Investor presentation



September 2019

ПИК ГРУППА

PIK at a glance

01

PIK – diversified construction technology company

Undisputed leader in Russian Housing market

11 M^2
Land bank size

>3.5 bln $
№1 by market capitalization among other public homebuilders

35 000
Apartments delivered in 2018

7 mln m^2
№1 area under construction, as of 01.09.2019

50 mln m^2 AUM
№1 private housing maintenance and management company

50 000
People work daily on PIK construction sites

№1
Real Estate brand in Russia

55M+ Visitors
At PIK.RU annually, #3 Real estate website in Russia

13 000
Employees

***** market cap 01.09.2019

Sources: erzrf.ru, company date, Bloomberg

PIK Today

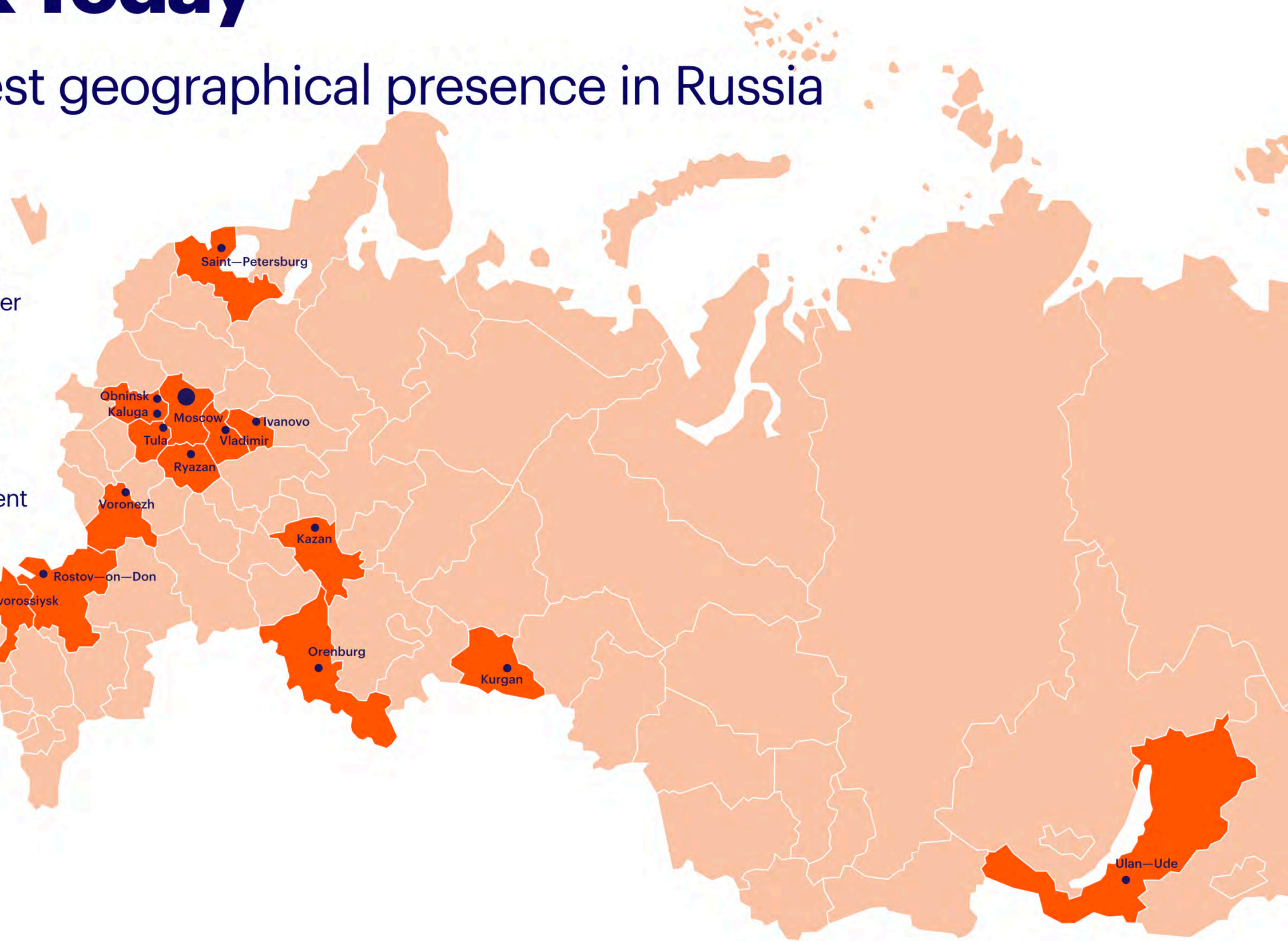
Widest geographical presence in Russia

9

Regions as homebuilder

23

Regions as management company



PIK — new generation homebuilder-technology company

Today PIK is an innovative integrated provider of housing products

IT Company - more than 200 developers in-house

1

2

One of the largest in the world architecture bureau

New approach to land bank management: from m² to rub.

3

4

Own production **(9 plants)**, flexible and adaptive ecosystem of suppliers and contractors

An integrated approach to marketing and sales: a dynamic pricing system, unified standards of service quality, omnichannel communication with customers

5

Digitalization of all processes - increasing transparency and speed of construction, sales and cash flows

6

7

The Best product on the market corresponding all customer preferences

Contemporary IT infrastructure

8

9

Socially responsible company - all projects are provided with the most modern social infrastructure

Housing Ecosystem - a full range of real estate services

10

PIK vs. competitors

#1 positioning among competitors	PIK	LSR	Etalon Group
Target segment	**Mass-market Business**	Mass-market Business Elite	Mass-market Business
Federal player[1]	**10 regions**	3 regions	2 regions
Portfolio value (RUB bn)	**382**[2]	186	190
Total land bank (m sqm)	**10.9**	7.8	7.8
New contract sales 2018 (RUB bn)	**210.6**	93.0	68.7
New contract sales 2018 (th. sqm)	**1,941**	920	628
FCF (OpCF-Capex) (RUB bn, 2018)	**26.7**	18.9	14.5
Net Debt / Adj. EBITDA 2018	**0.1x**	0.8x	(0.4x)
Market Cap (US$ bn)[3]	**3.7**	1.1	0.6
Integrated business model	✓	✓	✓
Prefab capacity (m sqm)	**1.5**	0.6	n/a
Area under management (in m sqm)	**50**	n/a	5
Add-on services	**Maintenance Rent Value Added Services**	×	Maintenance

Source: Companies' data
1 Moscow and Moscow represent one region;
2 Including land bank, industrial segment, grid segment, startups, offices and Company's brand;
3 As of 09.08.2019;

PIK differentiating factors

- The largest player on Russian real estate market by all means with nationwide presence
- Resilient to economic downturns business model due to affordable prices, strong customer value proposition and value added services
- Robust cost and quality control and shorter construction cycle on the back of vertical integration
- Sizeable and efficiently managed land bank
- Strong and sustainable cash flow generation underpinning resilient shareholder returns
- Tech initiatives and housing ecosystem providing recurring cash flow stream and acting as a unique platform for future expansion into new verticals

PIK Investment highlights

1. The absolute nationwide leader on the structurally attractive Russian residential development market

2. High-quality sizeable efficiently managed land bank

3. Integrated full-cycle business model – scale and technologies driving efficiency, sustainability and quality at each stage

4. Expanding housing ecosystem: integrated real estate management with a wide range of new value-added service offerings

5. Strong cash flow generation potential and prudent financial policy

6. Experienced management team with track record in growth and operational efficiency and well-established corporate governance practices

7. Well-capitalized platform set to seize market opportunities – lead on consolidation and expansion into new verticals

Experienced management team with track record in growth and operational efficiency...

Experienced management team with strong track record

Sergei Gordeev
President
20+ years in industry

Alexander Prygunkov
First Vice President
COO
10+ years in industry

Dmitry Timofeev
Vice President
for Legal Affairs
20+ years in legal sector

Elena Smakovskaya
Vice President
Financial Director
10+ years in industry
20+ years in finance

Yury Ilin
Vice President for Capital Markets and Corporate Finance
15+ years in industry

Andrey Lysukho
Vice President for HR
15+ years in HR

Sergey Fuksman
IT Director
8+ years in IT

Focus on sustainability

+ **PIK is a responsible residential real estate developer focused on maintenance of robust environmental, social and governance practices and aims to adhere to international ESG standards**
+ **The Company strategy is to contribute to sustainable social development providing modern housing solutions and infrastructure to population**
+ **Strict compliance with environmental requirements is of utmost importance for PIK**

Acquisition

Alexey Zolotarev
Vice President
for Development
of land assets
5+ years in industry

Nataliya Semmikova
Permitting documents and land property relations
15+ years in industry

Design

Denis Ivakin
Vice President
Director of design department
6+ years in industry

Stanislav Kondratyev
Vice President
Director of product department
5+ years in industry
8+ years in management

Development & construction

Ivan Polandov
Vice President
Real Estate Development
15+ years in industry

Maxim Yakusheckin
Vice President for Construction Servises
15+ years in industry

Andrey Kalinovsky
General Director of
PIK-Industries
30+ years in industry

Sales

Gennady Rosso
Vice President
Sales Director
8+ years in industry

Aleksey Almazov
Vice President
for Franchising
15+ years in industry

Maintenance & Utilities

Vyacheslav Borisenkov
Vice President for
Utilities Division
15+ years in industry

Sergey Rubtsov
Head of Maintaince Division
15+ years in industry

Professional Board of Directors with strong INEDs representation



Aleksey Karpenko

Chairman of the Board of Directors
Senior partner of "Forward Legal" law firm since 2014



Alexander Varennya

Independent member of the Board of Directors
Senior Vice President at Da Vinci Capital



Ilya Balandin

Member of the Board of Directors
Director of Venture Investment Department of PIK



Yury Ilin

Member of the Board of Directors
Vice President for Capital Markets and Corporate Finance of PIK since 2018



Sergei Gordeev

Member of the Board of Directors
President of PIK since 2014



Aleksei Blanin

Independent member of the Board of Directors
General Director of Development Solutions Real Estate since 2008



Zumrud Rustamova

Independent member of the Board of Directors
Non-executive Director of MMK



Dmitriy Timofeev

Member of the Board of Directors
Vice President for Legal Affairs of PIK since 2018



Alexander Prygunkov

Member of the Board of Directors
First Vice President – Operational Director of PIK since 2017

Head of Committee

INED

All committees chaired by INEDs

Audit Committee

Aleksei Blanin
Alexander Varennya
Yury Ilin

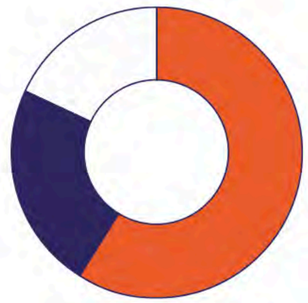
Personnel and Remunerations Committee

Alexander Varennya
Zumrud Rustamova
Aleksey Karpenko

Strategy Committee

Aleksei Blanin
Yury Ilin
Ilya Balandin

Shareholders' structure:



Sergei Gordeev	**59.33%**
VTB	**23.05%**
Free float	**17.62%**

PIK – Construction technology company

PIK ConTech:

leadership through technology and innovations

True ConTech company:

1. The only homebuilder in Russia with R&D department - **75** people
2. In-house architecture bureau (**top 5** globally by number of architects)
3. Patent protected proprietary technologies: **15+** patents for architectural urban and IT solutions
4. Partnership with Universities all over Russia
5. Annual R&D budget **>260M** RUB

PIK Architecture Bureau



Largest in Europe architecture bureau

Technology driven IT Architecture & Design bureau

- **1700+** Architects in-house
- Unique collaboration system: **30%** of architects work remotely
- **85%** of staff BIM Qualified
- **PIK.Academy** — Training base for architects and designers
- **12 BIM** Standards & 11 BIM Products developed
- **1 300 BIM** models made per year
- **5M m²** of housing designed annually

