VALUATION REPORT

Portfolio of Properties

Valuation report #20/07-134CV as at July 1, 2010

On behalf of

OJSC "PIK Group of Companies"

Part I

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September 23, 2010

Ladies and Gentlemen,

VALUATION OF PROPERTIES LOCATED IN 28 CITIES AND SETTLEMENTS IN RUSSIA

1 Instructions

1.1 In accordance with valuation agreement #20/07-134CV dated July 27, 2010 between OJSC "PIK Group of Companies" (hereinafter referred to as "PIK" or "the Client") and CB Richard Ellis LLC, we have inspected the properties completed, offered for lease and partially sold described in Schedule 1 (the "**Properties Held as Investment**), the properties in the course of development described in Schedule 2 (the "**Properties in the Course of Development**"), and the properties held for future development described in Schedule 3 (the **"Properties Held for Development"**), and made relevant enquiries in order to provide our opinion of Market Value of the interests held therein as at July 1st, 2010 (the "**Valuation Date**"). Thus, this appraisal incorporates the value of freehold interests in land plots and buildings, long-term and short-term leasehold interests in land with rights to develop the identified projects, and the value of the rights for future freehold interests in apartments on completion.

1.2 We also set out below the aggregate of our opinion of the Market Value of the individual properties by region. We have been also requested by PIK to include for completeness in Schedule 4 (the "**Properties by Region**") a list of all properties grouped by region.

1.3 This "Valuation Report" has been prepared for the purpose of inclusion in a prospectus relating to a secondary offering of Ordinary Shares and Global Depositary Receipts ("GDRs") (the "Offer") in PIK, including the admission of the GDRs to trading on the London Stock Exchange (LSE).

2 The Properties

2.1 The properties we have valued are briefly described in Schedule 1, Schedule 2, and Schedule 3 (together, the "Schedules") attached to this Valuation Report. Each property identified in the Schedules has been valued individually, and not as part of a portfolio. Therefore the conclusions for the individual properties are not interrelated.

2.2 We based our valuation on the assumption that the whole portfolio will continue to remain in its existing ownership. In reality if such a land bank, or a substantial amount of properties within it, were placed on the market at the same time, it could have the effect of flooding the market, leading to a reduction in values. However, given that PIK are one of Russian major developers especially in certain markets, the valuation assumes prudent lotting rather than to flood the market by dumping everything in at once.

2.3 The Property Portfolio consists of 1,569.68 ha of land allocated amongst 103 projects (including projects completed, in the course of development and held for development) comprising 13,484,456 sq m of Net Selling Area (PIK's share), of which PIK's unsold share is 10,761,695 sq m. 97% or 13,062,522 sq m of the Property Portfolio consists of residential areas with infrastructure. The remainder of the Property Portfolio comprises 421,934 sqm of retail, office and hotel accommodation. We additionally extracted the projects where PIK has a share in the future freehold interest in apartments to be obtained on completion of the projects by the Third parties (Joint Venture Partners). PIK's unsold share in those projects is estimated at 1,067,093 sq m.

3. Basis of Valuation

3.1 Our valuations have been carried out in accordance with The Royal Institution of Chartered Surveyors' (RICS) Valuation Standards (6th Edition) (the "Standards"). They have been undertaken by External Valuers as defined in the Standards. The local market and valuation practices within Russia have been considered in our valuation.

3.2 In accordance with the Standards, our valuations have been prepared on the basis of Market Value, which is defined in the Standards as follows:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

3.3 In our valuation we assume that the development programmes intended by PIK are based on the highest and best use value for the sites if all the appropriate legal documents, rights to develop, and planning permissions were obtained or were in the process of being obtained. For the sites where development plans had not yet been confirmed, we have estimated value both in an "as is" state and with consideration of their highest and best alternative uses. The market value was based on the highest value.

4. Valuation Methodology

4.1 We based our valuation on the Income Approach and adopted a discounted cash flow method to arrive at a Net Present Value. A Residual Approach was also used to verify the values arrived at through the discounted cash flows. The Sales Comparison Approach was used in addition to the Income Approach in the valuation of the Properties Held for Development, if comparable evidence on transactions or sites offered for sale was available. However, the availability of information on comparable transactions was limited in many cases.

