

## CHANGES IN THE SHARE CAPITAL OF THE AFFILIATE

**Moscow, Russia – 22 June 2011 - Sistema-hals (LSE, MICEX, RTS: HALS)**, a major Russian real estate company, announces that the participatory interest of Sistema-hals in the authorized share capital of closed joint stock company “Telecom-Development” has decreased from 50% to 0% as a result of sale.

With the help of “Telecom-Development” company and its subsidiaries Sistema-hals together with the partner planned to reconstruct the facilities of the Moscow City Telephone networks, in a part of some objects.

Sales contract was effected for purposes of the improvement of the Company’s pipeline of projects. Now Sistema-hals sets a main mission to develop the major high-yielding projects.

**Sistema-Hals** (“the Company”) is one of the leading diversified company in the Russian and CIS real estate market.

The Company was the first Russian property developer to list its shares on the main market of the London Stock Exchange. The Company's shares are also listed on the Moscow Interbank Currency Exchange and the Moscow Stock Exchange and the Russian Trading System Stock Exchange.

Main shareholder of Sistema-Hals is Bank VTB (51.24%); free float is about 18%.

Starting operations in 1994, Sistema-Hals has successfully completed about 40 projects with a total area over 450,000 square metres, including several residential complexes in Kuntsevo, the headquarters of the DaimlerChrysler company, the Hals Tower office building, the headquarters of the Trubnaya Metallurgical Company, the hotel for the MaMaison chain (Orco Property Group).

Sistema-Hals implements the development of the SkyLight complex in Moscow; reconstructs the building of the Central "Detsky Mir" on Lubyanka; constructs LETO shopping center in Saint Petersburg; developments the Project «Multi-function complex with transport terminal as part of Moscow International Business Center «Moscow-City» and fulfils several other projects.

Sistema-Hals has assembled a balanced and diversified portfolio of assets in fast-growing sectors of the market. The Company's strategy is focused on building Class A and B office space, multifunctional retail and office complexes, business-class residential buildings.

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