Urban planning robot

- Performing geodata-based urban analysis
- Geo-data connection via WFS protocol
- Automated masterplan drafts
- Manually adjustments master-plan drafts for fine tuning
- Automated light intensity calculation
- Standard elements library
- Urban analysis booklet creation



Layout robot

- Automated space planning decision making based on desired specification
- Automated standard floor plan making
- Manual adjustment for fine tuning
- Data export to Revit



Industrial technologies

Full cycle pre-fab industrial construction

Technology: speed and quality

Industrial technologies: the shortest construction cycle and improved quality control - a key advantage in the new conditions: high construction speed - quick cash flow, improved profitability

Cost Management: Efficiency and Profitability

Cost reduction through process optimization and procurement of materials

Construction Process: Reliability

Own capacities **(9 plants)** and long-term **alliances** with contractors and suppliers: can easily **scale both** up and down

1. OPCP
2. NPCP
3. KPCP
4. APCP
5. Volga-Form
6. PIK-Element
7. PIK-Profile
8. PIK-Steklo
9. MEL

Project cycle — **24 months** — Speed of construction the most important competitive advantage in the new market conditions



Source: Company data

Pre-fab vs. Poured concrete technology

- **Quality:** Precast concrete units are produced under strict, factory-controlled conditions
- **Durability:** over 60 years lifetime, less maintenance costs
- **Speed:** >6 months faster
- **Costs:** 5-10% cheaper
- **No seasonality:** not weather dependent
- **Waste reduced:** little or no waste as panels arrive to site in a finished state
- **More NSA:** thinner walls
- **Design:** endless opportunities to manipulate massing and form, enormous palette of colours and textures






Пост
сложного
ремонта


OPTIM CRANE




OPTIM CRANE
OPTIM CRANE
16T
FAYMONVILLE
ПИК
ГРУППА
pik-industry.ru
MAN

Lifts manufacturing

Objectives:

- Create an IoT lift: easy to build, install, diagnose and maintain.
- Increase annual production of elevators by 10 times.

Annual market size in Russia:

- 30 000 lifts
- 40-50% - installation in new projects
- 60-50% - replacement of old lift equipment
- The current volume of elevators to be replaced is 100,000, while only 15% of the required volume is replaced per year





Windows manufacturing

- Top 4 production in Russia
- The most advanced production line in Eastern Europe
- Annual capacity: 300 000+





Housing development

02.1

IT Driven homebuilding

Digitalization across full project life-cycle driving efficiency gains

Illustrative project life-cycle	Digital initiatives
1. Land acquisition Design and permissions	+ CRM & BI systems for land acquisitions + Remote design workplace + Design robots, automatic creation of design draft + Almost fully electronic documents flow
2. Project management	+ Contractors management automatization – digital general contractor + Fully automated project management (planning & control) — B.O.P. + Integration of external contractors into the system + Fully integrated ERP system + Centralized materials database used for construction available for designers, purchasing / project teams providing cost control
3. Production and construction	+ PIK.Pro & PIK.Builder – automated task management + Production planning systems on factories + Digital QA + Logistics management systems
4. Marketing and sales	+ Dynamic pricing approach + PIK. Data – full cycle analysis and customer journey tracking, marketing and advertising management + Digital solutions for seamless shopping experience – on-line sales
5. Real estate management, maintenance and utilities	+ Mobile app: instant access to information and ability to drive cross-selling of value-added services + National network of call-centers + Proprietary cutting-edge billing solutions

PIK-Standard

Breakthrough in housing market: PIK Standard – new philosophy in residential neighbourhood creation.

1. Comprehensive masterplan
2. Multilevel construction
3. Courtyard-parks
4. Pedestrian areas
5. Play- & Sport-hubs
6. Organized parkings
7. Schools and kindergartens
8. Entrance at ground level
9. Variety of layouts
10. Large megawindows
11. Fully finished apartments
12. Diverse architecture and durable facades

PIK yesterday

PIK today



1. Comprehensive masterplan

2. Multilevel urban massing

3. Courtyard parks without cars

3. Courtyards-parks without cars

3. Courtyards-parks without cars

3. Courtyards-parks without cars

4. Pedestrian friendly areas

5. Play- & Sport-hubs

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5. Play- & Sport-hubs

5. Play- & Sport-hubs



6. Organized parkings

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7. Schools and kindergartens

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7. Schools and kindergartens



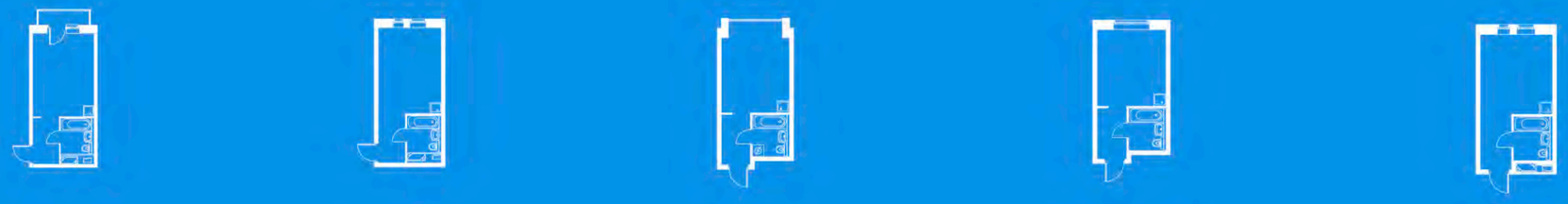
8. Entrance at ground level

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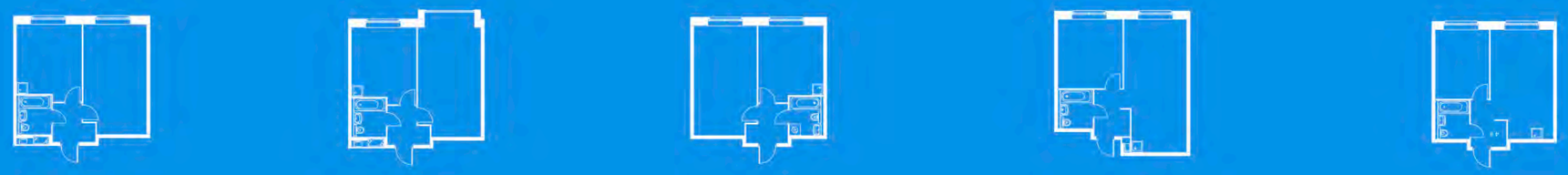


8. Entrance at ground level

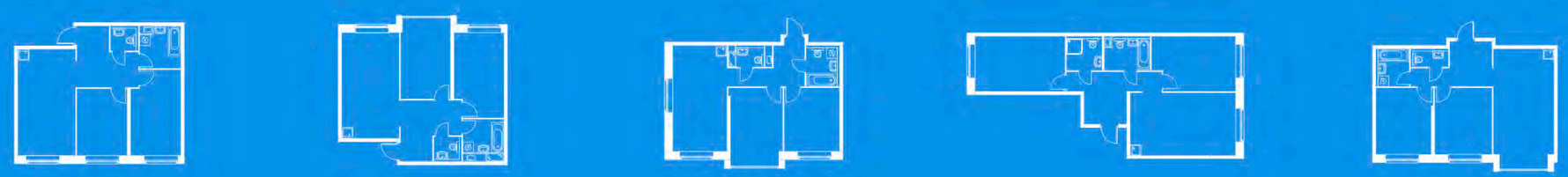
Studio
10 options



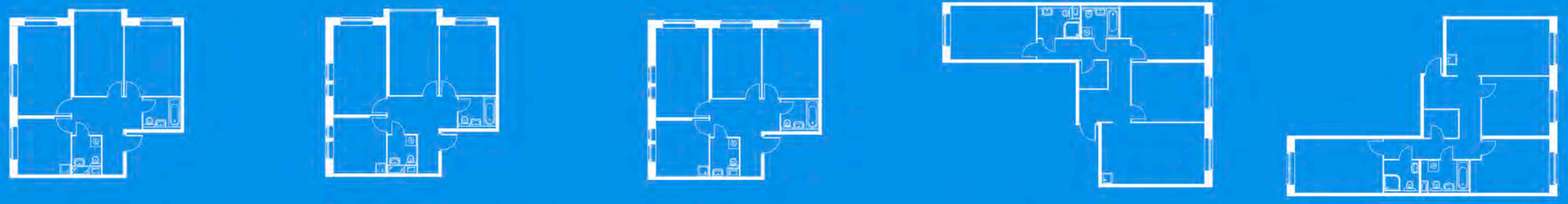
1 bedroom apartment
60 options



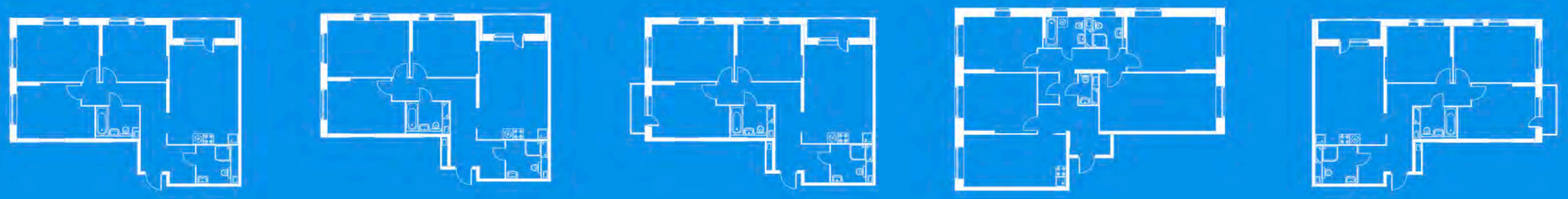
1+ bedroom apartment
154 options



2 bedroom apartment
65 options



3 bedroom apartment
77 options



9. Variety of layouts

8. Large windows

8. Large windows



8. Large windows



9. Fully finished apartments

12. Diverse architecture and durable facades












GREEN PARK

High-quality sizeable efficiently managed land bank

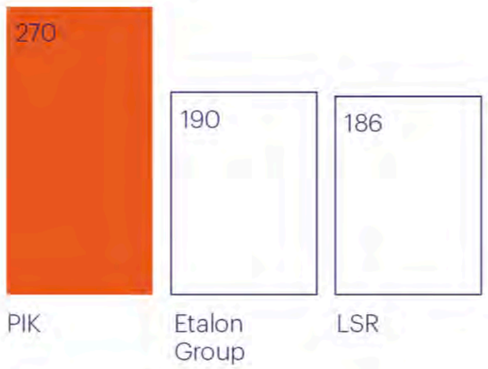
Pipeline of projects securing growth visibility on the back of the largest land bank among competitors

Major part of the land bank ca. 96% by value is located in MMA — the largest and most lucrative Real Estate market in the country

Efficiently managed land bank with fast turnover

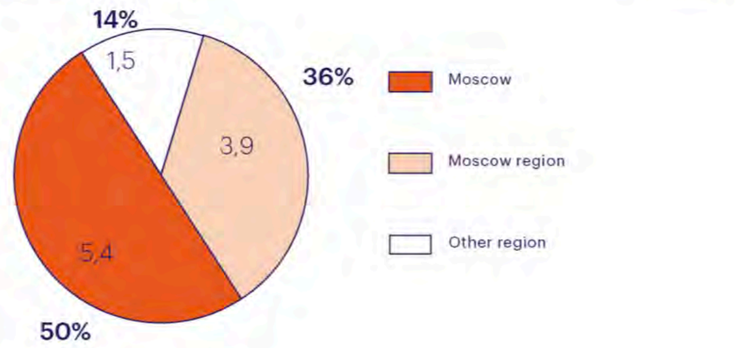
The largest land bank among competitors

RUB bn *As of 31.12.2018*



Focus on Moscow Metropolitan Area

By unsold area (m sqm) *As of 31.12.2018*



Proven ability to source land bank efficiently — given its large scale and real estate development track record PIK is the natural partner for landlords.

Sustainable margins achieved at constantly replenished land bank.

