

# Open Investments

Investor presentation



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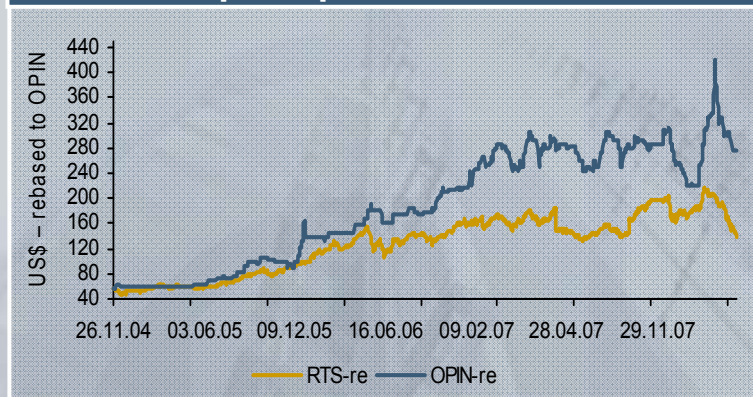
# Introduction

# Company overview

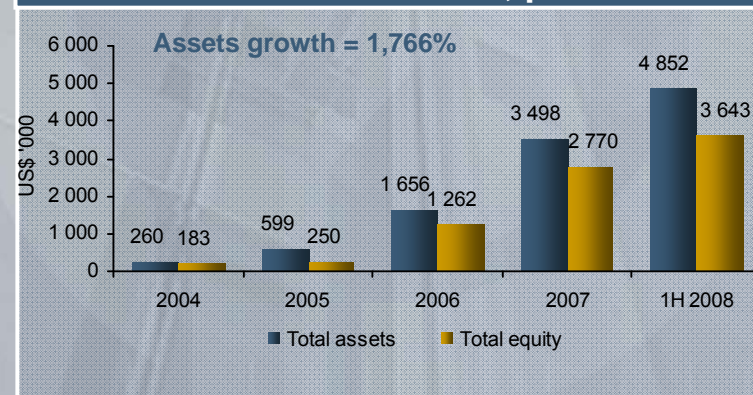
- Leading Moscow-based real estate investment and development company
- Established within Interros in 2002
- IPO in 2004
- SPO in 2007 for US\$591m and for US\$881m in 2006
- Rights issue for US\$90m in 2006, for US\$325m in 2007 and for US\$491m in 2008
- Total assets: approx. US\$4.8bn<sup>[1]</sup>
- Equity attributable to shareholders: more than US\$3.6bn<sup>[1]</sup>
- Listed on RTS (unlisted GDSs)
- In 2006, the shares of the Company were included into the RTS, RTS-2 index basket
- Market capitalisation as at 1 October 2008, is approximately US\$ 2.2 bn
- Ratings assigned: Moody`s- B1/A2.ru, stable outlook; Fitch Ratings-B, positive outlook

[1] As of 30 June 2008, IFRS Finance Statements

## Share price performance vs RTS



## Balance sheet structure, period end



Source: IFRS Financial Statements

# Major developments 2008 (1)

- 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 Company 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 industrial according to the Master Plan.
- In **March 2008** the Company successfully placed **Credit Linked Notes (CLN)** for an amount of approximately US\$ 100 mln.
- In **April 2008** OPIN successfully placed **Credit Linked Notes (CLN)** for an amount of US\$ 50 million.
- In **April 2008** Tver region government and JSC OPIN entered into a cooperation agreement in relation to the **Large Zavidovo** integrated development of the territory of Mokshino village in Konakovo district of Tver region.
- In **June 2008** OPIN completed **additional ordinary share offering** that raised approximately US\$ 491 mln. Approximately 79% of the new shares have been allocated to existing shareholders who exercised their statutory pre-emptive rights.
- In **June 2008** OPIN signed a lease agreement with JSC "**Alfa-Bank**" for approximately 22,000 sqm in the Domnikov Business Center currently under construction.

# Major developments 2008 (2)

- In **July 2008** OPIN acquired control stake over approximately **6,414 ha** of land in the **Moscow and Tver Regions**. The total land bank of the Company exceeded **12,000 ha**.
- In **July 2008** the **Moody`s** Investors Service assigned JSC OPIN a corporate family rating of **B1**, and **Moody`s Interfax** Rating Agency - an **A2.ru** national scale rating. The outlook on both ratings is **stable**.
- In **July 2008** **Hotel Novoslobodskaya**, a 100% subsidiary of OPIN has acquired approximately 31% of the premises in Hotel "Novoslobodskaya" from the Moscow City Government. Following the acquisition, the hotel has become **100% owned by JSC Hotel Novoslobodskaya**.
- In **July 2008** the **Fitch Ratings** agency assigned JSC OPIN the following Issuer Default ratings: Long-term **B**, **Positive** Outlook, Short-term and senior unsecured **B**, National Long-term **BBB+(rus)**, **Positive** Outlook
- In **August 2008** JSC "OPIN" and **Rosbank** announced new improved terms of **joint residential mortgage loans programme** for townhouses and apartments in low-rise apartment houses of "Pavlovo-2".
- In **August 2008** OPIN launched **joint residential mortgage loans programme** with bank **VTB24** for townhouses and apartments in low-rise apartment houses of "Pavlovo-2".
- In **September 2008** **Sberbank** started **issuing mortgage loans** for purchasing land plots in Martemianovo community on the basis of terms agreed with JSC "OPIN".

# OPIN Ratings and Awards

*Institutional Investor magazine, June 2008*

- **Sergey Bachin**, the CEO of JSC OPIN is **No.1 in the Best Russian Top Managers** rating, Real Estate nomination

*Forbes REAL ESTATE magazine, summer 2008*

- OPIN is one of the **Top 10 Leading Residential Developers** in the Moscow Region

*Kommersant-Money" magazine No. 33 [690], 25-31 August 2008)*

- **No. 38** the rating of the **Top 300 Largest Russian Companies** by market capitalization criteria

- **No. 3** in the **Most Highly Valued Share Issuers** rating

- **No.6** in the **Most Efficient Share Issuers** rating

*«Finance» magazine, 1 September 2008*

- **No. 18** in the **Most Dynamic Companies in 2007** rating

- **No. 36** in the **Fastest Growing Companies in 2007** rating

*“Secret Firmi” magazine from the “Top-10 Russian Transparent Companies” & “200 Most Open Companies in Russia in 2008” ratings, 2 June 2008*

- **No.1** in the **Top-10 Russian Transparent Companies** rating

- **No.1** in the **Most Open Companies** rating in the Construction, Real Estate and Building Materials Manufacturing sector

*«The Square Metre» magazine No.9 (371), 12-25 May 2008*

- **Pestovo Community – the best waterfront community** in the rating of the Moscow Region waterfront communities

*Research Centre of SuperJob.ru web portal, January 2008*

- **Attractive Employer 2007** based on research on the Russian employers



# Strategic objectives

**Diversification of  
revenue streams**

**Target attractive  
segments**

**Monetize the value of  
the land bank**

**Focus on large-scale  
projects**

**Vertical integration**

**Focus on key  
geographic areas**

**Optimum deployment  
of capital**

**Conservative capital  
structure**

# Strategy

## Diversification of revenue streams

- Balance between income-generating properties and development of new properties
- Generate a sustainable level of 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

## Monetise the value of the land bank

- Land acquisition programme is completed: sales of parts of OPIN's land bank at advanced development phases to third party developers
- Full-cycle development of quality suburban phaseable detached communities

## Focus on large-scale projects

- Benefit from favorable financing terms from the government for local infrastructure
- Single master plan for development of large land plots
- Economies of scale and more efficient usage of managerial resources
- Capitalize on existing expertise and significant land holding

# Strategy (continued)

## Vertical integration

- The company has acquired Viceroy Homes to gain access to their prefabricated houses manufacturing and building technology
- Going forward OPIN intends to set up local production and to secure raw materials supply which could be through acquisitions of forests and timber mills

## Focus on key geographic areas

- Primary geographical focus is Moscow, Moscow region and surrounding regions – 17 million inhabitants in greater Moscow region\*, 1/3 of Russian consumer market
- OPIN may also selectively pursue attractive projects elsewhere in Russia (such as Sochi)

## Optimum deployment of capital

- “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

## Conservative capital structure

- With \$2.5bn equity raised to date, the company is 90% equity funded. Fully equity funded land bank
- Target debt / equity ratio of 50 / 50

