

JSC OPIN

2007 Results of Operations



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2007 Results of Operations

Financial highlights

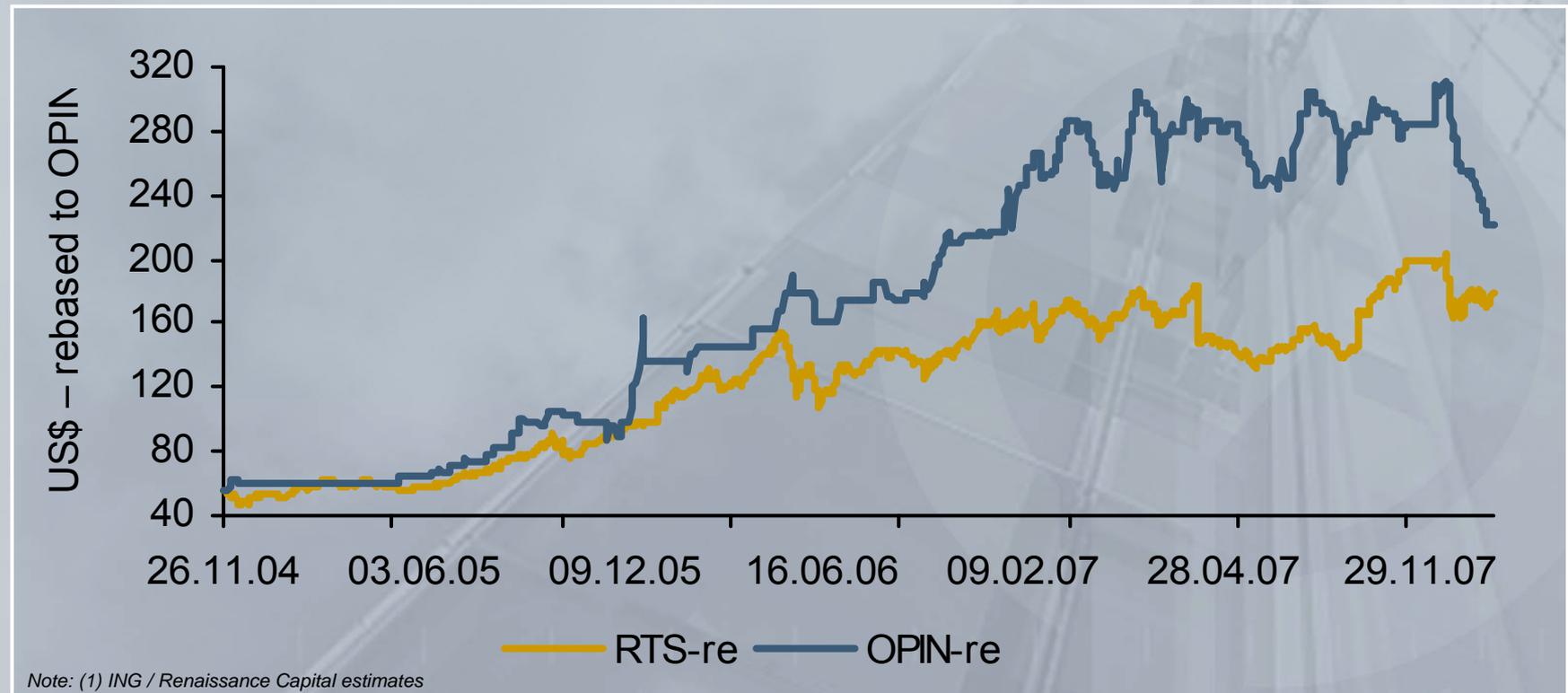
US\$m (or as indicated)	31 Dec 2007	31 Dec 2006
Assets	3,498.4	1,655.5
Long term loans and borrowings	92.2	45.6
Short term loans and borrowings	103.9	154.7
Equity attributable to shareholders of the parent company	2,770.0	1,261.7
Total number of shares outstanding	13,587,969	9,750,976
NAV per share, US\$	203.9	129.4
	2007	2006
Revenue	164.7	85.6
Gross profit	61.9	34.0
Adjusted* gross profit	71.4	38.0
Net profit attributable to shareholders of the parent company	86.8	58.1

- **Assets** grew by more than **2 times**
- **Equity** attributable to shareholders of the parent company increased **2 times**
- **Net asset value per share** grew by more than **1.5 times**, up by US\$74
- **Revenue** up US\$79m on 2006 results, a **92% increase**
- **Net profit** was up 49% on 2006, **up by US\$29m**

* Increased by realized revaluation gains on land transferred to customers

OPIN share performance

- RTS listing (with unlisted GDRs)
- Market capitalisation approximately US\$ 3.0 bn as of 7 April 2008
- Average monthly over-the-counter trade volume is approximately US\$50-55m⁽¹⁾



Strategic objectives

Focus on development

Target attractive segments

Grow the land bank

Focus on large-scale projects

Develop pre-fabricated housing

Expand selectively in other regions

Maximize capital gains

Optimise capital structure

Strategy

Focus on development

- Allocate the majority of capital to development activities (50-70%)
- Invest the remaining portion of capital in existing income-generating assets to provide more stable and predictable cash flows

Target attractive segments

- Residential housing, including deluxe, affluent middle and mass-middle class
- Class A offices
- Other projects on a case-by-case basis which may be of strategic interest

Grow the land bank

- Significant growth of land holdings suitable for deluxe and middle class residential housing
- Focus on the acquisition of new sites with long-term development potential along the key transportation routes from Moscow

Focus on large-scale projects

- Continue to develop “life-style” communities
- Economies of scale and more efficient usage of managerial resources
- Single master plan for development of large land plots
- Opportunity to capitalise on existing expertise and significant land holding

Strategy (continued)

Secure cost-effective supply of pre-fabricated housing

- Complete the JV deal with Viceroy Homes to give the Group better access to prefabricated houses manufacturing and building technology
- Major step of the provision of cost-effective supply of prefabricated housing for middle class residential development

Expand selectively outside of Moscow Region

- Primary geographical focus is Moscow, Moscow region and surrounding regions
- The Group may also selectively pursue attractive projects elsewhere in Russia such as Sochi

Maximize capital gains

- “Develop and keep” (up to 5 or 7 years after completion) strategy in the Class A office segment
- Optimal balance between pre-sales and “build and sell” strategy in the residential housing segment

Optimise capital structure

- Use of equity capital over debt capital is favoured to acquire land
- Target debt / equity ratio of approx. 50:50 in the medium term

Major developments 2007-2008

- The Group's land holdings increased by approximately 5 000 hectares in 2007 land plots for Large Zavidovo Master-Plan Community, Land plots to the northern and the western directions of Moscow, land plots for Large Pestovo Master-Plan Development , land plots on the Kievskoe Highway near Timonino). **As of 31 December 2007, land holdings totaled over 5 700 hectares.**
- The Group committed and partially prepaid acquisition of up to additional 13,000 ha of land to the Western and Northern directions of Moscow, which were located along efficient transportation arteries and/or had good recreational potential.
- In February 2007 the Group **started sales** of land plots in **the Martemianovo Community.**
- In March 2007 the Group **started sales** of town-houses and apartments in **the Pavlovo-2 Community.**
- In May 2007 the Group placed 1,798,063 additional shares raising approximately US\$ 325m.
- In June 2007 the Company's shares were included into the RTS index basket.
- In August 2007 the Group **ordered approx. 50 prefabricated timber frame houses** for the Martemianovo Community.

Major developments 2007 – 2008 (continued)

- In October 2007 the Group placed 2,038,930 additional shares raising approximately US\$ 591m.
- In October 2007 the Group became a management company for **the development of Rosa Khutor Resort (Sochi)**.
- OPIN has engaged **EDAW**, a reputable international master planning consultant and architect firm, and **Economic Research Associates (ERA)**, a respected leisure and tourism industry consulting firm, and by the end of 2007 **developed the Master Plan for Large Zavidovo Large Scale Community**.
- By the end of 2007 the Group almost fully **pre-contracted Pavlovo Podvorye Retail and Entertainment Complex** and **completed construction** of the centre in a 'shell and core' condition.
- In 2007 the Group advanced significantly in the development of **Domnikov Class A Business Center** and **A.I. Raikin Art, Culture and Leisure Centre Retail and Entertainment Complex**.
- In 2007 Jones Lang LaSalle as an exclusive adviser on marketing and leasing was actively involved into **Domnikov Class A Business Center pre-lease**.

Major developments 2007 – 2008 (continued)