New Acquisitions in 2019 ytd, (th sqm)

by unsold area (th sqm) *Source: Company data*



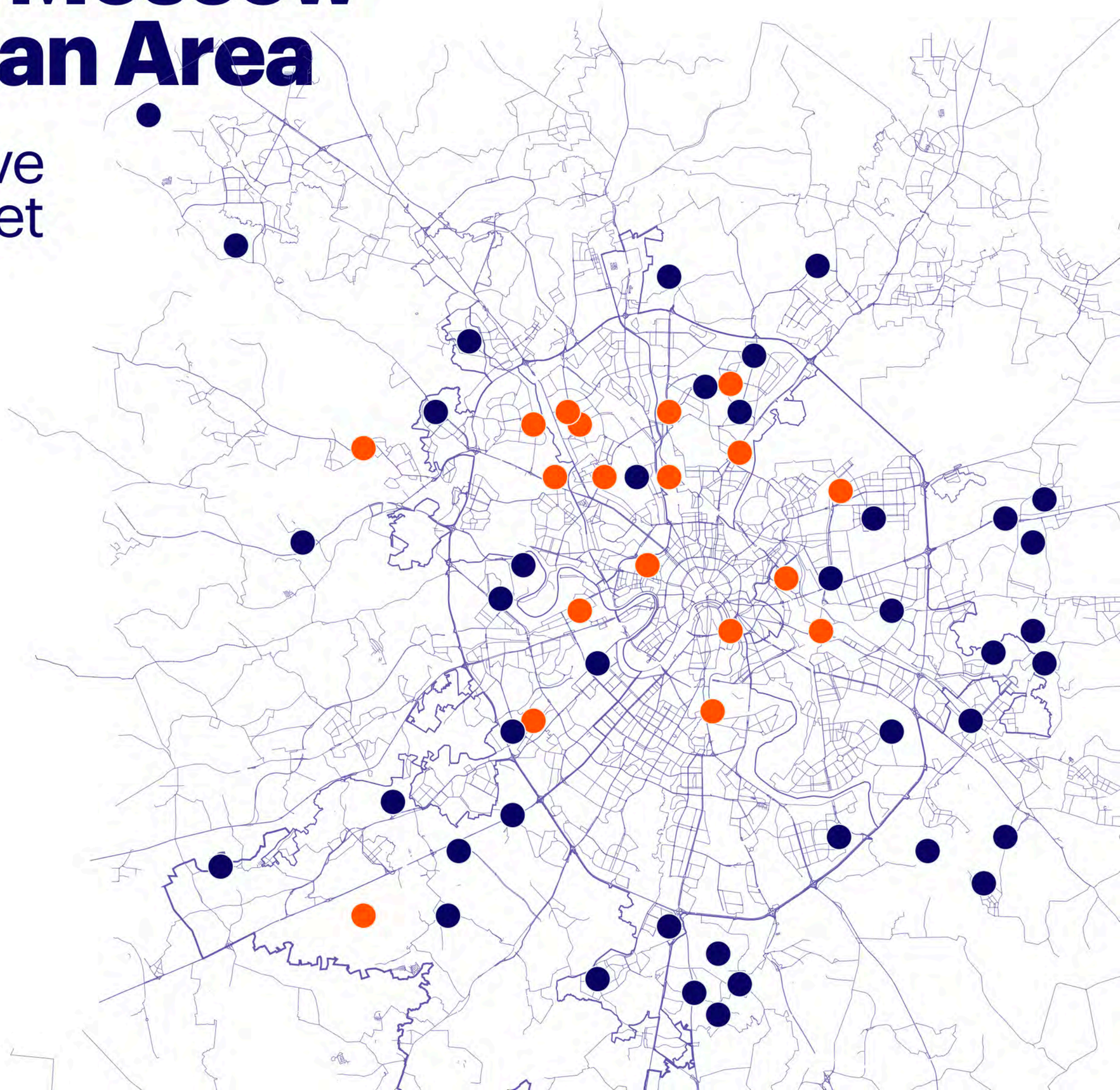
Projects in Moscow Metropolitan Area

The most lucrative Real Estate market in Russia

- current projects
- new projects to be launched in 2019/2020

50+

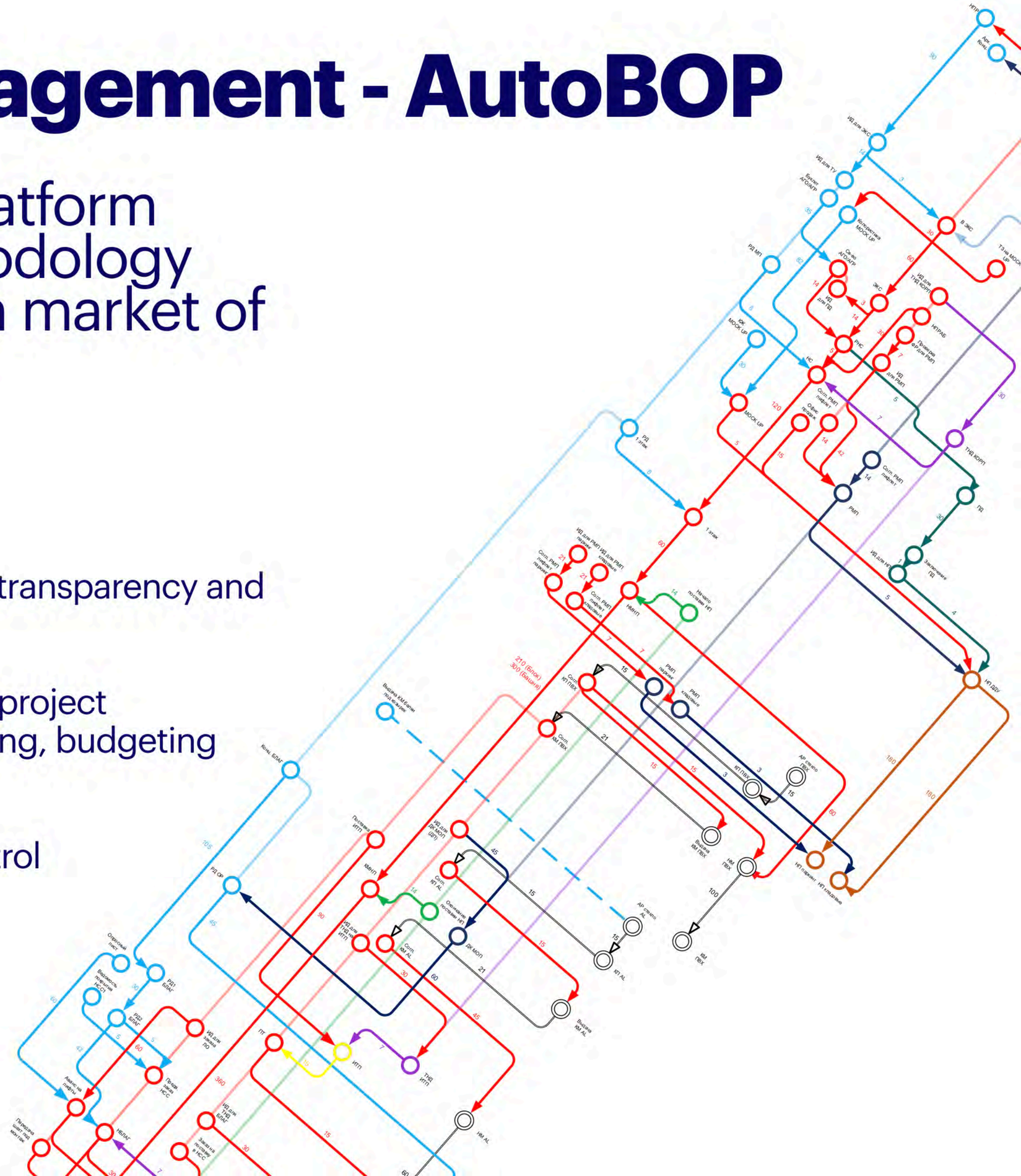
Projects



Project management - AutoBOP

Proprietary SaaS platform based on PIK methodology for the construction market of Russia and the CIS

- Improved business processes transparency and data analysis
- Reduced back office costs for project management, document sharing, budgeting and accounting
- Improved product quality control

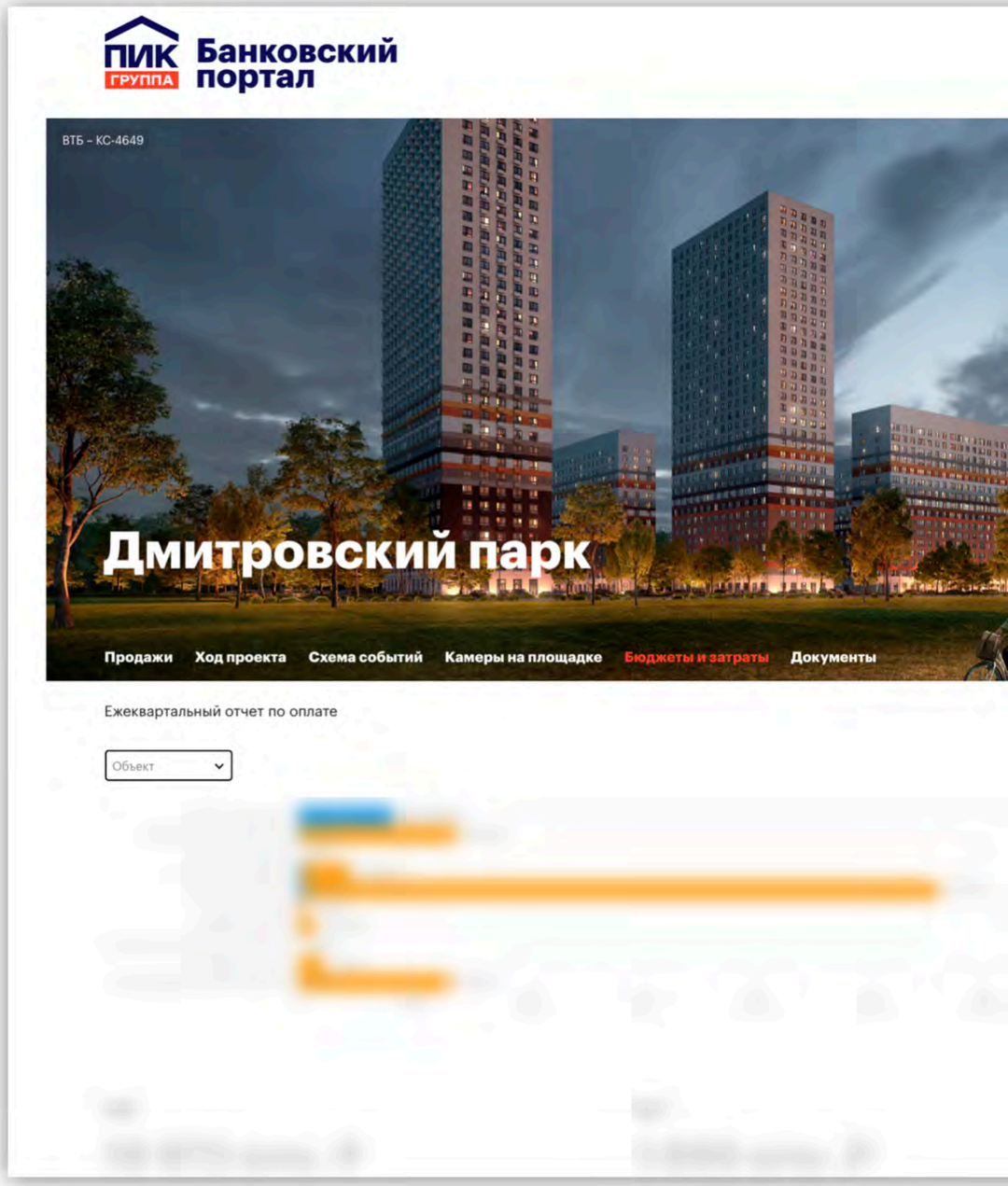


Project financing platform - banking portal by PIK

PIK solution to simplify project financing process

Smart online monitoring and information system integration:

- Project plan overview
- Project milestones tracking
- Budget control
- Paperless document workflow
- Sales tracking
- Realtime on-line cameras at construction sites