*\*Moody's, August 2008*

# Open Investments – Key Strengths

Reputation for  
quality

Focus on full  
cycle real estate  
development

Sizeable land  
bank

Access to  
capital



**OPIN**

INVESTMENT  
AND DEVELOPMENT  
GROUP

Experienced  
management  
team

Expertise in  
large-scale  
projects

# Board of Directors and Management team

## Board of Directors

### Directors

- **Andrei Klishas** – Chairman of the Board of Directors of JSC OPIN, Vice-President and the Chairman of the Board of Directors of ZAO Holding Company Interros, a member of the Board of Directors of CJSC "United Investments", CJSC Agricultural Complex Agros, Rosbank, OJSC GMK Norilsk Nickel
- **Sergey Bachin** – General Director of JSC OPIN
- **Kirill Parinov** – Deputy General Director in charge of corporate, proprietary and legal matters of OJSC GMK Norilsk Nickel
- **Elena Anikina** – Vice-President of ONEKSIM Group LLC, Chairman of the Management Board of ANO "Sochi—2014 Filing/Request Committee" and of Fund "Sochi—2014 Filing/Request Committee"
- **Dmitriy Kostoev** – Managing Director for investments of ZAO Holding Company Interros

### Independent directors

- **John Sleeman** – Member of the Board of Directors of PV Crystalox Solar plc and a partner of S.P. Angel Corporate Finance LLP.
- **Vladimir Tyurenkov** – Managing Director of Hansberger Global Investors Inc.
- **Dmitriy Vlasov** – East Capital International AB, Senior advisor
- **Olga Voytovich** – Deputy Head of the legal department of Holding Company Interros (ZAO), a member of the Board of Directors of «United Investments» OJSC

## Management team



### **Sergey Bachin, MBA, CMA, CPA** – General Director

- Regional Finance Director for Mars in Russia
- Financial analyst for Pratt & Whitney, United Technologies



### **Sergey Belikov** – First Deputy General Director

- Commercial Director at Olympic Complex Luzhniki
- Deputy General Director at All-Russian Exhibition Centre



### **Denis Davidko** – First Deputy General Director, CFO&COO

- Banking background
- Extensive corporate finance, debt and equity raising experience
- CFO of the largest Russian aircraft leasing company – Ilyushin Finance



### **Arkadiy Kalachnikov** – First Deputy General Director

- Extensive experience in the commercial real estate business
- Chairman of the Board of Directors of Hotel Zvezdnaya and Hotel Zarya



### **Alexander Kartsev** – First Deputy General Director

- General director of the Sakharov Business Plaza project since 2004
- Prior to OPIN worked in various managerial capacities for Mars and Aeroflot



### **Andrey Mazharov** – First Deputy General Director, Sales Director

- significant experience in real estate sales business
- worked in Arthur Andersen consulting company in Business Consulting Division.
- Former General Director in Terra Real Estate company



### **Alexey Kostin** – Head of Control and Audit Service

- Works for Interros since 2000 and was closely involved in the development of the Meyerhold Office Centre and Novotel Moscow Centre Hotel



### **Sergey Trubin** – Deputy General Director, Regional Projects

- Significant experience in establishing regional businesses both in Russia and the CIS
- International experience with Mars, JTI R.J.Reynolds, World Finance



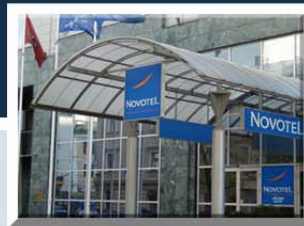
### **Andrey Repin** – Deputy General Director for Commercial Property Management and Maintenance

- Former General Director for regional office of Mars on North-West (Saint-Petersburg).
- In charge of commercial real estate and development projects of Interros



### **Valentin Porzhenko** – Legal Department, Director

- Managerial experience in banking
- Was responsible for provision of legal support to Meyerhold Office Center and Novotel Moscow Centre Hotel construction projects

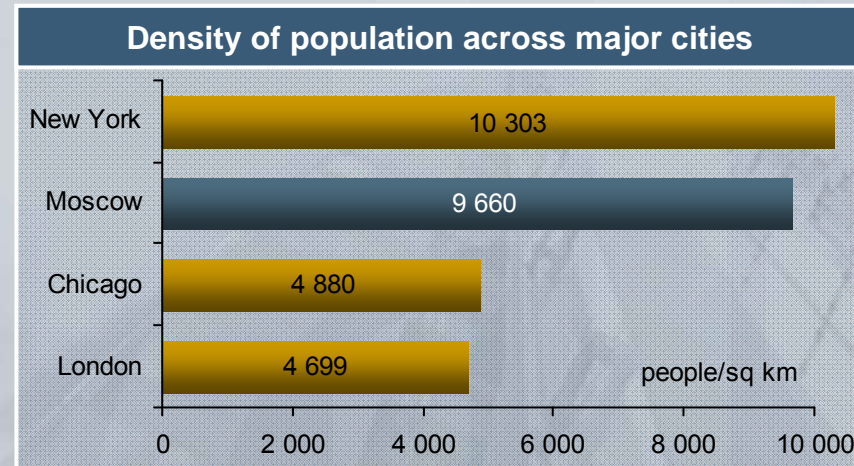


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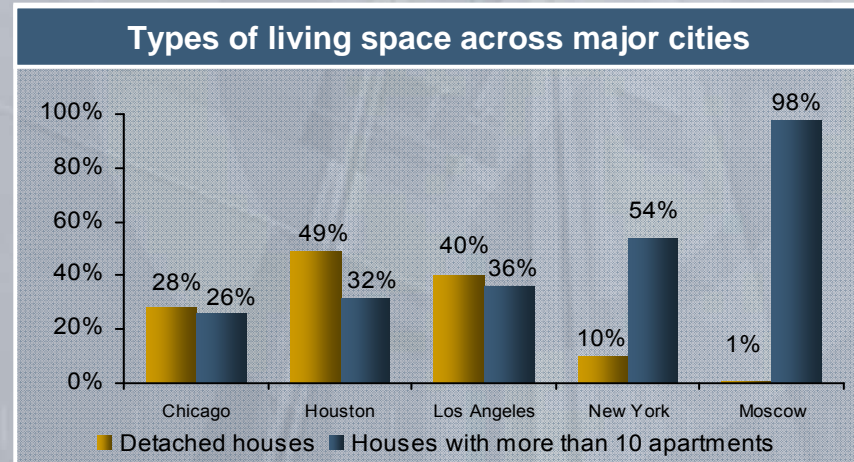
## Market overview

# 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



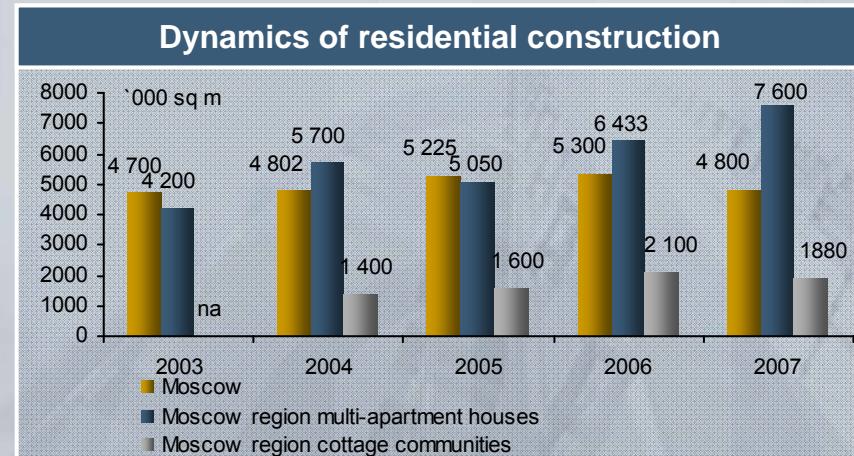
Source: Official Statistics, 2003, 2006



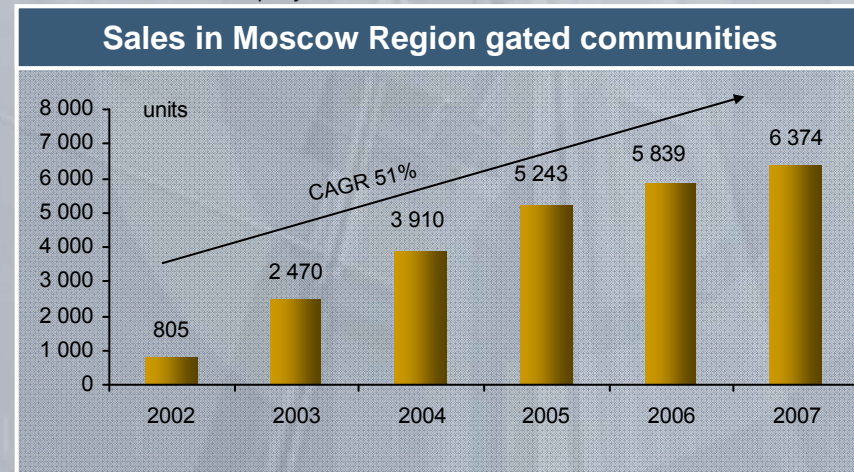
Source: US Census Bureau, 2005, American Community Survey and Company estimates