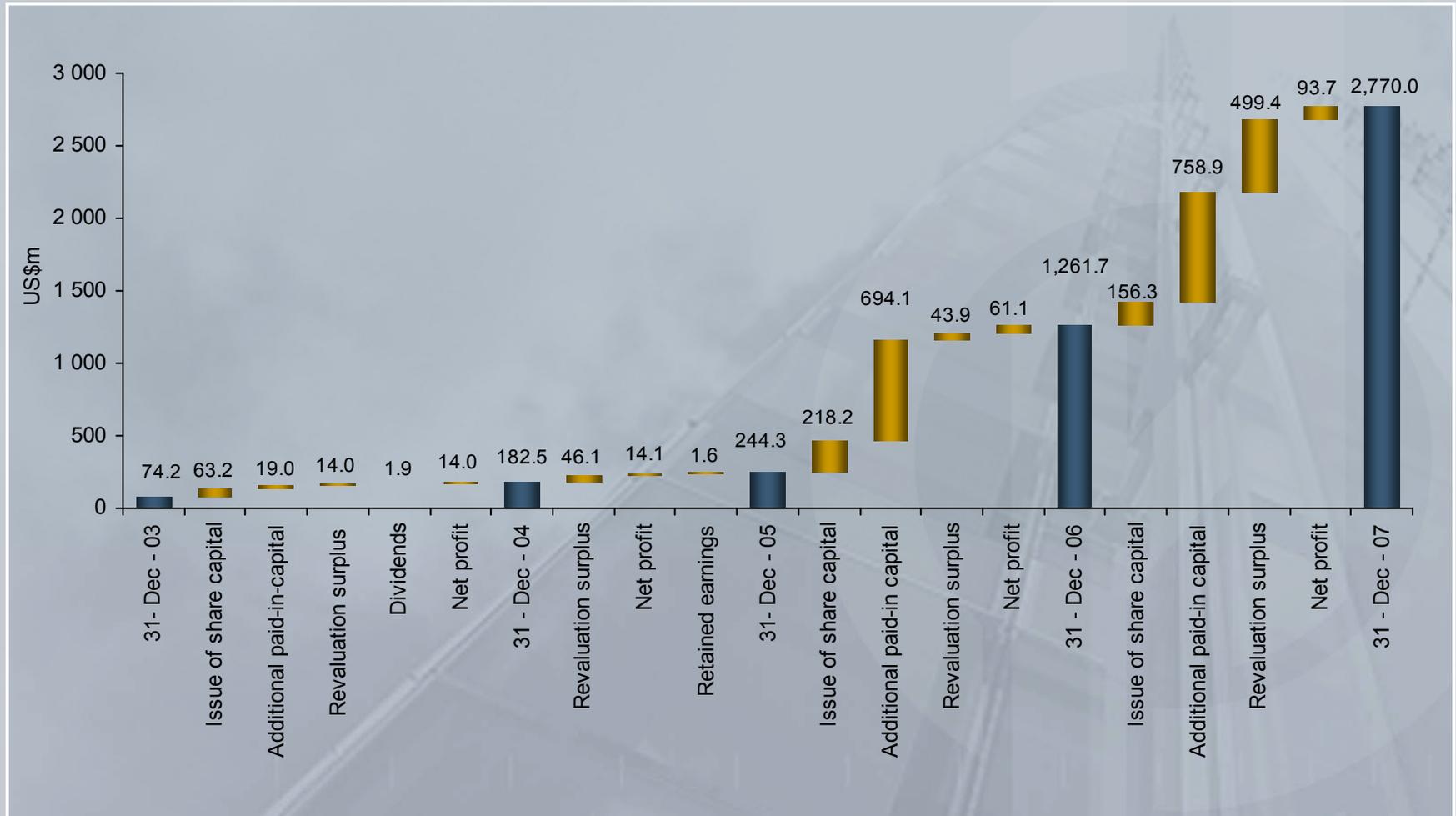
- In 2007 the **Act of Permitted Use** of the site has been obtained for the **OPIN Plaza Class A Business Center Development**.
- In 2007 the Group selected a **general architect** (PRP Architects Ltd) for **Sochi Hotel and Resort Estate**.
- In November-December 2007 the Group **raised new borrowings** for an amount of **US\$ 150 million** to replace CLN matured in November 2007.
- In January 2008 categorized use of the land in **Lukino was changed to residential**.
- In February 2008 the Group **acquired approximately a 61% equity interest in Viceroy Homes Limited**, a listed Canadian manufacturer of quality prefabricated timber frame houses. The Group has also entered into a shareholders' agreement with the holders of all the outstanding Class B Multiple Voting Shares of Viceroy.
- In March 2008 the **categorized use of the land in Large Zavidovo was changed** to residential and other statuses according the Master Plan.
- In March 2008 the Group successfully **placed Credit Linked Notes (CLN)** for an amount of approximately US\$ 100 million.



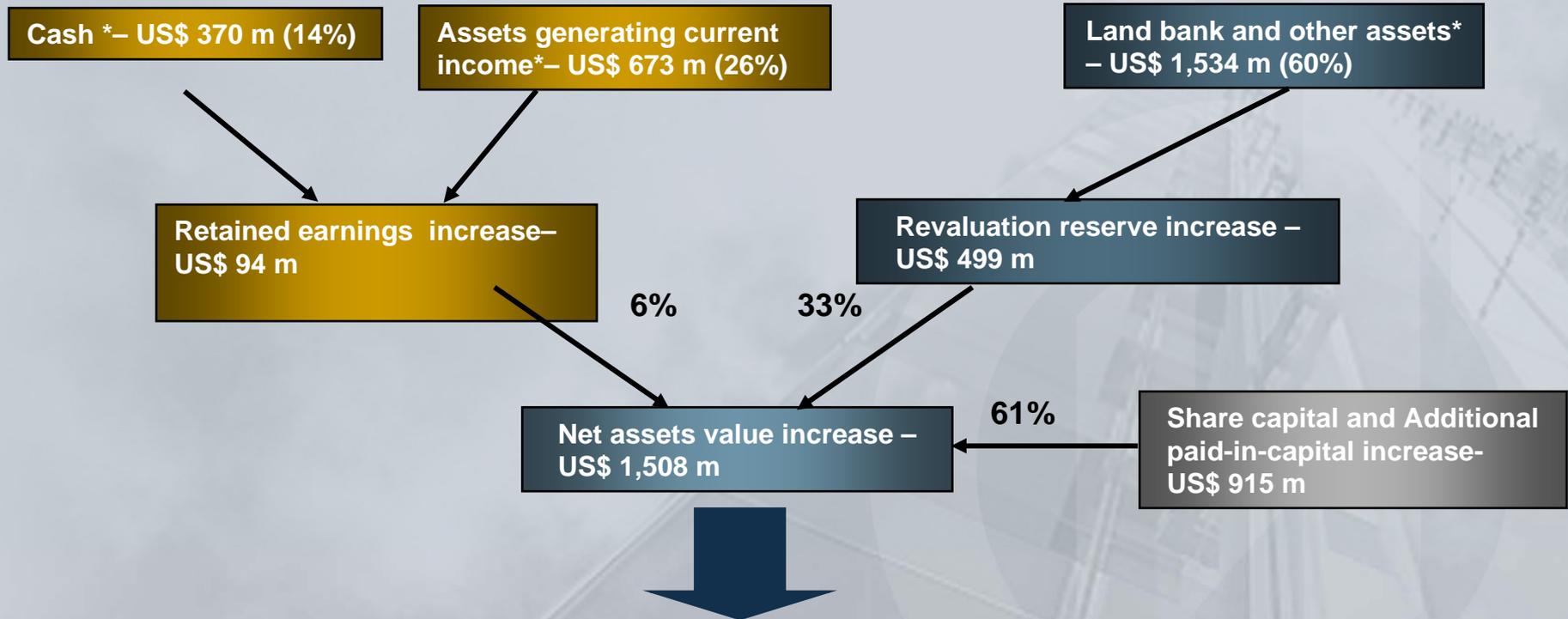
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Growing Net Asset Value

Net Asset Value growth



Net assets value growth in 2007

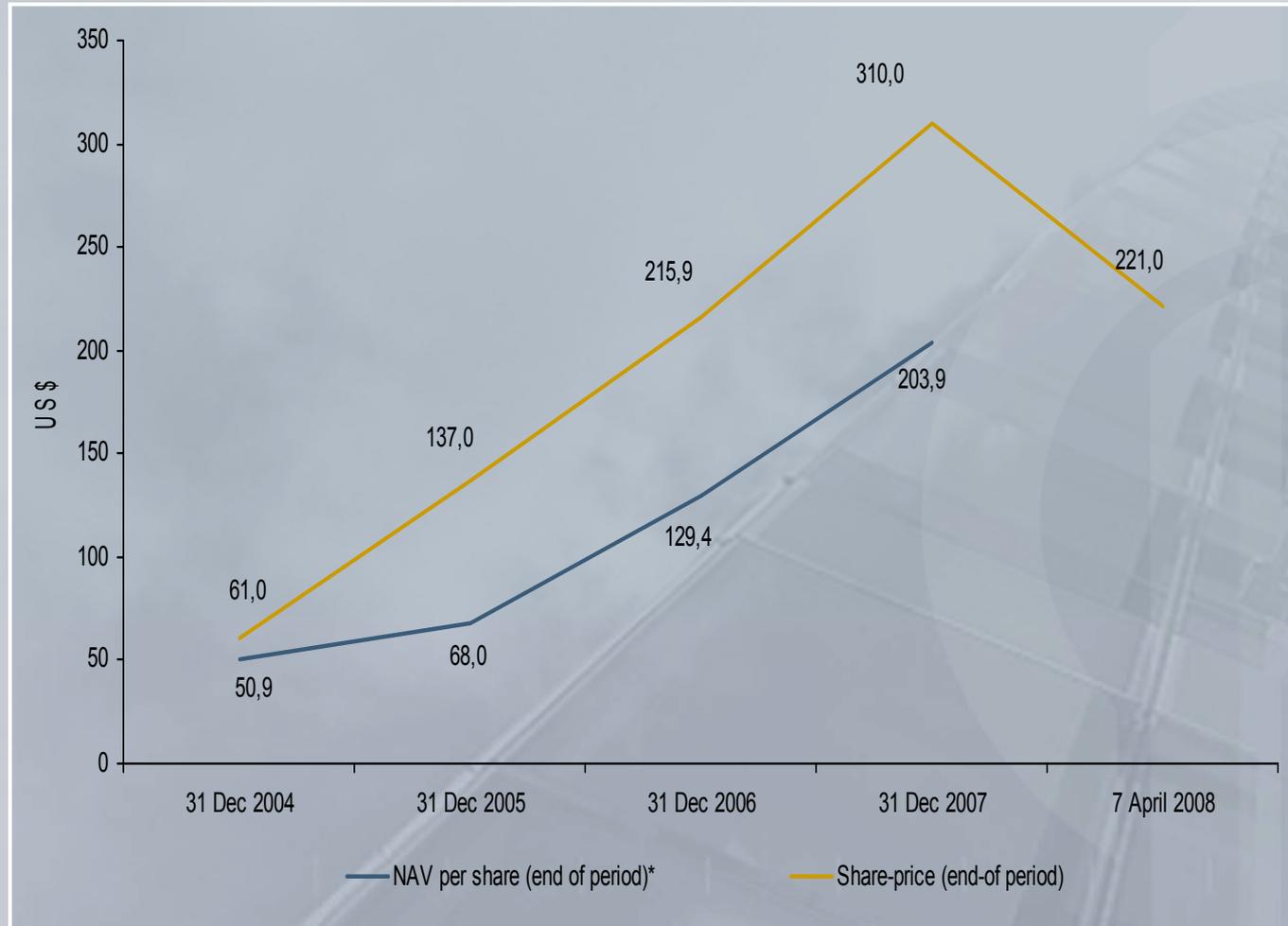


The best indicators of Group's results are:

- Net assets value («NAV»);
- Net assets value per share («NAV per share»).