Within the Income Approach, prospective cash flows from a property and the costs associated with being able to generate those cash flows were discounted back to the present using a market-derived discount rate. The resulting net present value is an indication of the market value. Specifically, with respect to properties in the course of development and properties held for future development, the market value is the net present value of all future income streams less the net present value of all future costs. The costs consist of all the development costs still outstanding for the property, including financing costs on construction. Future incomes were based on current market conditions and the anticipated future trends in rents and/or sales prices.

4.2 The discount rates adopted reflect the project's stage of completion and contain relevant risk elements, including the risk free rate plus market, finance, planning, construction and letting risks. In most cases the rate varied in accordance with the project's stage of completion and the status of its title and planning documents.

The Schedules show our opinion of the appropriate discount rates on an unleveraged basis as applied to individual objects within the Property Portfolio.

4.3 We have used the Residual Method where applicable to verify market values resulting from the discounted cash flow analysis for properties expected to be sold in the near term. Within the residual method we applied the developer's profit appropriate for each individual property based on a potential third party developer's/purchaser's likely expectations for the properties (properties planned for future development over 25%, properties in the course of development in the range of 15% - 35%).

4.4 Under Schedule 1 ("Properties Held as Investment") we have detailed projects completed and offered for lease or sale.

4.5 Under Schedule 2 ("Properties in the Course of Development") we have detailed projects under construction as well as legal obligations in respect of properties sold prior to the date of valuation. However, PIK has an obligation to complete properties construction, which is reflected in the valuation through the inclusion of negative-valued properties.

It is common practice within the local residential market for developers to sell a significant portion of rights to the property prior to completion of construction. However, we have not made any investigations on the actual payments received from the rights transferred. For the purpose of this valuation we have assumed that all sale proceeds attributed to the sold units already received and would not be available to a potential purchaser of the project while there is the legal liability to complete the development. In some cases this results in a negative property value for assets in the course of development where the majority of rights have already been sold.

4.6 Under Schedule 3 ("Properties Held for Development") we have detailed projects planned for development where construction and sales have not started yet. We assumed the start of the construction to be associated with the start of the ground works.

5. Valuations

5.1. The valuations were prepared in Russian Roubles as this is the currency in which real estate in Russia commercially transacts, but given the purposes of the valuation the results are presented herein in US Dollars. The exchange rate was set on July 1, 2010 at 31.2554 RUR per 1 USD according to the Central Bank exchange rate.

5.2. On the bases outlined in this Valuation Report, we are of the opinion that each individual Market Value as at the Valuation Date of the respective leasehold and freehold interests, with vacant possession, as summarised in the Schedules, is as stated against that property in the Schedule.

5.3. Construction cost estimates used are inclusive of VAT. According to the Federal Statute of the Russian Federation #214-FZ dated 30.12.2004 "On shared residential construction" the part of the income received from the interest-holders which exceeds construction expenses is subject to VAT. We have made our calculations in accordance with the Statute. The income from sales of residential properties after state commissioning is not subject to VAT.

VAT on construction costs of commercial properties is reimbursed at the tax period of their occurrence (item 6 of article 171 of the Tax Code).

The Market Values of the properties as well as the rental rates and sale prices of the commercial properties are exclusive of VAT.

5.4. The aggregate of the said individual Market Values as at July 1, 2010 is $2,564,315,000 (Two Billion Five Hundred and Sixty Four Million Three Hundred and Fifteen Thousand US Dollars) made up as follows:

TYPE OF SCHEDULE	NUMBER OF PROPERTIES	MARKET VALUE
Properties Valued:		
Schedule 1 – Properties Held as Investment	4	$18,348,000
Schedule 2 – Properties in the Course of Development	51	$1,408,247,000
Including:		
Properties Generating Negative Cash Flows	9	-89,301,000
Schedule 3 – Properties Planned for Development	48	$1,137,720,000
Total:	**103**	$2,564,315,000
Including:		
Joint Venture Partners	26	$703,228,000

