

## News

### Sistema-Hals sums up results for the first quarter

Sistema-Hals has announced its US GAAP unaudited consolidated financial results for the first quarter of 2007.

- Consolidated earnings - USD 34.5m (+119% year-on-year)
- Operating profit – USD 4.5m (+96%)
- EBITDA – USD 18.4m (up from a negative EBITDA of USD 2.5m in the prior-year period)
- EBITDA margin – 53.3%
- Net profit – USD 5.9m (against losses in the prior-year period totalling USD 6.8m)

### Allowed usage of land act for the project “Peking”

The Moscow committee for architecture and town planning has issued Sistema-Hals allowed usage of land act, to begin reconstruction of the “Peking” hotel and construct a multipurpose complex on the adjacent territory.

The project will involve the reconstruction of the “Peking” hotel to its original specifications while preserving its historic facades, the construction of a retail centre, serviced apartments, class-A office space and a 3-tier underground parking facility. The total area of the complex is 127,530 m<sup>2</sup>. The development is scheduled for completion at the end of 2010.

### Construction of the cottages “Zdravnitsa Life” underway

Sistema-Hals has received planning permission to construct cottages “Zdravnitsa Life”. The plan is for 191 town houses, comprising a total living space of 55,000 m<sup>2</sup>, to be built on 16.9 hectares of land. The residential resort will also house a large spa zone, a picturesque cascade of reservoirs, proprietary infrastructure and a child day-care centre. The facility is located 16 km outside Moscow on Mozhaiskoye Shosse, and is scheduled to become operational in 2009.

### Sistema-Hals receives permission to construct two residential buildings

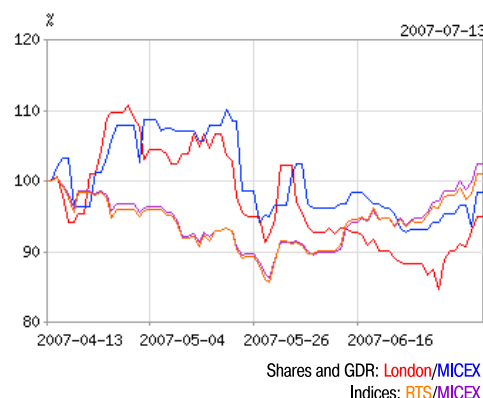
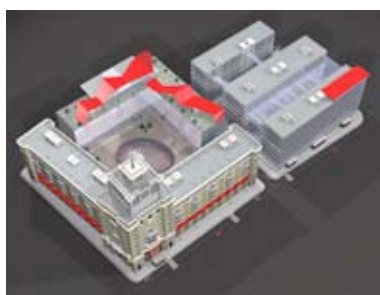
In May 2007, Sistema-Hals received permission to construct:

- A 23-storey residential building with 153 car parking spaces at 25A Dnepropetrovskaya Street. The total area of the apartments will be 15,866 m<sup>2</sup>. The facility is scheduled to become operational in 2008.
- A residential complex with between 15 and 19 storeys at 39A, Michurinsky Prospekt. The total area of the apartments will be 24,010 m<sup>2</sup>. The facility is scheduled to become operational in 2008.

### Apartments for sale in the “Primavera” residential complex

Apartments in the new “Primavera” residential complex at 4A Nakhimovskiy Prospekt, Moscow, have been put on the market. The complex comprises two buildings of 260 apartments, with space ranging from 45.3 m<sup>2</sup> to 142.7 m<sup>2</sup>. The project includes a 2-storey underground car park with 266 parking spaces. The construction is scheduled for completion in the fourth quarter of 2008.

The investment and development company JSC Ferro Stroi will be Sistema-Hals’ partner and technical contractor for the project.



## Sistema-Hals in the media

“John Connor, Head of the Third Millennium Russia Fund (TMRFX), has drawn attention to the securities of companies in the Russian consumer sector. Of the most promising firms, Connor singled out Sistema-Hals as one of Russia’s leading developers operating on the real estate market...”

**Smart Money, 22 May 2007**

“Sistema-Hals JSC and the food retail company X5 Retail Group N.V. have signed an agreement to open branches of the Perekrestok supermarket chain in the retail centres being built by Sistema-Hals. In the words of Andrei Rybakov, general director at X5 Retail Group responsible for development, the company is counting on Sistema-Hals’ wealth of experience and potential in the development business.”

**Vedomosti, 30 May 2007**

“Interest in real estate is being stoked by the unprecedented levels of yield in comparison to Europe – 8.5%-12% in Moscow and the regions versus 3%-4% in western Europe – as well as the huge opportunities for construction and development.” Experts are recalling the exceptional demand for stock in companies operating in the Russian development sector – RGI International, Sistema-Hals, Raven Russia, and Open Investments.”

**Vzglyad, 31 May 2007**

Michael Golomb, Vice President in charge of Finance and Investment at JSC Sistema-Hals, had this to say of the results for the first quarter of 2007: “We are generally very pleased with the results from the first quarter. The company’s operating results mean that we can be confident in our projections of financial growth over the coming periods. We are expecting earnings growth to continue for the remaining quarters of 2007 in connection with seasonal business, which allows us to make an optimistic forecast for the year as a whole.”

**IRN, 25 June 2007**

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