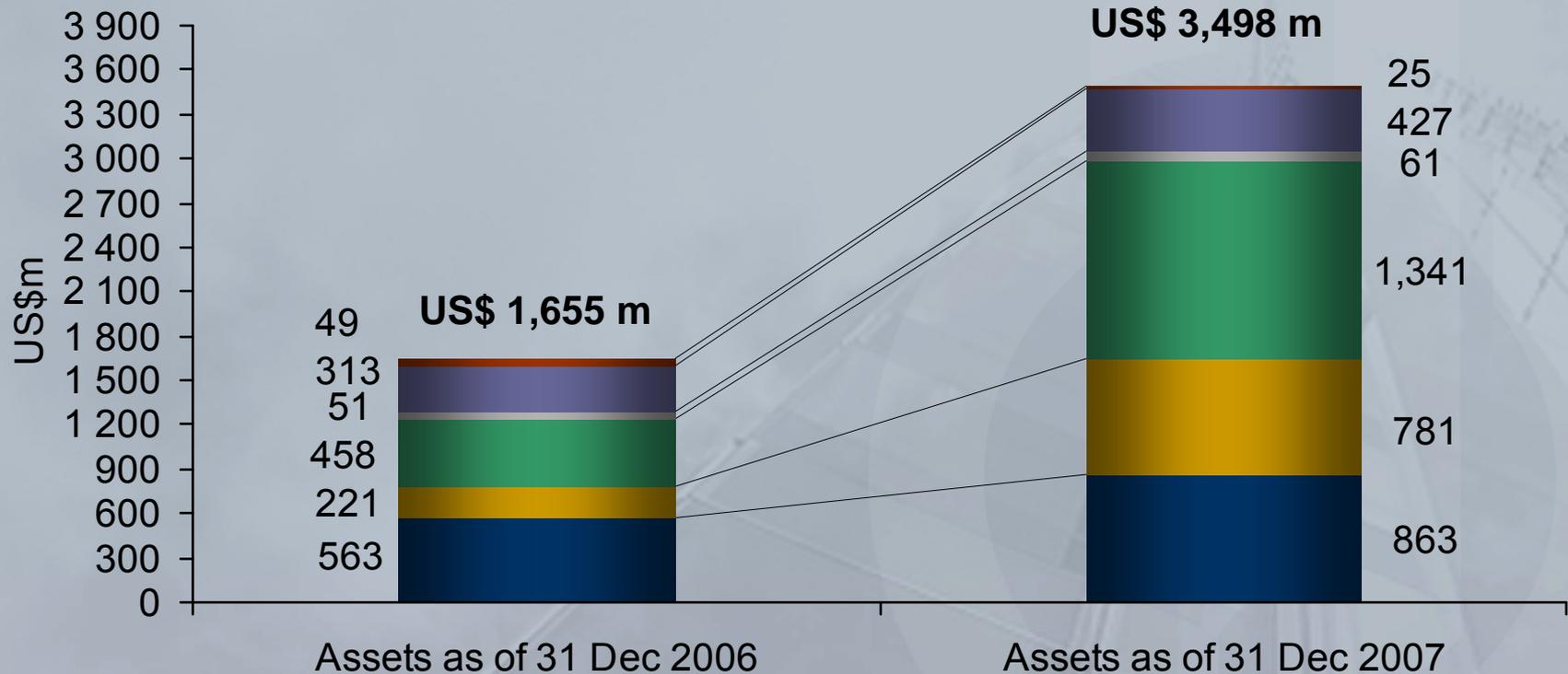
*annual average data in 2007

Net Asset Value per share and share price dynamics



- NAV per share growth amounted to US\$ 74 or more than 55% in 2007
- As of 31 Dec 2007 the Company's shares traded at a **52% premium to NAV**

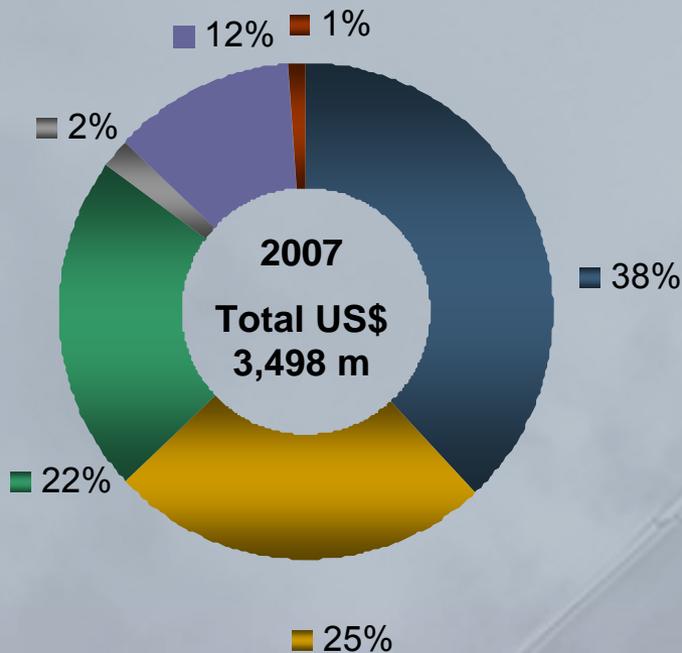
The Group's assets by segment



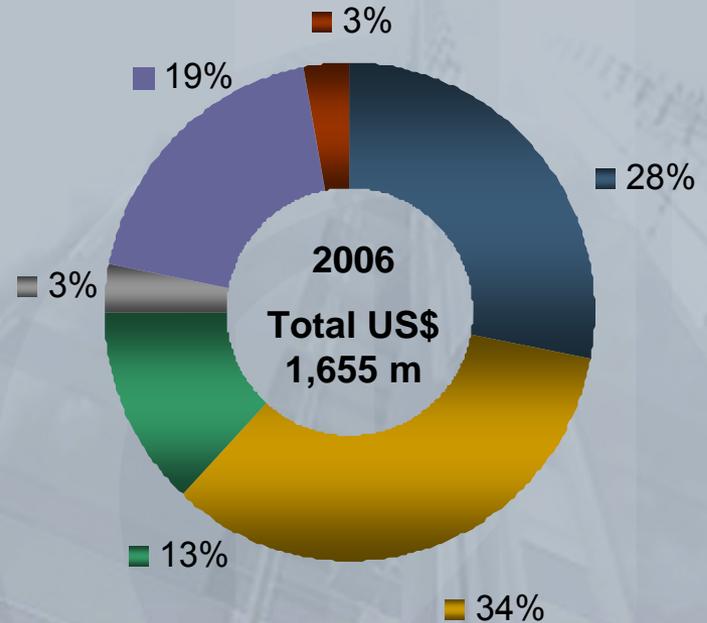
- Residential (2006- 34%, 2007 - 25%)
- Land plots (2006 - 28%, 2007 -38%)
- Cash (2006- 19%, 2007-12%)

- Commercial (2006 -13%, 2007-22%)
- Hotels (2006 - 3%, 2007 - 2%)
- Other assets (2006- 3%, 2007- 1%)

The Group's assets structure

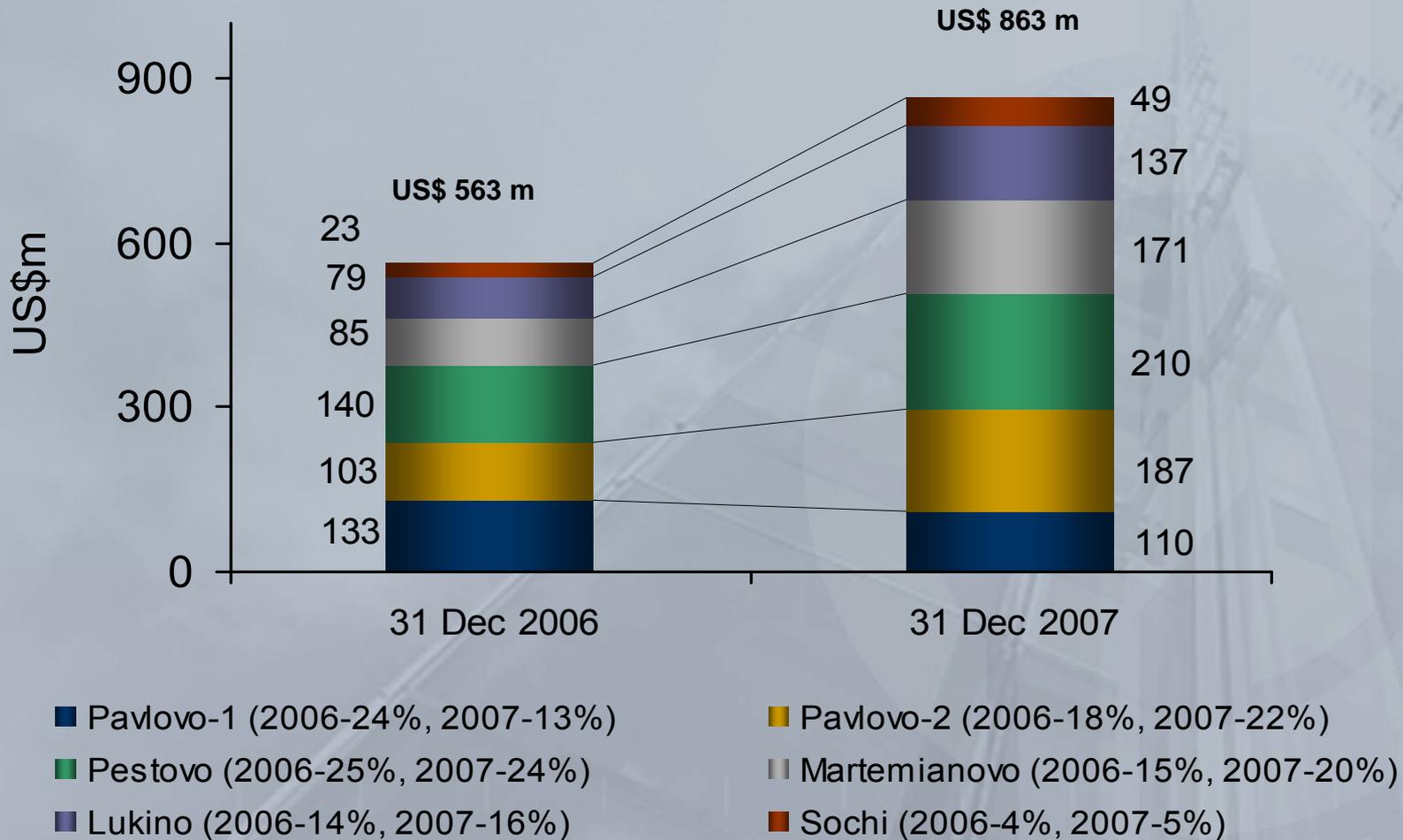


- Land plots (US\$ 1,341 m)
- Residential (US\$ 863 m)
- Commercial (US\$ 781 m)
- Hotels (US\$ 61 m)
- Cash (US\$ 427 m)
- Other assets (US\$ 25 m)