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5.5 The aggregate value is distributed between offices, hotel, industrial, mixed-use projects and residential properties with infrastructure as follows:

TYPE OF PROJECT	NUMBER OF PROPERTIES	MARKET VALUE
Properties Valued:		
Residential projects including commercial infrastructure	94	$2,106,515,000
Office projects	4	$22,000,000
Hotel projects	1	$8,140,000
Industrial projects	1	$10,200,000
Land vacant	1	$15,500,000
Mixed-use projects	2	$401,960,000
Total:	**103**	**$2,564,315,000**

5.6 The aggregate value is distributed between the regions as follows:

REGION	NUMBER OF PROPERTIES	MARKET VALUE
Moscow Region:		
Moscow	29	$1,481,949,000
Moscow Region	23	$774,097,000
Regions:	**51**	**$308,269,000**
Izhevsk	1	$9,590,000
Kaliningrad	4	$53,247,000
Kaluga	11	$90,661,000
Nizhny Novgorod	4	$14,101,000
Novorossiysk	3	$24,501,000
Omsk	6	$14,517,000
Perm	3	$33,487,000
Rostov-on-Don	12	$39,736,000
Saint-Petersburg	1	$6,200,000
Yaroslavl	6	$22,229,000
Total:	**103**	**$2,564,315,000**

6. Transaction Costs

Seller's costs, such as advertising and agent's fees, have been allowed for in our valuation, as have purchaser costs. No allowances have been made for any other extraordinary expenses of realisation nor for taxation that might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charges.

7. Assumptions and Sources of Information

Documents

7.1. We have been supplied with the following documents from PIK for the majority of the properties:

- Information on construction costs and construction phases for the Property Portfolio
- Copies of Land Lease agreements and cadastral plans
- Copies of Land Ownership certificates
- Copies of Building Ownership certificates and BTI plans
- Copies of Investment Contracts defining PIK's rights for development
- Copies of Government Decrees confirming development areas, zoning and permitted uses
- Copies of Project Architectural Drawings
- Copies of Project Design Approvals
- Copies of Construction Permits

We have not provided independent verification of the information contained within the documents nor have we verified that it is complete and accurate. Where supplied with legal documents relating to the properties, we have had regard to them in undertaking our valuations, which reflect our understanding of such information. However, we will not take responsibility for the legal interpretation of these documents. We reserve the right to amend our opinions of value should any legal information be provided which contains a material variation from the assumptions we have adopted in our valuations.

Additionally we have had regard to information provided by PIK on construction phasing and development costs. We have verified construction costs and phasing with market evidence and adjusted PIK's development plans accordingly for the purposes of this valuation where we find it appropriate.

Floor Areas

7.2. Gross Building Area

Given that some of the properties are at the development stage where final Gross Building Area (GBA) has not yet been fixed, we have relied on PIK's information on GBA supported by evidence from investment contracts and other property documents listed in the sources of information. In cases where clear references to GBA have not been provided to us, the gross and net areas were calculated as follows:

- Residential projects: Gross Buildable Areas were calculated by adding 20% to the Net Selling Area of economy properties and 25% to business class properties.
- Retail and office projects: the project design documents state the gross building areas of the commercial properties, therefore in our calculations we applied the GBA as stated in the project documents.

- Parking garages: by allocating 35 sq m per parking space.

We based our cost estimates on the GBA. All income estimates are based on the Net Selling Area/Net Leasable Area only. All measurements and areas quoted in the Valuation Statement are approximate.

7.3. Net Selling Area

Net Selling Area for the properties is adopted in accordance with data provided by PIK. In some cases these net selling areas differed from the documentation that we were provided with. In the majority of these cases the differences in the areas were under 10%, which is common in the local market and often occurs at early development stages since investment contracts are drawn up in approximate areas. For the purposes of our valuation we assumed that PIK will be able to get all the permissions required to complete construction in accordance with the business plans considered herein and that there would be no additional cost or delay associated with this.

