buses to the nearest metro stations (Medvedkovo, Babushkinskaya, Altufievo) and by rail (the nearest stations are Perlovskaya and Mytishi with a total travel time of 1 hour to the city centre).

The Property is comprised of three land plots with a total area of 114.25 ha in the course of development with 58 buildings, including:

- 42 multi-story residential buildings with some commercial properties on the ground floors, totalling 1,094,555 sqm net selling area. The buildings comprise panel P3M, panel KOPE and monolith concrete structures. The residential properties

of panel construction will be delivered in turnkey condition, and the monolith buildings in shell and core condition as standard. The residential buildings will comply with economy class standards.

- 14 stand alone commercial buildings with leasable areas varying from 1 th sqm to 7.5 th sqm.;
- Stand alone fitness centre of 10 th sqm;
- Parking for approximately 10,457 cars.



PIK has a 75% stake in the project, while the rest is owned by GIC Real Estate investment fund from Singapore.



114.25 ha

Land plot

564,142 sqm

NSA (PIK share, unsold)

825,221 sqm

Total NSA
(PIK share)

US\$1,282 mn

Total remaining
budget

1,140,249 sqm

Total NSA

51

Total buildings

May 2012



May 2013



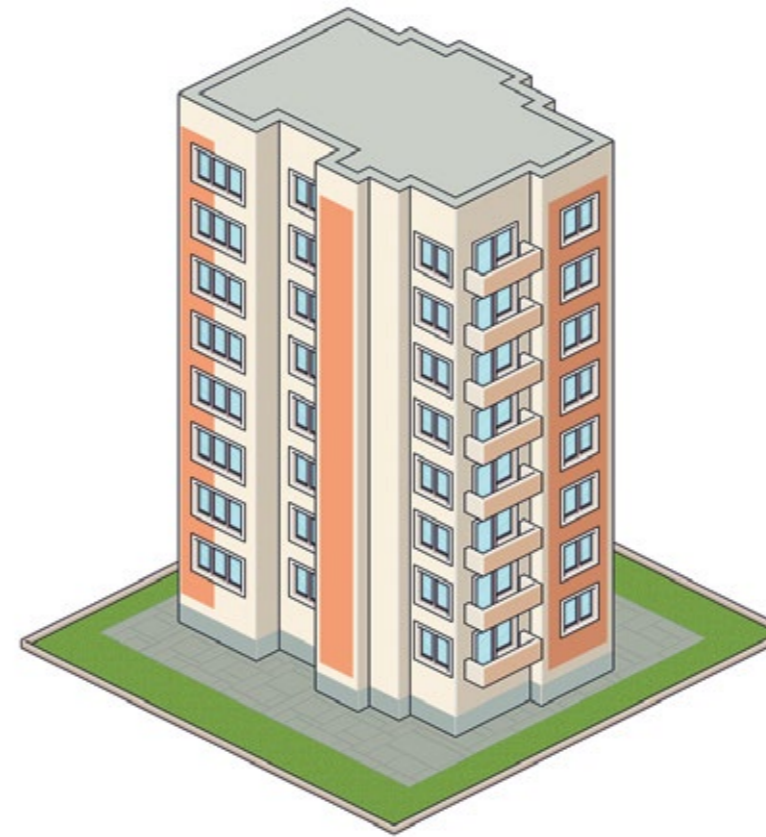
KOMMUNARKA: BUNINSKY

The Property is located in the Moscow Region's Leninsky Administrative District, in close proximity to "South Butovo" residential microdistrict, 4 km south west of the Moscow Outer Ring Road (MKAD) along Kaluzhskoye highway.

Access to the Property is convenient by public transport: by buses ## 213, 165 and 288 from "Buninskaya Alley" metro station, some 10 minutes away.

The subject land site is planned for development with a new residential complex including multistory residential buildings, schools, kindergartens, commercial premises on the ground floors of the residential buildings and stand alone retail centre.

Active construction works started in April 2012.



127.79 ha

Land plot

1,049,458 sqm

NSA (PIK share, unsold)

1,069,203 sqm	US\$1,797 mn
Total NSA (PIK share)	Total remaining budget

1,080,001 sqm	38
Total NSA	Total buildings

May 2012



May 2013



ZHELEZNODOROZHNY: CENTER – 2

New Center-2 project, located in Zheleznodorozhny, is approximately 10 km away to the east of Moscow.