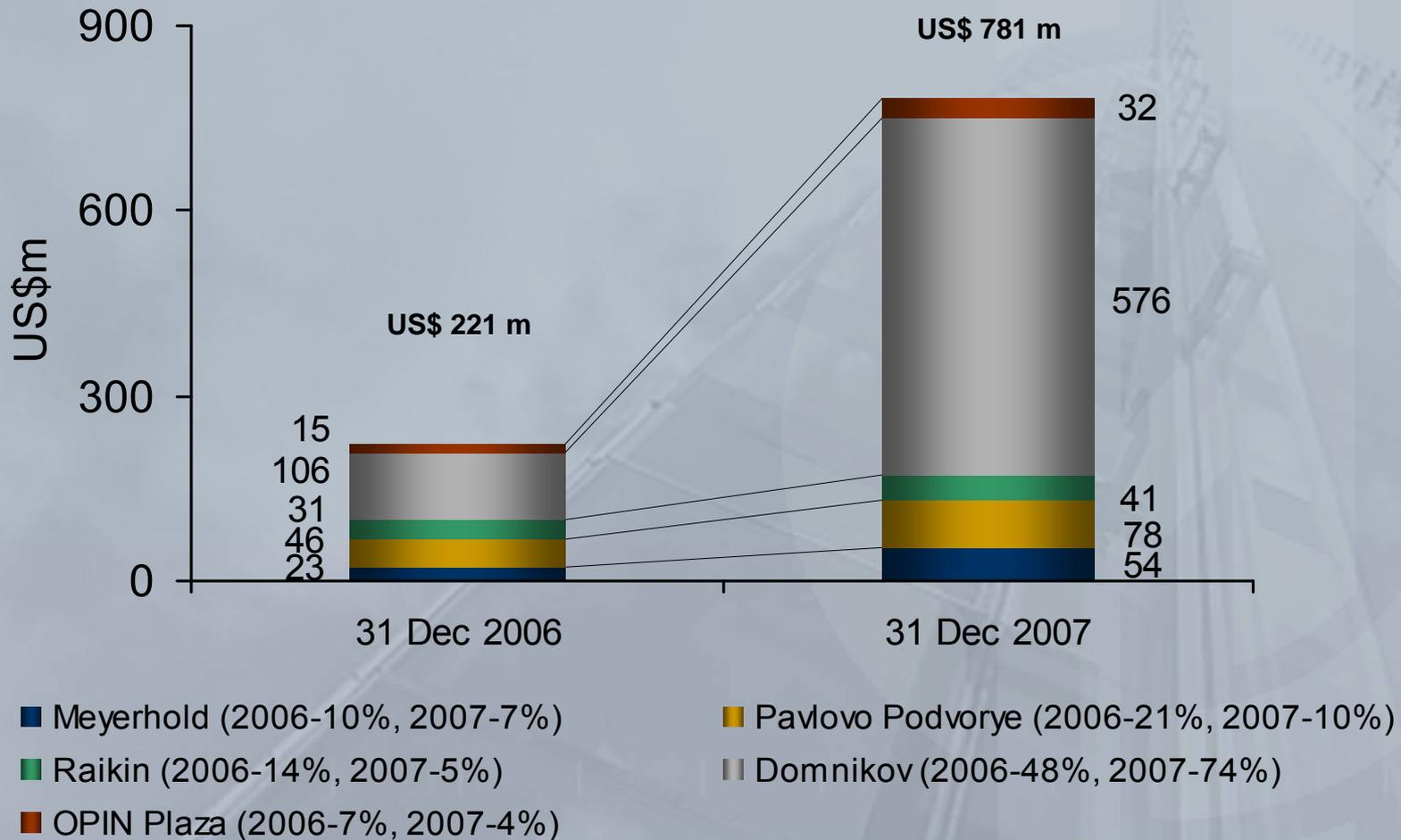


- Land plots (US\$ 458 m)
- Residential (US\$ 563 m)
- Commercial (US\$ 221 m)
- Hotels (US\$ 51 m)
- Cash (US\$ 313 m)
- Other assets (US\$ 49 m)

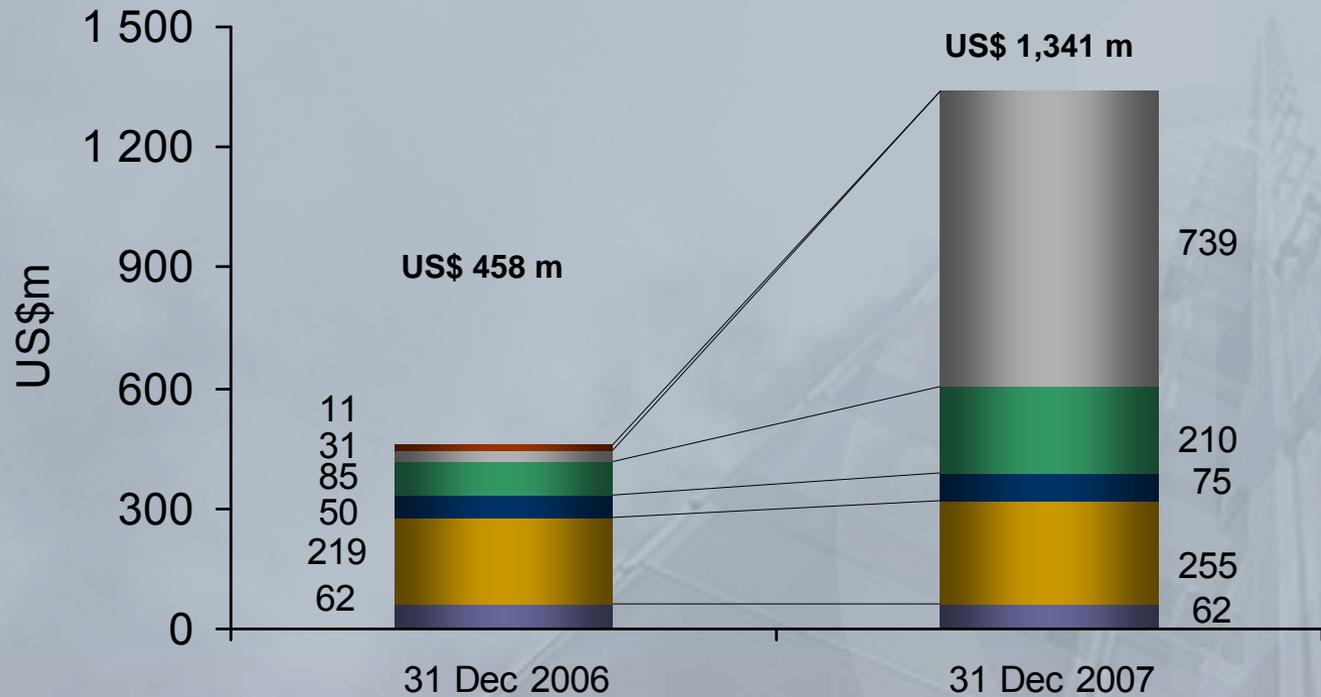
The Group's assets by projects: residential property



The Group's assets by projects: commercial property



The Group's assets by projects: land

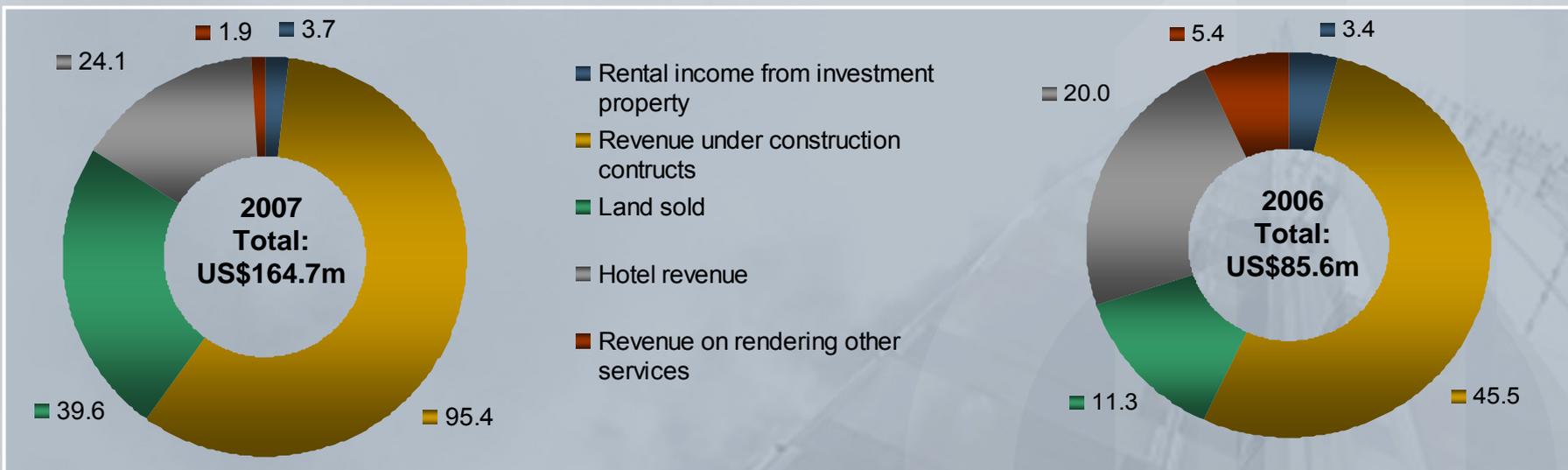


- Samara (2006-42%, 2007-0%)
- Land plots to the northern and the western directions of Moscow (2006-7%, 2007-55%)
- Large Zavidovo (2006-19%, 2007-16%)
- Land plots along the Kievskoye Highway (2006-11%, 2007-5%)
- Large Pestovo (2006-48%, 2007-19%)
- Gorki-10 (2006-14%, 2007-5%)

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The Group's
operations
generating current
income