Breaktrough approach towards marketing



#1 brand with 98% brand awareness



Dynamic real-time pricing approach maximizing selling price and optimizing inventory management

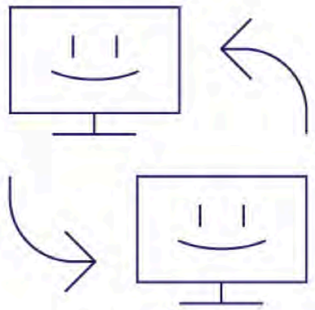
PIK.RU

55M+ site visits per year
#3 Housing website by popularity in Russia

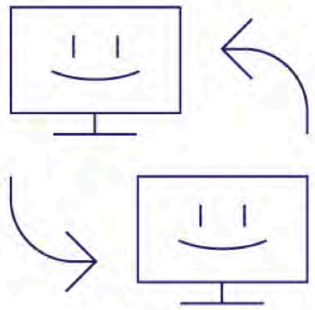
Cutting edge sales and customer service



Close to instant online mortgage approval process



Transition to 100% online sales



Constant dialogue with customers from the first visit to moving in and living

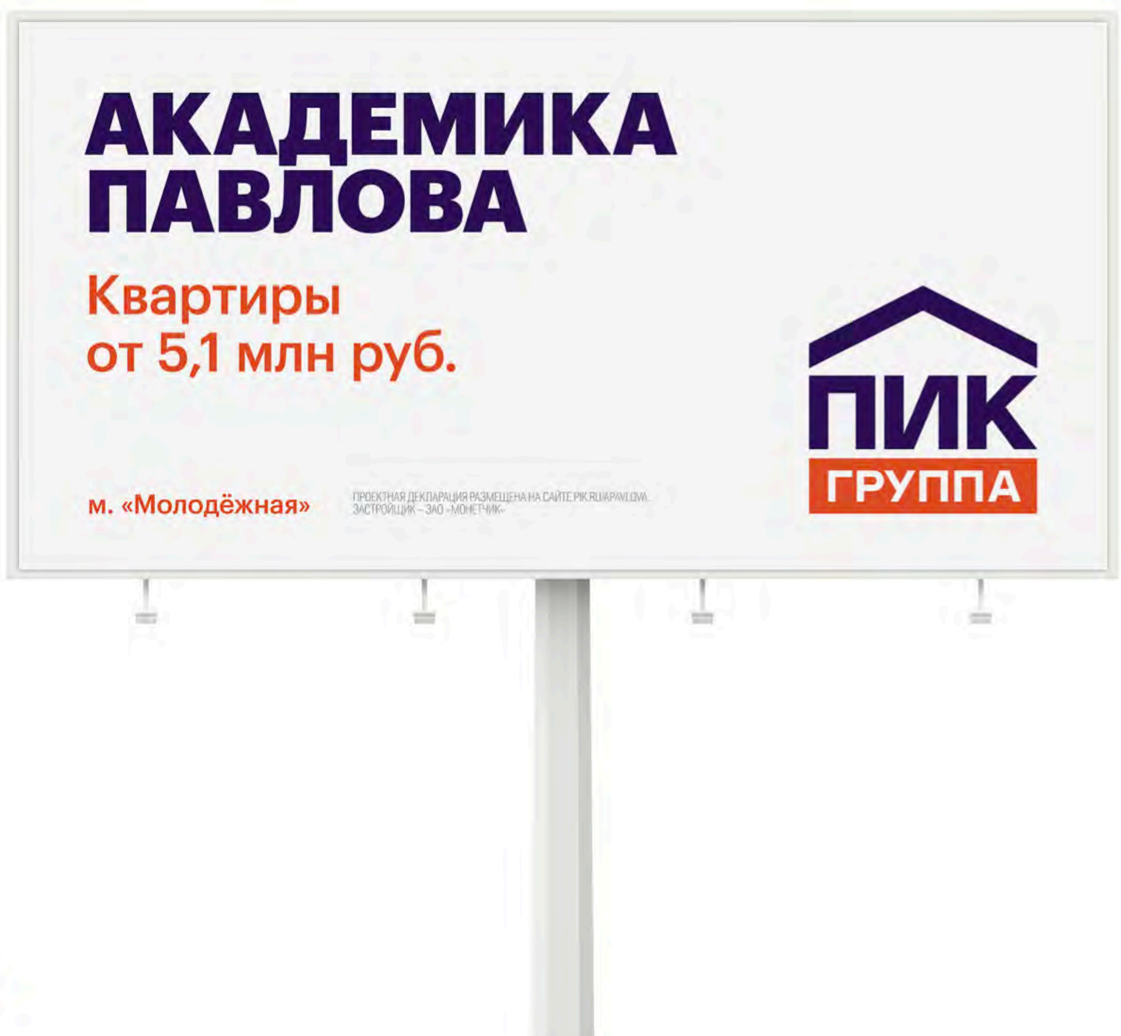
SALES TIMELINE:

90%-96% of apartments sold during construction
4%-10% sold within 6 months after completion

CUSTOMER RELATIONS GOAL:

2 sales office visits to buy an apartment
vs 6 in classic model

#1 Real estate brand in Russia





#1 Real estate brand in Russia

«В нашем подъезде как будто собрались все хорошие люди».

Вера Щербакова, 32 года
Москва, Бунинские луга



ПРОЕКТНАЯ ДЕКЛАРАЦИЯ РАЗМЕЩЕНА НА САЙТЕ PIK.RU/LUGA. ЗАСТРОЙЩИК ПАО «ГРУППА КОМПАНИЙ ПИК»

«Ощущение спокойствия и равновесия».

Алёна Черневская, 42 года
Москва, Бунинские луга



ПРОЕКТНАЯ ДЕКЛАРАЦИЯ РАЗМЕЩЕНА НА САЙТЕ PIK.RU/LUGA. ЗАСТРОЙЩИК ПАО «ГРУППА КОМПАНИЙ ПИК»

«Место, где мне хорошо, выплеснулось за пределы моей квартиры».

Татьяна Французова, 41 год
Москва, Бунинские луга



ПРОЕКТНАЯ ДЕКЛАРАЦИЯ РАЗМЕЩЕНА НА САЙТЕ PIK.RU/LUGA. ЗАСТРОЙЩИК ПАО «ГРУППА КОМПАНИЙ ПИК»

Sales



Sales



Fee-Development

Partnership with landlords to develop their assets using PIK expertise, resources and brand.

Full cycle development: from permitting to sales.

Main benefits:

1. Less risk - no capital required
2. Increased construction capacity utilization
3. Economy of scale for materials and services procurement
4. Increased market share
5. High ROIC



PIK-Franchise

Integrated product based on PIK's methodology, product, IT systems, business processes and brand

PIK assets:

- Expertise in real estate development
- Product and in-house design office
- Know-how in manufacturing and construction
- Expertise and experience in sales and marketing, brand No. 1 in real estate
- Proprietary IT systems and methodologies

Potential Customer - developer / landlord on both national and global markets:

- having a land plot
- having sufficient own funds / access to borrowed capital

Structure and components of the franchise:

- Work under your own brand (white-label)
- PIK IT Solutions
- Project expertise, calculation of efficiency, DD
- Project development
- Fundraising
- Project implementation and construction control
- Sales and Marketing
- Maintenance

General contracting services

02.2

General Contracting Services

Providing housing construction services and the improvement of operational efficiency through IT platform solutions

- The best in the residential real estate development sector management know-how's and approaches
- Double increase in volume (including Fee-development) over the next 5 years
- Player number 1 in the renovation program in Moscow

1.75

trillion rubles per year volume of construction housing

The basis for the expansion of housing construction services:

- project management system
- consolidated procurement system
- ecosystem of suppliers and contractors



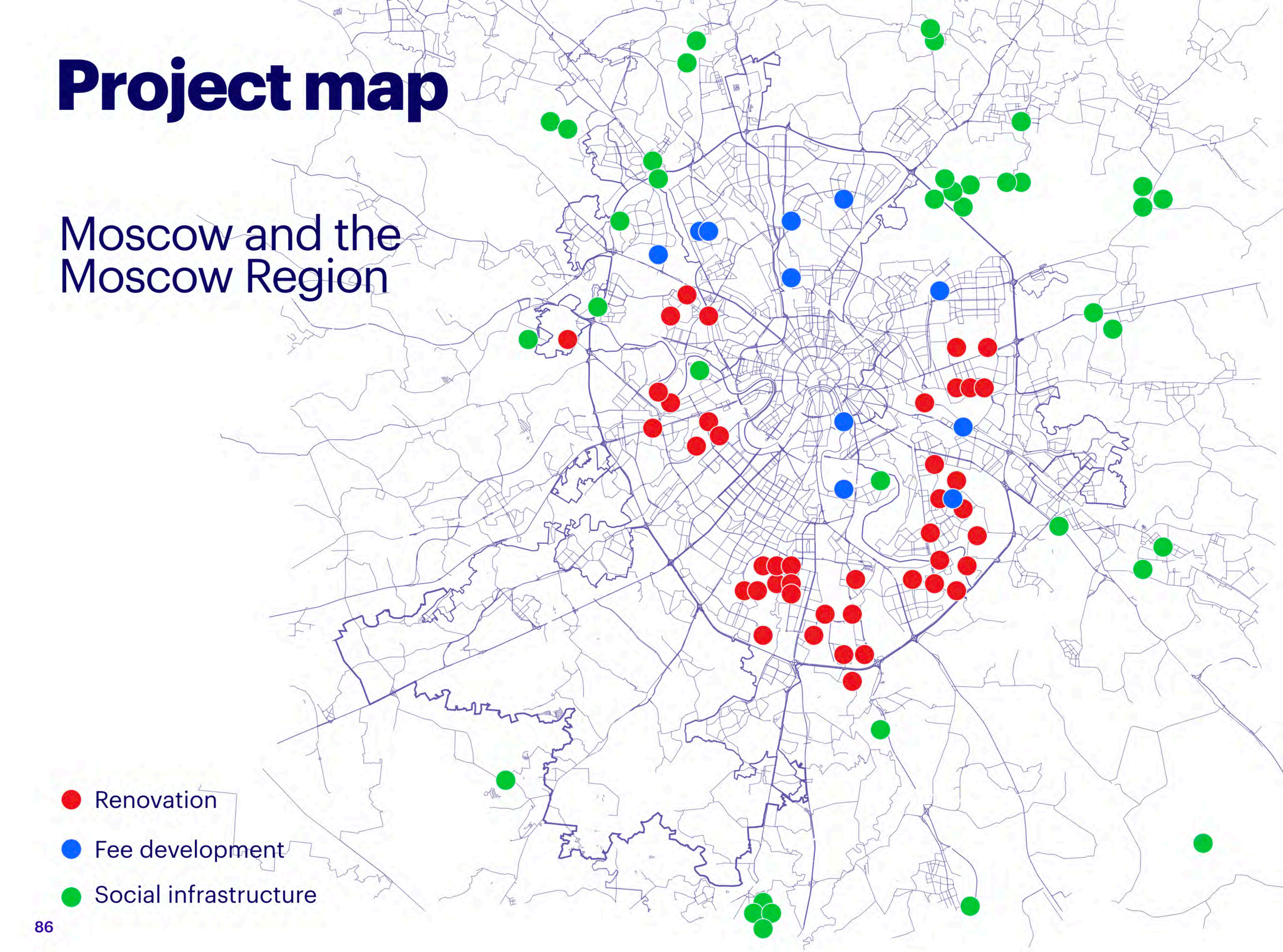



LIEBHERR


ГОРОД
ТОРГОВЫЙ КОМПЛЕКС
ЛЕРУА МЕРЛЕН

Project map

Moscow and the Moscow Region



- Renovation
- Fee development
- Social infrastructure

Housing and Utilities maintenance

03

Expanding housing ecosystem: integrated real estate management

20+ cities
Operations

700 000 households
Live in apartments under our management

50 m sqm
Under management



Mobile app
Access to payments and other information through mobile app

1.77 Gcal
heat production

1.8 bn KWh
power distribution

20 years
of experience

Real estate maintenance and grids

3.6
thousand entrances repaired

206
thousand LED lights installed

63
thousand m² of roofs repaired

Revenue from additional services in 2018 increased by 62% (up to 2 billion rubles)