The residential microdistrict CENTER-2 comprises six residential quarters of integrated development and located on a total area of 163 ha. The project has its own infrastructure including spacious courtyards, eight schools for 5,500 children and 11 kindergartens for 1,425 kids, two medical clinics, parking and shopping centers, commercial premises on the ground floors of the residential buildings.

Besides it is planned to build a fire station, primary health centre and road police unit.

A wide central boulevard will lead to the main square of the microdistrict.

The problem of car storage will be solved by the construction of eight multi-storey garages and underground parking for 300 cars.

In the nearest future CENTER-2 will be the central geographical and social part of the Zheleznodorozhny.

The district is easy to access by public and personal transport, it is located within about 20-30 minutes drive from the nearest metro stations: Novogireevo and Vikhino.

CENTER-2 is located in the central part of the Zheleznodorozhny just 15 minute walk from the railway station. There is also a 30 minute train journey to the Kurskiy railway station in the center of Moscow.



37.33 ha

Land plot

231,949 sqm

NSA (PIK share, unsold)

232,120 sqm

Total NSA
(PIK share)

US\$407 mn

Total remaining
budget

464,265 sqm

Total NSA

27

Total buildings

THIS PROJECT
HAD BEEN
ACQUIRED
AND STARTED
IN 2012

May 2013



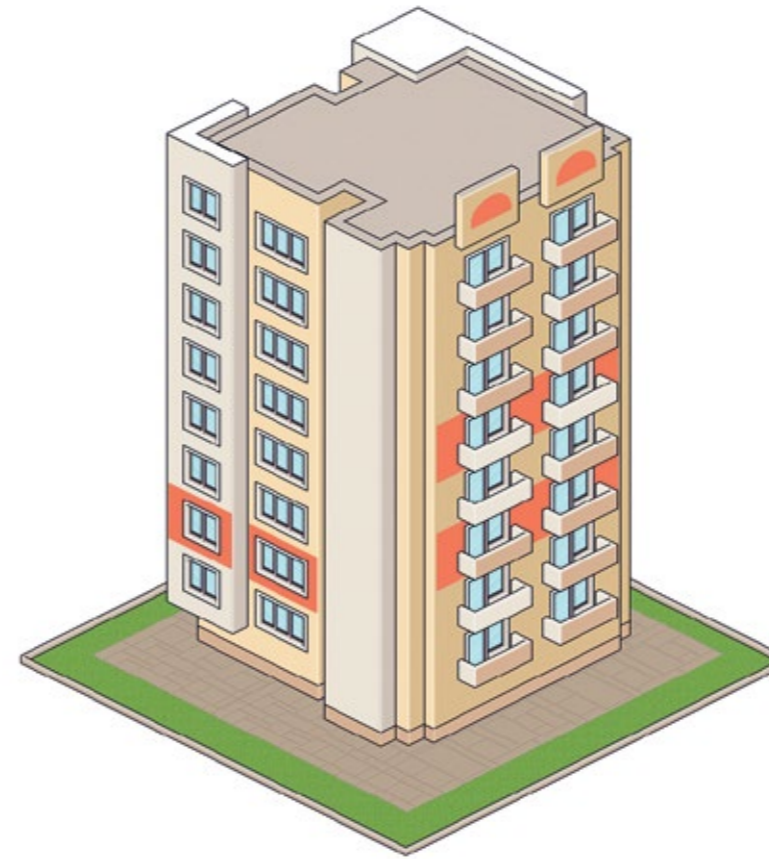
OBNINSK: BORISOGLEBSKY

The Property is located in Obninsk, Kaluga Region 100 km to the south-west of Moscow. Obninsk is one of the major Russian science cities.

The Property is located in the outskirts area of Obninsk, micro region #55. Multi-storey residential buildings with well developed infrastructure – schools, shops and number of cafés are located on the opposite side. Overground parking under construction is located next to subject property.

Private residential houses and garden plots are located near the property.

Access to the property is convenient by both public and private transport. Taking into consideration the size of Obninsk, the city centre can be easily reached within 10 minutes. There are a number of buses and fixed-run taxis connecting micro region #55 with the city centre.



