



“Building the future”

Annual Report 2013

— ALL —
CHANGES

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BETTER

LIFE

WITH US



01

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

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.

BUSINESS HIGHLIGHTS

1. A leading mass-market residential developer in Russia with a 20 year track record

- Over 14 mln sqm of housing completed since inception
- Present in 27 cities across Russia
- 90% of project portfolio by value is concentrated in MMA¹

2. Integrated business model with substantial production facilities and an extensive portfolio of projects

- Diversified portfolio of projects with 6.9 mln sqm of unsold NSA (valued by Cushman & Wakefield at RUB 95.2 bn²)
- №1 in Russia by prefabricated panel production capacity
- Construction services and sale of construction materials

3. Improving financial standing

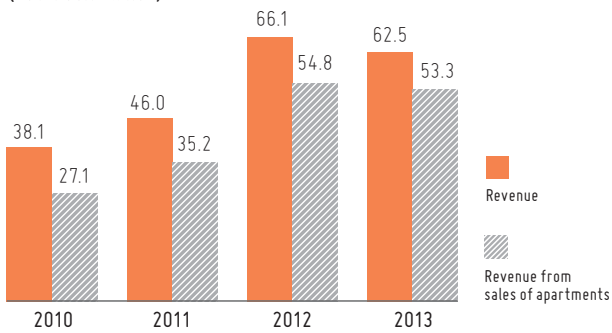
- Solid cash collections from pre-sales (RUB 74.8 bn)
- Increasing profitability (28.2% gross profit margin)
- Substantial decrease in net debt (down 52% to 18.0 bn)

(1) Moscow Metropolitan Area (MMA) includes Moscow (accounting for region's expansion in 2012) and the Moscow region
(2) As of December 31, 2013

Total revenue

62.5 bn RUB

(2012: 66.1 bn RUB)

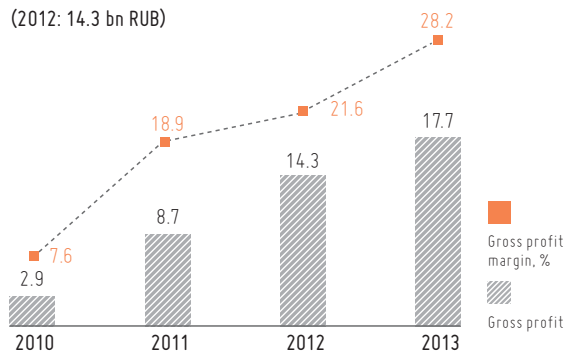


Source: IFRS

Gross profit

17.7 bn RUB

(2012: 14.3 bn RUB)

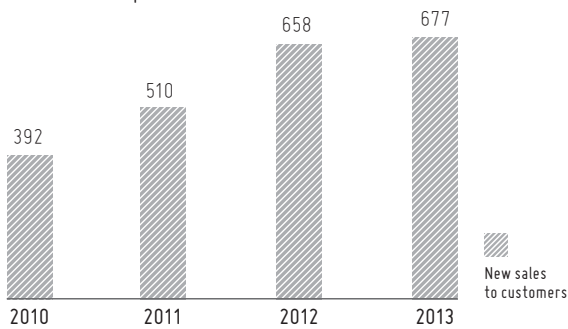


Source: IFRS

New sales to customers⁽¹⁾

677 th sqm

(2012: 658 th sqm)

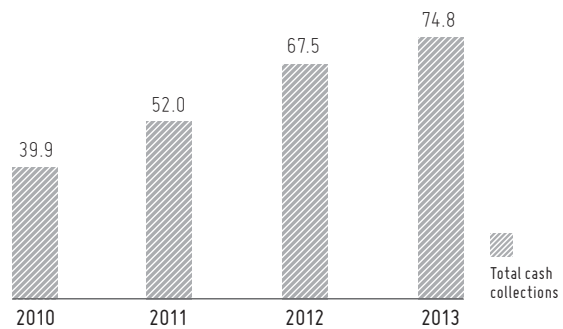


Source: Management accounts

Total cash collections

74.8 bn RUB

(2012: 67.5 bn RUB)

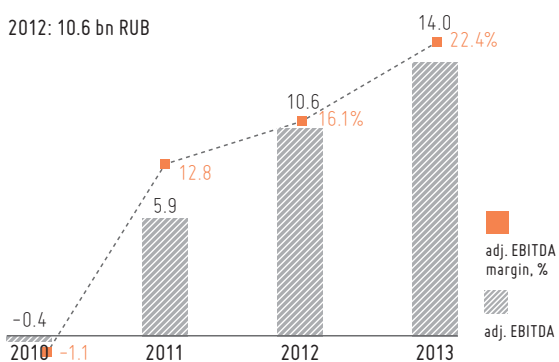


Source: Management accounts

Adjusted EBITDA⁽²⁾

14.0 bn RUB

2012: 10.6 bn RUB

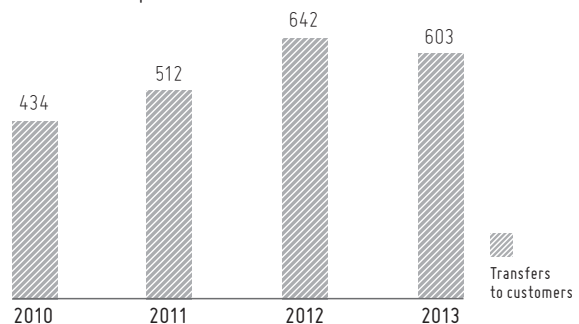


Source: IFRS

Transfers to customers⁽³⁾

603 th sqm

(2012: 642 th sqm)



Source: IFRS

(1) PIK own development projects

(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 investees, PP&E and other items

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

02

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

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 neighborhoods, 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 rejuvenating 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.

1994–1998

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 City 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, which would later become a unified production complex called PIK Industries, gave us a dominant position in prefabricated concrete panel production in Moscow and the 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 years 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 drop in demand of over 85% for apartments in our real estate developments. 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 non-core subsidiaries and development projects in order to maximize liquidity and reduce our debt burden. Investments were significantly reduced with several projects outside the Moscow Metropolitan Area being suspended.

In April 2009, Nafta Moskva Group became our main shareholder which was followed by a significant change in senior management. Under new shareholders' close supervision, during 2009–2011 we completed the restructuring and recapitalization of all of our US\$1.3 bn bank debt. A key element in the successful restructuring were the Russian Government guarantees to our lenders, as well as the divestment of certain non-core assets.

2009—2011

The residential housing market started to recover in 2009–2010, as consumer confidence began to return. The recovery started in Moscow and Moscow region and it later reached the rest of Russia's regions. Since 2009 we have focused on getting our operations into gear again, regaining consumer confidence and restoring PIK's reputation. As a result in 2011, we sold 510 th sqm of new housing and launched 41 new buildings, a level of sales comparable to the period before the financial crisis began. This achievement, allowed the Group to be in a position where its focus was once again growth. The successful receipt of new funding for working capital requirements and the restructuring of our credit portfolio was completed in February 2011.

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 actively expanded its sales offices network across Russian cities. The priorities of the Group were set on production modernization, new technology development and building design update. Within the PIK_2.0 program the Group began to offer its clients partially furnished apartments with designer fit outs. In 2012, PIK 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 PIK Group's projects was recognized by the professional community — residential complex The English Town was awarded the title of The Best Business-Class Project of 2012 at Urban Awards one of the most prestigious competitions in the residential estate market. PIK Group has been named one of the top employers in Russia for the second year in a row. PIK was the only real estate company, included into this list.

2013

In 2013, the Company successfully completed its secondary public offering. The final size of the completed capital increase was RUB 10.45 bn (equivalent to US\$330 mln). This number represented a significant increase from the initially announced minimum size of US\$150 mln, which was set following the receipt of preliminary commitments from core shareholders. In December 2013, companies affiliated with strategic investors Sergey Gordeev and Alexander Mamut acquired a stake in PIK Group replacing Nafta Moskva as the largest shareholders. As part of the operational efficiency improvement program, the merger of the two Moscow-based production subsidiaries (DSK-2 and DSK-3) was completed forming a unified PIK Industries facility. In line with the Group's medium-term strategy, net debt was reduced by more than 50%, helped by strong cash flow and capital raised in the public offering.

03

Business Overview

We are one of the leading residential real estate developers 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 14 mln sqm of residential housing, or approximately 220,000 th apartments. In 2013, we finished 859,000 th sqm of residential housing, including housing constructed for city authorities and other developers.

We are one of the few integrated developers in Russia, which allows us to manage and capture value at each stage of the development process. Our core activities are: (1) the development of residential real estate properties and sale of completed units; (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 production of reinforced concrete panels, window frames and other construction materials and (4) the servicing and maintenance of real estate properties constructed by us and other developers.

We own several manufacturing facilities that produce reinforced concrete panels, window frames that are used in the construction of our projects or sold to third parties. Our PIK-Industries facility is the largest of the two reinforced concrete panel manufacturers in Moscow with annual capacity of 850,000 sqm of housing. PIK-Industries was created as a result of merging DSK-2 and DSK-3 manufacturing facilities. We also own another three manufacturing facilities: 100 KGI, a concrete panel manufacturer located in the Moscow region, NSS, 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, as well as 480 KGI, a manufacturer of prefabricated panel housing located in Alexin, a town in the Tula region. Industrial and construction facilities that we own have the aggregate prefabricated production capacity of approximately 1,250 th sqm of housing per year.

We 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 mortgage market leaders such as Sberbank, VTB24 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, allows for strict quality control and enables us to develop large scale urban neighborhoods.

PIK Group concentrates on developing sizeable 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, 2013 consisted of over 1.5 mln hectares. This land will ensure the sustainability of our growth and our leading market position in the future.

For the year ended December 31, 2013 we had revenues of RUB 62.5 bn, gross profit of RUB 17.7 bn and net income of RUB 7.5 bn. Our development

pipeline contained 91 properties with 6.9 mln sqm of net sellable area attributable to us (PIK share). According to the latest valuation report prepared by Cushman & Wakefield, as of December 31, 2013 the combined market value of our properties was RUB 95.2 bn. The group currently has approximately 11,000 employees.

OUR CORE ACTIVITIES ARE:

1 The development of residential real estate properties and sale of completed units

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 production of reinforced concrete panels, window frames and other construction materials

4 The servicing and maintenance of real estate properties constructed by us and other developers

OUR KEY INDICATORS:

14 mln sqm

Total completions of housing since 1994

6.9 mln sqm

Of land bank for development

4.1 mln sqm

Of landbank located in the MMA

677 th sqm

Total new sales to customers in 2013

603 th sqm

Transfers to customers in 2013

123 th sqm

Construction services rendered to third parties in 2013

Source: CW, Management accounts, IFRS

04

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, lenders, customers and employees.

OUR MISSION

Become the largest public developer 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 economy.

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 size 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 control
- 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

• WE •
CREATE
A
SPACE
FOR A
NEW LIFE



05

CEO statement

Net income growth

2.3x

year-on-year

Free cash flow

RUB 8.4 bn

Adjusted EBITDA margin

22.4%

Net debt to adj. EBITDA

1.3x

Dear Shareholders,
on behalf of the Management Board, I am pleased to summarize our achievements for 2013.