# 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



# Commercial property market

## Key drivers

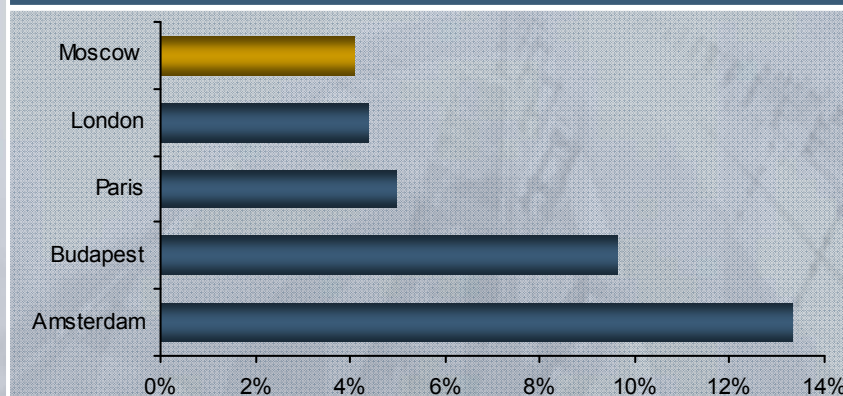
- Strong economic fundamentals
- High and growing demand from both Russian and international companies
- Insufficient supply of Class A space

## Main characteristics

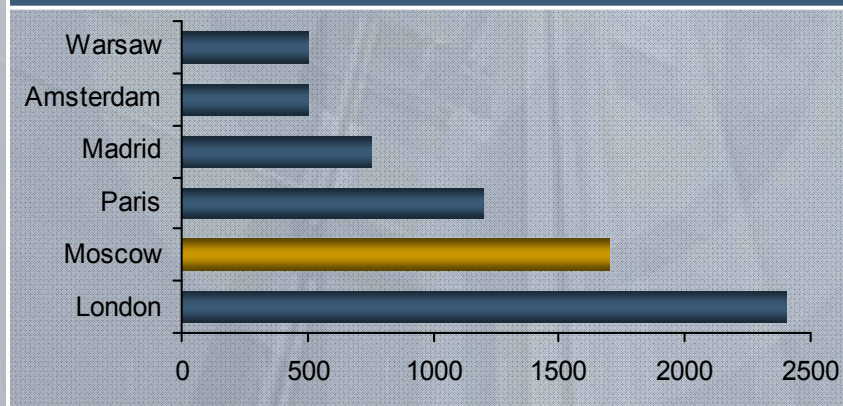
- High barriers to entry, scarcity of land plots
- Low vacancy rates for Class A and B office space in Moscow. As at the end of 2007
  - ▶ 1.6-5.3% for Class A
  - ▶ 3.6% for Class B+
- Increase in durations and volumes of lease contracts
- Decreasing capitalisation rates due to strong investor demand
- 1Q 2008 maximum rental rates\* of USD\$1,700/m<sup>2</sup>, up 31% since 1Q 2007

\*VAT & Operating expenses not included

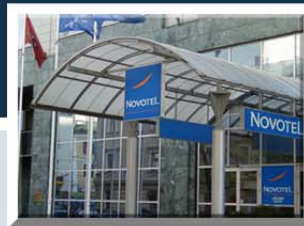
Vacancy rates for all office classes (4Q 2007)



Maximum annual rents, US\$ per sq m (1Q 2008)



Source: Jones Lang LaSalle



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## Project portfolio

# Master-Plan Developments

# Community locations



[1] Total planned acquisition of up to 1,000 ha  
 [2] Total planned acquisition of up to additional 6,500 ha  
 [3] Including planned acquisition of leasehold interest in additional land

#	Community name	Land plot (ha)
1	Pavlovo "Lifestyle" Community	
	Pavlovo-1 Community	69
	Pavlovo-2 Community	83
	Pavlovo Podvorye Retail and Entertainment Complex and School	27
2	Pestovo "Lifestyle" Community	129
3	Martemianovo "Lifestyle" Community	229
3	Land plots along the Kievskoye Highway	137
4	Lukino "Lifestyle" Community	230
5	Large Zavidovo Master-Plan Community	1,313
6	Large Pestovo Master-Plan Development <sup>[1]</sup>	352
7	Land plots along the Rublevo-Uspenskoe Highway	30
n/a	Land plots to the northern and the western directions of Moscow <sup>[2]</sup>	9,589
n/a	Sochi Hotel and Resort Estate <sup>[3]</sup>	4.3



# Pavlovo "Lifestyle" Community



# Pavlovo – 1 Community



- Core zone of the Pavlovo “lifestyle” Community
- Located 14km from Moscow city limits on Novorizhskoye highway – one of the major arterial routes leading out of Moscow
- First deluxe residential development of the Group and the most developed:
  - ▶ 167 out of 197 units already contracted as of 30 June 2008
- Main features:
  - ▶ Easy access to Moscow
  - ▶ Environmentally attractive area
  - ▶ Convenient access for shopping and places of entertainment
  - ▶ High level of security
- Sales commenced in Q3 2003
- Construction has been completed
- Several completed shell and core houses are now being offered for sale

## Key planned parameters

	30 June 2008
Land plot size, ha (total)	69
Land acquisition and conversion costs, US\$m	31.8
Total number of houses (units) (total/contracted **)	197 / 167
Average house size, sq m	400-700
Average land plot size, ha	0.2-0.7
Estimated market selling price range for comparable houses, US\$/sq m*	5,500 - 6,500

Source: Company

\* Including land component

\*\*As of 30 June 2008



# Pavlovo – 2 Community



- Adjacent to Pavlovo-1 Community and is the part of the Pavlovo “lifestyle” Community
- Construction works on site started in Q1 2007
- The Pavlovo-2 Community offers houses, townhouses and apartments
- The Group may decide to retain ownership for some houses as rental or investment property
- Sales of townhouses/apartments commenced in Q2 2007
- The Group plans to complete town-houses and apartment houses construction in 1H 2009
- Expected entire construction completion in 2H 2009



[1] Gross purchase price allocated to land plots before deferred tax liabilities deducted, including conversion costs and excluding interest capitalised

## Key planned parameters

	30 June 2008
Land plot size, ha	83
Land acquisition and conversion costs <sup>[1]</sup> , US\$m	59.0
<b>Houses</b>	
Number (total / contracted**)	151 / 22
Average house size, sq m	300-800
Average land plot size, ha	0.2-0.77
Estimated market selling price range for comparable houses, US\$/sq m*	4,500-5,500
<b>Townhouses</b>	
Number of apartments (total / contracted**)	290 / 144
Average apartment size, sq m	150-250
Estimated market selling price range for comparable townhouses, US\$/sq m*	3,100-4,300
<b>Apartments</b>	
Number of apartments (total / contracted**)	380 / 156
Estimated average size of apartment, sq m	40-105
Estimated market selling price range for comparable apartments, US\$/sq m	2,500-4,000

\* Including land component

\*\*As of 30 June 2008

Source: Company

# Pavlovo Podvorye Retail and Entertainment Centre and School



- 5 minutes walk from Pavlovo and the Pavlovo-2 Communities
- One of the largest multifunctional complexes in Moscow Region
- Total retail area is estimated at more than 40,000 sqm
- Main features:
  - ▶ Shopping areas
  - ▶ Healthcare centre
  - ▶ Private school
  - ▶ Multifunctional eco-park and country club
  - ▶ Entertainment features
- Construction of the centre in a 'shell and core' condition has been completed, with finishing works and land improvements now in progress
- Commissioning of the Retail and Entertainment Centre expected in 2H 2008, School construction and commissioning in 2H 2009



## Key planned parameters

	30 June 2008
Land plot, ha	27
Land plots acquisition and conversion costs <sup>[1]</sup> , US\$m	5.8
Valuation <sup>[2]</sup> , US\$m	79.6
Total building area, sq m	83,000
Net rentable area, sq m	34,000
Estimated market average annual rental rate for comparable property, US\$/sq m	350-900
Start of construction	2006
Expected construction completion date (Centre / School)	2008 / 2009

