



AFI Development PLC

Preliminary Results for the Year Ended 31 December 2008

17 March 2009

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Overview

- 2008 saw intensification of global economic crisis
- Despite AFI Development's positive revenues for the first nine months of 2008, impact of 4th quarter led to a loss for the year of US\$ 107.86 million
- Completion of a number of development projects in 2008 on schedule
- Positive cash balance of US\$272.5 million
- Focus through 2009 on core large-scale development projects at advanced stage of development and fully funded to completion



FY 2008 financial highlights

- Net Asset Value now stands at US\$2.53 billion (US\$4.82 per share) down by 60% since 30/06/08 and 57% since 31/12/07
- Value of the Company's investment portfolio is US\$2.47 billion, down 58% since 30/06/08 and 53% since 31/12/07
- Loss for the year is US\$107.86 million (31/12/07: profit US\$215.6 million)
- Interim dividend paid out in aggregate amount of US\$200 million
- Strong cash position post dividend retained with US\$272.5 million in cash and cash equivalents as at 31/12/08
- Loss per share of 20.75 cents
- Starting Q1 2009 we will implement IFRS amendment to IAS 40 that is expected to lead to a profit of ca. US\$680 million before tax based on current valuation

FY 2008 business highlights

- Successful completion of the following projects on schedule:
 - Four Winds – residential building
 - Ozerkovskaya Phase II – hotel building
 - Ozerkovskaya Phase II – residential building
- Sale of Aquamarine II office building in May 2008 for US\$207 million resulting in an aggregate capital gain of US\$84 million (AFI's share)
- Construction of Mall of Russia remains on schedule
- Slowdown in rental demand due to current market conditions
- Significant slowdown in the residential sales since June 2008



FINANCIAL REVIEW

Access to liquidity

- Cash and funding position remains strong with US\$272.5 million in cash and cash equivalents, as at 31 December 2008
- Core projects, Mall of Russia and Tverskaya Zastava Mall, are fully financed in line with investment programme for 2009
- CapEx requirements until end-2009 of approximately US\$328.47 million

Project	12 month CapEx requirements	Total CapEx outstanding	Secured funds balance
Mall of Russia	US\$209.17 million	US\$209.17 million	Equivalent of US\$230.36 million VTB facility (as at 31 December 2008)
Tverskaya Zastava	US\$119.3 million	US\$198.5 million	US\$208.88 million Sberbank facility
Total:	US\$328.47 million	US\$407.67 million	US\$439.24 million

Jones Lang LaSalle (JLL) Valuation

- The total value of our portfolio based on the JLL valuation and costs is US\$ 2.47 billion, 58% down since 30/06/08, comprising:
 - Yielding properties = US\$ 176 million
 - Residential properties = US\$ 315.2 million
 - Projects under development = US\$ 1,581.7 million
 - Land bank and hotels – not valued by JLL; costs = US\$396.2 million
- NAV* stands at US\$ 2.53 billion or US\$4.82 per share, 60% down since 30/06/08
- Fall in NAV driven principally by current market conditions, decrease in rental rates and increase in yields

***based on year end JLL valuation and costs of land bank and hotel projects*



BUSINESS REVIEW

Moscow real estate market trends

- Rapid growth in H1 2008 but impact of global market crisis impacted Russia during Q4 2008
- Economic slowdown is expected to continue through 2009

Office Real Estate:

- Modern office stock in Moscow reached 9.2 million sqm, still considerably lower than in other major European capitals
- 2008 take up remained at 2007 levels (2.14 sqm)
- Prime base rents in Moscow remain high compared with most European capitals
- Significant new supply expected to enter market through 2009-10. However, some projects have been postponed by developers

Retail Real Estate:

- Annual prime rates for Moscow city centre retail were US\$ 3,700-4,700/sqm in Q4 2008
- Only 20% of planned projects were completed in 2008 and this will likely deteriorate further in mid-term

Residential Real Estate:

- Average price on the new construction market in Moscow was US\$6,742 sqm, as at end of 2008
- Final few months of 2008 saw marked decrease in prices for residential land
- 2009-10 will likely see a further decline in developer activity

Portfolio Update

- Ozerkovskaya Embankment (Phase II)
 - Completed in H2 2008
 - Commissioning permit for hotel and residential buildings obtained
 - 46% of residential premises sold
 - Hotel scheduled to open in H2 2009
- Four Winds
 - Residential building was completed in H2 2008
 - 74% of apartments have been sold
 - Office building generating NOI of ca. US\$31 million, of which AFI Development receives 50%

Completed Projects



Four Winds residential building:

- Completed H2 2008
- 74% of apartments sold



Four Winds office building:

- Annual Net Operating Income of US\$ 31 million
- 50% of this income received by AFI Development



Aquamarine II office building:

- Sold in May 2008
- Total aggregate capital gain of US\$84 million



Aquamarine II residential building:

- Commissioned in Q4 2008
- 46% sold



Mall of Russia (Moscow City)

Mall of Russia Shopping Centre

■ **Current status**

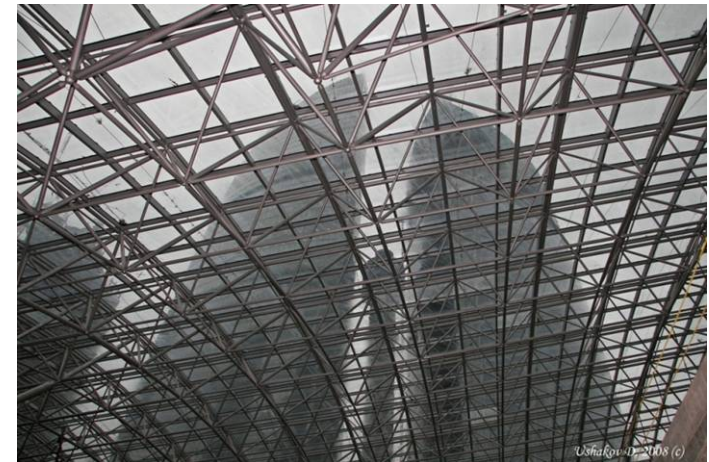
- Shell structure and cupola 100% complete
- Internal engineering systems c. 50% complete
- Circa 35% of gross lettable area is pre-let with lease agreements accounting for 16%
- Targeting an average rate of US\$1,150 for the first year
- Step-up clause of 30% in the second year and 20% for the third year

■ **Mall is scheduled to open in Q4 2009**

Project financing

- Project 100% financed to completion

Mall of Russia: construction remains on schedule



Tverskaya Zastava

Shopping Centre

▪ **Current status**

- The City of Moscow agreed to finance the infrastructure rather than compensate AFI upon completion
- We await the City to start the financing in order to resume works

Project financing

- Sberbank facility balance of US\$208.88 million as at 31/12/08

Outlook

- Tough economic conditions are expected to continue through 2009
- Cautious and responsible approach to financial management, providing operating resilience in current market conditions
- AFI Development maintains strong cash position, with US\$272.5 million in cash and cash equivalents as at 3/12/08
- AFI Development will continue to focus on completion of core projects
 - full funding in place to complete the remaining work