25
thousand running meters of fences installed

21
sports grounds

5.8
thousand anti-parking posts and hemispheres installed

Housing services ecosystem - PropTech



04

PropTech Platform — Value-added service offerings

PIK — 1st to disrupt traditional housing markets

PIK—Group:

More than 25 different start-up projects

utilizing well-established PIK platform in construction and real estate market

1. Infrastructure for seamless launch of new verticals
2. Unique platform for owners and tenants with full range of various additional services

PIK—Refit

On-demand refit and home improvements



PIK—Rent

Intermediary on apartments rental market in Moscow / Moscow region connecting landlords with tenants



PIK—Broker

Purchase and sale of apartments on the secondary market using PIK own funds



PIK—New Project

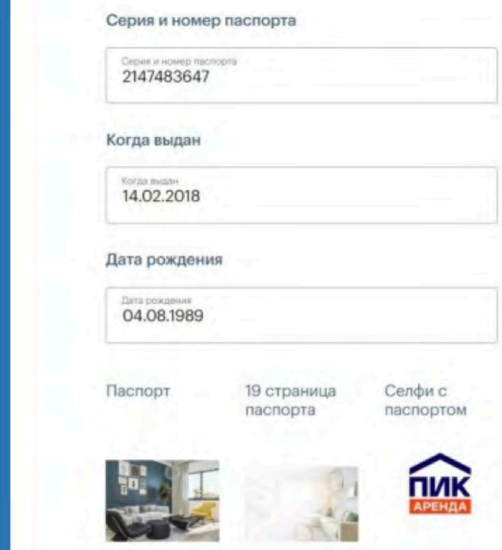


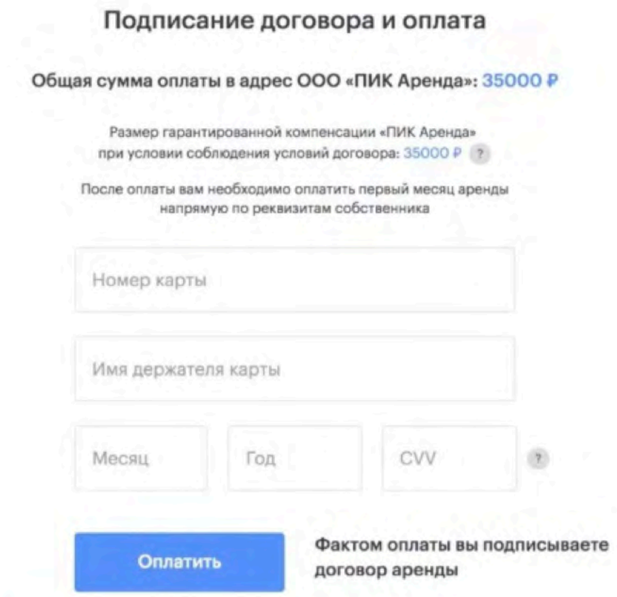
PIK-Rent

Rental housing market disrupt

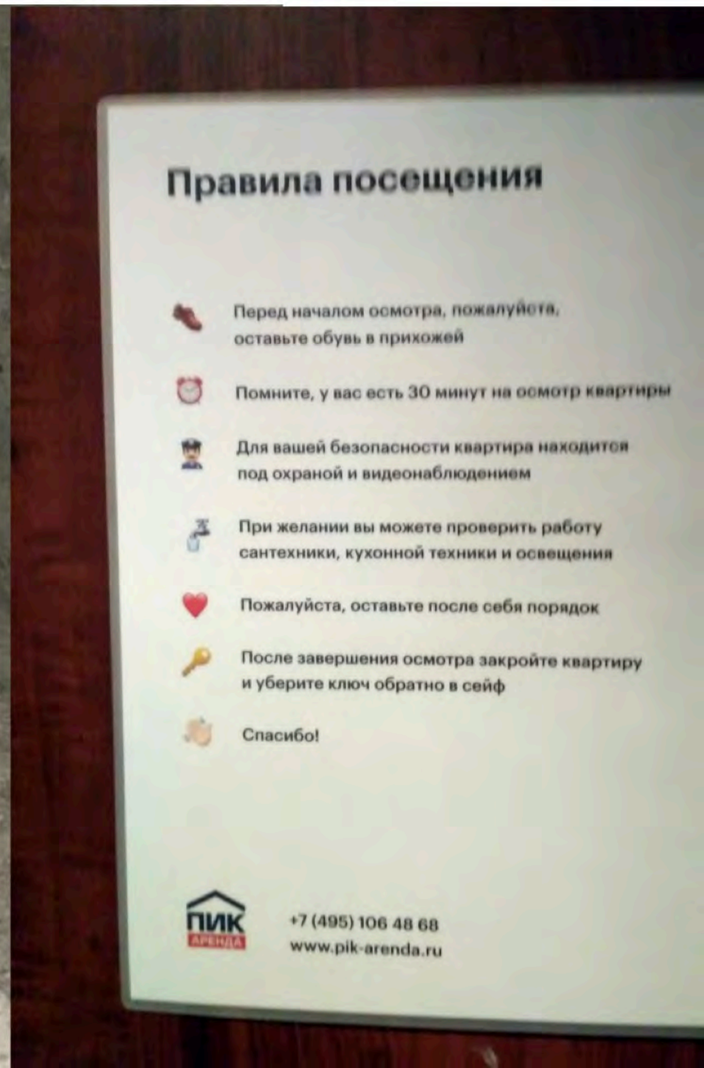
- Showing the apartments 24/7 with no agents
- Free owner support
- Electronic agreement with tenants and the owner
- Transaction without intermediaries
- Advances to owners
- No deposit - transition to the insurance scheme
- No commission - transition to subscription model

Product Development:
Sublease
Furniture rental and staging.









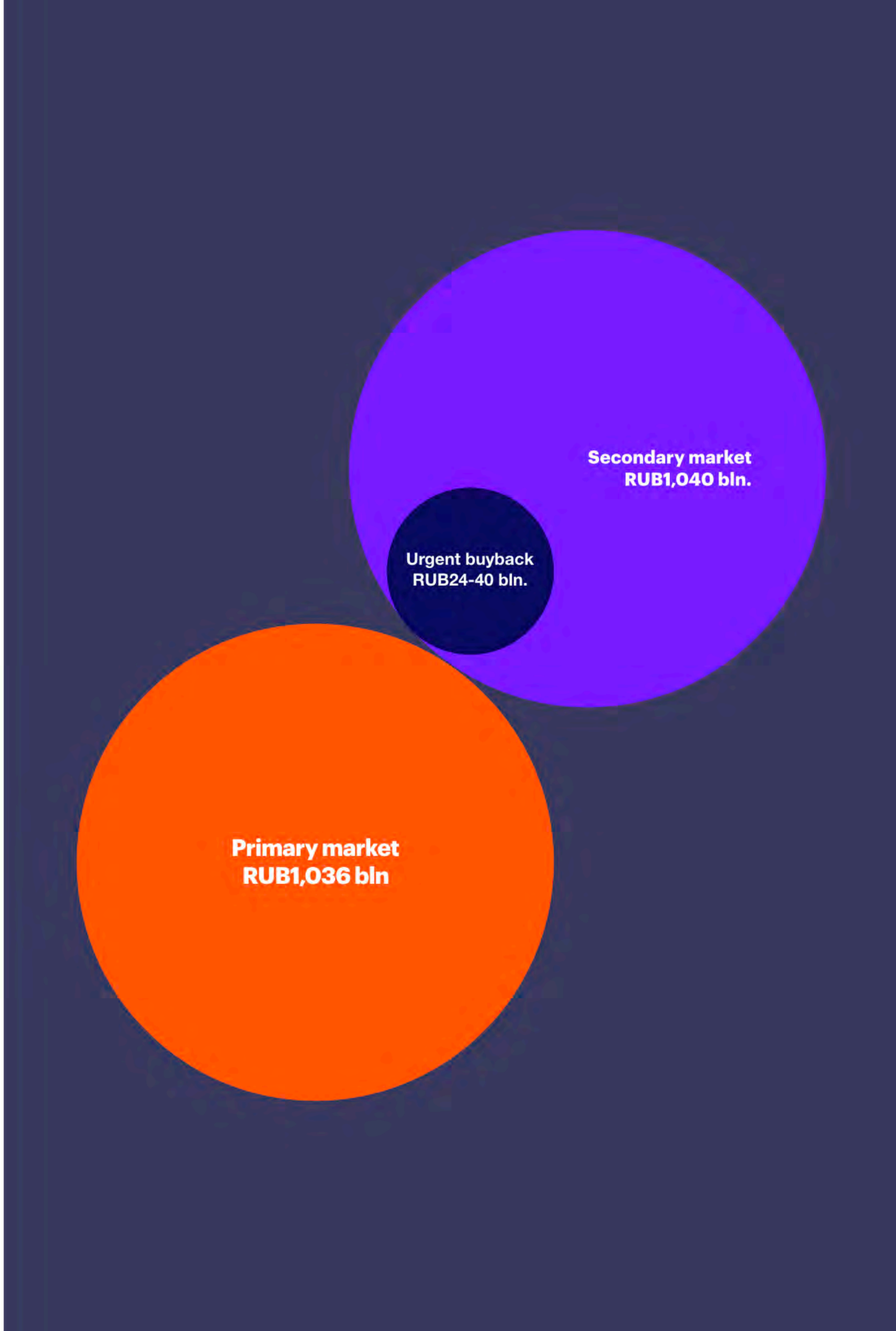
PIK-Broker
Market

Around 1,000,000 transactions
on the secondary real estate market in Russia per year

RUB1,040 bln
per year on Secondary market

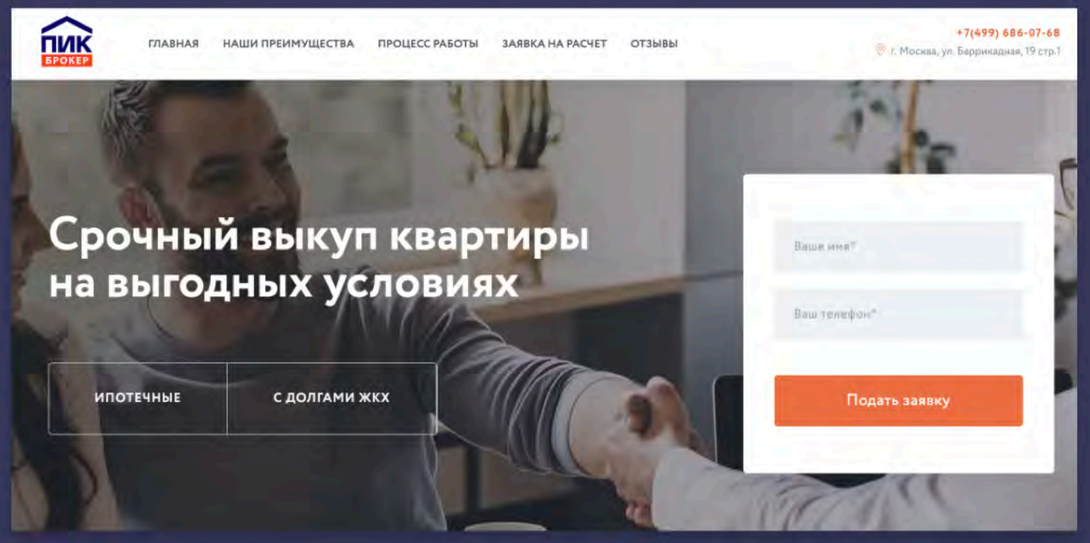
Around 130,000
transactions on the secondary market in Moscow per year