Source: Company

[1] Acquisition and conversion costs net of interest capitalised

[2] Valued land plots of 27.23 ha, including the existing improvements





## Other Master-Plan and Resort Developments



# Pestovo "Lifestyle" Community



- Deluxe residential development located by the Pestovskoye Reservoir, 30 km away from Moscow city limits on Dmitrovskoye highway
- Individual houses will be located on separate land plots, land plot can generally be purchased only together with "shell-and-core" house
- Main features:
  - ▶ Surrounded by forest from one side and boarded by picturesque reservoir from the other
  - ▶ Own yacht-club, private beach, along with walkthrough eco-park and a system of internal lakes
  - ▶ School, golf club, sport parks are located in close proximity to the community
- Sales commenced in 3Q 2005
- Expected completion date: 2009

## Key planned parameters

	30 June 2008
Land plot size, ha (total)	128
Land acquisition and conversion costs <sup>[1]</sup> , US\$m	25.3
Number of houses (total / contracted <sup>**</sup> )	Approx. 400 / 203
Typical house size, sq m	350-500
Estimated market selling price range for comparable houses, US\$/sq m*	2,800-5,500



\* Including land component

\*\*As of 30 June 2008



Source: Company

[1] Purchase price of land plots and conversion costs, excluding interest capitalised

# Martemianovo "Lifestyle" Community



- The Martemianovo Community is located by the Kievskoye highway, 27 km from Moscow city limits
- Martemianovo targets middle-class Muscovites
- To improve the financing structure and attract more customers, the company offers two options:
  - 1) Purchase of land plots without a house (first stage - 152 units)
  - 2) Purchase of house and land units with house, constructed using new quality prefabricated technologies (second stage-53 units)
- One of the key benefits is easy transport access to the city. The project may also include other facilities
- The Group expects to complete construction in 2009. Sales of houses are anticipated in 2H 2008.

## Key planned parameters

	30 June 2008
Total project land plots, ha	229
Total land acquisition and conversion costs <sup>[1]</sup> , US\$ m	51.8
Total land plots (total / contracted**) with connection to communal infrastructure	152 / 127
Average land plot size, ha	0.2-0.5
Total number of prefabricated houses to be built by the Group	53
Average prefabricated house size, sq m	350
Estimated market selling price range for comparable houses, US\$/sq m*	2,100-2,600

\* Including land component      *Source: Company*

\*\*As of 30 June 2008

[1] Gross purchase price allocated to land plots before deferred tax liabilities deducted, including conversion costs and excluding interest capitalised

# Lukino “Lifestyle” Community



- Planned to become a large-scale deluxe “lifestyle” community
- Located 35 km from Moscow city limits on Novorizhskoye highway in an environmentally attractive area
- Preliminary project design envisages development in stages, and may include:
  - ▶ Deluxe houses (including elite residences on several hectares of land)
  - ▶ Townhouses and apartments
- Planned amenities include sport fields, private beach, kindergarten, private school, retail centre and entertainment facilities
- The land plot is located conveniently close to transport links of Moscow, which may also allow it to be used for other residential developments
- Categorized use of the land is changed to residential
- Work on land development and finalization of the Master Plan project are nearing completion. Necessary planning, zoning and building permissions obtaining is in progress. Work has begun on the planning of engineering networks and facilities.

Key planned parameters	
	30 June 2008
Land plot size, ha	230
Land acquisition and conversion costs <sup>[1]</sup> , US\$ m	70.6
Land valuation, US\$ m	156.2
<b>Houses</b>	
Total number of houses to be built	320
Average house size, sq m	300-800
Average land plot size, ha	0.2-0.6
Estimated market selling price range for comparable property, US\$/sq m*	4,500-5,500
<b>Townhouses</b>	
Total number of townhouses	420
Average size of townhouse, sq m	210
Estimated market selling price range for comparable property, US\$/sq m*	3,100-4,300
<b>Apartments</b>	
Total number of apartments	200
Average apartment size, sq m	over 70
Estimated market selling price range for comparable property, US\$/sq m	2,500-4,000

Source: Company

\* Including land component

[1] Gross purchase price allocated to land plots before deferred tax liabilities deducted, including conversion costs and excluding interest capitalised

# Large Zavidovo Master-Plan Community



- The principal aim of this project is to deliver a high quality sustainable community and waterside resort in a prime location on the southern edge of the Ivankovskoe reservoir.
- The development will broadly comprise residential dwellings, hotel accommodation, with complementary social, recreational and commercial facilities.
- The development of the high-speed Moscow-St. Petersburg motorway is expected to provide Zavidovo with quick access to the centre of Moscow
- Master-plan was developed by internationally recognized master planners and architects EDAW
- Planned beginning of construction of residential and commercial properties is in 2H 2009

## General parameters of mini town

- Town population up to 29 thousand people
- Development of up to 1.5 million sq m of new residential space
- Development of full engineering infrastructure
- More than 100 km of new street and road transport network development

## Key planned parameters

	30 June 2008
Land plot size, ha	1,313
Estimated market selling price for comparable elite summer residences, US\$m/ha	1.5-2.0
Total land acquisition and conversion costs <sup>[1]</sup> , US\$m	115.3
Valuation <sup>[2]</sup> , US\$m	956
Total residential units, thousand	approx. 5.5-5.7
Total residential, million sqm	approx. 1.3 – 1.5
Hotels q-ty	4
Hotels, total rooms	approx. 500
Commercial properties, thousand sqm	approx. 700 – 800
Marina, # of berths	approx. 600
Golf, thousand sqm	approx. 500

[1] Gross purchase price allocated to land plots before deferred tax liabilities deducted, including conversion costs

[2] As of 31 March 2008

Source: Company

# Sochi Hotel and Resort Estate

- The land is located in central Sochi, and includes beach frontage
- Currently, preliminary plans provide for the development of a luxury hotel and resort estate, consisting of several high rise buildings, with extensive infrastructure, summer cafes on the shore of the Black Sea
- Approximately 200,000 sq m of new space is planned to be developed
- The site is currently being preparing for construction and some of the existing structures have recently been demolished
- PRP Architects Ltd is a general architect for the project
- Southbrook has been chosen as general contractor for project construction. PRP Architects Ltd was selected as a general architect, ERA as an advisor on project concept development and economic analysis..
- Design works now in progress. The Company is selecting operators for hotel and wellness centre.
- Expected completion date: before the Olympic Games 2014

Key planned parameters	
	30 June 2008
Target land plot size <sup>[1]</sup> , ha	4.3
Land acquisition and conversion cost <sup>[2]</sup> , US\$m	22.6
Valuation <sup>[3]</sup> , US\$m	62.7
Estimated market average sale prices for comparable apartments, US\$/sq m	5,000-6,000
Estimated market average rental rate of hotel rooms, US\$/room	300-400

Source: Company

[1] A leasehold interest acquisition of approximately 1.2 ha is currently being negotiated, in addition to existing 3.85 ha held

[2] Gross purchase price allocated to land plots before deferred tax liabilities deducted and excluding interest capitalised

[3] Valued land plots of 3.85 ha, leasehold interest in land, including the existing improvements

# Large Pestovo Master-Plan Development

- Land is located between 15 and 30 kilometres from the MKAD along the Dmitrovskoye Highway, close to Pestovo Community
- Main features:
  - ▶ Good accessibility is provided by Dmitrovskoe Highway
  - ▶ Most of land plots are located in immediate vicinity to the Pestovskoe, Ikshinskoe and Pyalovskoe Reservoirs
- The Group considers a large scale development of the site in several phases as an extension of the Pestovo Community
- The integrated project concept is now being developed. The Company is in the process of changing the categorized use of land to residential and obtaining other necessary planning, zoning and building permissions

## Key planned parameters

	30 June 2008
Land plot size <sup>[1]</sup> , ha	352
Land acquisition and conversion costs <sup>[2]</sup> , US\$m	101.7
Land valuation <sup>[3]</sup> , US\$m	96.3

Source: Company

[1] Total planned acquisition of up to 1,000 ha, fully prepaid

[2] Gross purchase price allocated to land plots before deferred tax liabilities deducted, including conversion costs

[3] Valued 212.2 ha of land, excluding lands plots already sold, contracted or intended for sale