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

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

We shifted our focus from rapid expansion in volumes to better earnings' quality and overall deleveraging of the company

Overall, the pace of growth is moderating. In 2013, our residential apartment sales amounted to 677,000 sqm, just 2.8% higher than in 2012. Our cash collections in 2013 rose by 10.8%, while retail residential sales were 32.3% higher due to intentional reduction in lower margin wholesale transactions. The steadying of growth allowed us to focus on profitability by further enhancing our project management in the real estate development segment and by

launching efficiency measures at our production facilities in Moscow. As a result, the Group has achieved an adjusted EBITDA margin of 22.4% compared to a margin of 16.1% in 2012. Together with a number of other positive financial developments, we were able to boost our net income for the year more than 2.3 times to RUB 7.4 bn and to generate a record free cash flow of RUB 8.4 bn. The strong cash flow from operations coupled with capital raised during the secondary public offering in June, 2013 have enabled PIK Group to cut its net debt by about RUB 20 bn and achieve a significantly lower net debt to adjusted EBITDA ratio of 1.3x.

Our prime goals are to maintain the current level of profitability and investment discipline while capturing current market opportunities

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

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

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



SERGEY GORDEEV

PIK Group's President
and Chief Executive Officer

06

Industry overview

Russian residential real-estate markets growth accelerated to 7.3% despite weaker GDP, supported by higher mortgage availability and disposable income growth

Russian real GDP growth decelerated to 1.2% in 2013 from 3.4% in 2012 which is the lowest level since the 1990's (excluding crisis-hit 2009). Nevertheless, this had limited impact on the domestic housing dynamics, which continued to

accelerate both in Russia in general and in the MMA. Usually, the real estate market reacts to the changes in the macroeconomic environment with a 1-2 year lag due to the nature of the development cycle.

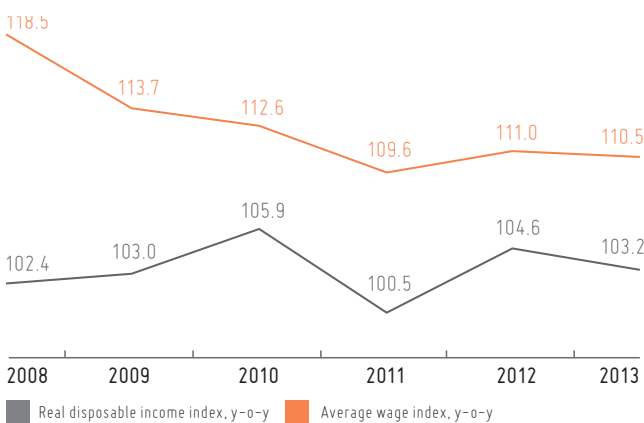
Russian residential real estate market highlights

(in mln sqm)	2007	2008	2009	2010	2011	2012	2013
Residential housing completions	61.2	64.1	59.9	58.4	62.3	65.7	70.5
growth yoy, %	-	4.7%	-6.6%	-2.5%	6.7%	5.5%	7.3%
Residential completions in MMA	12.6	11.1	11.1	9.7	10.1	9.7	10.0
growth yoy, %	-	-11.8%	-0.1%	-13.0%	3.6%	-3.4%	3.0%

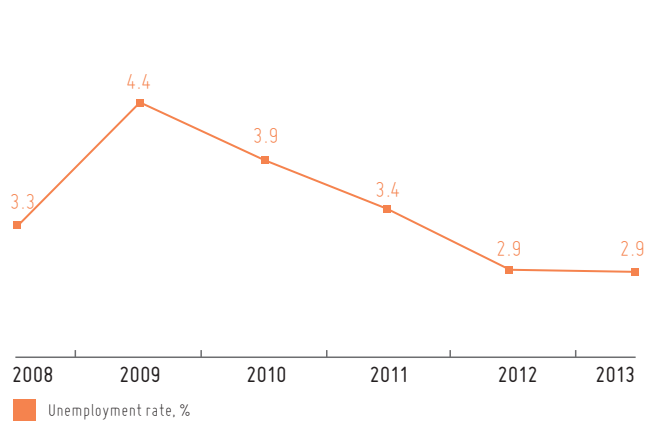
Source: Rosstat

In addition, the residential real estate market was supported by continued but slower growth in disposable incomes (+3.3% in 2013, compared to 4.6% in 2012) and nominal wage growth (+10.5% in 2013).

Individuals' income dynamics



Unemployment rate



However, one of the critical factors providing support to the residential market in 2013 was the continued expansion of mortgage lending in Russia. Mortgage lending showed an outstanding performance in 2013. Issue of new mortgage

loans increased 19% in terms of number of loans and 31% in terms of the loan value which reached a record-high level of RUB 2.76 trillion (or 4.1% of GDP).

Mortgage lending environment

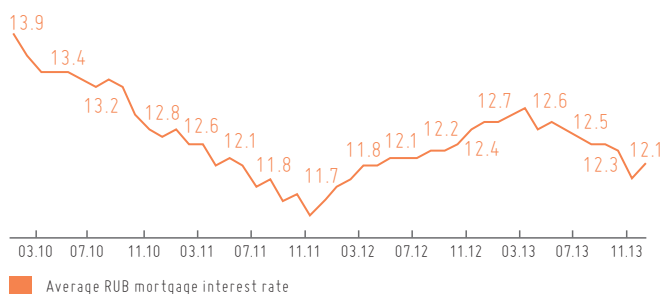
(RUB in bn)	2006	2007	2008	2009	2010	2011	2012	2013
Housing loans outstanding	350	758	1,265	1,181	1,295	1,625	2,123	2,765
As of GDP, %	1.3%	2.3%	3.1%	3.0%	2.9%	3.0%	3.4%	4.1%

Source: CBR

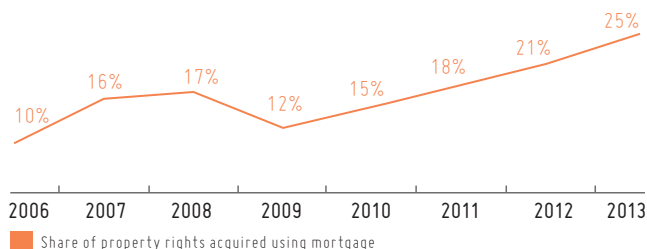
The expansion of the mortgage market was further supported by a reduction in the average mortgage rate from 12.7% in January, 2013 to 12.1% in December, 2013. Together with increasing disposable household income and longer tenures,

the overall affordability of mortgages is increasing which provides additional demand.

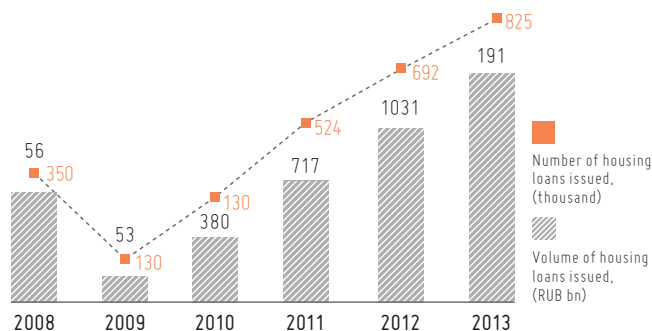
Average RUB mortgage interest rate, %



Share of property rights acquired using mortgage (Russia), %



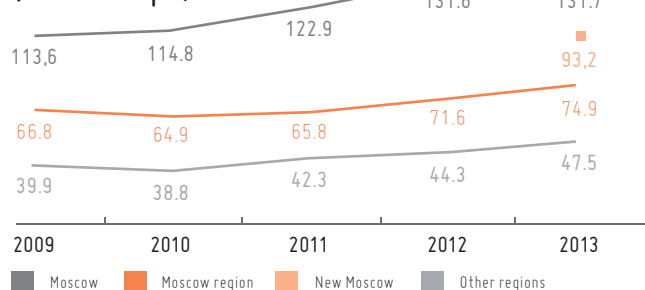
Size of the domestic mortgage market



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 13% of the country's total population and approximately 13% of Russia's total housing stock. 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 Russian regions. Currently, the MMA is an established marketplace, having a 14.4% share of Russia's total residential completions, equating to 9.5 mln sqm. The region also leads in terms of mortgage volumes accounting for 19% of the total value of issued mortgages in Russia. Market activity in the MMA was relatively strong in 2013 with residential completions being up 5.3%.

In 2013, the average price across all regions and residential property types was in line with inflation and increased 7.2%. Pricing dynamics substantially differed across the Russian regions. Among the key markets in which we are present, Moscow region and the area of New Moscow demonstrated the strongest growth in pricing for buildings in the mass-market segment.

Average primary mass-market prices in Russia (th RUB/sqm)



In terms of the long term markets drivers, the Russian residential market in general can be characterized by the low adequacy of housing stock per capita, which, despite substantial new additions to the housing stock, has been calculated for a number of years as one of the lowest amongst European countries (c. 23 sqm). In addition, a great deal of Soviet era housing stock is in need of replacement. There are still too many Russian families living in old and small apartments who deserve a better quality of living. Over 35% of Russia's housing stock was built before 1970's.

07

Operational overview

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

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

New sales contracts (2011-2013)⁽¹⁾

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

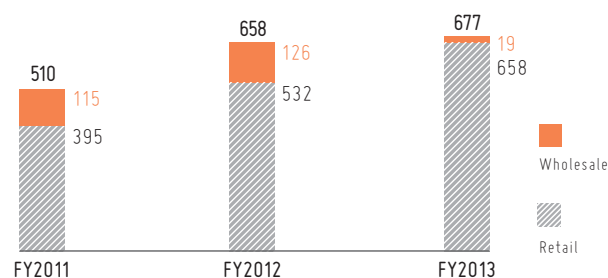
Note: (1) including contracted retail and wholesale volumes
Source: Management accounts

Key operational data (2011-2013)

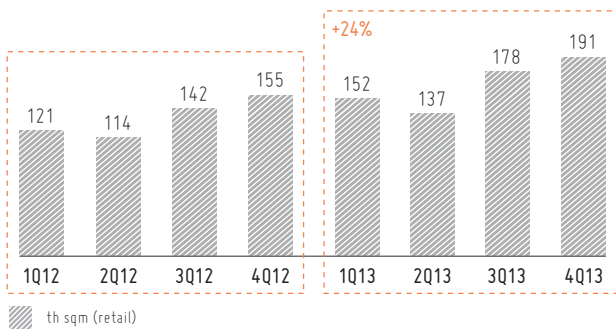
In th sqm	2011	2012	2013	Change y-o-y, %
Total housing completions(1)	870	1,294	859	(33.6%)
Housing completions (PIK share only)	465	826	658	(20.3%)
New sales contracts to customers(2)	510	658	677	2.9%
Transfers to customers(3)	512	642	603	(6.1%)

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

Breakdown by wholesale/retail (th sqm)

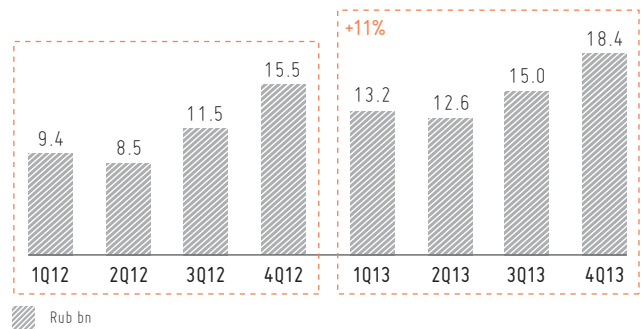


Quarterly sales to retail customers

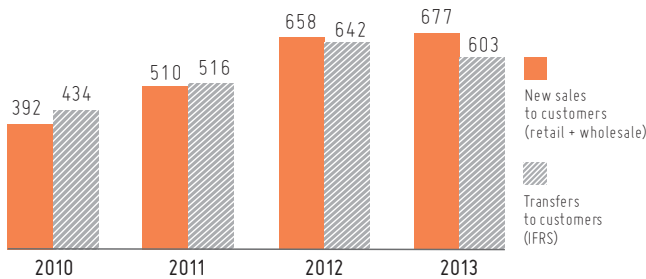


Source: Company Data, Management accounts, IFRS

Quarterly cash collections from retail residential sales



Total new sales and transfers to customers

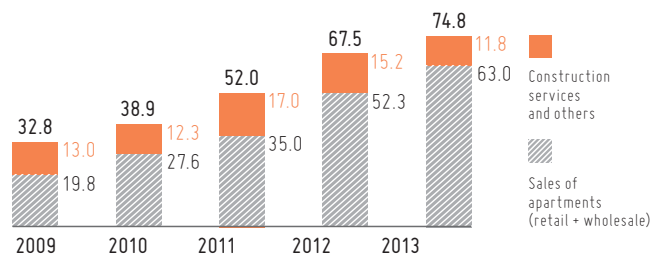


Transfers of properties to customers under IFRS amounted to 603,000 sqm, down by 6.1% compared to 2012 due to variations in the mix of development projects and completion timetable resulting in lower revenue recognition under IFRS in the reporting period.

