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PIK GROUP (“PIK” or “the Company”)

PIK commences construction on a mass market project for Ministry of Defence

(LONDON, 25 January 2010) - PIK (LSE: PIK), a leading Russian residential developer, is pleased to announce that it has entered into a new arrangement to provide housing for the Russian Ministry of Defence (‘the Ministry’) in the city of Podolsk (located in Moscow region).

PIK has started construction on approximately 265,000 square meters of residential mass market housing (equivalent to approx. 4,010 units) on a land plot provided by the Russian Ministry of Defence. Total expected size of the project is approximately 1,000,000 square meters of housing.

PIK acts as a subcontractor in the project. This contract provides PIK with stable cash flows from Federal Budget and increases capacity utilisation of PIK owned production facilities (DSK-2, DSK-3, 100 KZI).

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