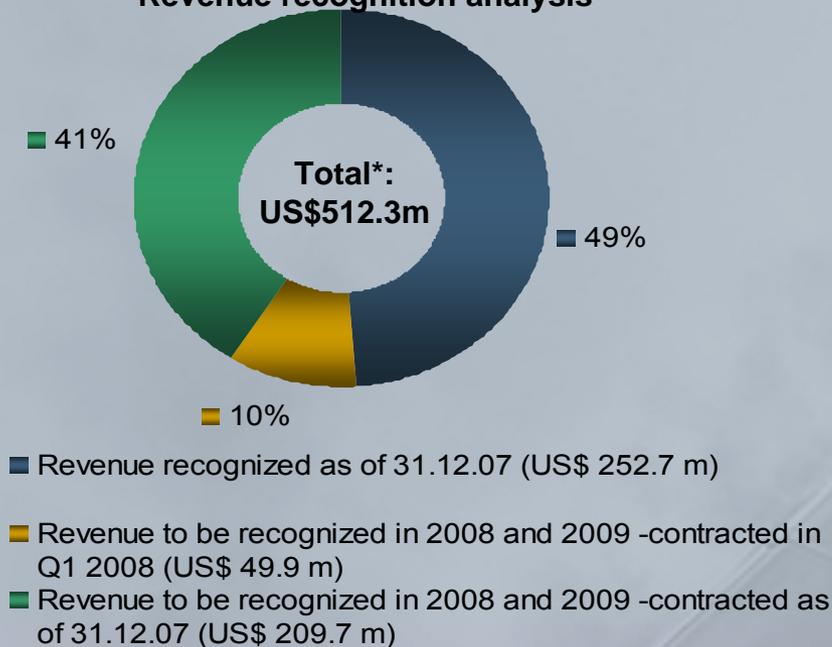
Group's revenue by segment



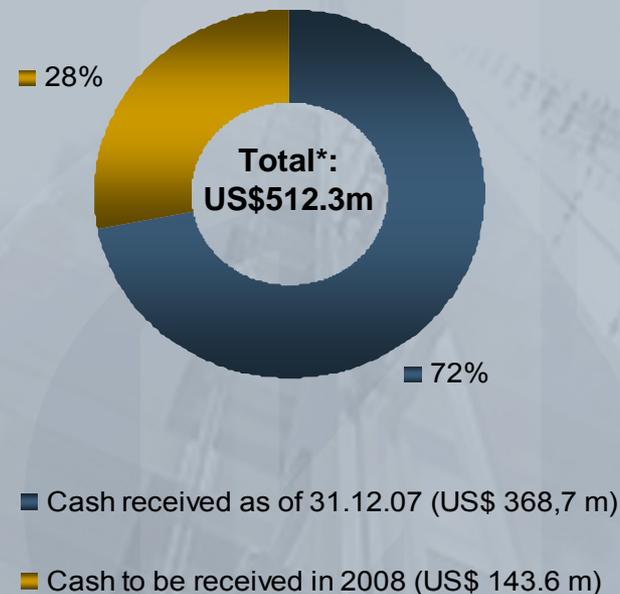
- In 2007 the Group's sales from the **construction contracts** in relation to **Pavlovo-1 Community** (houses), **Pestovo Community** (houses and infrastructure) and **Martemianovo Community** (infrastructure) comprised approximately **58%** of total sales.
- Sales of **land plots** amounted to approximately **24%** of total sales and represented land disposed in **Samara, Pavlovo-1 Community, Pestovo Community** and **Martemianovo Community**.
- Revenue from **hotel services** represented approximately **15%** of total sales in 2007 and increased by more than 20% from 2006 due to increase in room rates.

Revenue contracted as of 31 March 2008

Revenue recognition analysis



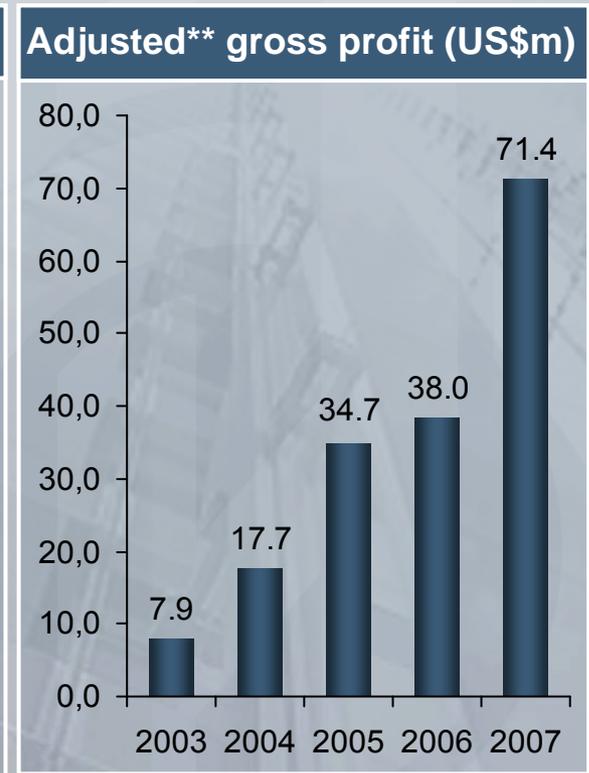
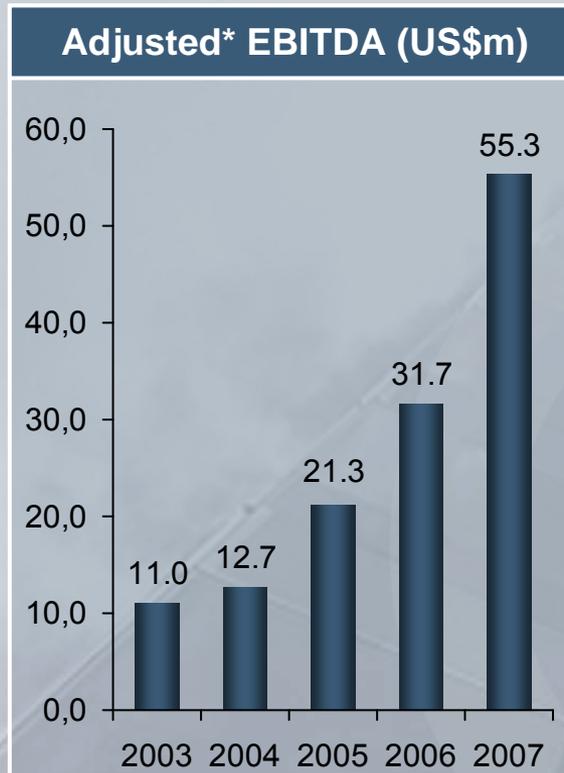
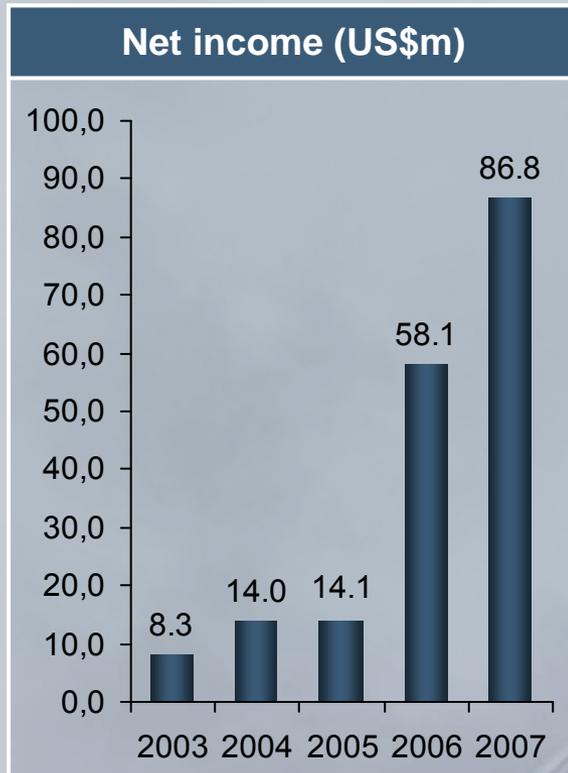
Cash receipts analysis



* Contracted as of 31.03.2008

- Cash received from customers for 119 **land plots contracted** as of 31 December 2007 in **Martemianovo Community** was not recognized in revenue in 2007 and will be recognized in 2008 revenue when legal title passes to the buyer
- Cash received from customers for **apartments in townhouses and low-rise buildings in Pavlovo-2 Community** was not reported as revenue in 2007 and will be recognized at the end of 2008 - in early 2009 when the construction is completed and the property is transferred to the buyer

Adjusted EBITDA and net income growth

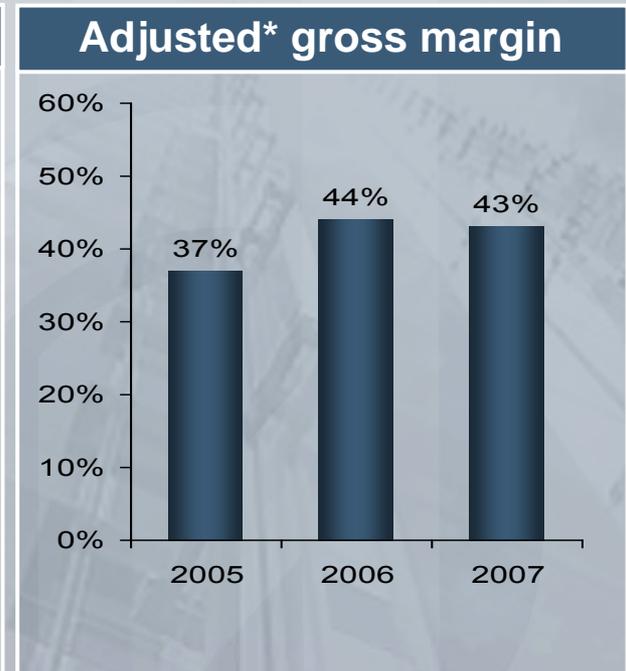
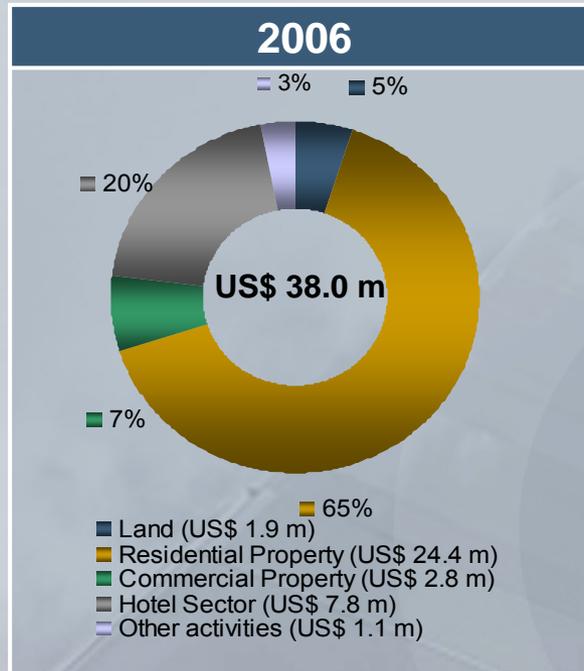
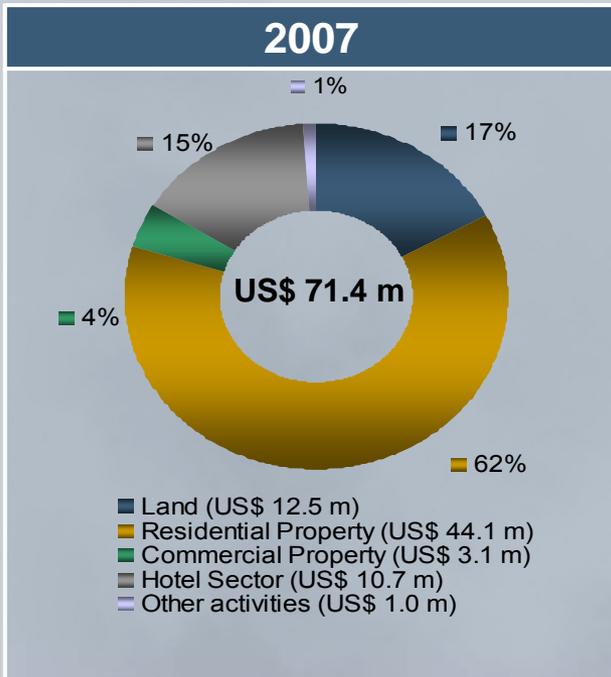


- **Net income has grown by US\$ 28.7m or by 49%**
- **Adjusted* EBITDA has grown by US\$ 23.6m or by 74%**
- **Adjusted** gross profit has grown by US\$ 33.4m or by 88%**

