

## News

### OJSC Sistema-Hals has announced its 2006 annual results with the following highlights:

- Revenues up by 204% to US\$ 283 million
- Operating income of US\$ 83 million, with operating margin increasing to 29%
- OIBDA grew to US\$ 90 million, OIBDA margin rising to 31.9%
- Net income up to US\$56 million
- Total book assets increased to US\$ 902 million

### Investment projects planned for 2007-2008:

- 29 properties currently in development: over 550,000 sqm to be constructed in 2007 – 2008
- 34 projects in the short term pipeline
- Key residential projects: 39A, Michurinsky Prospect; 4, Nakhimovsky Prospect; 27V Yartsevskaya Str.; 25A Dnepropetrovskaya; 111A Rublevskoe Shosse; Serebryanny Bor-2
- Key retail projects: "Hals Mart" regional mall («Leto»), the renovation of "Detsky Mir".
- Key land development: Aurora

### OJSC Sistema-Hals has acquired a 67.58% stake in Kamelia Health Spa OJSC, in Sochi, on the Black Sea.

The 6.3 hectare plot will incorporate a mixed-use complex with a total area of 60,600 sqm, including a 4-5-star hotel and an elite club-type apartment complex with indoor tennis courts, swimming pool, spa, solarium, saunas, gym and fitness bar, a restaurant, outdoor sports facilities and playgrounds.

### Sistema-Hals has completed the reconstruction of an office center at Mokhovaya Str.

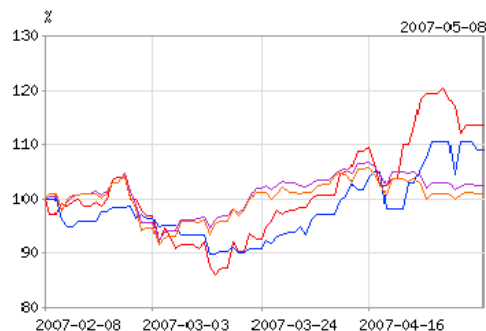
Sistema-Hals has finished the renovation of a building by the leading Russian architect Ivan Zholtovsky. The renovation involved the retention and restoration of the historical facade of the 1934 building. The company has restored stucco cornices, doorways, staircases, ceiling paintings and other details of the interior, and a new wing was constructed to the existing part of the structure. The project also included replacement of all the engineering systems, building of a three-storey underground car park and rearrangement of the interior space. AFK Sistema's headquarters will now be situated at Mokhovaya Str.

### Progress report on the current projects:

- apartment building, 4, Nakhimovsky Prospect: foundations 30% completed
- apartment building, 25A, Dnepropetrovskaya Str.: foundations 75% completed
- apartment building, 39A, Michurinsky Prospect: preparatory works under way
- apartment building, 111A, Rubliovskoye Shosse: foundations under way
- Leningradsky Towers office complex: foundations under way. Diaphragm wall construction operations fully completed, assembly of reinforced concrete structures below ground level 15% completed
- "Hals Mart" regional mall («Leto»), St. Petersburg: preparatory works under way
- single-family home development at Serebryanny Bor-2: 51 out of the planned 59 homes completed.

### Sistema-Hals has won two Commercial Real Estate awards at the «CRE Moscow Awards 2007» competition:

- «Deal of the year» - IPO at the London Stock Exchange in November 2006
- «Mixed-Use Property Development»: «Pokrovskiy Vorota» office and hotel complex (40/3, Pokrovka Str., Moscow)



Shares and GDR: London/MICEX  
Indices: RTS/MICEX

## Sistema-Hals in the media

«The Russian real estate market was showing dynamic growth in 2006, and some of its players achieved really impressive results. Against this overall favorable background, Sistema-Hals announced that the last year had beaten all the records in its history. All the key performance figures showed marked improvement. According to expert estimates, the company's development projects gained 35% in value during the 6-month period. Thus, the company was 15% ahead of the market».

### TV-Center television channel, Business Moscow program, April 16, 2007

«We believe we are well positioned in some rapidly growing market segments and see significant potential for further growth», Felix Evtushenkov, President of Sistema-Hals said at a press conference on Monday. According to Mr. Evtushenkov, the company's strategic objective is to become a leader of the Russian development sector».

### Vedomosti Daily, April 16, 2007

«OJSC Sistema-Hals is considering participation in the construction of A and B class office property, retail and entertainment and mixed-use complexes, residential property and transport infrastructure facilities in Rostov Region. The operations will be conducted under a 5-year master agreement concluded between the President of AFK Sistema and the Governor of the Rostov Region ».

### RBC, April 5, 2007

«The construction of a motorway connecting Strogino district of Moscow with Marshal Zhukov Avenue is in its final stage. 'As of now, the drifting of the second tunnel has been completed, internal tunnel works and installation of the roadway slab separating the motorway from the subway line are currently under way', according to the press service of PSO Sistema-Hals, the management company overseeing the North-Western Tunnels project».

### Moi region, April 9, 2007

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**More than 60 projects are currently being implemented and about 40 more are being considered.**