# Land holdings

	30 June 2008
<b>Land plots along the Kievskoye Highway</b>	
Land plot size, ha	137
Land acquisition and conversion costs <sup>[1]</sup> , US\$m	63.2
Land valuation, US\$m	83.1
<b>Land plots to the northern and the western directions of Moscow<sup>[2]</sup></b>	
Land plot size, ha	9,589
Land acquisition and conversion costs <sup>[1]</sup> , US\$m	545.9
Land valuation, US\$m	585.2
<b>Land plots along the Rublevo-Uspenskoe Highway</b>	
Land plot size, ha	30
Land acquisition and conversion costs <sup>[1]</sup> , US\$m	40.3
Land valuation <sup>[3]</sup> , US\$m	61.8

Source: Company

[1] Gross purchase price allocated to land plots before deferred tax liabilities deducted, including conversion costs

[3] Last appraisal as of 30 June 2007

[2] Total planned acquisition of up to additional 13,000 ha, committed and partially prepaid



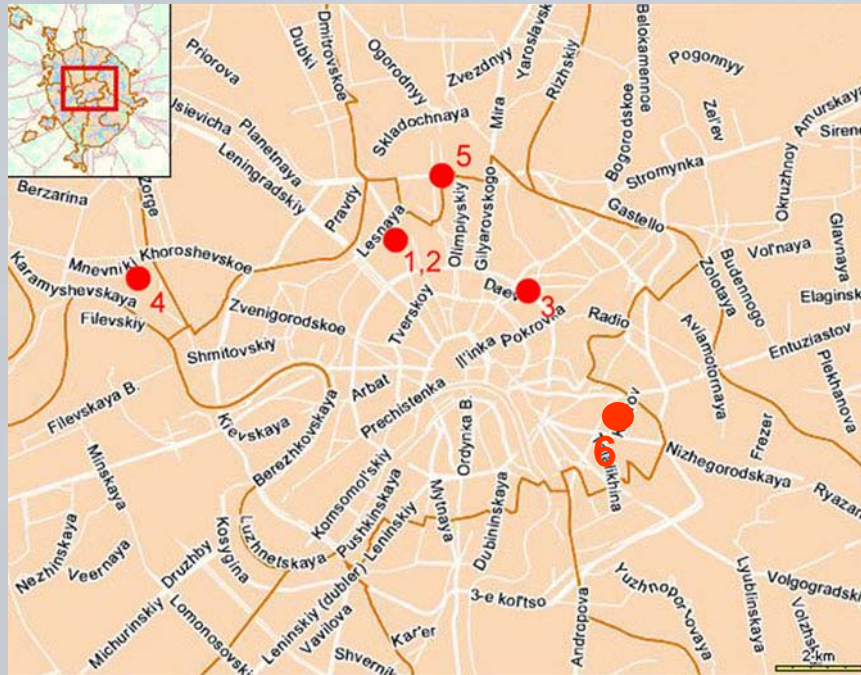
**The Group committed and prepaid acquisition of up to additional 6,500 ha of land in the Moscow and Tver Regions. Most of the territory is located to the Northern and the Western directions of Moscow.**



# Commercial property



# Project Locations



#	Project name	Total space (sq m)
1	Meyerhold Class A Business Centre	11,250
2	Novotel Moscow Centre Hotel	255 rooms
3	Domnikov Class A Business Centre	Approx. 132,000
4	OPIN Plaza Class A Business Centre	Approx. 90,780
5	A.I. Raikin Art, Culture and Leisure Centre Retail and Entertainment Complex	Approx. 75,000
6	Multi-use complex in the Neglinnaya Street district	TBD

# Domnikov Class A Business Centre



- Investment grade Class A office complex under construction in the centre of Moscow
  - ▶ Two office buildings for commercial lease
  - ▶ High-rise office tower with underground parking for approximately 1,100 cars
- Reputable architects, engineers and contractors engaged
- Jones Lang LaSalle has been appointed as an exclusive adviser on marketing and leasing of the office center
- The underground levels construction works and major engineering systems installation works have been completed. The aboveground reinforced concrete construction nearing completion. Internal walling, internal engineering works and works to connect the building to the local utility infrastructure are in progress. Finishing works and engineering systems installation works are now in progress.
- Expected construction completion in 1H 2009 and commissioning in 2H 2009

Key planned parameters	
	31 December 2007
Land plot, ha	1.36
Total building area, sq m	132,000
Net rentable area, sq m	70,000
Valuation <sup>[1]</sup> , US\$ m	550.3
Estimated market average annual rental rate for comparable property, US\$/sq m	900-1,200
Estimated terminal value, US\$ m	1,200

Source: Company, Terminal value conclusion by Jones Lang LaSalle

[1] Leasehold interest in the land plot, including the existing improvements



# OPIN Plaza Class A Business Centre

- Planned multifunctional A-class Office Centre
- Business centre near the 3rd Moscow Ring and the “Moscow-City” development
- Underground parking for approximately 950 cars
- Reputable architects, engineers and contractors engaged (Fitzroy Robinson (UK) and Waterman International (UK))
- Project designs have been finalized
- The Act of Permitted Use of the site has been obtained



## Key planned parameters

	30 June 2008
Land plot, ha	1.12
Total building area, sq m	90,780
Net rentable area, sq m	56,500
Valuation <sup>[1]</sup> , US\$ m	38.4
Estimated market average annual rental rate for comparable property, US\$/sq m	900-1,100
Estimated terminal value, US\$ m	581
Expected completion date	2012

Source: Company, Terminal value conclusion by Jones Lang LaSalle

[1] Leasehold interest in the land plot, including the existing improvements

# A.I. Raikin Art, Culture and Leisure Centre Retail and Entertainment Complex

- Mixed-use complex located in the North-East of Moscow, currently under construction
- Two buildings
  - ▶ Block A: Retail and office space, hotel and underground parking (more than 60,000 sq m)
  - ▶ Block B: Theatre school and open air theatre
- Co-investor: A.I. Raikin Culture Development and Support Fund
- Underground parking for approximately 700 cars
- The Block B building frame is completed, internal engineering systems installation works now in progress. The Block A underground section works are now in progress.
- Expected construction completion is in 2009

Key planned parameters	
	30 June 2008
Land plot, ha	3.43
Total building area, sq m	75,000
Net rentable area, sq m	41,000
Estimated average annual rental rate for comparable property, US\$/sq m	800-850
Expected completion date	2009

Source: Company



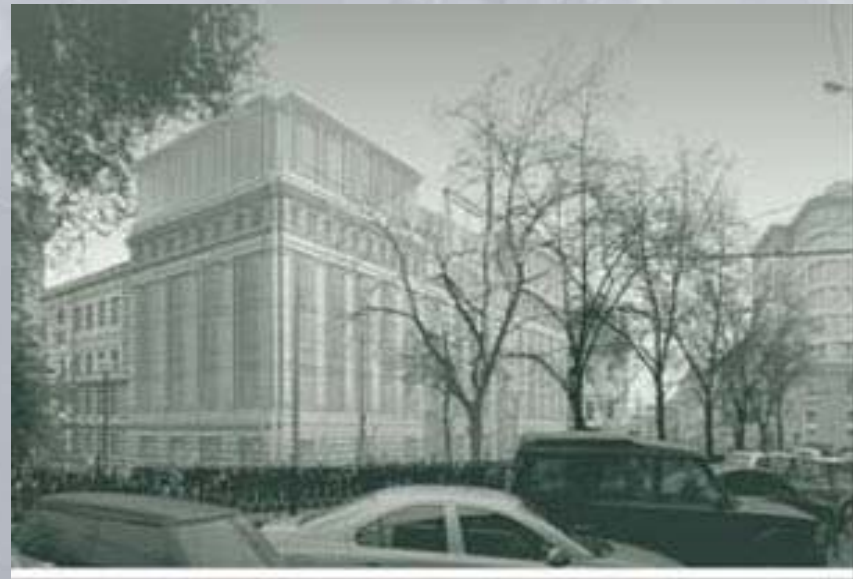
# Multi-use complex in the Neglinnaya Street district

- The Group considers the feasibility of building a mixed-use complex consisting of commercial and/or residential space, in the centre of Moscow about 1km from the Kremlin
- With the Kuznetsky Most, Tsvetnoi Boulevard, Okhotnyi Ryad and Teatralnaya Metro stations just a 7 to 10 minute walk away, it has an easily accessible location

## Key planned parameters

Estimated market average sale price for comparable apartments, US\$/sq m	20,000-25,000
Estimated market average annual rental rate for comparable property, US\$/sq m	1,500 - 1,700

Source: Company



# 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\$319.6 with 72% average occupancy in 1 H2008
- With the acquisition of the remainder 31% of the premises in Hotel “Novoslobodskaya” (Novotel Moscow Centre Hotel) in July 2008 for approximately USD 25 million from the City of Moscow, JSC Hotel Novoslobodskaya now owns 100% of the hotel.