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

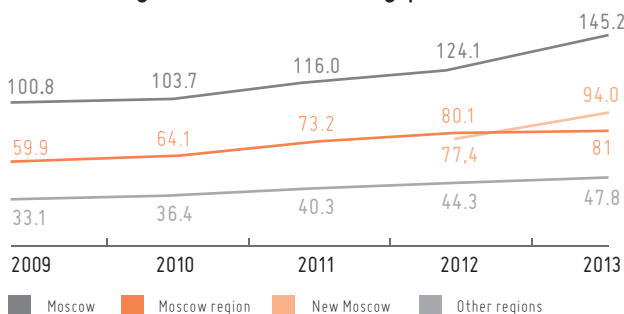
- (I) variation in the mix of development project and completion timetable,
 - (II) lower investment in acquisitions of new development projects in 2009-2011,
 - (III) reduction in the volume of lower-margin construction services for 3rd parties.
- Average net selling prices for PIK properties (based on cash collections data) continue to grow faster than the average market prices. In 2013, selling prices in the majority of regions where PIK is present once again exceeded the inflation rate. PIK's average selling prices in 2013 increased by

Gross cash collections summary



17.0% in Moscow, 21.5% in New Moscow, 1.1% in the Moscow region and 7.7% in other regions. Presales patterns continue to be robust with nearly all apartments presold during the construction period of the building, with full purchase consideration for the apartments received before its completion and transfer.

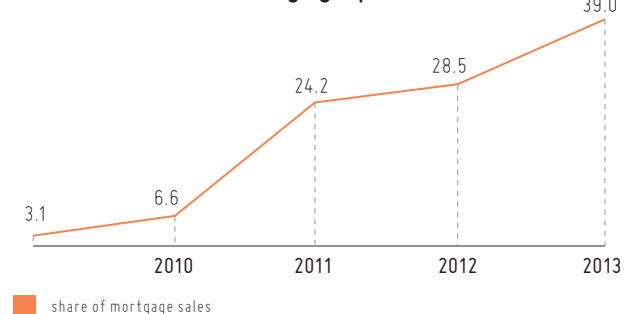
PIK average retail net selling price*



*mass-market only

Mortgage affordability continued to improve in 2013, providing additional financial flexibility to homebuyers as well as the opportunity to buy properties earlier in the construction cycle. PIK Group extended its mortgage partnership

Share of retail mortgage presales, %



Source: Company Data, Management accounts

programs to 20 of Russia's leading commercial banks, which enabled us to support our sales with a wider customer base. As a result, mortgage penetration reached 39% in 2013.

08

Financial results overview

DISCUSSION OF THE GROUP'S FINANCIAL RESULTS

Group revenues in 2013 decreased by 5.4% to RUB 62.5 bn compared to RUB 66.1 bn in 2012. The decline was driven by a reduction in the volume of rendered construction services, lower sales of construction materials and overall lower transfers of properties to customers. Revenues from apartment sales accounted for 85.3% of total revenues, increasing from 82.9% in 2012.

Sales revenue by segment

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

Source: IFRS

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

Implied revenue per square meter of transferred properties

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

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

Source: IFRS

Gross profit increased by 23.3% to RUB 17.7 bn from RUB 14.3 driven by a reduction in cost of sales. The reduction in cost of sales was in line with the Group's strategic focus on profitability and was achieved through better individual project management, strict cost discipline and operational efficiency improvement measures. The resulting gross profit margin for the Group increased to 28.2% from 21.7% in 2012 driven primarily by a 5.1ppt expansion in the real estate development segment margin to 28.5% from 23.4%.

In 2013, administrative expenses were under control and did not change materially, amounting to RUB 3.3 bn (2012: RUB 3.2 bn). Distribution expenses increased to RUB 0.92 bn from RUB 0.75 bn due to an increase in advertising expenses.

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

As a result of the above factors, adjusted EBITDA from core activities increased 31.9% to RUB 14.0 bn from RUB 10.6 bn in 2012, whilst adjusted EBITDA margin increased 6.3 ppt to 22.4% from 16.1%. EBITDA increased by 25.5% to RUB 13.4 bn from RUB 10.7 bn in 2012.

Adjusted EBITDA reconciliation

	2012 RUB mln	2013 RUB mln
Net profit for the year	3,127	7,448
Depreciation and amortisation	860	705
Interest expense	5,891	4,382
Interest income and reversal of penalties	(90)	(362)
Income tax expense	904	1,246
EBITDA	10,692	13,419
Adjustments for		
Impairment losses, net	252	894
Impairment losses on financial assets, net	152	746
Write-off of accounts payable	(165)	(667)
Foreign exchange gains, net	(182)	(226)
Loss on disposal of PP&E	24	35
Penalties and fines, including reversals	(145)	(185)
Adjusted EBITDA	10,628	14,016
Adjusted EBITDA margin, %	16.1%	22.4%

Due to a significant reduction in gross debt, effective interest rate reduction and strong operational cash flow, the Group was able to reduce its net finance costs by 37.3% to RUB 3.7 bn from RUB 6.0 bn in 2012. The effect from the ongoing deleveraging on the Group's finance costs is expected to be fully visible in the subsequent reporting periods (i.e. 2014).

As a result of the above factors and due to a recognized reversal of tax provision in the amount of RUB 1.3 bn, profit for the period (net profit) increased 2.4 times to RUB 7.4 bn from RUB 3.1 bn.

DISCUSSION OF GROUP'S CURRENT FINANCIAL POSITION, CASH FLOWS AND LIQUIDITY

Net cash from operating activities in 2013 reached RUB 12.5 bn, beating the record of RUB 7.0 bn established in 2012. This result was achieved due to an improved operational performance and better working capital management. Free cash flow (defined as net cash generated from operating activities, less acquisition of property, plant & equipment and development rights and other intangible assets) amounted to RUB 8.4 bn in 2013, compared to RUB 4.4 bn in 2012 due to stronger operating net cash flow being partially offset by an increased investment into new development projects.

Strong free cash flow from improved operational performance and proceeds from the public offering of equity in 2013 in the amount of RUB 10.4 bn, have resulted in significant deleveraging of the Group. As of December 31, 2013, the Group had RUB 29.1 bn of gross debt (down from RUB 43.2 bn of gross debt as of December 31, 2012). Net debt as of December 31, 2013 amounted to RUB 18.0 bn, down from RUB 38.1 bn at the end of 2012.



◆ WE ◆

BRING

— YOU —

CLOSER

09

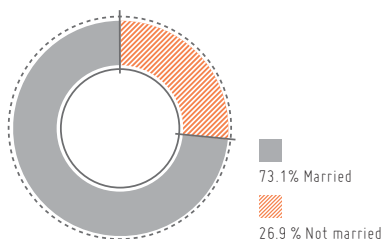
Our customers

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

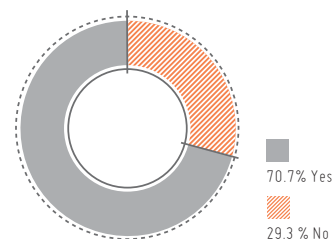
For this group of people, a PIK apartment is ideal, as it offers attractive living space and independence at an affordable price. On top of this, many of our neighborhoods have all the facilities a family needs, such as kindergartens, schools, playgrounds, shops, medical facilities and good transport links. Our customers are typically aged between 25–35. 40% of customers are first time buyers while 37% are those who simply want to upgrade their living conditions.

They are the rising middle class of Russia, 84% of whom have university and higher degrees and are typically employed in managerial, white-collar positions. 88% of them already have at least one car. Our internal surveys show two things are of utmost importance 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.

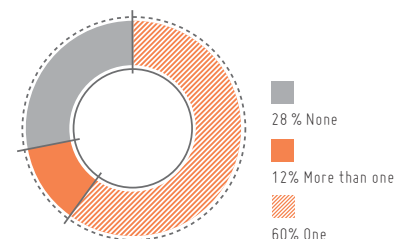
Marital status



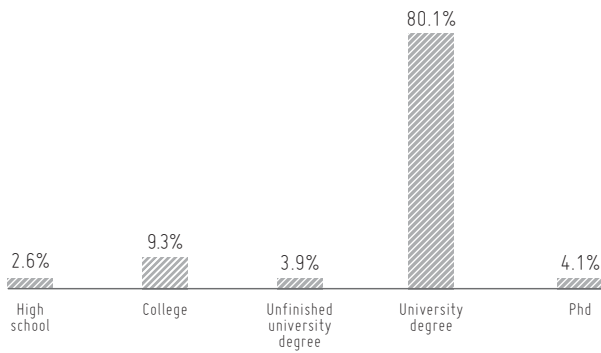
Presence of children



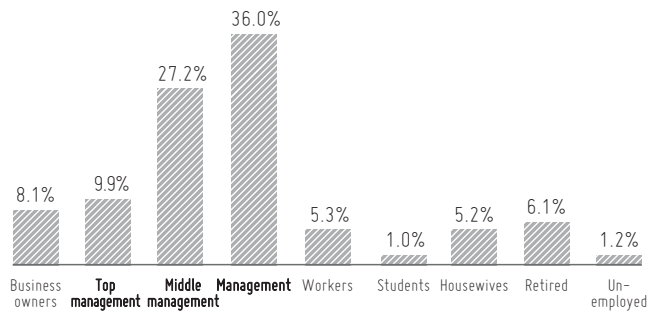
Number of cars in the household



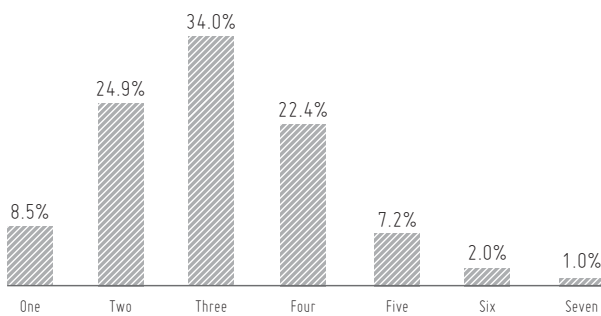
Breakdown by education



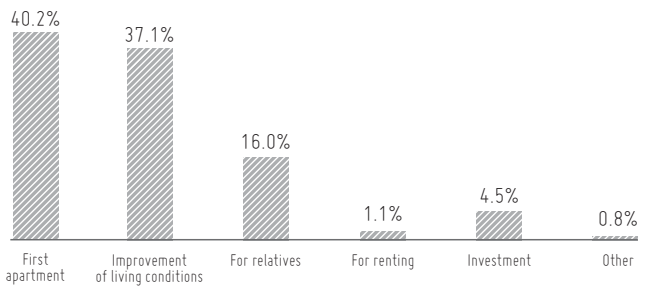
Breakdown by employment



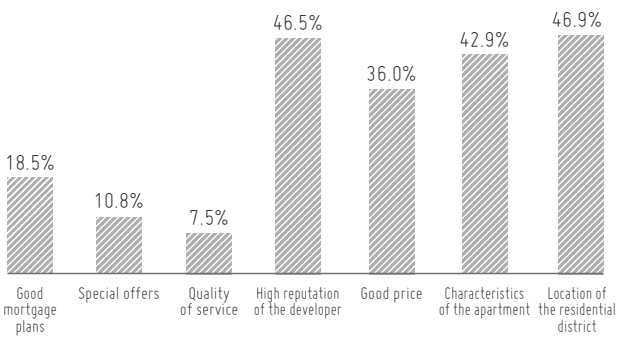
Number of people living in the apartment



