



AFI Development PLC

November 2008



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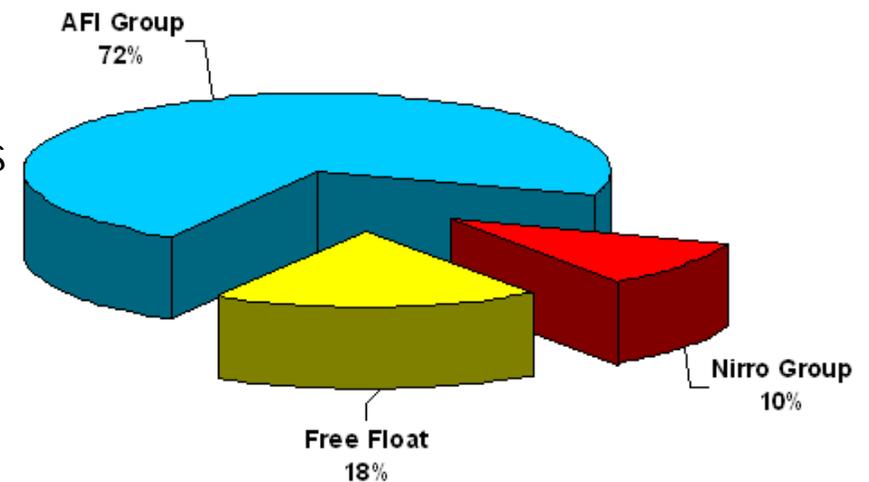
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AFI Development

- The leading developer of unique large-scale, multi-purpose properties in Moscow, the Russian regions and the CIS
- Landmark projects underway in Moscow, with a number of phases already completed
- Building Moscow's largest shopping mall at the heart of Moscow City, the capital's new business district
- Urban regeneration of the Tverskaya Zastava square at major crossroads on one of Moscow's main streets
- Mixed use city-within-city project at Ozerkovskaya Embankment
- Comprehensive project portfolio



Strategy update

- Strategic review of the portfolio – 3 categories:
 - Yielding projects and 3 core projects under construction
 - Residential projects in pre-construction stage (Otradnoye, Botanic Gardens)
 - Early stage projects
- Focus on completing 3 core projects – Mall of Russia (Moscow City), Tverskaya Zastava Shopping Center, and Ozerkovskaya (Phase II and III) that are fully financed through existing equity, debt, and pre-sales
- Will commence active development of projects in the pre-construction phase only upon market stabilization, subject to significant pre-sales
- Bringing projects in early stages, e.g. Kuntsevo, to pre-construction stage with low expenditures and creating added value by the time markets stabilize

Business highlights

Operations

- Construction of core projects remains on schedule
- Slowdown in rental demand due to current market conditions but good conversion rates from Letters of Intent (LOIs) to preliminary leasing agreements for the shopping centers
- Significant slowdown in the sale of apartments since June 2008 with only a small number of deals concluded in the third quarter

Access to liquidity

We have preserved a strong liquidity position despite challenging circumstances:

- Close to US\$570 million in cash and cash equivalents as of **30 September 2008**
- Debt financing secured for major projects under construction:
 - US\$ 280 million loan facilities from SBER for Tverskaya Mall
 - US\$ 414 million loan facilities from VTB for Mall of Russia (Moscow City)
- CAPEX requirements until end-2009 approx US\$435 million :

PROJECT	CAPEX over next 18 months	Total CAPEX	Secured Funds Balance
Mall of Russia	US\$ 251.2 million	US\$ 251.2 million	US\$ 282 million (VTB facility balance)
Tverskaya Zastava	US\$ 129.4 million	US\$ 208.6 million	US\$ 219 million (Sberbank facility balance)
Ozerkovskaya	US\$ 54 million	US\$ 101.6 million	US\$ 81 million (from residential presales not including US\$ 207 million from the disposal of Aquamarine II)
Total	US\$ 434.6 million	US\$ 561.4 million	US\$ 582 million

Our commitment to delivering shareholder value

Interim dividend in the amount of US\$ 200 million will be distributed on the basis that :

- Our three core projects under construction are fully funded by an existing combination of debt, equity and pre-sales
- Cash and cash equivalents as at 30 September 2008 at US\$ 570 mln
- We do not expect to make any significant acquisitions in the short to medium term

9 months 2008 financial highlights

- Revenue for Nine months 2008 is US\$ 21.7 million, up 262% from US\$ 6 million
- Net profit is down by 67% to US\$ 28 million vs the same period last year

(US\$ millions)	3Q08	9m08	9m07	Change 9m y-0-y
Revenues	9.1	21.7	6	+ 258%
Profit before tax	(74.3)	35.7	103.6	- 65%
Net profit	(69.3)	28	85.2	-67%



FINANCIAL REVIEW

Balance sheet summary

US\$ millions	9 months 2008	9 months 2007	Change
(except NAV per share and shares in issue)			
Investment properties under development	1,411,756	1,062,545	33%
Cash and cash equivalents	568,908	812,373	(30%)
Total assets	2,760,453	2,644,290	4%
Total liabilities	592,816	477,960	24%