- Non-transparent pricing
- Cash transactions
- Complicated deal for the buyers
- Transactions with apartments with maternity capital
- Black / gray market of urgent transactions with apartments (3,000-5,000 apartments per year)
- Lack of proper Trade-in



PIK-Broker

Buying and Selling apartments on the secondary market with own funds (similar model to Opendoor)

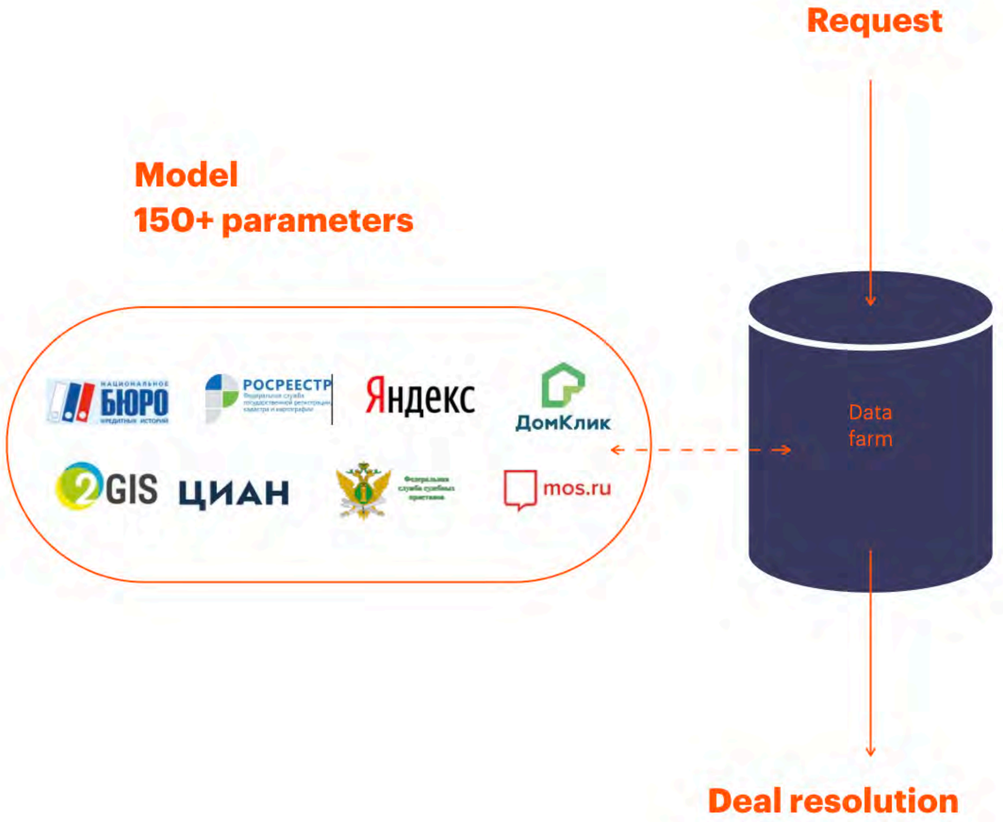


Disrupt secondary real estate market

24/7 apartment displays

Data driven approach to valuation and transactions

Online deals



Full cycle (buying/selling) is under 90 days

Gross margin of 10% and positive unit economics

+200% monthly growth

200 apartments to be sold by 2020

PIK-Refit
Market

More than 200,000
refits a year in
Moscow.

Non-transparent pricing

Cash transactions

Construction teams drop-out of the projects and violate obligations

Low construction culture and quality

The lack of a major operator in the market

Market – more than RUB200 bln
(20 th RUB/m2, 50 m2 average apartment)



PIK-Refit

Product

Training Academy in Moscow for workers

Low cost - 18-20 thousand rubles / m2 due to the scale and optimization of processes

Detailed projects using BIM

3D apartment scan

Constant estimate and budget until the end of the project, calculated to the smallest detail

Workers certified in the training academy

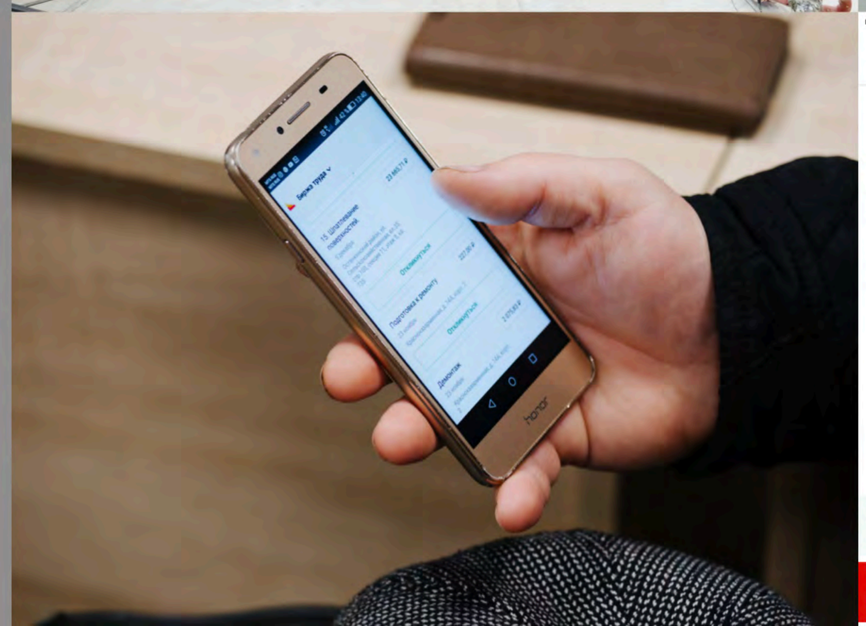
Work tasks assignment of tasks through the mobile application

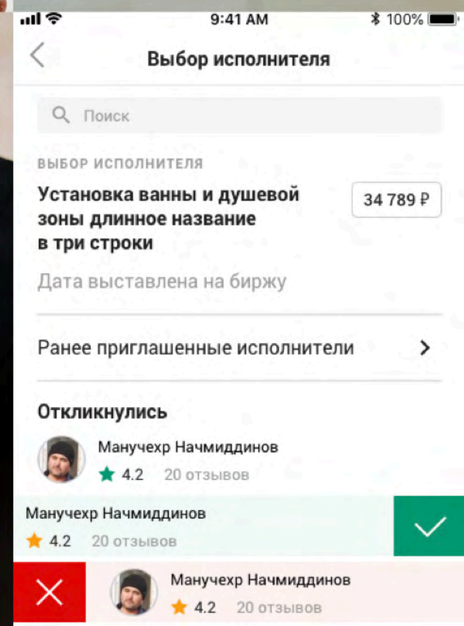
Immediate payments to the contractors after the acceptance of the stage of work (Escrow mechanics)











Operating and Financial results

05

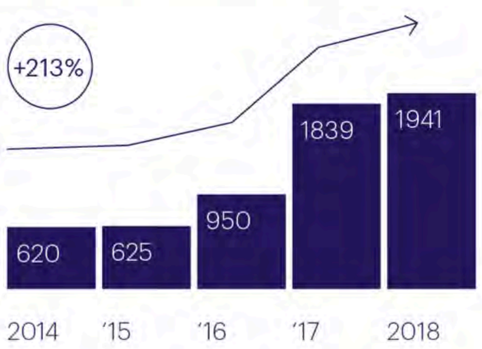
Strong cash flow generation potential and prudent financial policy

PIK demonstrates robust operational and financial track record with double digit growth rates for new real estate contract sales transforming into strong cash flow generation

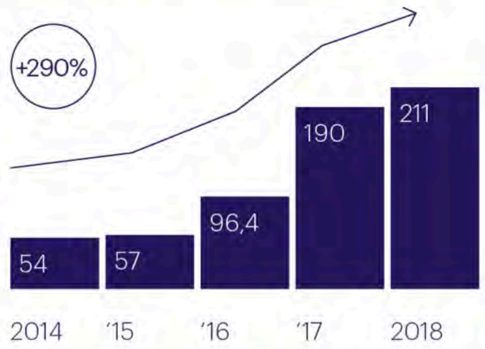
PIK is committed to maintain prudent financial policy and proactively manages debt portfolio:

+ **Maturity extension**
+ **Leverage optimization and cost reduction**
+ **Compliance with covenants**
+ **100% debt in RUB**

New contract sales (th. sqm)



New real estate contract sales (RUB bn)

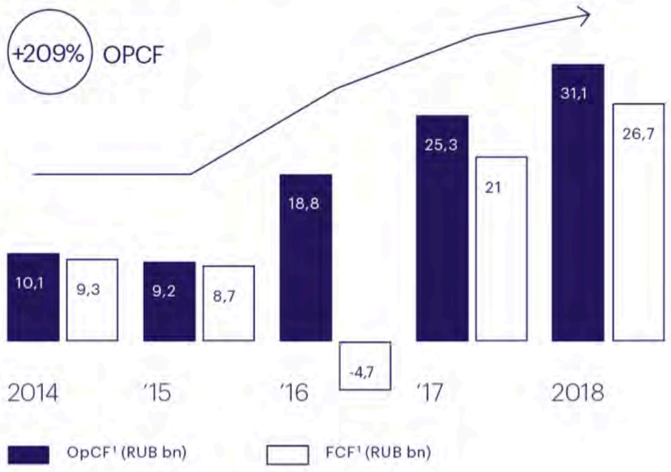


Credit ratings

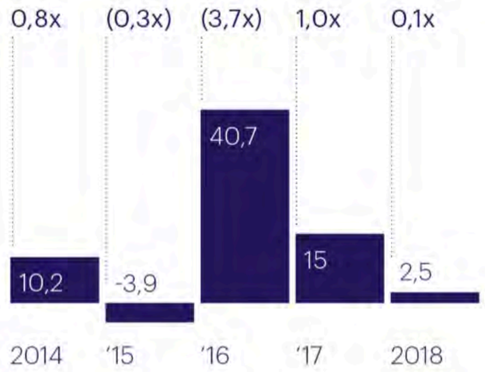
Fitch: BB- (stable)
S&P: B+ (stable)

Expert: ruA (stable)
ACRA: A- (stable)

Operating cash flow / free cash flow dynamics (RUB bn)



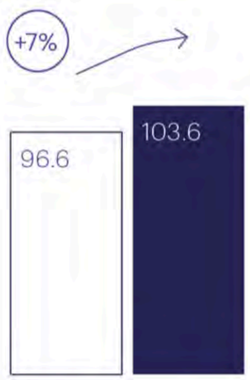
Net debt (RUB bn) and net debt / adjusted EBITDA (x)¹