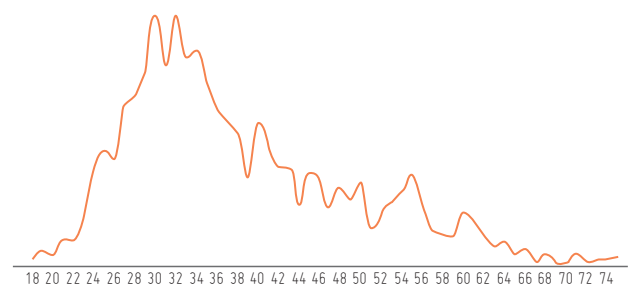
Purpose of the purchase



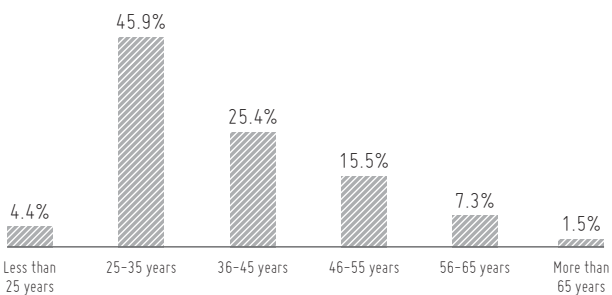
Key factors why customers choose PIK



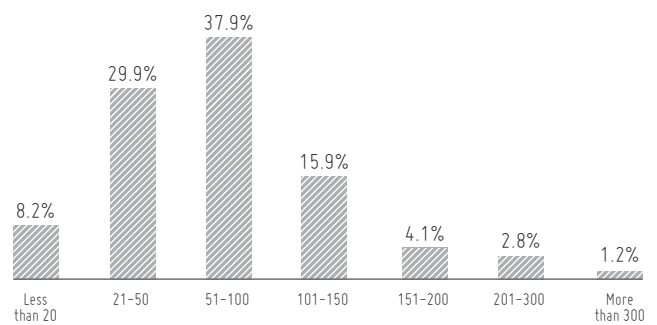
Breakdown by age



Breakdown by age



Average monthly income per person in the household, RUB thousand



10

Our Social responsibility

Social responsibility is one of the main principles of PIK Group

For over 20 years the Group has repeatedly committed itself to addressing the problems of defrauded homebuyers of other troubled developers. PIK Group had completed the construction and commissioning of a number of suspended projects on behalf of bankrupt developers in various regions of Russia. In total, PIK completed and transferred over 3,000 apartments to homebuyers defrauded by other unscrupulous developers.

In 2013, PIK Group initiated several large-scale social projects aimed at improving the quality of life and the development of urban culture in the capital.

In early 2013, the Company launched a new social anti-vandalism campaign encouraging residents to

care for communal areas in buildings constructed and managed by PIK. The campaign received the support of the Moscow City Government as well as wide acceptance among our residents.

In June 2013, a "Safe Home for Children" campaign was launched, educating parents on how to protect children from injury in the apartment.

Finally, on New Year's Eve, we sponsored a social initiative — "I Love Public Transportation", encouraging the use of public transportation in Moscow.

PIK Group recognizes and strongly supports charitable activities. As an effort to increase the social responsibility of the business we have established the BUILDING THE FUTURE charitable foundation which implements programs supporting

sick and socially disadvantaged children, providing wide range support for various social initiatives, as well as assistance in building and restoring churches throughout Russia.

Social objects completed in 2013		Area, sqm
1	Mytishy, "Yaroslavsky", children's clinic in bldg 8	13,642
2	Lyubertsy, "Red Hill", kindergarten	2,950
3	Lyubertsy, "Red Hill", school	14,301
4	Khimki, "Novokurkino", children's clinic in bldg 8	13,140
5	Khimki, "Novokurkino", clinic in bldg 7	13,596
6	Khimki, "Levoberegny", kindergarten	1,543

11

Governance: Chairman's statement



2013 was a year of good progress for PIK Group, where moderating growth was balanced by strong improvement in profitability across all key areas of business

Dear Shareholders,
On behalf of the Board
of Directors, it is a pleasure
to introduce PIK Group's
Annual Report for 2013

In line with the key strategic goal set by the Board of Directors, our executive team had successfully brought down the leverage of the Group, while maintaining adequate levels of growth and strict investment discipline. This created a sound base for sustainable future development of PIK Group. Despite increasing competition, customers continued to place their trust in PIK Group. Operationally, we delivered consistently strong results in our retail residential development business, which was up 20.4% in terms of cash collections and accelerated the launch of new projects from the development pipeline by adding 52 new buildings for sale to our customers. Our executive team was rigorous on cost control and took coherent action to address areas of operational inefficiency in the production segment. 2013 and early 2014 were rich with corporate events. PIK Group had successfully completed its Secondary Public Offering (SPO), raising RUB 10.45 bn (equivalent to US\$330 mln). The level of demand exceeded the initial target of US\$150 mln under the accelerated offering, confirming significant investor interest in PIK Group. Over 60% of the SPO proceeds were used for deleveraging and the remainder was applied towards purchase of new development rights.

In December 2013, major shareholders of the Group have changed. Following this shareholder rotation, the new Board of Directors was elected. PIK Group strives to adhere to international corporate governance best practice and constantly improves its transparency standards. As a result, the number of independent directors on the Board increased from three to four members and the executive team continues to maintain regular dialogue with the

investment community in the form of non-deal road shows, investor conference participation, field trips and direct investor contact. Changes to our executive team were also made in the first half of 2014 with the appointment of Mr. Sergey Gordeev, PIK Group's largest shareholder, as

PIK Group strives to adhere to international corporate governance best practice and constantly improves its transparency standards

the President and Chief Executive Officer of the Management Board (CEO). As PIK Group enters the next stage in its development, a new management approach is needed to further increase its operational efficiency, production technology upgrades and to access large-scale projects in new regions and markets. The Board of Directors believes that direct participation of the Group's largest shareholder in the operational management and resulting alignment of interests will be in the interest of all stakeholders. After a period of change, I am confident that the Board and the new

In line with the key strategic goal set by the Board of Directors, the executive team has successfully brought down the leverage of the Group, while maintaining adequate levels of growth and strict investment discipline.

executive team reflect the right blend of skills and experience to guide PIK Group in the best interests of shareholders.
On behalf of the Board, I would like to thank shareholders for their continued support and all our 11,000 colleagues at PIK for their commitment and their invaluable contribution to another successful year.



PAVEL POSELENOV
Chairman of the Board of Directors

WE
♦ **WILL** ♦
FULFILL
YOUR
DREAMS
TOGETHER



12

Share price performance



On June 1, 2007 PIK Group listed on the London Stock Exchange and Russian stock exchanges. PIK's share offer was at the time the largest ever non REIT real estate IPO, the largest European real estate IPO and the 3rd largest Russian IPO. On June 7, 2013 PIK Group completed its US\$330 mln 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 the Moscow Exchange (former MICEX-RTS local exchange).

Ticker code

MICEX-RTS (MOEX)	PIK RM
LSE	PIK LI

Securities code numbers

Regulation S GDRs	ISIN:US69338N2062
Rule 144A GDRs	ISIN:US69338N1072
Ordinary share	ISIN:RU000A0JP7J7

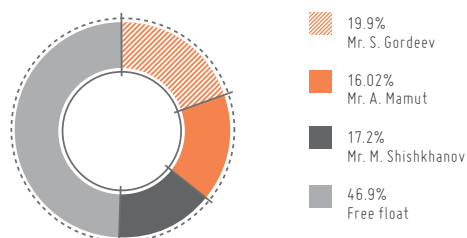
Share price as of July 1, 2014

MICEX (RUB)	78.5
LSE (US\$)	2.35

Share performance (52 weeks ended July 1, 2014)

MICEX (RUB)	60.60 (Low)	94.99 (High)
LSE (US\$)	1.79 (Low)	2.73
Shares outstanding	660,497 mln	
Market capitalization	US\$1,552 mln	

Shareholder structure as of June 30, 2014⁽¹⁾



Source: Company data

Notes:

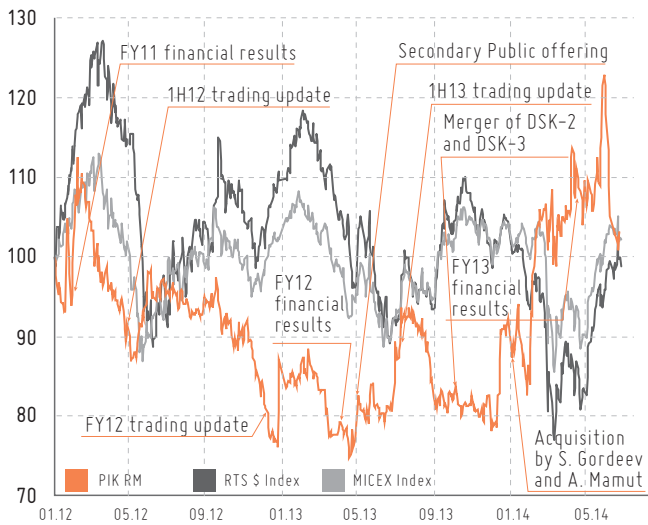
(1) Shareholders with interest above 5% of share capital are shown