Revaluation

- Review of portfolio to ensure adequate reflection of market values in the BS due to disturbed market conditions
- Revaluation of Four Winds I (down US\$ 27.3 mln) and the Botanic Gardens (down US\$ 26.5 mln) projects resulting in a US\$ 48.4 mln net reduction to third quarter profit
- Value decrease due to softening in yields for offices and lower selling prices assumed for resi



BUSINESS REVIEW

Moscow real estate market trends

Retail segment

- Demand for space will continue with a number of new entrants to the market.
- Downward pressure on rental levels in 2009 to be balanced by the number of cancelled developments, which will restrict supply

Commercial segment

- Demand for office space will continue to decline as companies delay their expansion plans. However, although the majority of projects at the planning stage will be postponed, the bulk of projects under construction will be completed.
- Continued decline in demand for office space as companies delay expansion plans, but bulk of projects under construction to be completed
- Improvement in vacancy rates in H2 2009 expected following initial increase in 1H 2009
- Vacancy rates are likely to increase through the first half of 2009, we expect to see this improve in the latter half of 2009 as the effects of the rent corrections begin to filter through.

Residential segment

- Residential market particularly negatively affected by financial crisis with stricter lending criteria and lower consumer spending
- Expect recovery in prices of high-end residential real estate towards end-2009
- Downward pressure on rental levels over the next 12 months will be balanced by number of cancelled developments, which will restrict supply.

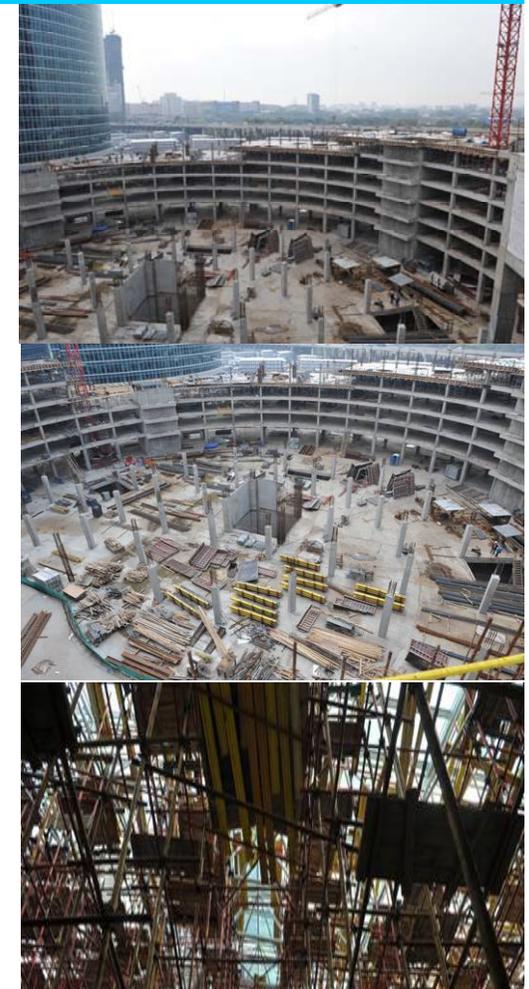
Mall of Russia (Moscow City)

Mall of Russia Shopping Centre

Over 180,000 sqm of retail and leisure space in one of the largest squares in Moscow located in the heart of the “Moscow City” district, Russia’s largest real estate development project with 1.25 million sqm of high-quality office space being developed

■ Current status

- Shell structure completed
- 90% of cupola completed
- Façade assembly ongoing
- Over 30% of previously signed LOIs have been converted into prelim leasing agreements covering 12% of the GLA and representing US\$22.4 million in (NOI).
- Average US\$ 2,083/sqm triple net rental rate for signed contracts of (US\$ 4,135/sqm_excluding anchor tenants)
- **Target completion: 2009**



Tverskaya Zastava Square, cont'

- Current status
- Four Winds
 - Office building complete and fully let to AAA tenants at \$1,700/sqm (triple net)
 - Significant slowdown in the apartment sales since June 2008 ;
 - Target completion: 2008
- Tverskaya Mall and traffic interchange
 - Over 30% of the previously signed LOIs have been converted into prelim leasing agreements covering 6% of the GLA representing US\$ 0.95 million in NOI
 - Significantly lower level of demand due to current market conditions, but good conversion rates from LOIs to preliminary leasing agreements
 - Project financing: US\$280 MM construction loan from Sberbank secured in 2007
 - Target completion: 2010



 **AFI**DEVELOPMENT

Ozerkovskaya Embankment

Nearly 3 hectare river front mixed-use development in the historic Moscow district of Zamoskvorechye

Current status

■ Phase II - Office

- Aquamarine II office building completed and sold at exit yield of 6.8% in May 2008
- CAPEX \$US 37.5 million, sales price \$US 207 million

■ Phase II – Residential & Hotel

- Construction of hotel and residential buildings on track; hotel to be operated by Africa Israel Hotels
- Significant slowdown in the apartment sales since June 2008 with only a small number of deals concluded in 3Q08
- **Target completion: 2008**

■ Phase III

- Construction of mixed-use office building on track
- Financing in place as a result of earlier divestment of the Aquamarine I and II projects and the support of the strategic partner in the development
- Pre-leasing underway but the limited visibility at present with no signed agreements to date
- **Target completion: 2009**