13.5 ha

Land plot

133,221 sqm

NSA (PIK share, unsold)

170,045 sqm

Total NSA (PIK share)

US\$135 mn

Total remaining budget

170,046 sqm

Total NSA

14

Total buildings

May 2012



May 2013



OBNINSK: SEVERNY

The Property is located in Obninsk, Kaluga Region 100 km to the south-west of Moscow. Obninsk is one of the major Russian science cities.

The Property is located in the outskirts area of Obninsk, micro region #38. Multi-storey residential buildings with well developed infrastructure – schools, shops and number of cafés are located on the opposite side. Overground parking under construction is located next to subject property.

Access to the property is convenient by both public and private transport. Taking into consideration the size of Obninsk, the city centre can be easily reached within 10 minutes. There are number of buses and fixed-run taxi connecting micro region # 38 with the city centre.

The Property comprises eleven residential buildings of prefabricated monolith concrete with Overground parking.

The project was completed in 2012.



2.27 ha

Land plot

1,357 sqm

NSA (PIK share, unsold)

82,136 sqm

Total NSA
(PIK share)

US\$0.5 mn

Total remaining
budget

82,136 sqm

Total NSA

8

Total buildings

May 2012



May 2013



YAROSLAVL: SOKOL

The Property is located in Frunzensky district, in microdistricts #1 and #5 in Yaroslavl. A large residential development site is located across the street from the Property and is also being developed by PIK (the buildings are at different stages of development – ranging from ground works to commissioned buildings). One side of the Property is bounded by Prospect Frunze and the other side by the railway line.

The Property enjoys good access by car and by public transport. Access to the city centre is via Prospect Frunze. The Property is 15 minutes by car from the city centre.

The land plot is flat and regularly shaped. The Property is held for the development of multi-storey residential buildings with some commercial premises on the ground floor, stand alone car-parks, and social infrastructure.



37.51 ha

Land plot

331,754 sqm

NSA (PIK share, unsold)

408,016 sqm

Total NSA (PIK share)

US\$310 mn

Total remaining budget

423,454 sqm

Total NSA

18

Total buildings

May 2012



May 2013



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2012

RUB mn	Note	2012	2011
ASSETS			
Non-current assets			
Property, plant and equipment	15	9,076	9,023
Intangible assets	16	16,618	26,843
Investments in equity accounted investees	9	140	-
Other investments		7	8
Deferred tax assets	18	1,537	897
Total non-current assets		27,378	36,771
Current assets			
Inventories	19	82,318	76,026
Other investments		153	291
Income tax receivable		309	1,081
Trade and other receivables	20	11,276	11,731
Cash and cash equivalents		5,067	2,874
Total current assets		99,123	92,003
Total assets		126,501	128,774
EQUITY AND LIABILITIES			
Equity			
Share capital		30,843	30,843
Additional paid-in capital		(8,424)	(8,424)
Retained earnings		(19,544)	(22,706)
Total equity attributable to equity holders of the Company		2,875	(287)
Non-controlling interest		470	505
Total equity		3,345	218
Non-current liabilities			
Loans and borrowings	22	33,014	27,549
Trade and other payables		212	142
Deferred tax liabilities	18	1,753	1,687
Total non-current liabilities		34,979	29,378
Current liabilities			
Loans and borrowings	22	10,197	19,522
Trade and other payables	23	50,293	54,824
Provisions	24	27,378	24,561
Income tax payable		309	271
Total current liabilities		88,177	99,178
Total liabilities		123,156	128,556
Total equity and liabilities		126,501	128,774

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2012

RUB mn	Note	2012	2011
Revenue	6	66,129	45,991
Cost of sales	7	(51,701)	(37,306)
Gross profit		14,428	8,685
Gain on disposal of subsidiaries and development rights, net	9	131	2,298
Distribution expenses	10	(750)	(624)
Administrative expenses	11	(3,503)	(3,487)
Reversal of impairment losses and impairment loss, net	17	210	2,877
Other income and expenses, net	13	(16)	1,621
Finance income	12	306	1,600
Finance costs	12	(6,775)	(6,558)
Profit before income tax		4,031	6,412
Income tax expense	14	(904)	(1,607)
Profit and total comprehensive income for the year		3,127	4,805
Attributable to:			
Owners of the Company		3,162	4,645
Non-controlling interest		(35)	160
Total comprehensive income for the year		3,127	4,805
Basic and diluted profit per share		6.41	9.42