## Meyerhold Business Centre

- Opened in 2000
- Total area: 11,250 sq m with total rentable area of approx. 7,874 sq m
- Occupancy more than 98% in 1H 2008 with reputable tenants, incl. Sonic Duo, Banque Societe Generale Vostok
- Net average annual office rental rate is around US\$815/sq m in 1H 2008

### Summary information

	30 June 2008
Valuation, US\$ mn Meyerhold Office Centre*	82.2
Valuation, US\$ mn Novotel Moscow Centre Hotel*	110.0
Average rental rate, US\$/sq m	
Novotel Moscow Centre Hotel	319.6
Meyerhold Office Centre	815
Novotel hotel occupancy (1H 2008)	72%

\*According to Jones Lang LaSalle appraisal

Source: Company



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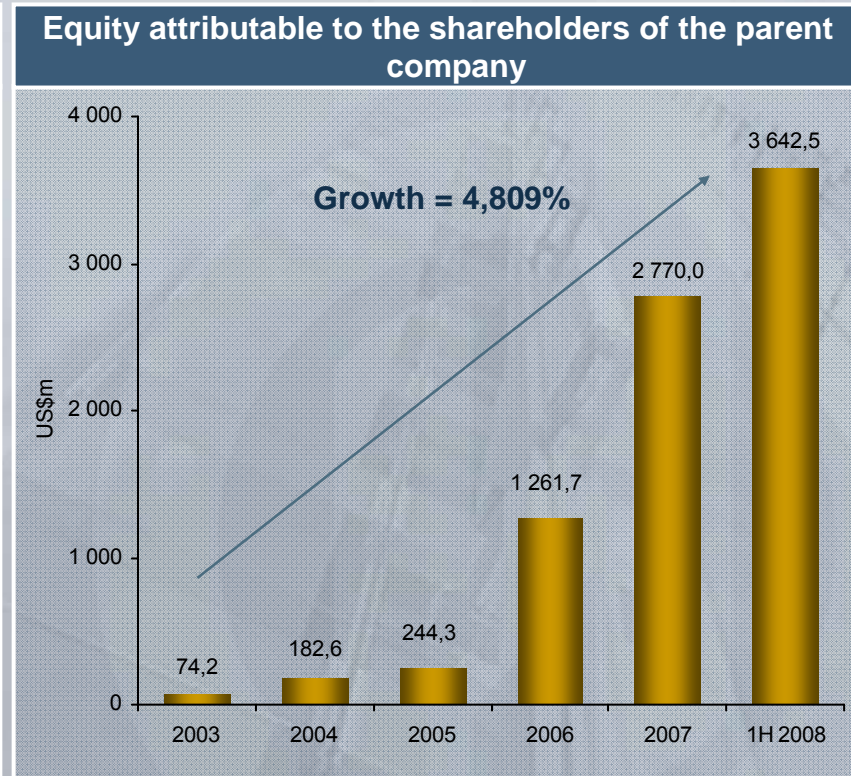
## Financial highlights



# Expanding size and capitalization



Source: Company IFRS Financial Statements

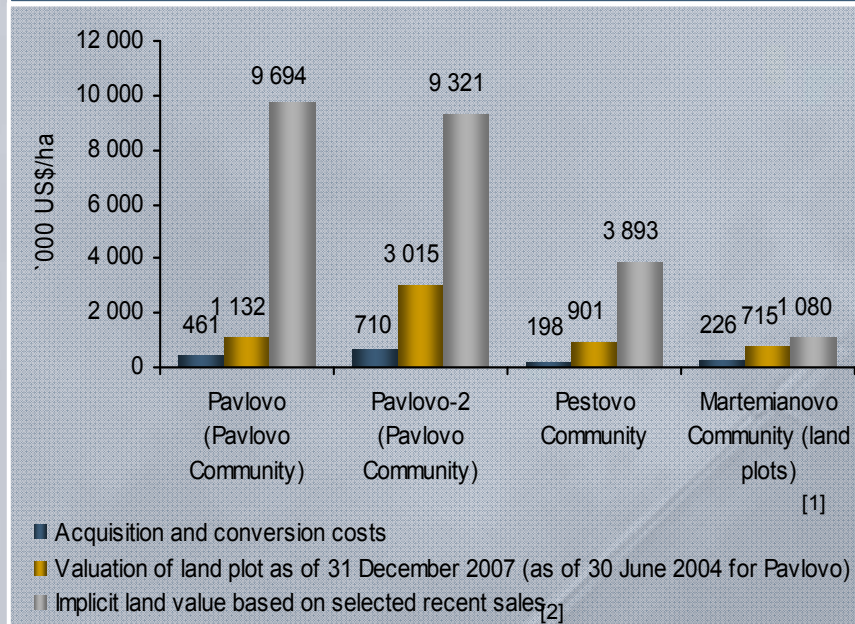


Source: Company IFRS Financial Statements

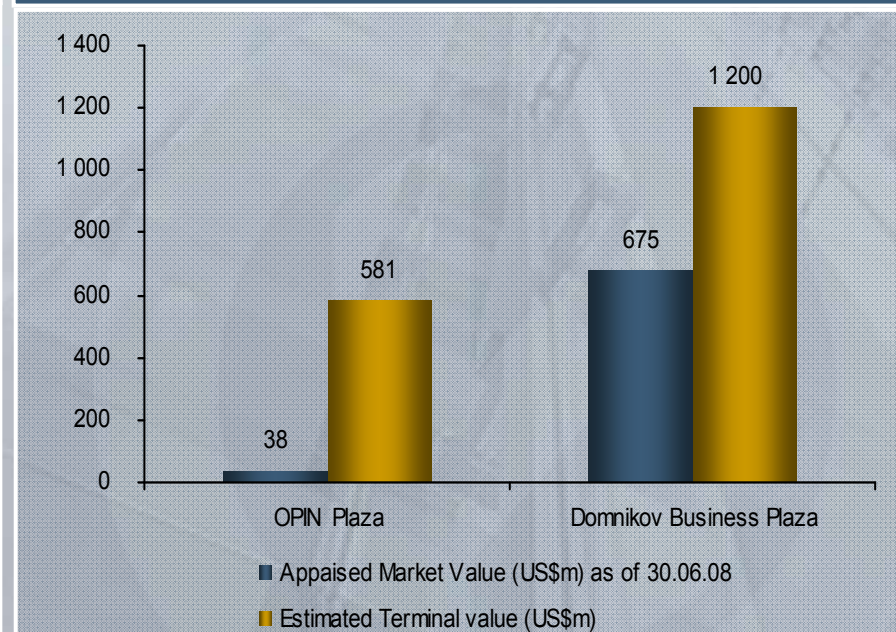
**Growth in assets and equity driven by the expanding profitable activity at Pavlovo, Pestovo and Novotel, assets value appreciation and shareholders' contribution**

# Price and value dynamics of selected properties and land plots

## Land price dynamics for “lifestyle” community developments (sales started)



## Market and terminal value of commercial properties



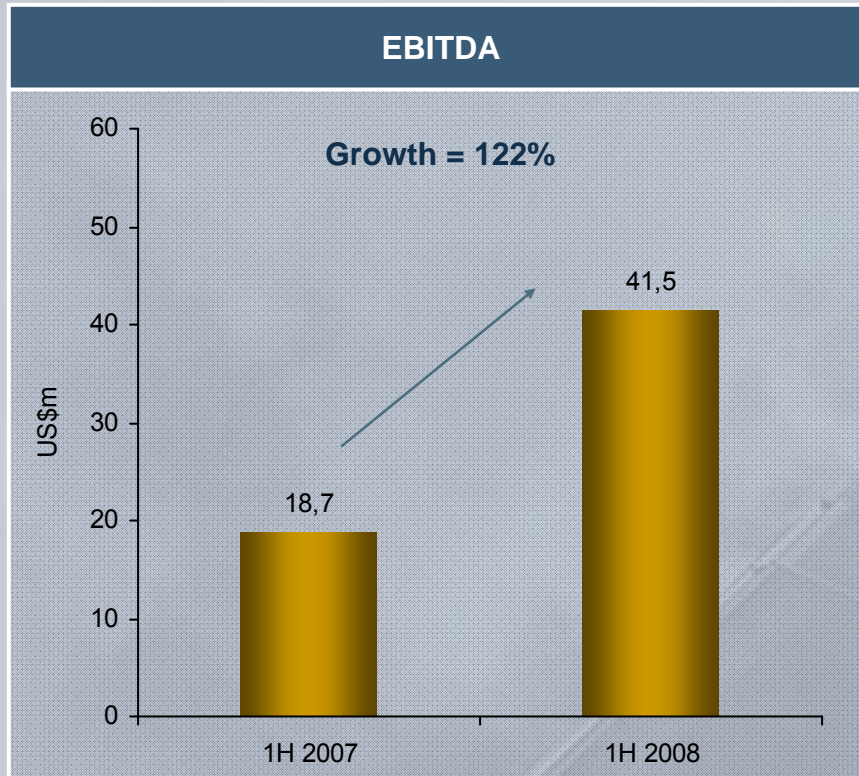
[1] Average sale price for contracted/reserved land plots