*Decreased by unrealized revaluation gains recognized in profit and loss , increased by realized revaluation gains previously recognized in both equity and profit and loss statements

**Increased by realized revaluation gains on land transferred to customers

Adjusted* gross profit and adjusted* gross margin



- In 2007 adjusted **gross profit** increased by **US\$ 35.0 m** or approximately 91%
- **Adjusted* gross margin** remained at 2006 level and approximated **43%**, as increase in elite projects' gross margins was off-set by lower margins in newly launched middle class communities and especially negligible margins for infrastructure development

*Increased by realized revaluation gains on land transferred to customers

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Cash flow

Cash flow

US\$m	2007	2006
Cash at the beginning of the period	313.4	55.4
Cash (used in)/ received from operations	(12.9)	44.6
Cash used in investment activities	(778.2)	(667.5)
Cash from financial activities	906.4	879.6
Effect of foreign exchange rates	(1.6)	1.3
Cash at the end of period	427.1	313.4

- Cash outflow from operations was mostly due to development of Pestovo, Pavlovo-2 and Martemianovo following «build and sell» strategy
- Cash outflow for investing activities increased due to acquisition of subsidiaries and land plots
- Increase in cash inflow from financing activities was mostly due to cash inflow from new share issues

Debt Portfolio

US\$m	Maturity (months)	Currency	Interest rate	Amount
Long term loans				
JSCB Rosbank	54	US\$	11%	22.5
JSCB Sberbank	36	US\$	11%	17.7
ING Bank N.V. (CLN)	11	US\$	9.75%	50.0
Others		RUR	9%	2.0
Short term loans				
JSCB Sberbank	12	US\$	11%	3.0
ING Bank N.V.	11	US\$	Libor +2%	100.0
Total debt outstanding as of 31.12.07				195.2

- In March 2008 the Group successfully placed 5 year CLN for an amount of approximately **US\$ 100 m**
- The Group plans to raise **up to additional US\$ 750 m in 2008**

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Strategic goals for 2008

Strategic goals for 2008

- **Large Zavidovo Master-Plan Community:** general contractor selection, beginning of construction works.
- **Lukino Community:** master plan finalization, obtaining necessary planning, zoning and building permissions.
- **Acquisition of approximately 10,000 ha** of land out of additional 13,000 ha to the Western and Northern directions of Moscow.
- **Sochi Hotel and Ressot Estate:** design finalization and approval, obtaining necessary planning, zoning and building permissions, general contractor selection.
- **Martemianovo Community:** sale of remaining 24 land plots in **Martemianovo-1**, construction works completion and beginning of detached houses sales in **Martemianovo-2** and launch of land plots sales in **Martemianovo-3**.
- **Pavlovo-2 Community:** completion of town-houses and apartment houses construction, launch of sales of 50 first completed detached houses.
- **Pavlovo Podvorye Retail and Entertainment Complex** opening.

Strategic goals for 2008 (continued)

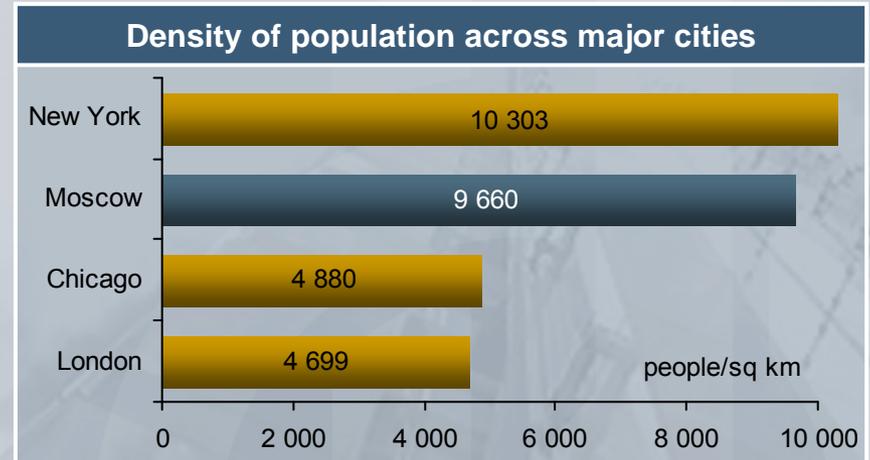
- **Pestovo Community:** construction completion of major part of the community.
- Pre-sales of **Domnikov Business Centre** and **Raikin Retail and Entertainment Complex.**
- **OPIN Plaza:** obtaining necessary building permissions and start of construction.

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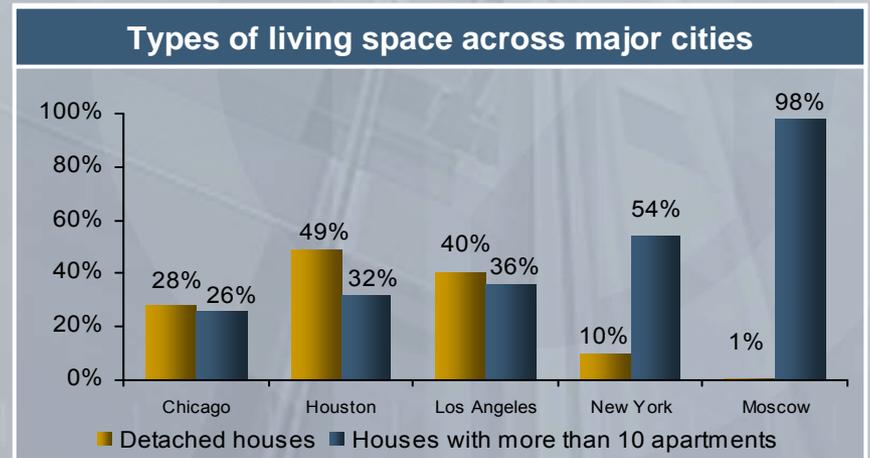
APPENDICES

Appendix 1: Unsatisfied demand for high quality residential property

- Residential property in Moscow and Russia is largely old building stock from the Soviet era
- Constantly growing population density and underdeveloped transport infrastructure deteriorate the quality of residential property within the city limits
- Moscow has a high concentration of capital providing it with strong demand for quality residential property which is not satisfied at the moment
- Increasing popularity of the “healthy life-style” concept supports the demand for out-of-Moscow residential property
- A significant proportion of Muscovites would prefer to live in detached houses rather than in an apartment and most would prefer to live outside of Moscow



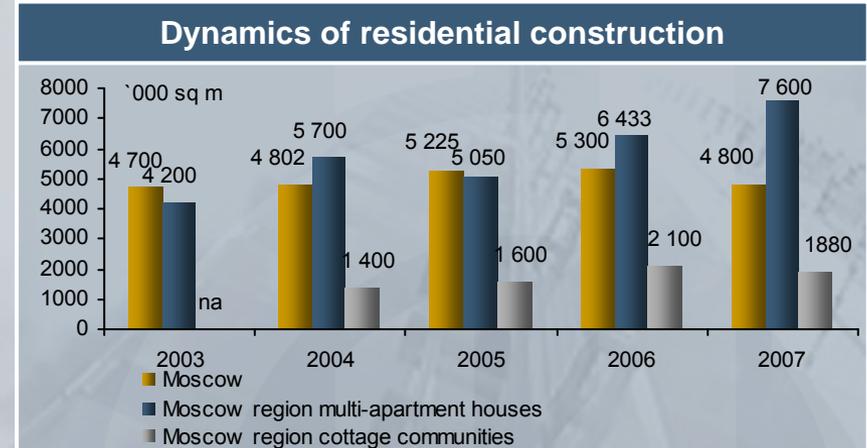
Source: Official Statistics, 2003, 2006



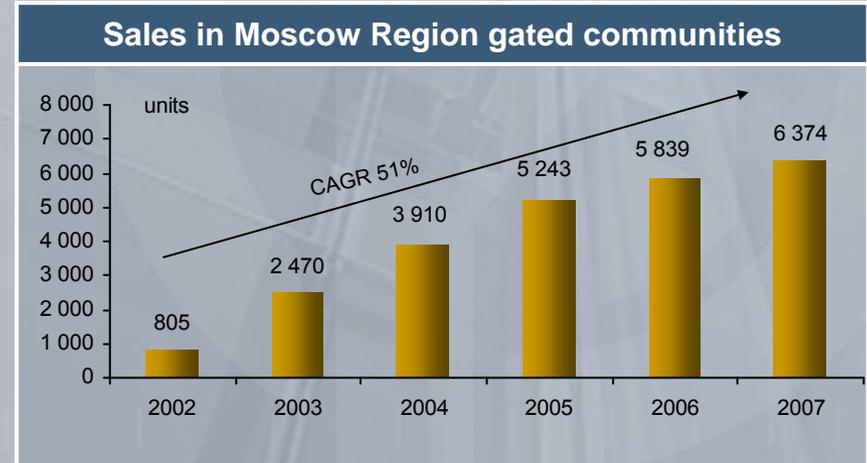
Source: US Census Bureau, 2005, American Community Survey and Company estimates

Appendix 1: Growing residential market of the Moscow region

- Annual construction of gated communities in Moscow Region has grown 53% since 2006 with the price index increasing from 1.0 in 2003 to 4.3 in 2007 and reached 4.5 as of January 2008
- Further development in the Russian mortgage market is expected to fuel the middle class residential market
- Both growing demand and strong supply suggests that Moscow will continue expanding beyond the MKAD

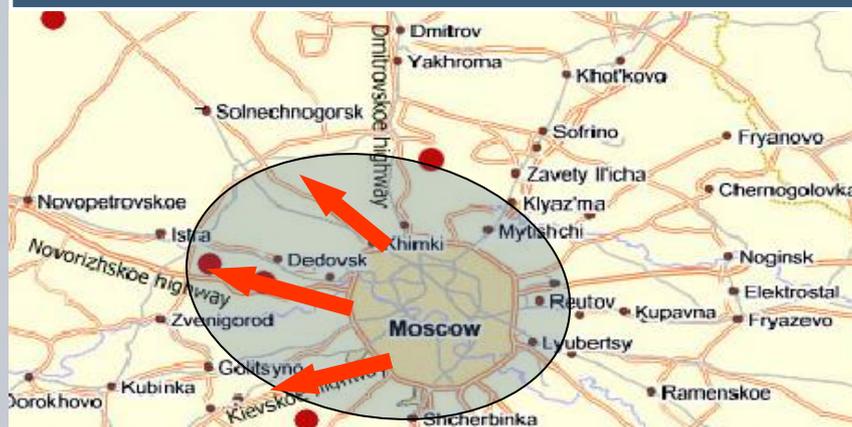


Source: Rosstat and Company estimates



Source: Vesco Consulting

Expected development of Moscow outside MKAD



Appendix 1: Commercial property market

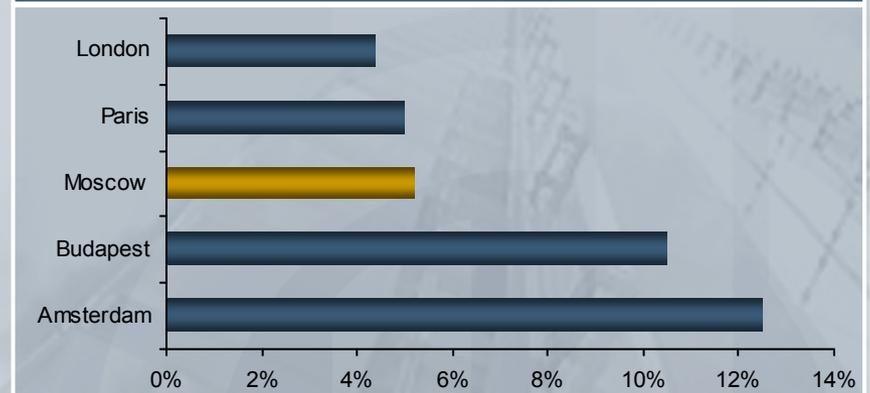
Key drivers

- Strong economic fundamentals
- High demand from both Russian and international companies
- Insufficient supply of Class A space