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2012

RUB mn	2012	2011
OPERATING ACTIVITIES		
Profit for the year	3,127	4,805
Adjustments for:		
Depreciation and amortisation	860	736
Impairment losses and reversal of impairment losses, net	198	(2,877)
Gain on termination of long-term leases	-	(585)
Foreign exchange gains, net	(182)	(179)
Loss on disposal of property, plant and equipment	24	39
Impairment losses on financial assets, net	614	564
Gain from disposal of subsidiaries and development rights	(131)	(2,298)
Interest expense, including penalties payable and reversal of penalties	5,891	4,682
Change in non-controlling interest in limited liability companies	270	123
Interest income	(90)	(151)
Income tax expense	904	1,607
Cash from operating activities before changes in working capital and provisions	11,485	6,466
Decrease/ (increase) in inventories	4,190	(9,774)
Decrease in trade and other receivables	179	748
(Decrease)/ increase in trade and other payables	(4,626)	610
Increase in provision for cost to complete	2,967	1,319
Cash flows from/ (used in) operations before income taxes and interest paid	14,195	(631)
Income taxes paid	(1,255)	(1,529)
Interest paid	(5,900)	(5,891)
Net cash from/ (used in) operating activities	7,040	(8,051)
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	39	26
Interest received	41	-
Acquisition of property, plant and equipment	(865)	(549)
Acquisition of development rights and other intangible assets	(1,725)	(1,178)
Loans given	(102)	(122)
Proceeds from sale of development rights	513	3,322
Proceeds from disposal of subsidiaries	797	-
Proceeds from repayment of loans given	28	592
Net cash (used in)/ from investing activities	(1,274)	2,091
FINANCING ACTIVITIES		
Proceeds from borrowings	1,881	17,347
Repayment of borrowings	(5,454)	(12,863)
Net cash (used in)/ from financing activities	(3,573)	4,484
Net increase/ (decrease) in cash and cash equivalents	2,193	(1,476)
Cash and cash equivalents at beginning of year	2,874	4,350
Cash and cash equivalents at end of year	5,067	2,874

The Consolidated Statement of Cash Flows was extracted from the audited Consolidation Financial Statements of the Group as at and for the year ended 31 December 2012. The complete set of the Consolidated Financial Statements and the Independent Auditors' Report thereon is located at <http://pik-group.com/investors/financial-statements/2012>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2012

RUB mn	Attributable to equity holders of the Company			Subtotal	Non-controlling interest	Total equity
	Share capital	Additional paid-in-capital	Retained earnings			
Balance as at January 1, 2011	30,843	(8,424)	(27,351)	(4,932)	345	(4,587)
Profit and total comprehensive income for the year	-	-	4,645	4,645	160	4,805
Balance as at December 31, 2011	30,843	(8,424)	(22,706)	(287)	505	218
Profit and total comprehensive income for the year	-	-	3,162	3,162	(35)	3,127
Balance as at December 31, 2012	30,843	(8,424)	(19,544)	2,875	470	3,345

The Consolidated Statement of Changes in Equity was extracted from the audited Consolidation Financial Statements of the Group as at and for the year ended 31 December 2012. The complete set of the Consolidated Financial Statements and the Independent Auditors' Report thereon is located at <http://pik-group.com/investors/financial-statements/2012>

Investor contacts

ADDITIONAL INFORMATION ON PIK GROUP

Address: 19, bld. 1. Barrikadnaya, Moscow,
123242, Russia

.....
Tel.: +7 (495) 505-97-33

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E-mail: ir@pik.ru

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Web: www.pik-group.com

Viktor SZALKAY

Director for investor relations
and capital markets

BORN: 1979

Viktor Szalkay has served as our Director for investor relations and capital markets since 2007.

EDUCATION

Mr. Szalkay graduated Moscow State Institute of International Relations (MGIMO-University) with a degree in international economic relations.

CURRICULUM VITAE

Between 2001 and 2007 Viktor undertook various positions in accounting & finance at KPMG, LUKOIL Hungary, as well as in investment banking at ING and financial advisory services at PWC. Viktor joined PIK in early 2007 to lead the Group's investor relations activities. Viktor speaks four languages (Russian, English, Hungarian and German). He has been involved in the Group's IPO in 2007, and led PIK's SPO in 2013.