It is important to note that upon construction of the residential properties the official apartment area is calculated by the Bureau of Technical Inventory (BTI). Often the BTI measurements vary from the planned area stated in purchase agreements. In this case an additional agreement is signed between the buyer and the seller to cover the extra area for any areas sold prior. The additional income from area increases might be an additional source of income for PIK. For the purposes of this valuation we assumed that the BTI areas are in accordance with the PIK stated areas used in this report.

7.4. Net Leasable Area

Net leasable area for the office centres was adopted as 85% of GBA, this assumes the allocation of the common areas between the tenants, but as usual not more than 10-15% of their usable area.

Net leasable area for the retail units was adopted in respect to the size of the property as follows:

- 0% loss factor for the properties under 5,000 sq m GBA;
- 25% loss factor for the properties within 5,000 – 12,000 sq m GBA;
- 35% loss factor for the properties above 12,000 sq m GBA.

We assumed the Net Leasable Area of the commercial built-in properties to be equal to their Gross Building Area due to their small size.

7.5. Parking

Certain developments include parking garages. For the purpose of this report, all values associated with standalone parking structures have been distributed among the appropriate residential buildings they are intended for on the basis of the weighted net selling area of these buildings.

Machinery

7.6. Machinery such as lifts, central heating, and other normal service installations has been treated as an integral part of the building and is included within our valuations. Ownership of these items is to be transferred to the proper municipal maintenance authority upon building completion as defined in the investment contracts.

7.7. No specialist tests have been carried out on any of the service systems and, for the purpose of our valuations, we have assumed that all are either in good working order or in compliance with any relevant statute, by-law or regulation, or will be upon completion of development of the Property concerned.

Environmental Investigations and Ground Conditions

7.8. We have not ourselves undertaken any environmental investigations for contamination or otherwise.

7.9. We have therefore assumed in our valuations that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of any of the properties.

Inspections

7.10. We inspected the majority of the properties in April 2010 during our regular re-valuations. The balance of the properties and the properties in the process of active development were inspected within the dates of July 26, 2010 and August 6, 2010.

Building Structure

7.11. We were not instructed to carry out structural surveys for the purpose of this Valuation and have assumed that there are not and will not be any structural or latent defects within the properties. We have assumed that no known deleterious or hazardous materials have been, or are being, used in the construction of any of the properties.

7.12. For the properties where the project design has not yet been completed, we have carried out an analysis to determine the most feasible structural materials to be used in construction based on our studies of local demand and the capacity of the construction industry within the area.

7.13. Our valuation of the projected income stream from the sale of each Property assumes that the building works will be completed to a high quality standard in accordance with the plans and specifications provided to us by PIK.

7.14. We assume that the properties will be completed on time and the buildings will be commissioned upon completion in accordance with local regulations.

Town Planning and Statutory Requirements

7.15. We have not made any planning enquiries but have relied upon the information provided by PIK. For the purposes of our valuation we assume that there are no adverse town planning, highway, or other schemes or proposals that will have a detrimental effect on our valuations.

7.16. For all properties we have assumed that all relevant planning consents and building permits exist or will be granted without material cost or delay for the properties and their respective present or proposed uses (as appropriate).

7.17. We have assumed that all buildings currently comply, or upon completion will comply, with all statutory and local authority requirements, including building (SNiP), fire, and health and safety regulations (where appropriate).

Development Costs

7.18. We have broken development costs into the following major categories – purchase of additional rights if required, hard and soft construction costs, and financing costs. Hard construction costs included mainly costs related to ground works, building construction, internal engineering works, landscaping and fit-out. Soft costs include project management, project design and approvals, project utility infrastructure, construction of roads, social infrastructure, and other encumbrances. Information on construction costs could be verified from market data, whereas encumbrances are specific to individual projects. We have principally relied on information provided by PIK related to encumbrances, as this information will be derived from experience of direct tenders for this type of product and could be confirmed by PIK if there is a special request regarding this issue. Financing costs on construction have been estimated for each project individually, however, we have not reflected therein any interest related to the purchase of land, the cost of which is implicit in the discount rate adopted in deriving the net present value of each project's cash flow.