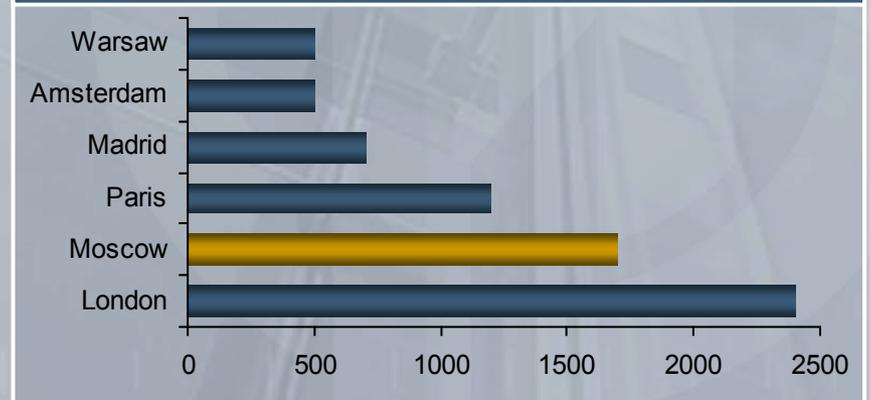
Main characteristics

- High barriers to entry, scarcity of land plots
- Low vacancy rates for Class A and B office space in Moscow. Forecasts at the end of 2007
 - ▶ 1.6-5.3% for class A office and
 - ▶ 3.6% for class B+ office space
- Increase in durations and volumes of lease contracts
- Decreasing capitalisation rates due to strong investor demand

Vacancy rates for all office classes (4Q 2007)



Maximum annual rents, US\$ per sq m (Q3 2007)



Source: Jones Lang LaSalle

Appendix 2: Developing projects portfolio: Residential property

	Land size for the project, ha	Total planned construction volume, sq.m.	Land size owned by the Group as of 31.12.07, ha	Total properties under construction and already constructed, sq.m.	Net ^[2] book value under IFRS, US\$m
Pavlovo-1	69	113,905	46	112,282	72.7
Pavlovo -2	83	511,668	83	86,781	121.3
Pestovo	128	154,377	120	96,824	142.7
Lukino	228		230	-	104.8
Martemianovo	229	16,923 ^[1]	226	16,534	133.4
Gorki-10	30	-	30	-	47.5
Sochi**	3	-	3	-	41.2
Large Zavidovo	1,313	-	1,313	-	161.4
Large Pestovo	352	-	352	-	99.8
Land plots to the northern and the western directions of Moscow	3,175	-	3,174	-	78.1
Timonino	137	-	137	-	57.2
Large Pestovo (addit. part)*,	648	-	-	-	124.4
Land acquisition program*	13,000	-	-	-	633.0
Total as of 31 December 2007	<u>19,396</u>	<u>796,873</u>	<u>5,174</u>	-	<u>1,817.6</u>

*capital advances

**lease rights

[1] The first stage of construction of Martemianovo Community (70 homes)

[2] Project assets less project liabilities recognized in audited IFRS financial statements as of 31.12.2007

Appendix 2: Developing projects portfolio: Commercial property

	Land plot size, ha	Total area, sq. m.	Net Rentable Area, sq. m.	Net ^[1] book value under IFRS, US\$m
Domnikov Business Centre**	1.4	132,000	70,000	457.9
Raikin Retail and Entertainment Centre***	3.4	75,000	41,000	41.4
Meyerhold Office Centre**	0.5	11,250	7,400	44.0
OPIN Plaza**	1.1	90,780	56,500	24.9
Pavlovo Podvorye*	15.8	43,000	34,000	55.1
Pavlovo School*	10.4	40,000	35,000	20.9
Novotel**	-	n/a	255 rooms	36.4
Total as of 31 December 2007	<u>32.5</u>	<u>392,030</u>	<u>238,900</u>	<u>680.5</u>

*Freehold interest in the building and land

** Long-term lease right for land and freehold interest in the building

*** Short-term lease right for land and freehold interest in the building

[1] Project assets less project liabilities recognized in audited IFRS financial statements as of 31.12.2007

Appendix 3: Key parameters of Pavlovo project

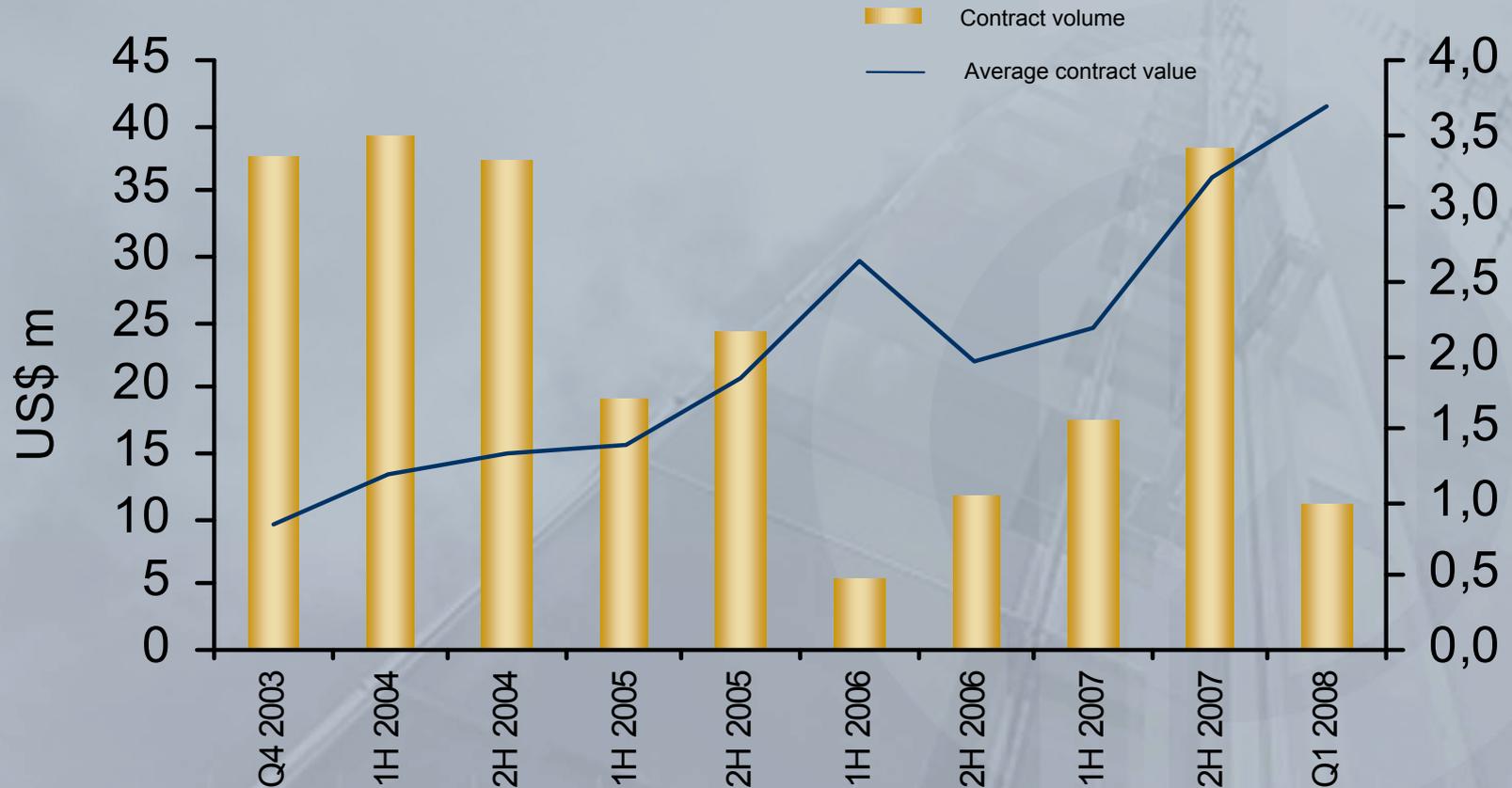
US\$m (or as indicated)	Q1 2008	31 Dec 2007 **	31 Dec 2006 **
Number of units contracted	3	81% (160 units out of 197)	72% (157 units out of 217)
Total amount contracted	11.3	231.0	171.8
Cash received under the contracts		217.7	154.9
Receivables under contracts		8.3	8.3
Payables under contracts		28.3	23.0
Amount reported as revenue		206.8	130.8
Land sold*, ha		23.6	13.0

* Land plots transferred to customers

** Cumulative

Appendix 3: Key parameters of Pavlovo project (continued)

Contact volume and average contract value of Pavlovo project



Appendix 4: Key parameters of Pestovo project

US\$m (or as indicated)	Q1 2008	31 Dec 2007 ****	31 Dec 2006 ****
Number of units contracted	12	37% (154 units out of 416)	28% (114 units out of 413)
Total amount contracted	14.4	128.9	72.5
Cash received under the contracts**		94.3	43.1
Receivables under contracts***		10.8	2.6
Payables under contracts		44.0	27.4
Amount reported as revenue		42.6	6.5
Amount reported as revenue under contracts for construction of communal infrastructure		20.8	15.1
Land sold*, ha		8.1	7.0