Total number of shares as of December 31, 2013

660,497,344

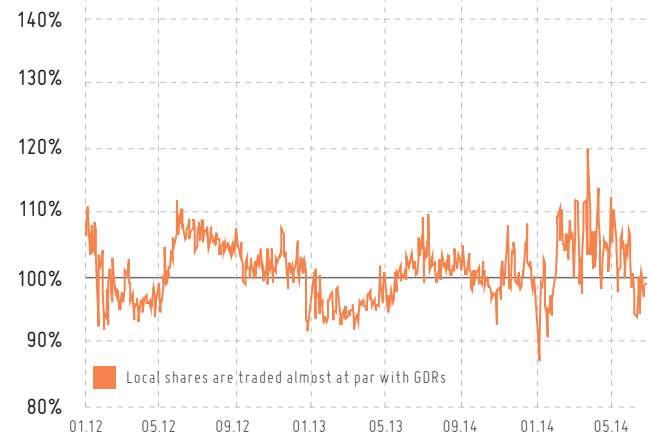
GDR ratio — 1:1

PIK share price performance vs. indices



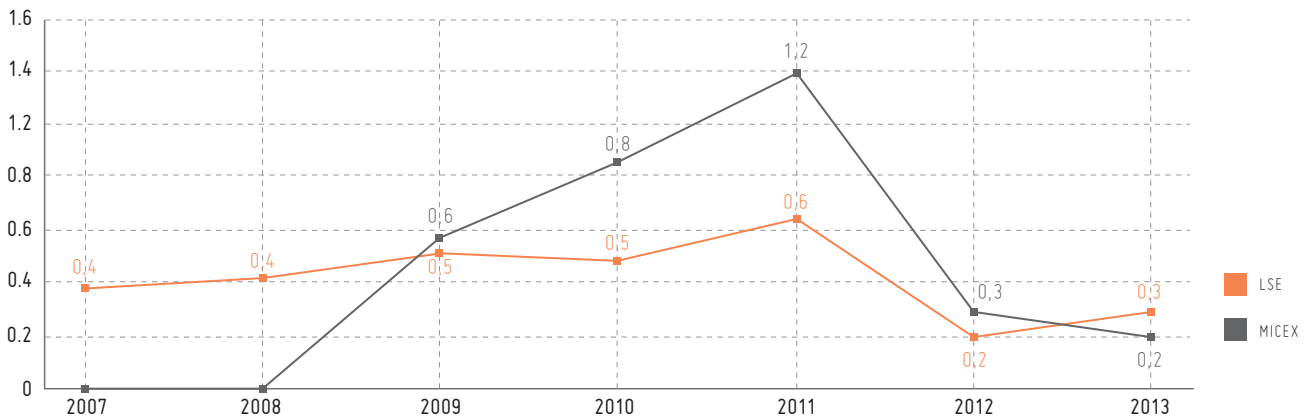
Source: Datastream, Bloomberg as of May 1, 2014

PIK stock performance on MOEX vs. LSE (local vs. GDR)



Source: Datastream as of May 1, 2014

PIK's average daily trading volumes on stock exchanges (mln shares)



Source: Datastream

13

New Share issuance in 2013



The prospectus related to the issuance of the new shares⁽¹⁾ was registered with the FSFM on 21 February 2013⁽²⁾. On May 28, 2013, the Board of Directors of PIK set the placement price at RUB 62.50 per New Share

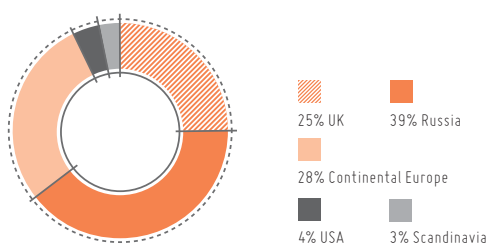
The minimum size of the Offering (comprising the New Shares remaining after the exercise of the statutory pre-emptive rights by existing shareholders) was anticipated to be US\$150 mln.

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 the Offering was initially increased from US\$150 mln to US\$275 mln under

accelerated share offering. Followed by additional demand from investors, the total size of the offering process was increased by another US\$55 mln leading to a total size of US\$330 mln.

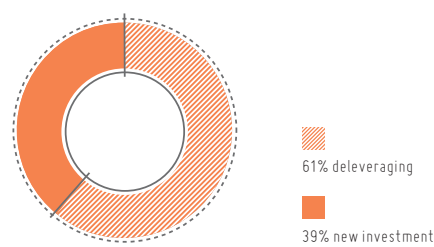
PIK used about 61% of the net proceeds from the Offering for deleveraging. The remaining portion of the net proceeds from the Offering was used for investment in new projects and for general corporate purposes.

Geographical split of demand



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

Distribution of the net proceeds



(1) Secondary Public Offering

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

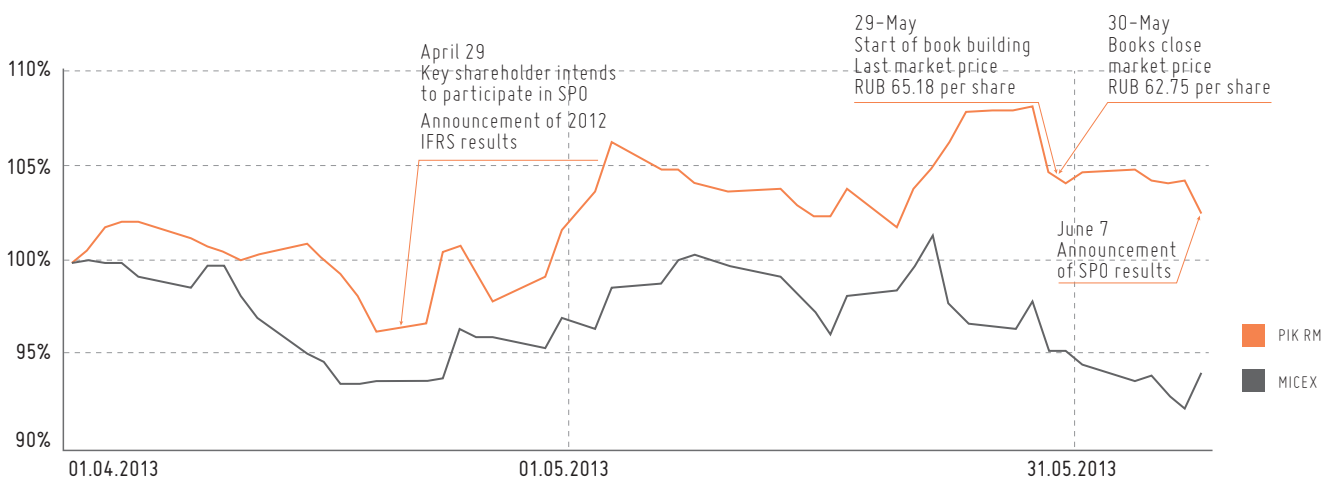
Transaction overview

Issuer	PIK Group OJSC
Instrument	Ordinary shares
Listing	MICEX Stock Exchange
Offering size	US\$330 mln / 167 mln shares / 34% of pre-deal share capital
Offering price	RUB 62.5 per share (equal to par value)
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 book-building (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	Sberbank CIB, VTB Capital

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
- Book building on the back of pre-announced offer price
- Closed successfully despite accelerated execution format (2-day of book building) and adverse market conditions (MICEX -3%, EuroStoxx -1.3% during book building)
- Significant deal size in both absolute and relative terms - US\$330 mln, c. 34% of pre-deal share capital
- Preliminary commitments for US\$150 mln were received by the Company from key shareholder (Nafta Moskva) and other investors before launch. Despite a discount of just 4% to the last close before launch, the deal was largely oversubscribed with final US\$330 mln size
- High quality book of demand with several dozen 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



— WE —
PLAN
AND
BUILD
• YOU •
CELEBRATE



14

Corporate Governance



PIK Group, Open Joint Stock Company is a universal successor to First Mortgage Company, registered on 20 September 1994 under the laws of the Russian Federation. Our corporate affairs are governed by the Civil Code of the Russian Federation, the Federal Law On Joint Stock Companies, Charter of PIK Group, Corporate Governance Code of PIK Group, other statutory and legal acts of current legislation of the Russian Federation

PIK Group acknowledges the importance of a high level of corporate governance for the successful performance of the business and for the achievement of a mutual understanding among all of the stakeholders. Therefore, PIK Group has developed its Code of Corporate Governance. The Code aims to ensure the effective protection of the rights and interests of the shareholders, the transparency of decision-making, the professional and ethical responsibility of

the members of the Board of Directors, other bodies of management of the Company and the shareholders, as well as the effective control of the financial and economic operations of the Company. The Board of Directors of the Company, the Company's Management Board, employees and executives observe compliance with the Code.

After being admitted to listing on the London Stock Exchange in 2007, PIK Group continues to

constantly improve its corporate governance practices, including the organization of the work of the Board of Directors, Management Board and their committees, aiming voluntarily to comply with European best practices as far as practicable.

GOVERNING BODIES



THE GENERAL MEETING OF SHAREHOLDERS

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

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.

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, the Board of Directors and 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 amendments 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, a category (a type) of declared shares and rights granted by these shares;
- increase or reduce 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 and liquidation of the Company.

All major decisions are taken at the meetings of the Board of Directors in the form of a mutual presence. 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 principle 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 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

As of July 4, 2014 the Audit and Risk Committee comprised three independent members of the Board of Directors: Aleksei Blatin, Jean-Pierre Saltiel and Dmitriy Pleskonos. Mr. Blatin serves as the chairman of the Committee. The Audit and Risk Committee must consist only of independent directors and must be chaired by an independent director, who may not be the chairman of the Board of Directors.

The Committee holds meetings at least once every quarter. It is authorized to and carries 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 internal controls
- assessment of the Company's financial reports; and annual evaluation of effectiveness of the Company's risk management system

PERSONNEL AND REMUNERATION COMMITTEE

As of July 4, 2014 the Personnel and Remuneration Committee comprised three members of the Board of Directors: Ilya Stepanishchev, Zurnud Rustamova and Jean-Pierre Saltiel. Mrs. Rustamova serves as the chairman of the Committee. The Remuneration and Personnel Committee must consist mostly of independent directors and must be chaired by an independent director, who may not be the chairman of the Board of Directors.

The Committee carries out the following functions:

- determination of criteria for the appointment of candidates to the Board of Directors, members of the Management Board and the Company's President and considering potential candidates
- issuance of recommendations as to the term of service and removal of the Company's members of the Management Board
- considering candidacy of the Company's President, term of his service and removal
- issuance of recommendations service contracts 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.

STRATEGY COMMITTEE

As of July 4, 2014 the Strategy Committee comprised three members of the Board of Directors: Dmitriy Pleskonos, Pavel Poselenov and Marina Zinovina. Mr. Pleskonos serves as the chairman of the Committee. The Strategy Committee must be chaired by an independent director, who may not be the chairman the Board of Directors.

The committee's authority covers the following issues related to the long-term development of the Company:

- investment policy of the Company;
- strategy of work with equity and debt capital;
- strategy in the area of key financial parameters;
- capitalization increase policy.

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

DISCLOSURE COMMITTEE

As of May 16, 2014 the Disclosure Committee consisted of five members. The following table sets out the name and position of each member of the Disclosure Committee:

Marina Zinovona — First Vice-President, Chief Operating Officer, Chairman of the Disclosure Committee;

Andrey Rodionov — Vice-President for Economy and Finances — Financial Director, Chief Financial Officer;

Fedor Sapronov — Vice-President for Legal Issues;

Andrey Machanskis — Director for Investors 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;
- 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 once a week to consider investment projects.

- 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 re-elected on June 30, 2014 by the Annual General Meeting of Shareholders. Our current directors will hold office until the date of the next annual General Shareholders' Meeting.