7.19. The information on construction costs provided by the Client was verified with the KO-Invest bulletins "Residential buildings", issued in 2009, "Public buildings", issued in 2008, "Construction price indexes", #70 issued in January, 2010 and data from the Federal Statistics Services. Our opinion on construction costs has also been based on data obtained from developers and supported by published sources. Construction costs are inclusive of VAT.

7.20. Engineering and design costs vary from project to project. We assumed that the information provided by PIK is correct and complete.

7.21. We have included liabilities to the city in our calculations. Liabilities to the city could be in the form of encumbrances included in the development budget or as a share of the project. They could also be incorporated into land rights costs. The total encumbrances could vary widely from project to project. We have adopted encumbrances in accordance with the information provided by PIK and assume that this information is complete and correct.

Development Schedules

7.22. The objects that comprise the Property Portfolio are at various stages of development. We state the percentage of completed work in accordance with the information provided by PIK. We did not survey construction work to estimate the percentage completion of each object and we assume that the properties will be completed in accordance with the information provided by PIK. For the properties planned for development and at early development stages, we have verified the development schedules with regard to the design approval and construction permit documents provided by PIK. Furthermore we assume that this information is in accordance with city planning and is applicable in the event that a potential buyer should proceed with the project.

Financing

7.23. For the purpose of this valuation we have assumed that construction of the properties will be financed on the following terms:

- 60% debt;
- 40% equity;
- 14% interest on loan during construction;
- 12% interest on loan after construction.

According to our calculations, we consider the construction cost of the properties to be covered by 40% equity and by the income stream attributed to unit sales, which commence before the completion of the buildings.

7.24. In our calculations we have considered the possibility of obtaining additional gains from the profits received at the earlier stages of construction and remaining after occurring all obligatory payments. Net profits were indexed via an average deposit rate of 8%.

Third Party Covenants

7.25. The titles of some properties within the portfolio are subject to onerous Joint Venture agreements which confer considerable financial obligations. We have assumed that these Joint Venture agreements are inseparable from the respective freehold titles until the obligations thereunder have been fulfilled.

7.26. We have not conducted credit enquiries into the financial status of any of the building contractors or other parties with whom PIK has entered into contracts. We have assumed that each party is capable of meeting its obligations and that there are no material undisclosed breaches of covenant.

Residential Sale Prices

7.27. Having analysed general market prices for properties of comparable location and quality, we determined the current price range for similar properties as of the valuation date. The tables of comparables are provided in the Property Description section.

Real Estate Cycle in Estimating Current and Future Market Conditions

7.28. The real estate market operates through the dynamic interaction of supply and demand, which can be perceived as cycles of activity, correlating with business cycles in the economy. Real estate values are likely to change during different phases of a cycle, so it is extremely important to understand and address the effects of these cycles in the valuation of long-term development projects.

It should be noted that the Market Value of the large projects stated in this report is very sensitive to changes in inputs, such as building costs, growth rates and inflation, over the term of the cash flow. Changes to these inputs can have a major effect on the resultant land value. In approaching our valuation we have carried out a sensitivity analysis and our resultant value reflects our opinion of the Market Value of the Property as at the valuation date.

We have closely studied the following key factors affecting current and future market conditions when conducting the portfolio valuation:

- Cumulative demand analysis for residential premises over the long-term;
- Sales schedules for residential projects estimated on the basis of PIK's historical market share;
- Residential prices dynamic and its long-term trends;
- Construction prices dynamic and its long-term trends.