*Land plots transferred to customers

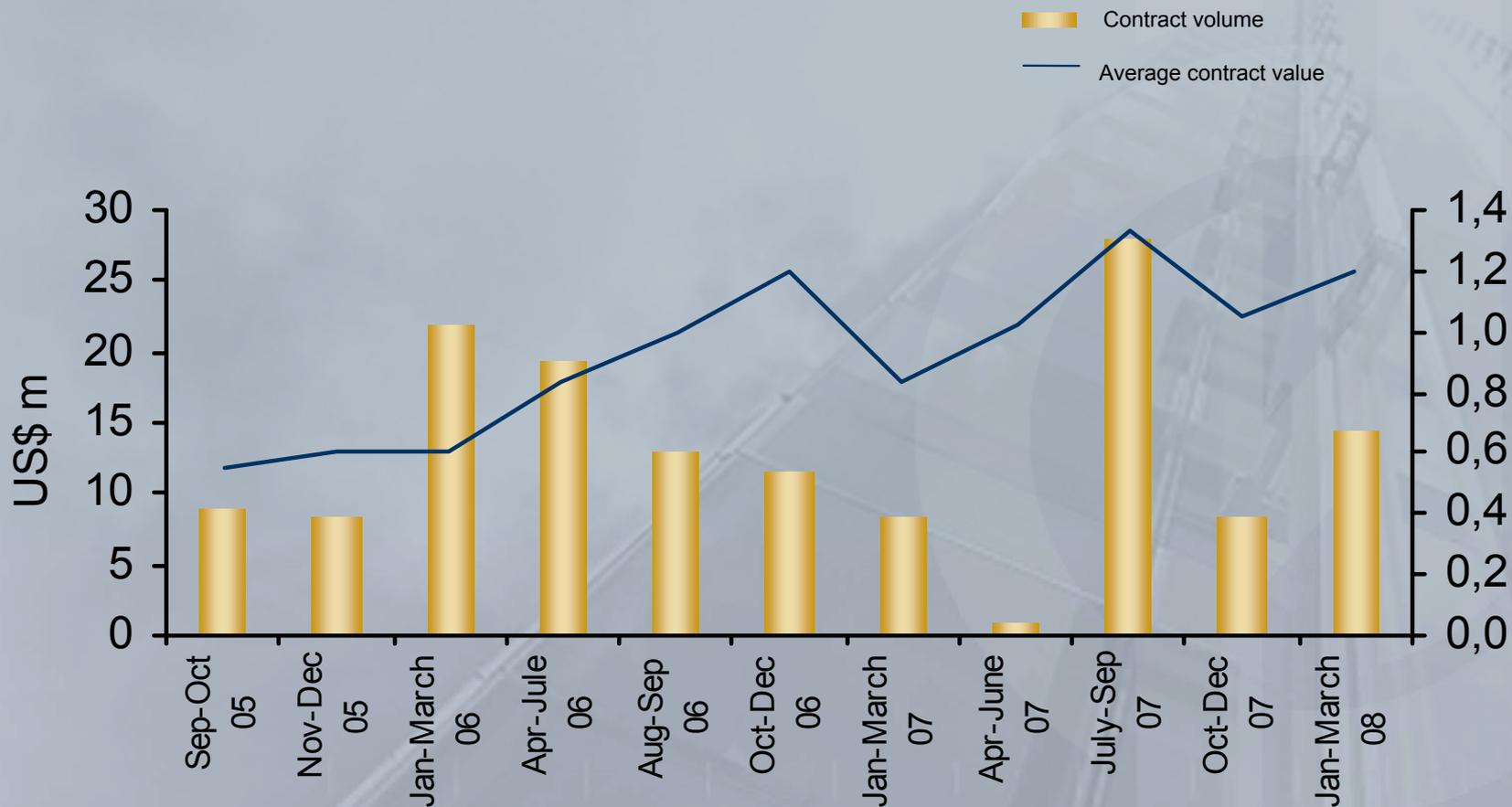
** Excluding payments to non-profit entity "Pestovo"

*** Including accounts payables from non-profit entity "Pestovo"

**** Cumulative

Appendix 4: Key parameters of Pestovo project (continued)

Contact volume and average contract value of Pestovo project



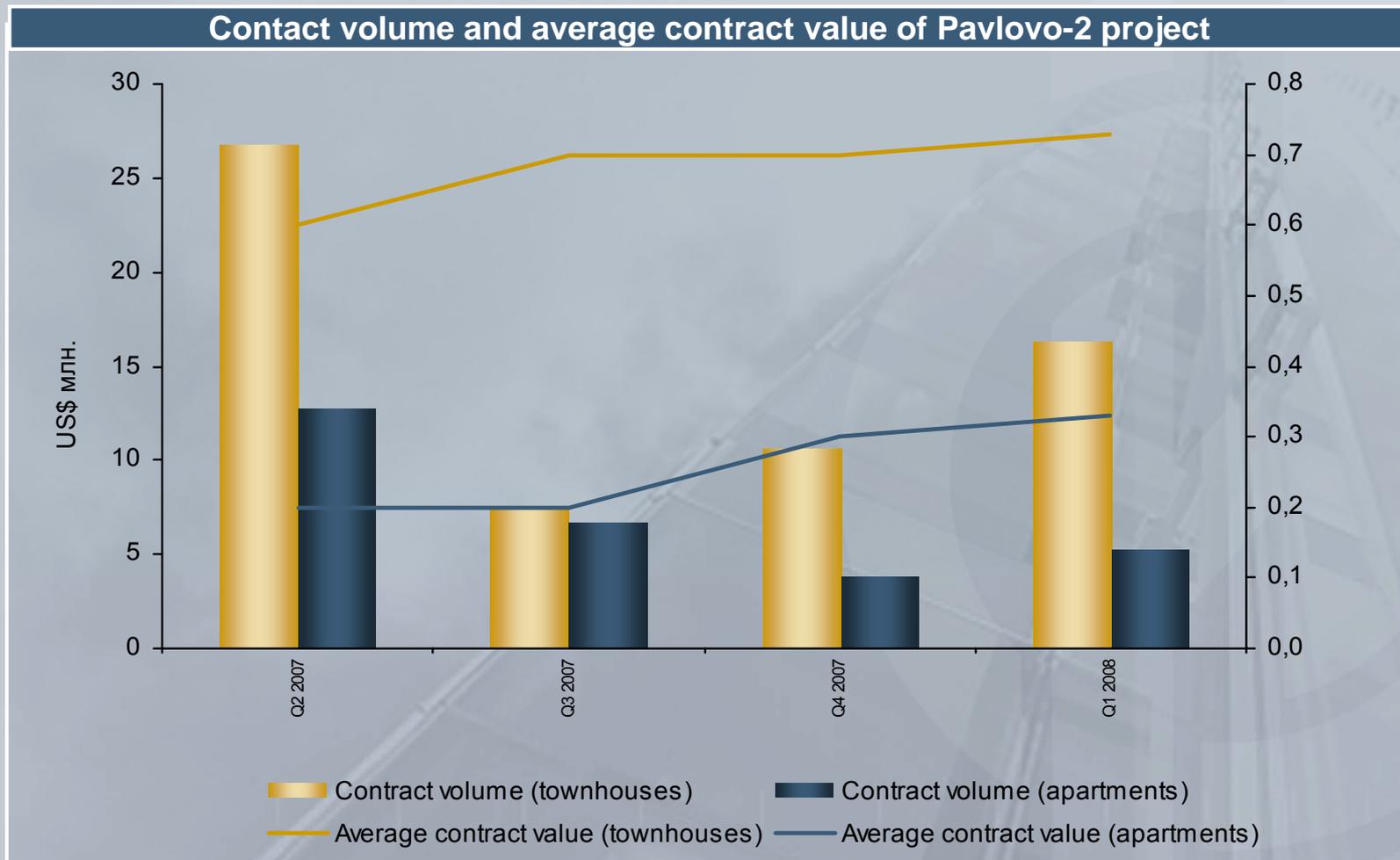
Appendix 5:

Key parameters of Pavlovo-2 project

US\$m (or as indicated)	Q1 2008	31 Dec 2007 *
Houses		
Number of units contracted		7% (11 out of 151)
Total amount contracted		8.0
Cash received under the contracts		4.7
Townhouses		
Number of units contracted	26	24% (70 out of 290)
Total amount contracted	16.3	44.8
Cash received under the contracts		34.9
Apartments		
Number of units contracted	21	29% (109 out of 380)
Total amount contracted	5.2	23.3
Cash received under the contracts		12.1

* Cumulative

Appendix 5: Key parameters of Pavlovo-2 project (continued)



Appendix 6: Key parameters of Martemianovo project

US\$m (or as indicated)	Q1 2008	31 Dec 2007 **
Number of land plots contracted	11	78% (119 out of 152)
Total amount contracted	2.6	28.0
Cash received under the contracts		5.0
Receivables under contracts		18.7
Amount reported as revenue		2.7
Amount reported as revenue under contracts for construction of communal infrastructure		18.7
Land sold*, ha		2.8

* Land plots transferred to customers

** Cumulative

Appendix 7: Meyerhold Class A Business Centre and Novotel Moscow Centre Hotel

Novotel Moscow Centre Hotel

- Opened in 2002 and managed by ACCOR
- Land plot size is approx. 0.5 hectares (includes Meyerhold Business Centre), located in close proximity to city centre
- The building, includes 255 hotel rooms, conference halls, two bars, restaurant and fitness centre
- Average room rate at ca. US\$303 with 75% average occupancy in 2007



Meyerhold Business Centre

- Opened in 2000
- Total area: 11,250 sq m with total rentable area of approx. 7,870 sq m
- Occupancy more than 97% in 2007 with reputable tenants, incl. Sonic Duo, Banque Societe Generale Vostok, Rusfinance
- Net average annual office rental rate is around US\$750/sq m in 2007

Summary information

	31 December 2007
Valuation, US\$ mn	
Meyerhold Office Centre	71.6
Average rental rate, US\$/sq m	
Novotel Moscow Centre Hotel	303
Meyerhold Office Centre	750
Novotel hotel occupancy (2007)	75%

Source: Company

Appendix 8: Valuation* of selected properties as of 31.12.07

	Valued land plots , ha (or as indicated)	Valuation, US\$m
Pavlovo-1	10 land plots with cottages (investment property)	25.3
Pavlovo -2	61.17	184.5
Pestovo	86.45	77.9
Lukino	228.24	134.5
Martemianovo	102.54	73.4
Sochi	Leasehold interest in land (3.15 ha) and property under development	47.4
Large Zavidovo	1,313.22	217.9
Large Pestovo	251.42	99.7
Land plots to the northern and the western directions of Moscow	3,174.5	100.1
Timonino	136.71	75.4
Meyerhold	Building	70.6
Domnikov	Leasehold interest in land (1.4 ha) and property under development	550.3
OPIN Plaza	Leasehold interest in land (1.12 ha) and property under development	32.1
Pavlovo Podvorye and Pavlovo Shool	23.34 ha and property under development	60.5

* By Jones Lang LaSalle as of 31.12.07

NOTE: Only properties to be re-valued under IFRS and our accounting policy were appraised. Some properties are not appraised and are kept at costs or at value at the time when reserved or intended for sale.



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