[2] Implicit value of selected land contracted for residential development projects. Estimates calculated in respect of certain selected contracts and on certain working assumptions and may not be indicative or representative of the value of land actually realised or to be realised

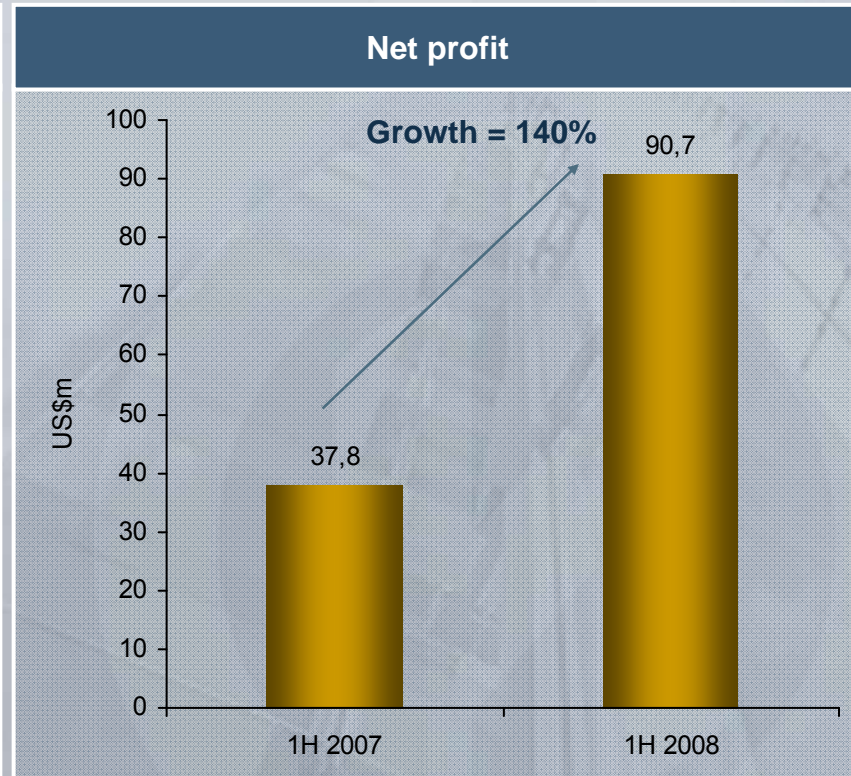
Source: Company data

Source: Jones Lang LaSalle valuation report as of 30 June 2008 and conclusions on terminal values

# Growing EBITDA and profit base



Source: Company IFRS Financial Statements

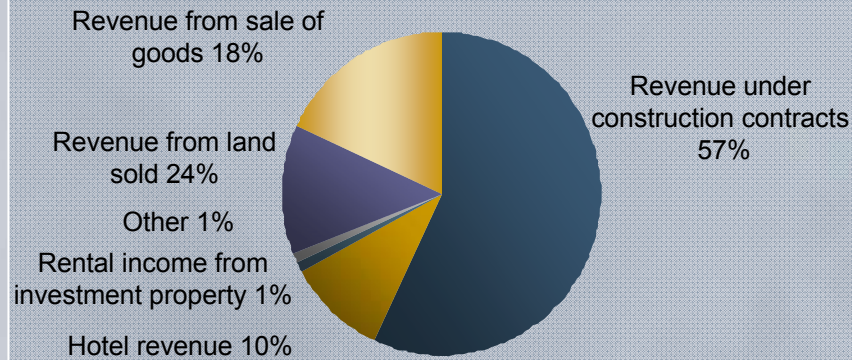


Source: Company IFRS Financial Statements

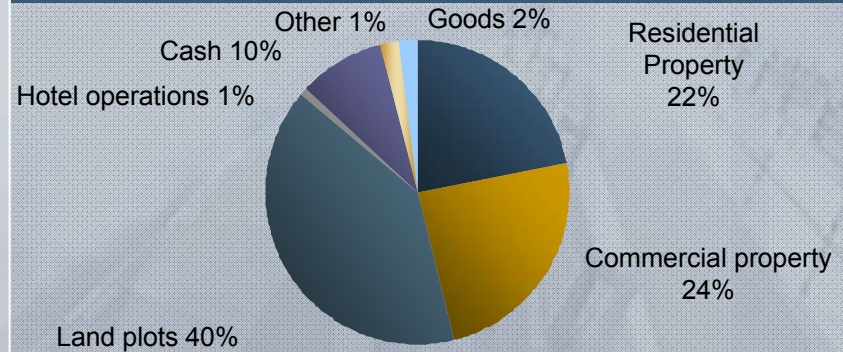
**Growth in EBITDA and net profit driven by the Novotel Moscow City Hotel, the expanding profitable activity at the Pavlovo and Pestovo communities, appreciation of investment property (Meyerhold Office Centre)**