Sales Schedules

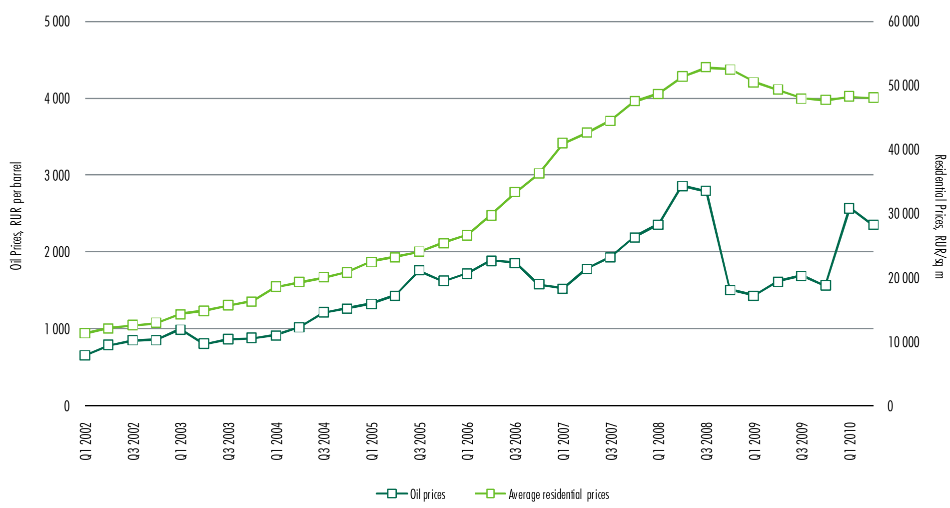
7.29. We have adopted sales schedules on the basis of PIK's market share analysis. We have studied historical data on PIK's share in residential markets and used it to verify the achievable volume of the sales forecasts per region with some adjustments for newly approved urban plans and information on large competitive projects.

Residential Price Dynamic and its Long-term Trends

7.30. When forecasting residential prices we have considered the following factors:

- The current stage of the property market cycle in Russia. The Russian property market experienced a severe downturn over 2009, the general consensus being that it reached its bottom in Q3. The residential market witnessed the first signs of recovery towards the end of 2009 showing a revival in demand and an increase in sales volume.
- The pace of the recovery in the Russian property market is likely to heavily depend on external economic drivers such as oil prices. Historically, residential prices in Russia have shown a very strong correlation with oil prices:

Correlation of the Oil prices and Average Residential Prices



Having analysed the forecasts of leading investment banks and agencies (IMF, Barclays, Citigroup, Credit Suisse, JP Morgan, Merill Lynch etc.) we derived an average oil price forecast as follows:

	3-4Q 2010	2011	2012	2013
BRENT Price, US $/bbrl	77.67	83.12	88.44	87.27

Having conducted a statistical analysis of residential prices in different regions relative to the oil (Brent) price, we have developed the following forecast for residential prices in different regions of Russia in Roubles using data on the Rouble/US Dollar exchange rate:

Residential Price Growth Rate by Region, %

REGION	2010	2011	2012	2013	2014 +
Moscow	0%	8.7%	10.6%	9.0%	0%
Moscow Region	0%	2.6%	10.6%	9.7%	0%
Rostov Region	0%	0.0%	10.3%	9.7%	0%
Kaliningrad Region	0%	3.0%	8.9%	7.6%	0%
Kaluga Region	0%	3.6%	11.1%	8.0%	0%
Krasnodar Area	0%	5.3%	8.9%	7.1%	0%
Omsk Region	0%	1.0%	8.3%	6.1%	0%
Permsky Area	0%	5.5%	9.2%	6.8%	0%
St. Petersburg	0%	0.8%	11.0%	9.7%	0%
Udmurt Republic	0%	3.1%	8.9%	5.9%	0%
Nizhny Novgorod Region	0%	4.6%	9.3%	6.5%	0%
Yaroslavl Region	0%	11.6%	8.9%	6.1%	0%

It should be noted that historical residential prices and data on historical and forecast oil prices were key drivers of the conclusions developed, where all other factors, having lesser influence on residential prices in Russia, were disregarded for the purpose of this analysis.

Given the long-term nature of the residential projects and the increasing uncertainty of modelling and forecasts in the long-term, we have adopted 0% growth rates in the cash flow models starting from the year 2014.