Overview of 1H 2019 results

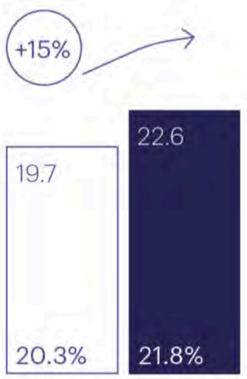
Revenue

Total revenue, RUB t



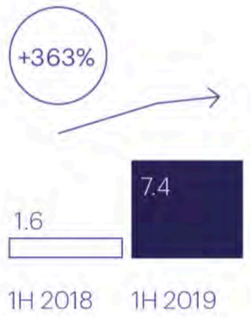
Gross profit

Total gross profit, RUB bn



EBITDA and Net profit

Net Profit, RUB bn



EBITDA, RUB bn



adj. EBITDA, RUB bn

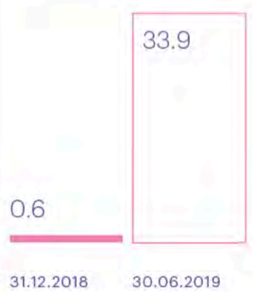


Debt profile

Total debt, RUB bn



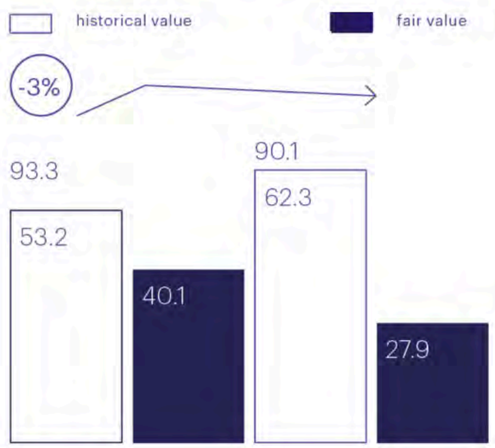
Net corporate debt, RUB bn



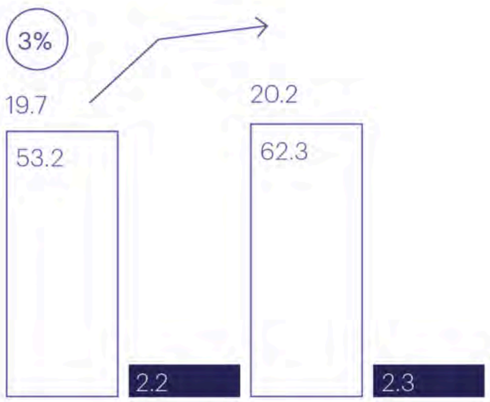
Average cost of debt, %



Real estate development revenue, RUB bn



Real estate development gross profit, RUB bn



Operating results 1H 2019

Real estate sales 2Q 2019

New contract sales, th m²



New contract sales, RUB bn



Average price, RUB th



Cash collections, RUB bn

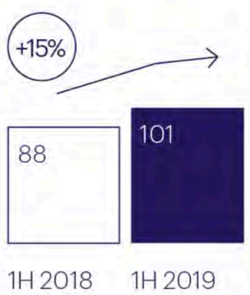


Real estate sales 1H 2019

New contract sales, th m²



New contract sales, RUB bn



Average price, RUB th

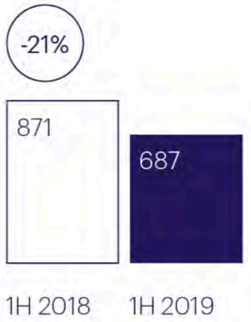


Cash collections, RUB bn

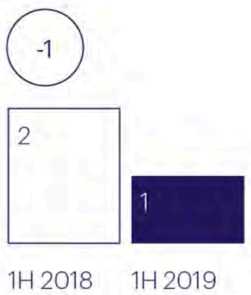


Launches

Launches, th m²

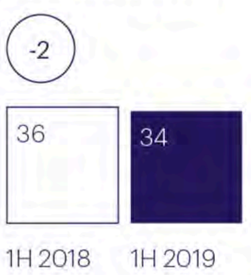


New projects



New projects:
Molodogvardeyskaya, 36

Cash collections, RUB bn



Appendix

Key operating and financial results

Operating results

Metric	Units	2015	2016	2017	2018
Land bank valuation	RUB bn	100.6	217.1	225.0	269.5
Total NSA unsold	m sqm	5.5	12.5	11.5	10.9
New contract sales	th. sqm	625	950	1,839	1,941
Average realized selling price	th. RUB/sqm	88.2	88.8	90.0	108.9
Share of mortgage sales	%	39%	50%	60%	65%

Comments

+ **Continued growth of land bank valuation on the back of new projects launch (e.g. in 2018 – Dmitrovsky park, Belaya Dacha park, West port, etc.)**
+ **Growing average realized selling price and share of mortgage sales in 2017-18 underpinned by household income growth and decreasing mortgage rates**
+ **Strong adjusted EBITDA, operating cash flow and free cash flow growth on the back of robust revenue growth and cost control**
+ **Organic deleveraging over the last years due to strong free cash flow generation and EBITDA expansion – net leverage reached 0.1x of adjusted EBITDA as of the end of 2018**

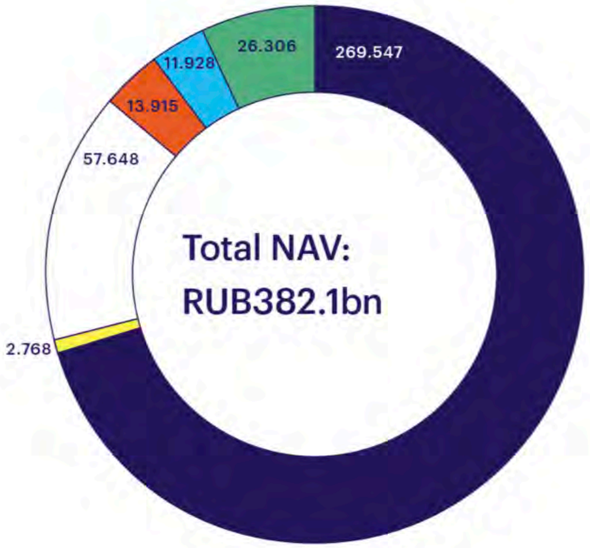
Key operating and financial results

Financial results

Metric	Units	2015	2016	2017	2018
Revenue[1]	RUB bn	51.1	57.7	175.1	245.8
y-o-y growth	RUB bn	(16.5%)	12.9%	203.3%	n/a
Gross profit[1]	RUB bn	17.6	17.9	28.4	55.1
Gross profit margin[1]	RUB bn	34.5%	31.0%	16.2%	22.4%
Adjusted EBITDA[1,2]	RUB bn	13.7	11.1	15.6	35.2
Adjusted EBITDA margin[1,2]	RUB bn	26.8%	19.2%	8.9%	14.3%
Net income[1]	RUB bn	11.4	19.1	3.2	21.3
Net income margin[1]	RUB bn	22.4%	33.0%	1.8%	8.6%
Operating cash flow before acquisition of development rights[3]	RUB bn	14.4	35.0	40.1	55.5
Acquisition of development rights	RUB bn	5.2	16.2	14.7	24.4
Operating cash flow	RUB bn	9.2	18.8	25.3	31.1
Capex	RUB bn	0.5	23.5	4.4	4.4
Free cash flow [4]	RUB bn	8.7	(4.7)	21.0	26.7
Total debt[1]	RUB bn	13.2	65.5	60.5	62.2
Net debt[1]	RUB bn	(3.9)	40.7	15.0	2.5
Net debt / Adjusted EBITDA[1]	x	(0.3x)	3.7x	1.0x	0.1x

Source: Company data
1 2014-2017 financial results are not adjusted for changes in accounting policies related to IFRS 9, IFRS 15, IFRS 16 and effective from 2018;
2 Calculated as EBITDA adjusted for impairment losses, gains/losses from investment property revaluation, write-offs, FX losses/gains, gains from disposal of subsidiaries, development rights and subsidiaries, adjusted discount in revenue, penalties and fines, gains from change in terms of a long-term financial liability and other financial income;
3 Cash flow from operations before acquisitions and sale of development rights and prepayments for development rights and land plots and after net interest expenses;
4 Calculated as operating cash flow less capex

Assets portfolio overview



Land bank	NAV (RUB bn)
Projects in Moscow	108.6
Projects in New Moscow	64.8
Projects in Moscow region	85.5
Projects in other regions	10.7
Total NAV	**269.5**

Offices	NAV (RUB bn)
Stroybusinesscenter	2.8
Total NAV	**2.8**

Grids	NAV (RUB bn)
GradInvest	13.9
Vodokanal+	
Vodokanal	
Region-Development	
MVT Energo	
MSK Energo	
MSK Engineering	
MES-Energo	
Teplovaya Generatsia	
TeploGrad	
Teploservis	
Termotron	
TechnoAllianceInvest	
Energyservice	
Total NAV	**13.9**

Brand

Industrial segment	NAV (RUB bn)
Globalstroyteh	4.4
GP-MO	
GP-MSK	
TZ-Region	
MFS-PIK	13.6
Gradlift	0.6
M-Beton	0.2
Volga Form	0.1
Park-Pro	0.1
PIK-Industry	34.0
PIK-Project	2.5
PIK-Profile	0.6
PIK-Element	0.4
Explit	0.3
Factor Plus	0.8
Total NAV	**57.6**

New businesses	NAV (RUB bn)
Rubetek	1.4
Vmassive	8.5
Bramoryn Holdings	1.6
Venelior Holding	0.4
Total NAV	**11.9**

Source: Cushman & Wakefield valuation report
Note: NAV does not include valuation of maintenance business which was not included into the valuation perimeter

Market overview

The absolute nationwide leader on the structurally attractive Russian residential development market

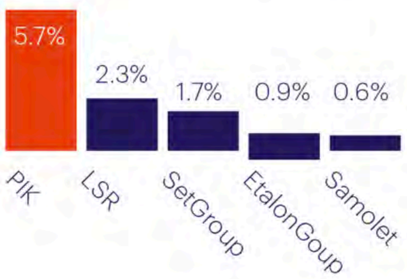
Resilient growing economy and attractive demographics given urbanization trend

New regulation provided exceptions for partially completed projects of PIK allowing to use buyers' funds to finance construction[5]

Highly fragmented market

Recent legislative changes strategically benefit lar ge players to lead on consolidation of highly fragmented market

Market shares of top-5 players by sqm completed in 2018



Relatively low housing supply in Moscow

Low housing supply with old housing stock of subpar quality

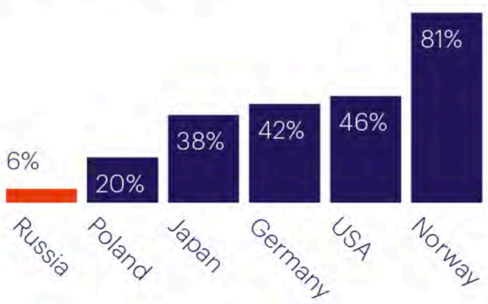
Housing stock per capita[1]



Low level of mortgage penetration

Significant room for further mortgage lending growth

Mortgage as % of GDP[4]



Relatively high rate of housing affordability[2]

Attractive and still improving affordability of housing

Prices and housing affordability dynamics in Moscow





1 Average area of living accommodation for European countries;
2 Housing affordability ratio calculated as (1/(Annual average household income (assuming 2 people per household) /average apartment price per sqm (assuming size of 55 sqm));
3 Weighted average interest rate on mortgage loans given to Russia residents during the month for acquisition of apartments on the primary market;
4 Mortgages and residential loans for some countries;
5 Projects of systemically important developers with construction completed by more than 6% are exempt from new regulation stipulating use of escrow accounts for financing and adhere to prior regulation allowing to use buyers' funds to finance construction

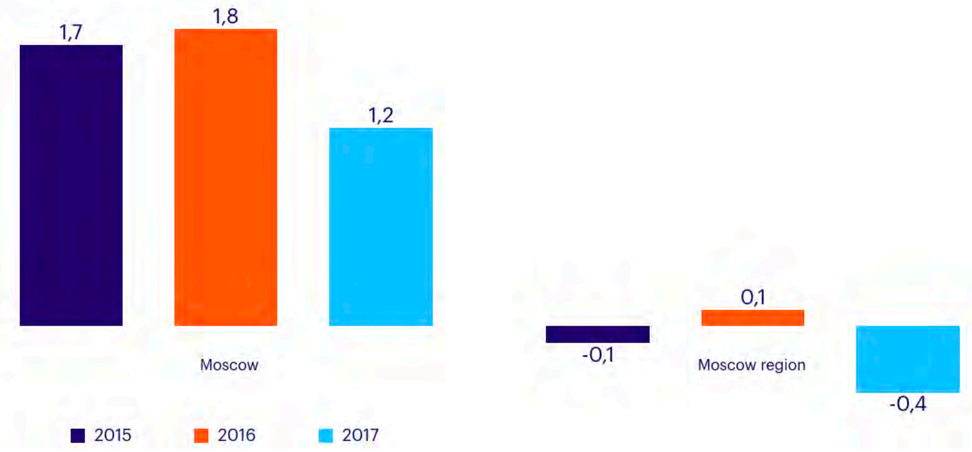
Residential real estate market forecast

Demand

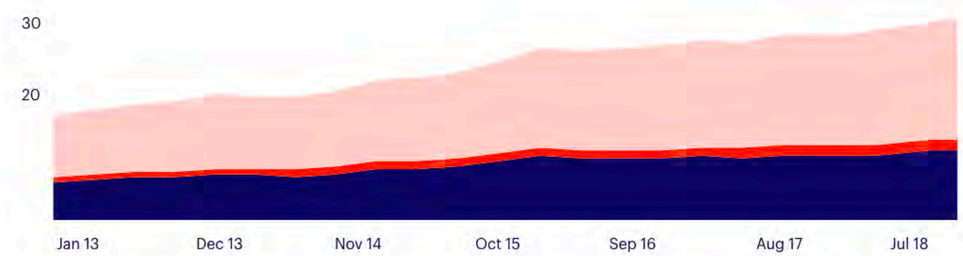
Fundamental indicators of Russian real estate market support sector growth:

- The volume of housing per capita lags behind comparable countries
- Households have an extensive deposit base, can be directed to the real estate sector
- Sustainable demographic conditions

Natural population growth
(per 1,000 people)



Deposits of the population (in rubles and foreign currency) in Russia, RUB trillion rubles.