# Revenue and asset mix

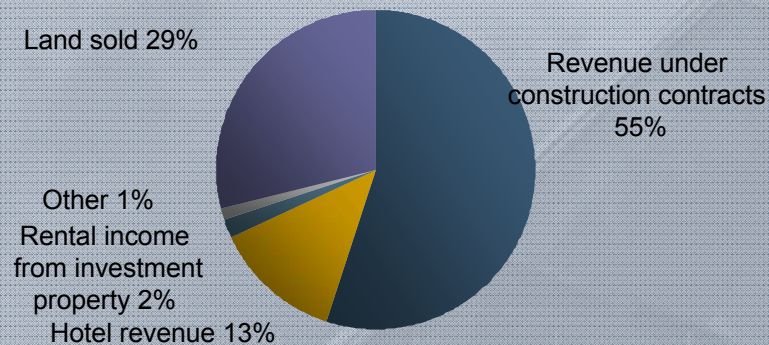
**1H 2008 revenue mix**



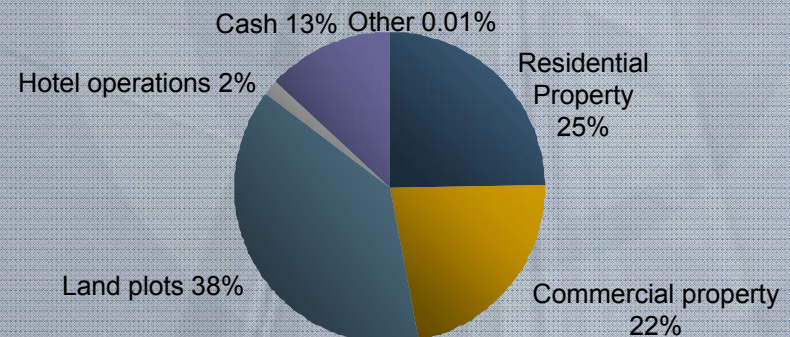
**30 June 2008 asset mix**



**1 H 2007 revenue mix**

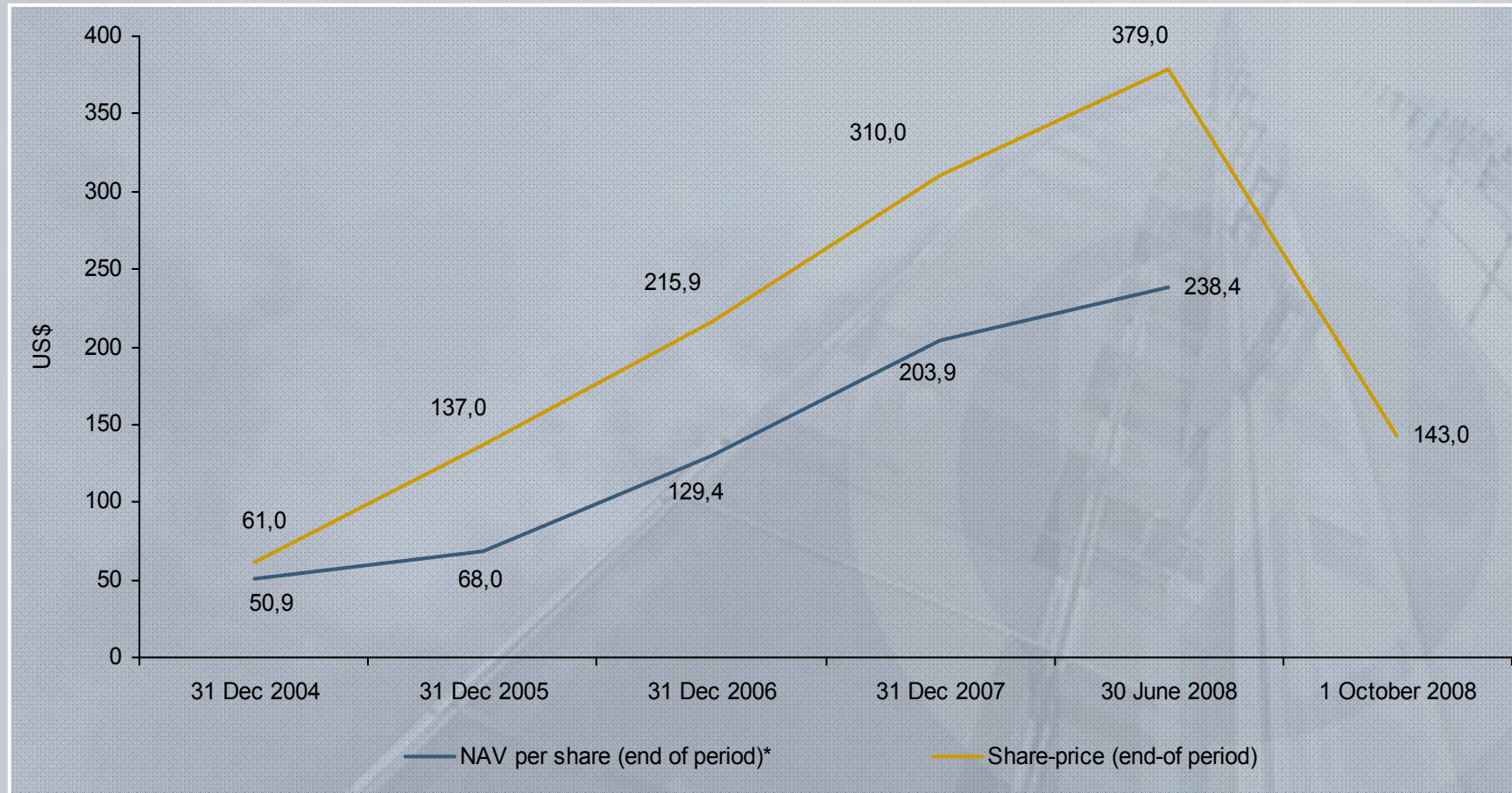


**31 December 2007 asset mix**



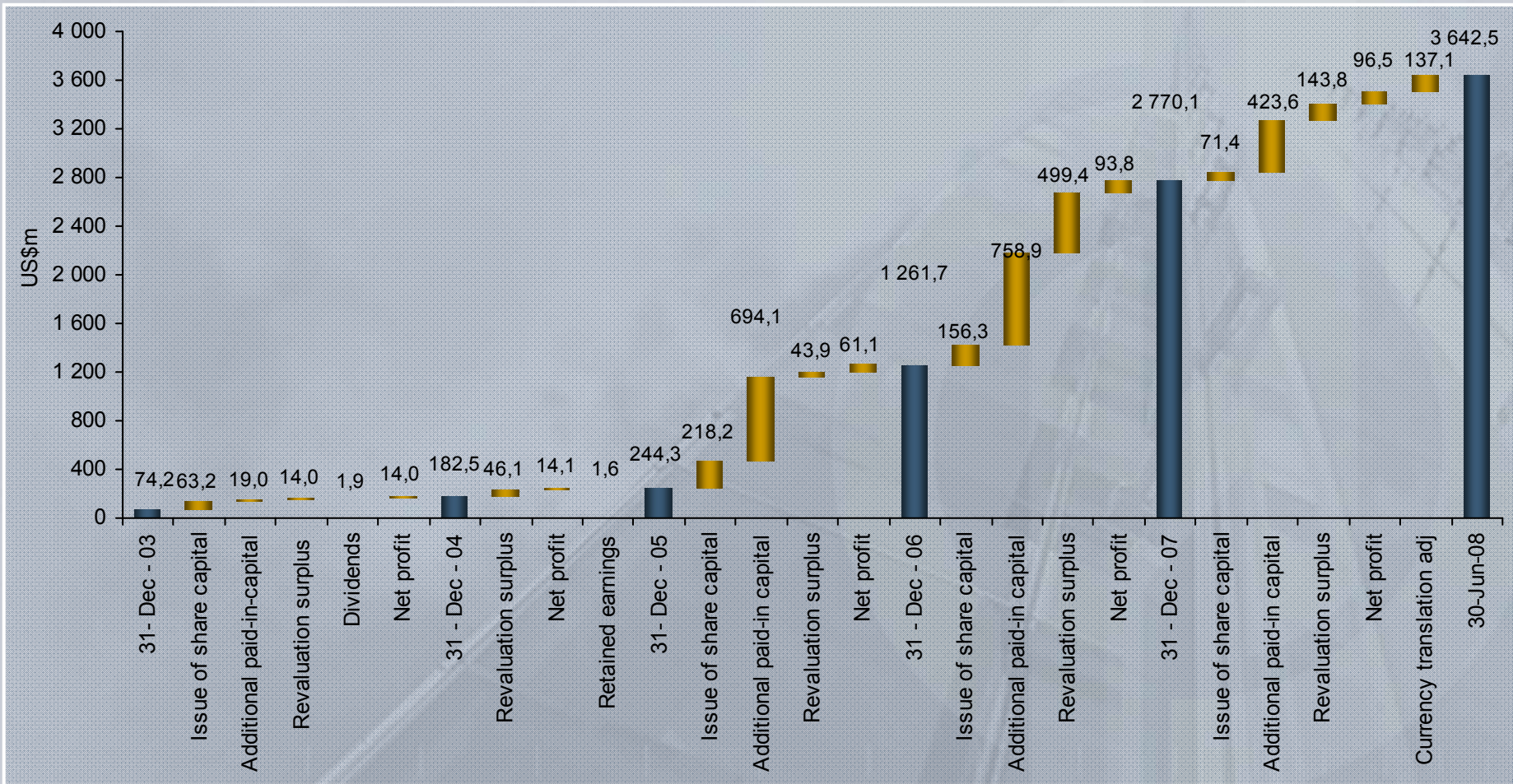
Source: Company IFRS Financial Statements

# Net Asset Value (NAV)/share



Source: Company IFRS Financial Statements

# Net Asset Value growth



Source: Company IFRS Financial Statements

# Financial statements considerations

**The Group believes that NAV is an important indicator of its results as net profit does not fully reflect operating results of the Group for the following reasons:**

- Net profit does not include the results of the revaluation of land under development. The results of changes in the fair value of the land plots acquired by the Group for development are recognized directly in the consolidated balance sheet as changes in equity and are not shown in the consolidated income statement. Upon the disposal of land that has previously been revalued, any related revaluation surplus is applied against retained earnings in the consolidated balance sheet.
- Revenue under construction contracts is recognized by reference to the stage of completion of the relevant construction contract, rather than when the Group receives payments.
- Revenue from the sale of townhouses and apartments is recognized upon completion of the relevant construction works and the transfer of title to the relevant property to customers upon the signing of an act of acceptance, rather than when the Group receives payments from customers.
- Revenue from the sale of land is recognized only upon state registration of the transfer of the land which the Group postpones until after the completion of construction. The state registration process is also time-consuming and may therefore further delay the recognition of revenue.

**However, reported accounting NAV may still underestimate the full value of the Company for the following reasons:**

- Accounting NAV is based on conservative valuations done for accounting purposes only.
- Some assets may not be revalued under IFRS and are reported at historic cost.
- Accounting NAV is a historic measure and does not include the value of the pipe-line.



5

## Conclusions



# Conclusions

- Strong macroeconomic prospects
- Clear strategic direction
- Attractive asset/project portfolio
  - ▶ land is an easy to dispose of asset with significant appreciation potential
  - ▶ valuable investment grade commercial properties
  - ▶ stable cash flow from commercial property
  - ▶ strong cash flow from residential property
- Experienced management team
- In-depth understanding of regulatory environment and strong relationships with local and government authorities
- Solid financial performance
- Commitment to transparency

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GROUP**