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

PAVEL POSELENOV

Chairman of the Board of Directors

EDUCATION

- Moscow State University named after V. Lomonosov, Chemistry Department;
- Inter-Branch Technological Institute, Specialty "Finance and Credit"

WORK EXPERIENCE

- 2001–2007: General Director of Industrial Insurance Group Osnova, a member of the Presidium of the All-Russian Insurers Union, Chairman of the Committee for Insurance Issues in Construction Sector at the Russian Builders Association
- 2008–2009: General Director of PIK Severo-Zapad LLC, Vice President for Coordination of Activities of PIK Group OJSC
- 2009–2014: President of PIK Group OJSC
- In 2013 awarded the title "Honorable Builder of Russia"

DMITRY PLESKONOS

independent member of the Board of Directors

EDUCATION

- 1981–1986: Kiev Higher Engineering Radio-Technical School of Air Defence, Kiev, USSR;
- 1991–1993: Military Diplomatic Academy at Central Command of Armed Forces, Moscow, USSR

WORK EXPERIENCE

- 2004–2011: VimpelCom, Moscow, Russia; 2009–2011: Executive Vice President for Business Development at Mass Market
- 2012—present: Production Association KONTI Private Joint-Stock Company, Donetsk, Ukraine: Member of the Supervisory Board
Chairman of the Personnel and Remuneration Committee
Member of the Strategy Committee
- 2013—present: QIWI Plc: Independent Director
Chairman of the Strategy Committee
Member of the Audit Committee
Member of the Remuneration Committee

DMITRY KANUSHKIN

member of the Board of Directors

EDUCATION

- Russian Economics Academy named after G. Plekhanov, Specialty "Finance and Credit",
- MBA degree in management from the Higher Economics School.

WORK EXPERIENCE

- Currently — Head of the Real Estate Finance Division, Managing Director at Sberbank CIB
- 2000–2011: he held a number of managerial positions at Sberbank of Russia, including Deputy Head of the Loan and Project Financing Department of the DCC, Deputy Director of the Project Financing Department.
- Prior to entering Sberbank, he worked at EBRD, Russian Bank of Project Financing JSCB and Russian Credit Bank.

As of December 31, 2013 PIK Group's Board of directors consisted of the following members:

Vladislav Mamulkin, Chairman of the Board of Directors
Sergey Bessonov, Director
Ilya Stepanishchev, Director

JEAN PIERRE SALTIEL

independent member of the Board of Directors

EDUCATION

— Université de la Sorbonne Nouvelle, Department of Economics and Department of Law, Institut d'Etudes Politiques (Paris), Institut National des Langues Orientales Vivantes (Paris), postgraduate education at Moscow State University.

WORK EXPERIENCE

— Currently, Jean-Pierre is Partner at Lozé & Partners Vostok International Financial Services. From 1998 till 2004, he was President at Rothschild Conseil International, prior to that — Partner at Maison Lazard.

ZUMRUD RUSTAMOVA

independent member of the Board of Directors

EDUCATION

— Moscow Institute of Economics and Statistics, Specialty "Statistics"

WORK EXPERIENCE

Currently holds the following posts:

- Deputy General Director of Polymetal MC OJSC,
- Deputy General Director of Polymetal OJSC,
- Deputy General Director of ICT CJSC,
- a member of the Board of Directors of Magnitogorsk Iron and Steel Works OJSC,
- a member of the Board of Directors of United Wagon Company LLC,
- a member of the Council of the Polytechnic Museum Development Fund,
- a member of the Council of Non-State Electric Power Pension Fund (non-profit organization)

ALEKSEI BLANIN

independent member of the Board of Directors

EDUCATION

— Higher, Moscow Regional State Institute of Physical Culture, Specialty "Physical Culture and Sports", Qualification: Teacher

WORK EXPERIENCE

— 2009 — present: General Director of Development Solutions Real Estate LLC

ILYA STEPANISHCHEV

member of the Board of Directors

EDUCATION

— Moscow State Economics, Statistics and Informatics University, Specialty "Finance and Credit".

WORK EXPERIENCE

— Since November 2010, Director of the Investment and Banking Services Centre in BINBANK CJSC. In 2009–2010, he worked as Head of the Distressed Assets Department at Promsvyazbank OJSC.

MARINA GROENBERG

member of the Board of Directors

EDUCATION

Degrees in Economics and Finance and in law from Moscow State Law Academy and in Applied Mathematics from Moscow State University.

WORK EXPERIENCE

The member of the Board of Directors of Polymetal International PLC (POLY:LN), Waterstones Holding, Hachette-Atticus, MIG — Credit, Marengo Swiss Helicopters, SPAR-Retail, A&NN Capital Management Fund,

Managing Director of A&NN (Schweiz),

The member of the Management Board of A&NN Capital Management Fund,

President of the Fund "Charitable Fund named after Nadezhda Brezhneva"

MARINA ZINOVINA

member of the Board of Directors

EDUCATION

Economist, Finance and Credit, Academy of National Economy under the Government of the Russian Federation, 1999

WORK EXPERIENCE

State Corporation ARCO, Chief Accountant – Financial Director 1999–2005

State Corporation Deposit Insurance Agency, Deputy General Director 2005–2013

From March 03, 2014 Ms. Zinovina is the First Vice-President of PIK Group.

Anna Kolonchina, Director
Pavel Poselenov, Director, President (CEO)
Zumrud Rustamova, Independent Director

Jean-Pierre Saltiel, Independent director
Lee Timmins, Independent Director
Robert Tsenin, Independent Director

MANAGEMENT BOARD

Our Management Board currently consists of five members. All of our Management Board members were appointed or reappointed on May 27, 2014 by resolution of the Board of Directors.

The terms of appointment for all members expire on July 28, 2014. The business address of each member of our Management Board is 19 BARRIKADNAYA STREET, BUILDING 1, MOSCOW, 123242, RUSSIAN FEDERATION

SERGEY GORDEEV

President, Chairman of the Management Board

EDUCATION

Tolyatti Academy of Public Administration, specialization "Finance and credit"

WORK EXPERIENCE

— 1995–1998: establishment of Rosbuilding;

— In 2005, Sergei Gordeev established Horus Capital

— Since 2006, a founder and the President of the Cultural Heritage Support and Preservation Foundation "Russian Avant-Garde"

— 2007–2010: a member of the Council of Federation of the Federal Assembly of the Russian Federation from the Perm region

— Since December of 2013, the largest shareholder of PIK Group

— Since May 2014, the President of PIK Group OJSC

MARINA ZINOVINA

First Vice-President

EDUCATION

Economist, Finance and Credit, Academy of National Economy under the Government of the Russian Federation, 1999

WORK EXPERIENCE

— 1999–2005: State Corporation ARCO, Chief Accountant – Financial Director

— 2005–2013: State Corporation Deposit Insurance Agency, Deputy General Director
— From March 3, 2014 Ms. Zinovina is the First Vice-President of PIK Group.

ANDREY RODIONOV

Vice President for Economics and Finance

EDUCATION

— Yaroslavl Higher Military Finance School.

WORK EXPERIENCE

— 2003–2008: Director of the Financial Department of Nafta Moskva;

— 2008–2010: Managing Director at Nafta Moskva;

— Since 2010 he holds the post of Vice President for Economics and Finance – Financial Director of PIK Group OJSC.

JURY KOMISSARENKO

Vice President — Director of the Sales Department

EDUCATION

— Moscow State University named after M.V. Lomonosov, Chemistry Department, Specialty “Chemist”

WORK EXPERIENCE

— 2003—2009: Financial Director of Industrial Insurance Group Osnova;

— March, 2009—August 2009: General Director of Industrial Insurance Group Osnova;

— August, 2009—April 2010: General Director of PIK-Realty LLC;

— April, 2010—January 2011: Director of the Sales Department of PIK Group;

— From January 2011 until now he is the Vice President—Director of the Sales Department of PIK Group.

MIKHAIL TYASTO

Vice President for Industry and Construction

EDUCATION

— Moscow University of Consumer Cooperation, Specialty “Finance and Credit”

WORK EXPERIENCE

— In 2003, he worked for Rosbuilding and Horus Capital.

— In 2011—2013, he held an executive post at FSUE VGTRK (All-Russian State Television and Radio Broadcasting Company).

— Since 2014 he holds the post of Vice President for Industry and Construction of PIK Group OJSC, General Director of PIK-Indusytiya OJSC

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

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 the 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 10, 2013, a decision was taken on payment of fees and reimbursement of expenses to independent members of the Board of Directors of the Company (Timmins L., Tsenin R., Rustamova Z.Kh., Saltiel J. P.):

Key management received the following remuneration during the year

	2013
Fees for participation in operation of the Board of Board of Directors	RUB 14,120,604.39
Salary	0
Bonuses	0
Commissions	0
Privileges	0
Reimbursement of expenses	RUB 272,308.22
Other types of fees	0
TOTAL	RUB 14,392,912.61

mIn RUB	2013
Salaries and bonuses	283
Contributions to State Pension fund	17
TOTAL	300

15

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 in the corporate culture.

The latest risk matrix and list of risks was approved by the Board of Directors in September, 2013.

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

STRATEGIC

the achievement of PIK's long term goals, such as the availability of resources, growth of competition, politics, changes to legislation and reputational risks

FINANCIAL

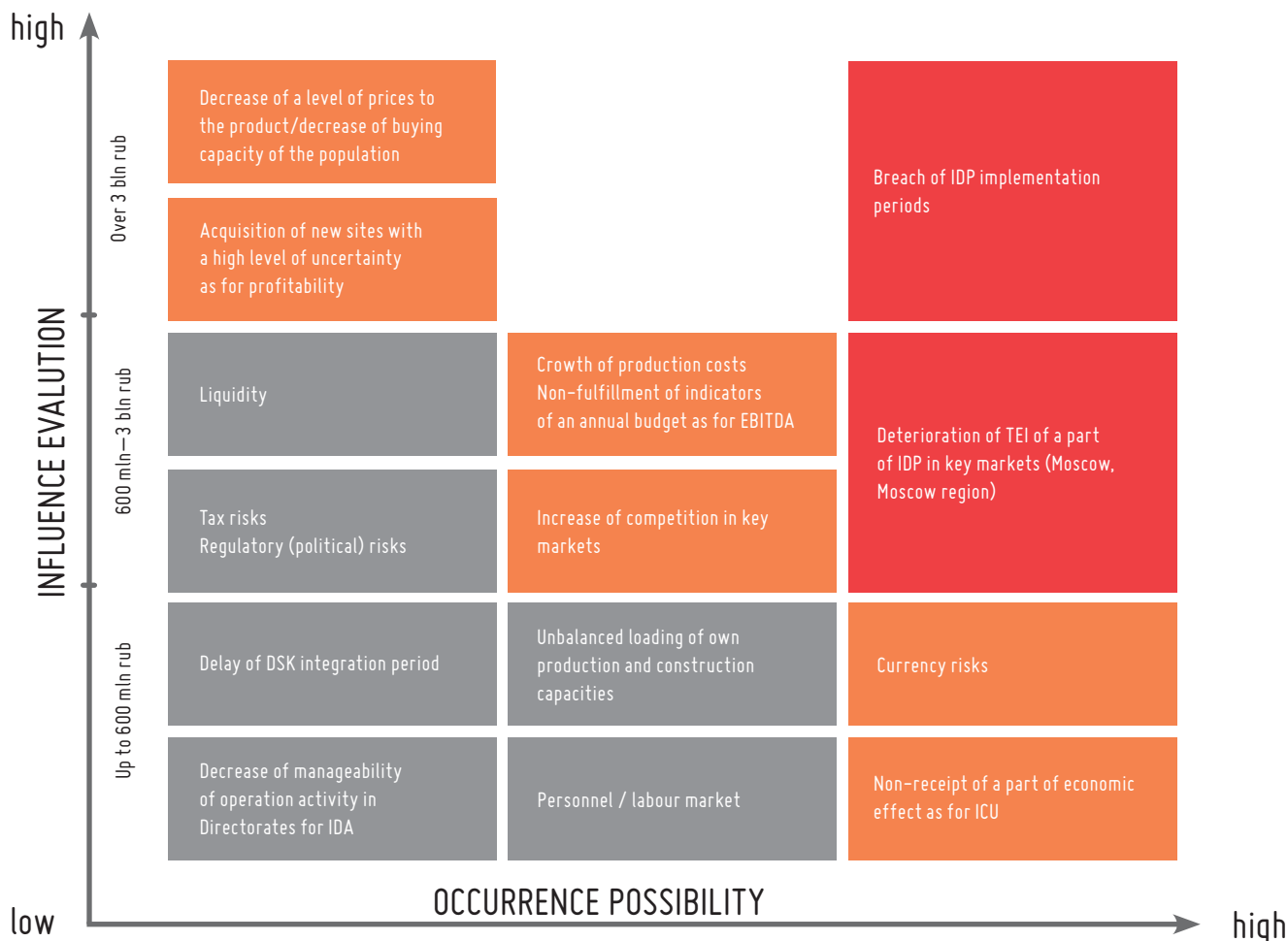
liquidity, inflation, currency exchange rate, access to credit lines