Construction Cost Dynamic and its Long-term Trends

7.31. The analysis of construction cost and residential price fluctuations reveals a correlation between them. We estimated the dependence of construction costs on apartment prices for all portfolio properties by region. The results of the forecast are summarised in the table below:

Construction Cost Growth Rate by Region, %

REGION	2010	2011	2012	2013	2014 +
Moscow	0%	5.8%	7.0%	6.0%	0%
Moscow Region	0%	1.9%	7.5%	6.8%	0%

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REGION	2010	2011	2012	2013	2014 +
Rostov Region	0%	0.0%	6.8%	6.2%	0%
Kaliningrad Region	0%	2.0%	7.4%	6.3%	0%
Kaluga Region	0%	2.3%	7.2%	5.2%	0%
Krasnodar Area	0%	4.0%	6.7%	5.3%	0%
Omsk Region	0%	0.8%	6.8%	5.0%	0%
Permsky Area	0%	4.6%	7.7%	5.6%	0%
St. Petersburg	0%	0.0%	7.8%	6.6%	0%
Udmurt Republic	0%	2.0%	5.9%	3.9%	0%
Nizhny Novgorod Region	0%	3.2%	8.0%	5.1%	0%
Yaroslavl Region	0%	9.8%	7.5%	5.2%	0%

Marketability

7.32. The global financial crisis had a damaging effect on Russian financial and real estate markets. The marketability of large development schemes was affected by the limited number of potential buyers. The values reported within the Report reflect our opinion of values based on a sale at the date of valuation (see Market Value Definition). In reality such a land bank would not be sold in this way but would generally be sold either in smaller lots or at a lower price with overage payments to the vendor as the development is built out. This is due to the cost to developers of holding land, as time slippages due to e.g. planning delays can have a major impact on project profitability.

Net Operational Income Assessment from Office and Retail Properties

7.33. We have adopted rental rates for retail and office premises in line with market evidence confirmed by comparable leasing offers/transactions for each individual property. The rental rates are net of operating expenses and VAT. The tables of comparables are provided in the Property Description section.

7.34. We have analysed general market trends and rent indexations applied to the existing lease agreements and have used our forecasts on rent indexations for the commercial properties, analysing each property individually on the basis of a combination of the following factors: region's potential, location's potential, competition, existing or proposed concept.

7.35. We have concluded that the commercial sectors that recently saw a sharp downturn, bringing rental values to the lowest levels (Moscow and Saint-Petersburg) would show a higher pronounced activity in terms of rental growth rates than those in the Russian regions, where the recovery potential is more limited. We thus applied an annual rent indexation in the range of 0%-5% for each property individually in Moscow and Saint-Petersburg for the period 2011-2013 only. We applied no indexation for rental rates in regional projects.

7.36. We have assumed a future stabilised occupancy of 90%-100% for the commercial properties in the process of development or planned for development with an NSA of below 10,000 sq m and 85%-95% for bigger properties, which is in line with the expected long-term level of real estate demand in Russia.

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7.37. We have estimated operational and credit losses to reach approximately up to 10% of Gross Potential Income for the purpose of this valuation.

EBITDA Assessment from Hotel Properties in Moscow

7.38. We have assumed that the hotel properties will be open 365 days per year. The stabilised occupancy for the hotel projects in the third year of operation was estimated at 60%-65%.

7.39. The rack rate for the future hotel properties was derived from comparable evidence as of the valuation date. The tables of comparable hotel projects are provided in the Property Description section. For the purpose of this valuation we considered an annual indexation of hotel rack rates of 3% starting in 2011.

This indexation reflects our understanding of current and future market conditions as based on the analysis of the current stage in the property market cycle in Russia.

7.40. With consideration of class and locations of the hotel properties, we have approximately estimated room revenues to represent 60-70% of gross hotel revenues, where the ratio assigned to the revenues from food, beverages and other services was reported at a higher level for upper class hotels than revenues from services in more budget class hotels.

7.41. We have assumed total undistributed costs to be capped at the level of 19-20%, and the gross operating profit of the hotels to stabilise at a level close to 50%. We have considered the EBITDA ratios of the hotel projects to stabilise in the range of 36-39%.