Note: Housing stock per capita is calculated by dividing the total housing stock by population; The housing affordability coefficient is calculated as (1 / (Average annual household income (based on 2 people per household) / average apartment price per sq.m. (based on the apartment area of 55 sq.m.)) Source: Rosstat, Eurostat

Residential real estate market forecast

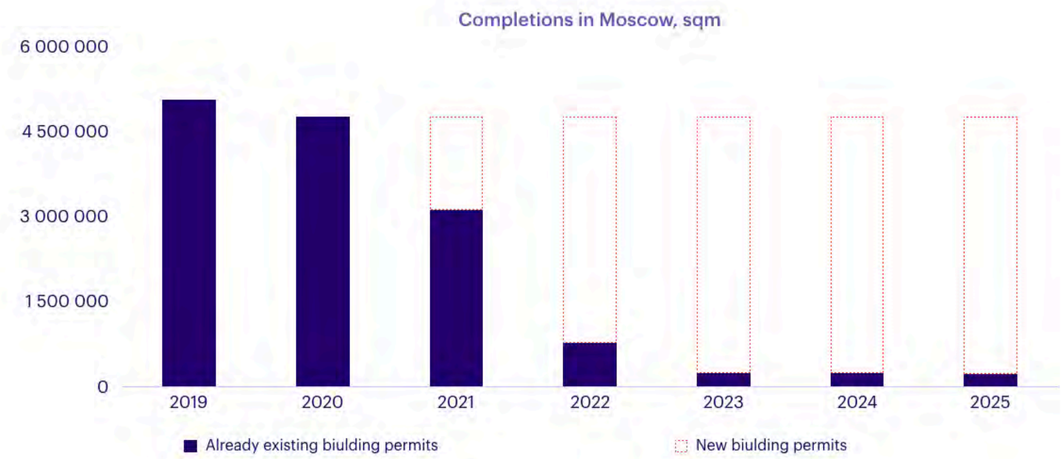
Supply

A sharp **drop** and a significant **deficit** of supply

Currently issued building permits in Moscow and Moscow region are enough to maintain volumes in the sector until 2019/2020.Starting from 2021, (from 2020 in Moscow region), in order to maintain past levels, a significant part of completions will have to go to the objects for which permits were issued after July 1, 2018, while in the second half of 2018 in Russia minimum volume of building permits was issued (about 600,000 m², with the required volume is more than 10 million m²)

Taking into account the low readiness of most companies in the sector to work under the new rules (478-FZ), we should expect a decrease in the total volume of construction starting from 2019, and not from 2020, as previously forecasted - due to the transfer of all projects from 01/07/2019 to work with escrow accounts, washing out old stocks and leading small and medium players from the market. Recovery and further growth in construction volumes in both regions can be expected no earlier than 2022

Analysis of the required volume of building permits to maintain completions in Moscow and Moscow region at levels 2019/2020





Source: www.erzrf.ru

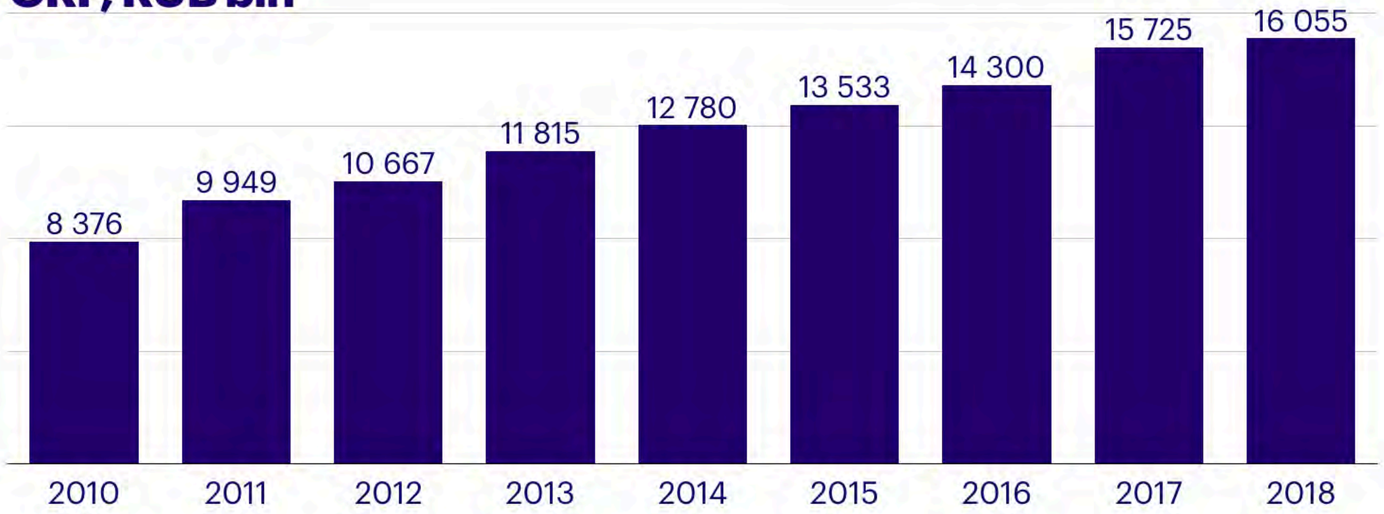
Moscow – city with the strongest economy in Russia

One of the world's largest urban economies (top 10)

GRP **>USD250** bln
>USD180 bln annual consumer spending (#3 in Europe)
City budget **USD37** bln, low debt (0.2% GRP), #2 globally (afer NYC)

20 million population
14% of Russia

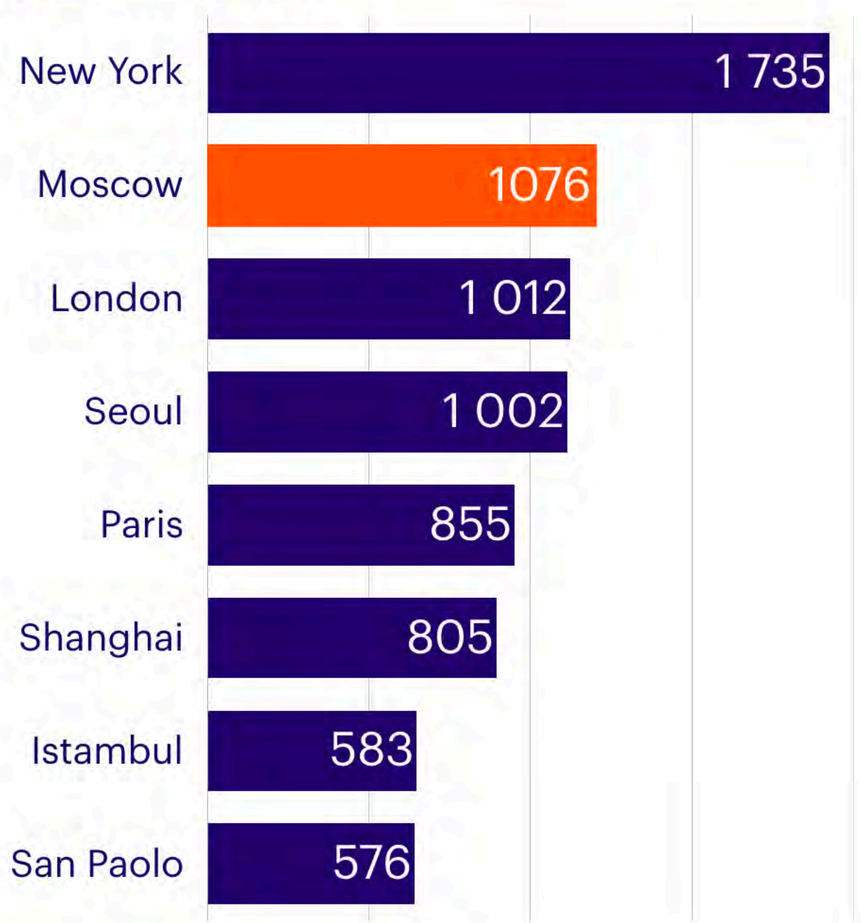
GRP, RUB bln



Moscow budget - income, RUB bln
2019 - Estimate, based on 8 month numbers



Urban GDP 2017, USD bln (Euromonitor)

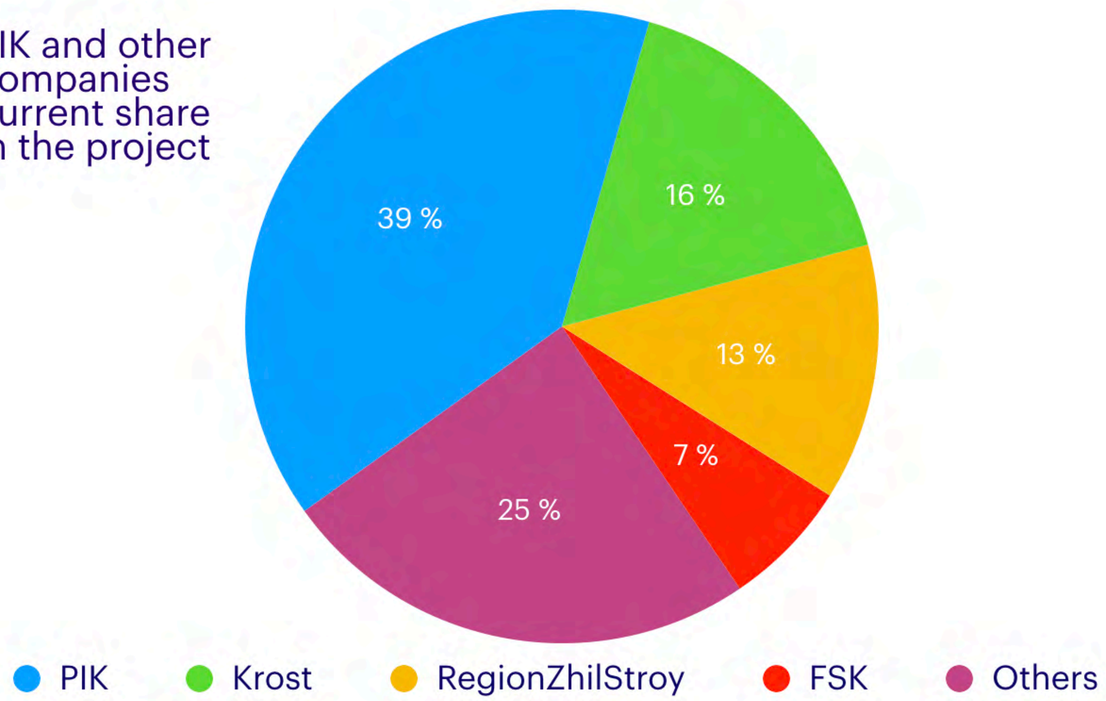


Moscow renovation project

The programme covers rundown five-storey soviet-time buildings, in exchange the owners will receive equivalent apartments in modern new houses within their residential district.

Timeline: 2017-2032
Project scope: 350,000 apartments
Budget: **RUB3.5 trillion** **USD55 bln**
(financed by Moscow)

PIK and other companies current share in the project



Sources: company data





ПИК

ГРУППА