OPERATIONAL EFFICIENCY

defaults on contracts, execution by suppliers, growth in raw materials costs, issues with raw materials quality, own production efficiency, loss of skilled staff

THE 2013-2014 RISK MATRIX

KEY RISK MATRIX OF PIK GROUP FOR 2013-2014



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



16

Organizational structure



Real Estate Development & Sales

PIK Client's Service

Subdivision in Perm

Subdivision in Rostov-on-Don

Subdivision in Omsk

Subdivision in Yaroslavl

Subdivision in Nizhniy Novgorod

Subdivision in Kaluga

Subdivision in Kaliningrad

Subdivision in Novorossiysk

Subdivision in Obninsk

Construction & Production facilities

MFS PIK (Moscow)

PIK-Industries (Moscow)

100 KZI (SergievPosad, Moscow Region)

480 KZI (Aleksin, Tula Region)

PIK Profile (Moscow)

Energoservis (Moscow)

PIK Podyom (Moscow)

NSS (Obninsk)

Volga Form (Nizhny Novgorod)

Stroyindustriya (Perm)

UDSK (Moscow)

Architectural-design & institutes

Evropoekt (Moscow)

Novorosgrazhdanproekt (Novorossiysk)

Facility management & Maintenance

PIK Comfort

PIK Razvitie Territoriy

— WE —

APPRECIATE

◆ YOUR ◆

HAPPY

STORIES



17

Portfolio of projects overview

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

The market value of the property portfolio as of December 31, 2013 increased 7.6% to RUB 95.2 bn (RUB 88.4 bn as of December 31, 2012) and was unchanged at US\$2.9 bn when denominated in US Dollars.

Market value per square meter increased by 1.6% to RUB 13,753 (2012: RUB 13,529) due to changes in valuation assumptions and projects.

The average value per square meter was up by 9.6% to RUB 60,369 in Moscow, 89.2% to RUB 12,305 in New Moscow, 26.0% to RUB 12,142 in the Moscow Region and down 35.3% to RUB 3,299 in Russia's regions. The decline in value in other regions of Russia is explained by the recent reinstatement of the Bakharevka project in the Perm region which, given its predevelopment stage, has a relatively low market value.

The MMA represented 4.1 mln sqm (60% of the total area) with a total market value of RUB 85.9 bn (90.2% of total value). The Group plans to maintain its market leadership in providing modern and affordable housing in the MMA through building out the existing pipeline, while targeting development activities in the most attractive fast-growing regions of Russia.

Key changes to net sellable area in 2013

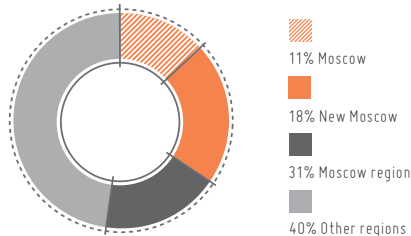
	th sqm
Net sellable area as of December 31, 2012	6,537
Sale of properties to customers in 2013	677
Project cancellation and reclassifications into land	(157)
Landbank replenishment with new development projects in 2013	223
Reclassification of land into economically viable projects	1,036
Changes in projects'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

Source: C&W, Company data

Project portfolio split by geography, %

Total:
6,922 (th sqm)

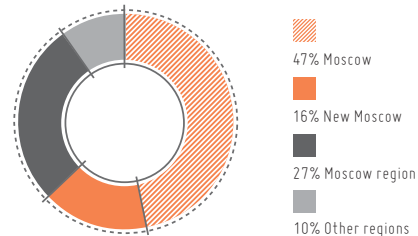
by unsold area



Source: C&W

Total:
RUB 95.2 bn

by market value



Source: C&W

Portfolio of properties by region

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

Source: C&W

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

Portfolio of properties by region

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

Source: C&W

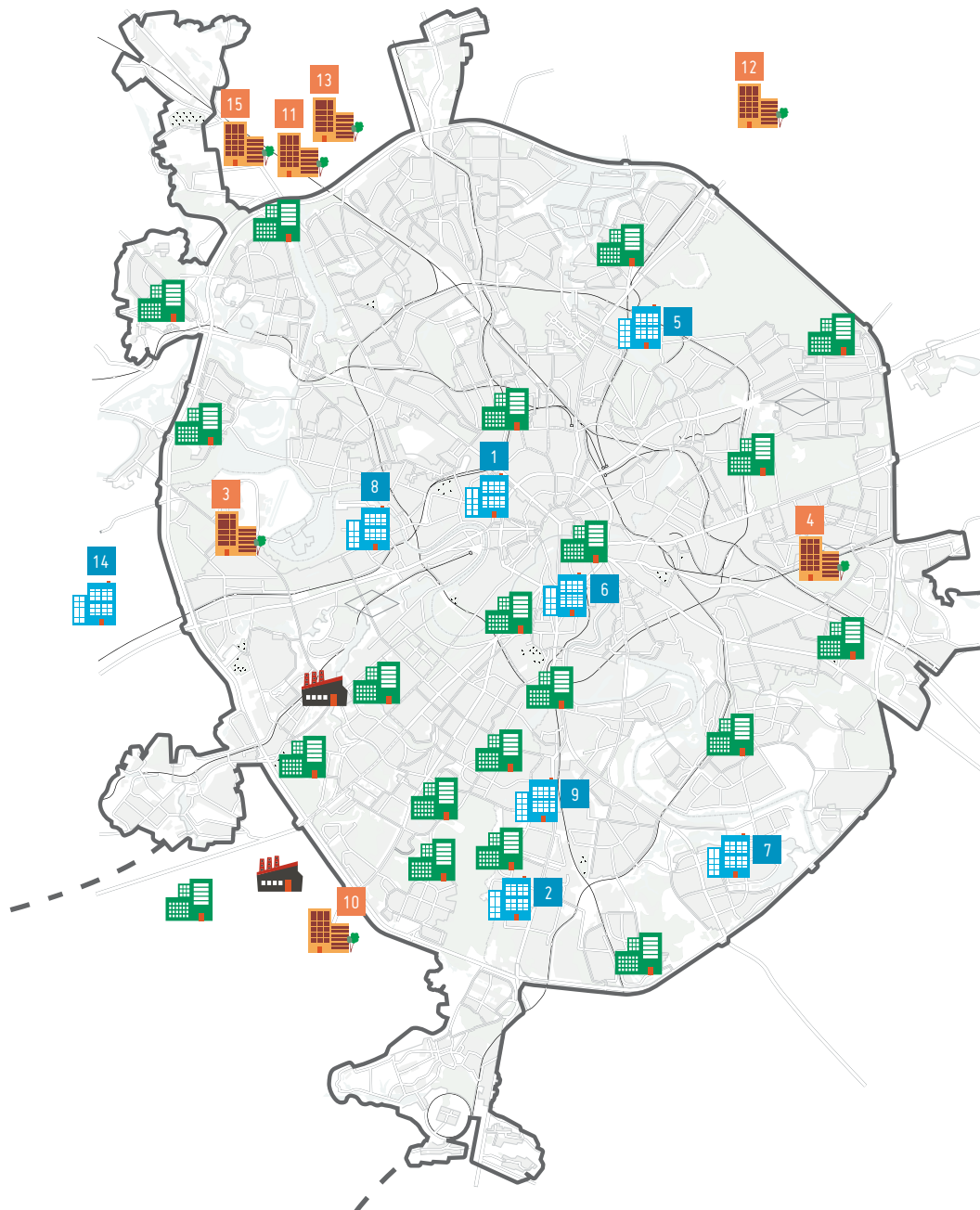
NAV per share

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

Source: C&W, IFRS

TOP PROJECTS IN 2013 VALUATION REPORT

Top projects in MMA	Size (ha)	Total NSA (th sqm)	Unsold NSA (th sqm) 31.12.13	Market value (RUB bn) 31.12.2013	Total remaining budget (RUB bn)	
MOSCOW						
1	"City Quarters"	6.83	115	115	13.8	14.4
2	"Varshavskie Ognj"	8.87	169	169	7.1	10.8
3	Kuntsevo	—	178	147	5.4	16.9
4	"Grand Kuskovo"	14.12	143	45	3.0	2.9
5	Izmaylovsky Proezd	3.5	58	58	2.6	4.2
6	Vavilova st.	1.6	32	32	2.6	3.5
7	Marshala Zakharova str.	1.7	46	46	2.3	3.2
8	Zarechnaya st. 4A 4B	2.35	39	39	1.4	4.1
9	Varshavskoe sh. 14	1.01	18	18	1.0	1.5
			669	39.2		
"NEW " MOSCOW						
10	Kommunarka, "Buninskiy"	127.79	1,290	1,223	15.0	64.8
			1,223	15.0		
MOSCOW REGION						
11	Khimki, "Levoberegny"	41.71	422	198	5.8	8.9
12	Mytishi, "Yaroslavsky"	81.64	826	501	4.7	34.9
13	Khimki, "The Star of Russia"	5.81	135	95	2.1	4.2
14	Odintsovo, Zarechye	20.1	53	53	1.9	3.7
15	Khimki, "Novokurkino"	81.0	848	141	1.8	12.2
			988	16.3		
SUBTOTAL			2,880	70.5		
Total all projects as of 2013			6,922	95.2		
Subtotal as % of total			41.6%	74.0%		



Active development



Active development starts in the next 6-12 months



Prefabricated manufacturing facilities



Completed projects (selected since 2007)



Moscow city border before 01.07.12



Extended Moscow city border

MAJOR PORTFOLIO OF PROJECTS BY VALUE

Buninsky

Location: **Kommunarka, New Moscow** Type: **Mass market**

The Property is located in the New Moscow (former region of the Moscow Region annexed to Moscow in 2012), in close proximity to "South Butovo" residential microdistrict, 6 km south west of the Moscow Outer Ring Road (MKAD) along Kaluzhskoye highway.

Access to the Property is convenient by public transport and is 15 minutes walking distance from the "Buninskaya Alley" metro station.

Butovsky Forest and Bitsa river valley are located in close proximity to the Property as well as several ponds.