Terminal Capitalisation Rates

7.42. We have assumed the terminal capitalisation rates for the commercial properties to be as follows:

TERMINAL CAPITALISATION RATES	OFFICE	RETAIL	FITNESS	HOTEL
Moscow	11%-12%	10%-12%	14%	11%-12%
Moscow Region	10%-12%	12%	14%	-
Saint-Petersburg	12%	-	-	-
Regions	12-15%	13%	14%	-

Tenure and Tenancies

7.43. In the absence of any information to the contrary we have assumed that:

i) the properties possess good marketable titles free from any unusual encumbrances, restrictions or obligations;

ii) nothing would be revealed by any local search or replies to usual enquiries of the seller which would materially adversely affect the respective values of the properties;

iii) for the properties where only an investment contract with the proper authorities exists, property title will be issued upon completion of the development; and

iv) land leases from the local authorities will be extended where required.

Unlet Accommodation

7.44. According to information provided by PIK, the properties are unlet and either currently for sale or planned to be offered for sale. Therefore, we valued the Property Portfolio based on the assumption of Vacant Possession.

8. Variations from Standard Assumptions

At the request of PIK, in our assessment of Market Value (for the properties where payments for lease rights/ ownership have only been partially made) we have assumed that for those sites where PIK has development rights, the authorities have the legal means to delineate that portion of the site (in proportion to the payments made to date) and allow registration of lease rights/ ownership over that portion of the site.

The Market Value of those properties reflects a value of partially acquired rights.

The proportion of rights acquired is outlined in the table below.

PROPERTY	TOTAL SIZE OF THE LAND PLOT, HA	PROPORTION OF RIGHTS ACQUIRED %	HA
Omsk, Rokossovskogo Str.	292.998	40%	117.2
Nizhny Novgorod, Geroya Shnitnikova Str.	22.287	20%	4.46
Izhevsk, Alexandrovo village	229.4795	50%	114.74
Yaroslavl, Dzerzhinsky district, mcr. #15	25.81	40%	10.32
Yaroslavl, Frunzenskiy district, residential district "Sokol", mkr. 1	62.08	40%	24.83

In the project Yaroslavsky (Mytischi city) PIK's rights (or the rights of PIK's affiliates) for the future income received from the project implementation is partially transferred to the third party investors through the sale of shares in the companies holding the project' rights. The Market Value of this project represents PIK's corresponding share in the Net Property Value. The indication of this project is provided below:

PROPERTY	NET SELLING AREA, SQ M	PIK'S SHARE	PIK'S NET SELLING AREA, SQ M
Moscow Region, Mytischi, Yaroslavsky mcr.	1,154,385	75%	837,555

9. Future Pipeline

At the request of PIK, we have additionally carried out an estimation of the Market Value of one Property where PIK currently has no rights, but only has an agreement of intent in place. The Market Value of this property is not included in the aggregate value of the Portfolio, however it represents a potential addition to the Developer's land bank in the Moscow Region.

PROPERTY	TOTAL NET SELLING AREA OF THE PROJECT, SQ M	PIK'S NET SELLING AREA, SQ M	MARKET VALUE, ROUNDED USD
Pykhtino Village, Moscow Region	39,700	20,723	9,400,000

PIK GROUP

10. Independence

10.1 The total fees, including the fee for this assignment, earned by CB Richard Ellis Limited (or other companies forming part of the same group of companies within the UK and Russia) from the addressees to this report (or other companies forming part of the same group of companies) is less than 5.0 per cent of the respective companies' total UK and Russian revenues.

11. Responsibility

11.1 This Report may only be relied upon for the purposes for which it has been produced.

11.2 This Report is for the use only of the following parties:

a. the addressees of this Report;

b. Shareholders of PIK Group.

11.3 Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any other published document, circular or statement, nor published in any way without our written approval of the form and context in which it is to appear.

12. Verification

12.1 We recommend that before any financial transaction is concluded based on this Valuation Report, you obtain verification of the information contained within it and the validity of the assumptions we have adopted.

Yours faithfully,

Graham Hughes

Executive Director

Head of International Valuation Advisory

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Yours faithfully,

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