The Property is a large scale residential development which includes multistory residential buildings, schools, kindergartens, commercial premises on the ground floors of the residential buildings and stand alone retail centre.

Unsold area (th sqm)
1,223
Value (RUB bn)
15.0

City Quarters

Location: **Moscow** Type: **High-end**

The Property is situated in the immediate vicinity of the Moscow City business districts on Mantulinskaya Street near the Third Transport Ring and 1905 Goda Street. The Vistavochnaya 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 apartment buildings of monolithic concrete structure, a 4 star hotel with 155 rooms, a retail complex of around 20,000 sq m rentable areas and an underground car parking with more than 3,700 spaces.

The project is a brownfield redevelopment of Krasnopresnensky sugar plant which is currently used as a warehouse.

Unsold area (th sqm)
115
Value (RUB bn)
13.8

Varshavskie Ogn

Location: **Moscow** Type: **Mass market**

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 8.9 ha land plot which is currently occupied by the former "GazStroy mash" factory. Existing factory buildings are to be demolished and will be replaced by the new residential complex on the site.

Unsold area (th sqm)
169
Value (RUB bn)
7.1

Levoberegny

Location: **Khimki, Moscow region** Type: **Mass market**

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 over 200,000 people.

The Property is located about 1 km from the Moscow Outer Ring Road (MKAD). Access to the Property is possible by both public shuttles 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.

The surrounding neighbourhood comprises mainly residential buildings.

The completed residential buildings of prefabricated method of construction are transferred to homeowners in turnkey condition, while the monolithic concrete buildings and commercial properties are delivered in shell and core condition.

The residential buildings are of the mass-market category.

Unsold area (th sqm)
198
Value (RUB bn)
5.8

Rublevskie Ogn

Location: **Moscow** Type: **High-end**

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 east of Property. 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

Unsold area (th sqm)
147
Value (RUB bn)
5.4

Yaroslavsky

Location: Mytischki, Moscow region Type: Mass market

The Property is located in the city of Mytischki in the Moscow Region next to the Moscow Outer Ring Road (MKAD). Mytischki is one of the largest satellite cities of Moscow with a population of approximately 170,000 people. Once completed, the Property is expected to accommodate more than 45,000 residents.

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 times). Access to Moscow by public transport is possible by shuttle buses to the nearest metro stations and by intercity rail with a total travel time of under 1 hour to the city centre.

The Property is comprised of three land plots with a total area of 81.6 ha in the course of development with 63 buildings. The Property includes buildings constructed using both prefabricated panel and monolith concrete construction. The completed residential buildings of prefabricated method of construction are transferred to homeowners in turnkey condition, while the monolithic concrete buildings and commercial properties are delivered in shell and core condition. The residential buildings are of the mass-market category.

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

Unsold area (th sqm)

501

Value (RUB bn)

4.7

Grand Kuskovo

Location: Moscow Type: Mass market

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 the Kuskovo estate, a historical park with the Kustovskiye lakes. Perovsky Park is to the north west of the Property.

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 Novogireyevoye on the Kalininskaya line.

The residential buildings are of the mass-market category using the prefabricated panel construction method. Completed units are transferred to homeowners in turnkey condition.

Unsold area (th sqm)

45

Value (RUB bn)

3.0

Izmaylovsky

Location: Moscow Type: Mass market

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

Access to the Property is convenient by private transport and moderately convenient by public transport. The nearest metro station, Partizanskaya, is 15 minutes walking distance. The Property is neighbored by residential buildings to the east, industrial buildings to the north, and garages to the west and south. In close proximity there is a park area with a pond containing Izmaylovsky Island and the historical Hospital for the veterans of the War of 1812.

Unsold area (th sqm)

58

Value (RUB bn)

2.6

Vavilova st.

Location: Moscow Type: Mass market

The land plot at Vavilov Street with an area of 1.6 ha is located in the prestigious district to the South-West of the Moscow city center, within the 3rd transport ring road, on premises previously occupied by a taxi operator. The project envisages construction of a 32,000 square meter business class residential development. The planned contemporary residential buildings will have all the essential elements for comfortable family living, including a kindergarten and underground parking garage.

Project implementation will start in 2014 and construction will be effected within the framework of the industrial area reorganization program. At present, redevelopment of former manufacturing sites represents the most effective way of implementing residential projects within Moscow city limits.

Unsold area (th sqm)

32

Value (RUB bn)

2.6

Marshala Zakharova st., 7

Location: Moscow Type: Mass market

The Property is located in the southern part of Moscow, in close proximity to Kashirskoye highway, Borisovkie Prudy and Tsaritsyno Park. The Property can be conveniently accessed by both public and private transport. Orekhovo metro station is within 15 minutes' walk and the bus stop is within 1 minutes' walk.

The neighbourhood is characterised by panel residential properties and developed infrastructure such as convenience stores, a furniture store, a fitness centre and other facilities.

Unsold area (th sqm)

46

Value (RUB bn)

2.3

SUBTOTAL

Unsold area (th sqm) 2,534

Value (RUB bn) 62.3

AS OF TOTAL, %

Unsold area (th sqm) 36.6

Value (RUB bn) 65.4

18

Financial
Statements

Consolidated Statement of Financial Position

In mln RUB	2013	2012 (restated)
ASSETS		
Non-current assets		
Property, plant and equipment	9,049	9,076
Intangible assets	20,069	16,618
Investments in equity accounted investees	257	140
Other investments	7	7
Deferred tax assets	887	1,537
Total non-current assets	30,269	27,378
Current assets		
Inventories	66,237	70,434
Other investments	30	153
Income tax receivable	334	309
Trade and other receivables	9,272	11,276
Cash and cash equivalents	11,089	5,067
Total current assets	86,962	87,239
Total assets	117,231	114,617
EQUITY AND LIABILITIES		
Equity		
Share capital	41,295	30,843
Additional paid-in capital	(8,470)	(8,424)
Retained earnings	(12,750)	(19,544)
Total equity attributable to equity owners of the Company	20,075	2,875
Non-controlling interests	548	470
Total equity	20,623	3,345
Non-current liabilities		
Loans and borrowings	3,631	33,014
Trade and other payables	2	212
Deferred tax liabilities	1,397	1,753
Total non-current liabilities	5,030	34,979
Current liabilities		
Loans and borrowings	25,469	10,197
Trade and other payables	53,198	50,293
Provisions	12,695	15,494
Income tax payable	216	309
Total current liabilities	91,578	76,293
Total liabilities	96,608	111,272
Total equity and liabilities	117,231	114,617

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 2013.

The complete set of the Consolidated Financial Statements and the Independent Auditors' Report thereon is located at <http://pik-group.com/investors/financial-statements/2013>

Consolidated Statement of Profit and Loss and Other Comprehensive Income

In mln RUB	2013	2012 (restated)
Revenue	62,543	66,129
Cost of sales	(44,883)	(51,803)
Gross profit	17,660	14,326
Gain on disposal of subsidiaries and development rights, net	105	131
Distribution expenses	(916)	(750)
Administrative expenses	(3,334)	(3,229)
Impairment losses, net	(894)	(252)
Other expenses, net	(227)	(188)
Results from operating activities	12,394	10,038
Finance income	1,460	437
Finance costs	(5,173)	(6,444)
Net finance costs	(3,713)	(6,007)
Share of profit of equity accounted investees (net of income tax)	13	—
Profit before income tax	8,694	4,031
Income tax expense	(1,246)	(904)
Profit and total comprehensive income for the year	7,448	3,127
Attributable to:		
Owners of the Company	6,794	3,162
Non-controlling interests	654	(35)
Profit and total comprehensive income for the year	7,448	3,127
Basic and diluted profit per share	11,55	6,41

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 2013.

The complete set of the Consolidated Financial Statements and the Independent Auditors' Report thereon is located at <http://pik-group.com/investors/financial-statements/2013>

Consolidated Statement of Cash Flow

In mln RUB	2013	2012 (restated)
OPERATING ACTIVITIES		
Profit for the year	7,448	3,127
Adjustments for:		
Depreciation and amortisation	705	860
Impairment losses and reversal of impairment losses including those in cost of sales, net	1,070	660
Foreign exchange gains, net	(226)	(182)
Loss on disposal of property, plant and equipment	35	24
Impairment losses on financial assets, net	746	152
Write-off of accounts payable	(667)	(165)
Gain from disposal of subsidiaries and development rights	(105)	(131)
Share of income of equity accounted investees	(13)	—
Interest expense	4,382	5,891
Change in non-controlling interest in limited liability companies	(205)	270
Interest income	(362)	(90)
Income tax expense	1,246	904
Cash from operating activities before changes in working capital and provisions	14,054	11,320
Decrease in inventories	2,528	5,053
Decrease in trade and other receivables	1,109	179
Increase/ (decrease) in trade and other payables	4,266	(4,461)
(Decrease)/ increase in provision for cost to complete	(1,519)	2,104
Cash flows from operations before income taxes and interest paid	20,438	14,195
Income tax paid	(2,350)	(1,255)
Interest paid	(5,616)	(5,900)
Net cash from operating activities	12,472	7,040
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	16	39
Interest received	375	41
Acquisition of property, plant and equipment	(656)	(865)
Acquisition of development rights and other intangible assets	(3,410)	(1,725)
Loans given	—	(102)
Proceeds from sale of development rights	—	513
Proceeds from disposal of subsidiaries	456	797
Proceeds from repayment of loans given	98	28
Net cash used in investing activities	(3,121)	(1,274)
FINANCING ACTIVITIES		
Proceeds from borrowings	1,936	1,881
Repayment of borrowings	(15,218)	(5,454)
Proceeds from sale of own shares	10,406	—
Dividends paid by a subsidiary to non-controlling interest	(760)	—
Net cash used in financing activities	(3,636)	(3,573)
Net increase in cash and cash equivalents	5,715	2,193
Effect of exchange rate fluctuations on cash and cash equivalents	307	—
Cash and cash equivalents at beginning of year	5,067	2,874
Cash and cash equivalents at end of year	11,089	5,067

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 2013.

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Consolidated Statement of Changes in Equity

In mln RUB	Attributable to equity owners of the Company					Total equity
	Share capital	Additional paid-in-capital	Retained earnings	Subtotal	Non-controlling interest	
Balance as at 1 January 2012	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 31 December 2012	30,843	(8,424)	(19,544)	2,875	470	3,345
Balance as at 1 January 2013	30,843	(8,424)	(19,544)	2,875	470	3,345
Profit and total comprehensive income for the year	—	—	6,794	6,794	654	7,448
Transactions with owners of the Company						
Share issue, net of related costs (note 21)	10,452	(46)	—	10,406	—	10,406
Dividends	—	—	—	—	(576)	(576)
Total transactions with owners	10,452	(46)	—	10,406	(576)	9,830
Balance as at 31 December 2013	41,295	(8,470)	(12,750)	20,075	548	20,623

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 2013.

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19

Investor contacts

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ANDREY MACHANSKIS

Director of Investor Relations and Capital Markets

EDUCATION

Mr. Machanskis graduated from the State Finance Academy and State University of Land Use Planning with a Ph.D. in Economics.

CURRICULUM VITAE

Andrey has 17 years of experience in the financial services sector, of which 6 previous years were in the area of financial communications and investor relations.

Prior to joining PIK Andrey worked in various senior equity research positions in the Russian offices of UBS AG and Citibank. Andrey came to PIK Group from Integra Group (oilfield services), where he had headed Investor Relations since 2007.

