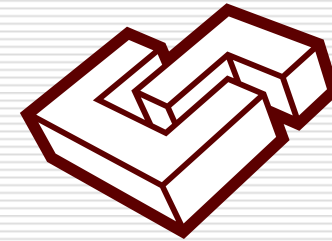




SISTEMAHALS
DEVELOPMENT COMPANY



INVESTOR PRESENTATION

November 2007



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SISTEMA-HALS OVERVIEW

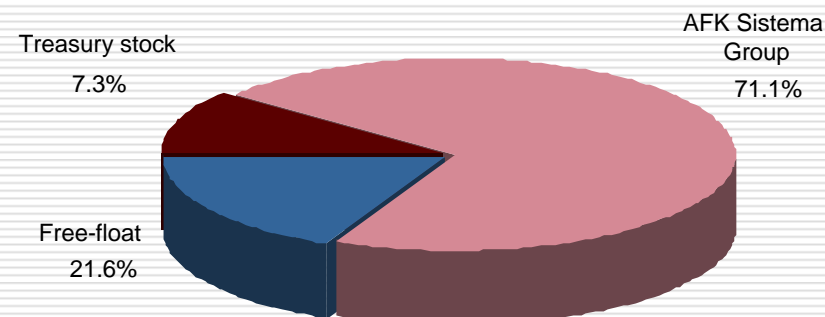
SISTEMA-HALS AT A GLANCE

- A leading Russian property development company engaged in:
 - real estate development
 - project and construction management
 - real estate asset management
 - facility management
- Unique exposure to all areas of the construction industry including residential, commercial, retail and infrastructure
- Expertise and resources to deliver on complex projects
- Developer of choice for blue-chip companies, such as DaimlerChrysler, Dresdner Bank, Raiffeisenbank and Siemens
- Significant benefits derived from association with Sistema Group
- Focus on Moscow with current projects in 9 cities across Russia and Ukraine

Key statistics for 1H 2007

Revenues ¹	US\$ 129.8m
OIBDA excl. non-recurring items ^{1, 2}	US\$ 26.7m
Properties portfolio valuation ³	US\$2.9bn
Held as investment ⁴	23 properties
Development pipeline ⁴	80 projects
Under consideration	app. 40 projects

Shareholder structure



Note:

- 1 Audited financial statements for year ended 30 June 2007
- 2 OIBDA represents operating income before depreciation and amortization, excluding non-recurring items
- 3 Beneficial share of Sistema-Hals as of July, 1, 2007 by C&WS&R
- 4 C&WS&R report as of July, 1, 2007

STRONG PIPELINE

	Number of properties	Market Value*, mIn USD	GBA** '000 sqm	OMV***, mIn USD
Properties held as investment	23	266	135	
Development projects	80	2,616	5,775	
In the course of development	30	1,258	1,600	4,371
Held for future development	50	1,358	4,176	7,967
TOTAL	103	2,882	5,910	12,338

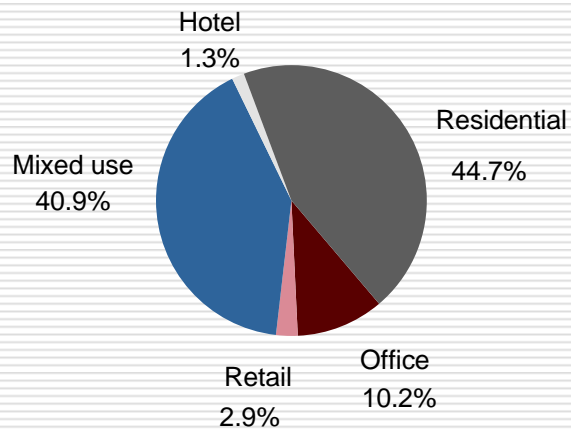
Notes:

* Attributable to Sistema-Hals

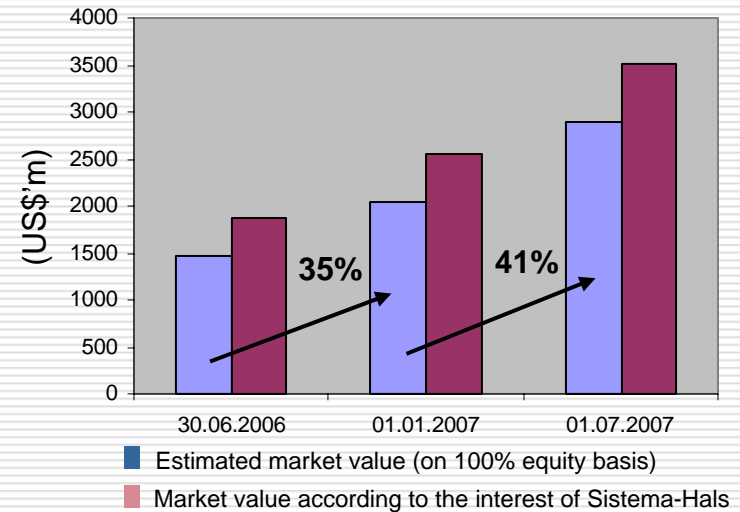
** Gross Building Area

*** Open Market Value, assuming built and fully let, attributable to Sistema-Hals share

Development portfolio breakdown by property type



CUSHMAN & WAKEFIELD STILES & RIABOKOBYLKO

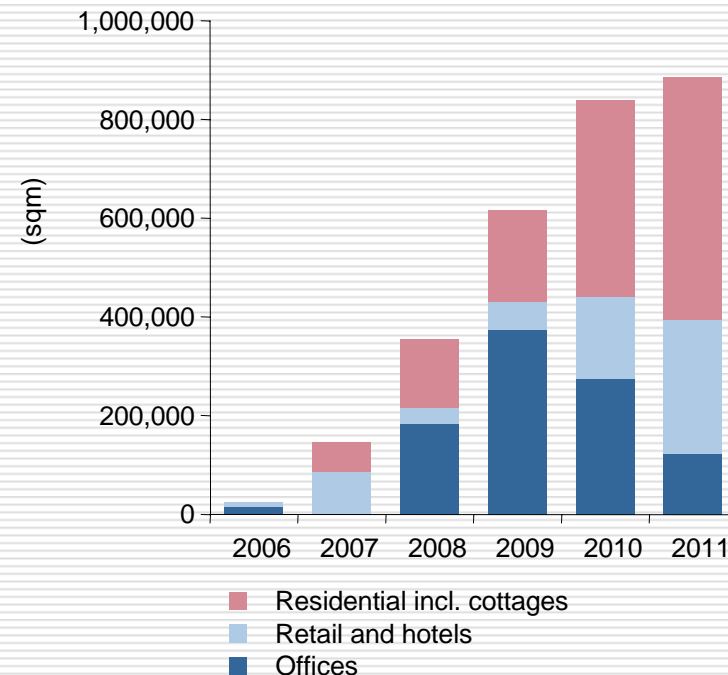


Source: C&WS&R reports as of 30 June 2006, 1 January 2007 and 1 July 2007

RAPID GROWTH

- ▣ 30 properties currently in development
- ▣ 34 projects in the near term pipeline
- ▣ Constant monitoring of opportunities within target markets
- ▣ Strong management resource, established internal procedures and vigorous discipline enable to handle planned number of projects at various stages simultaneously

Properties planned to be substantially completed



Source: Company data

Development pipeline contains high growth potential

VALUE CHAIN DRIVEN BUSINESS MODEL



Development process timeline	Idea and Concept	Design	Construction	Completed project
Real Estate Development	<ul style="list-style-type: none"> Sourcing new properties for development Investments 	<ul style="list-style-type: none"> Project management Feasibility studies ¹ Financing Technical design ¹ Statutory approvals 	<ul style="list-style-type: none"> Project management Financing Appointment of general contractor 	<ul style="list-style-type: none"> Transfer to Asset Management / Investments for holding or for sale
Project / Construction Management	<ul style="list-style-type: none"> Sourcing new projects for construction Preliminary design 	<ul style="list-style-type: none"> Technical design documentation ¹ Statutory approvals 	<ul style="list-style-type: none"> General contractor for construction Technical supervisor 	
Asset Management / Investments				<ul style="list-style-type: none"> Purchase/sale of properties Property rental Portfolio monitoring and optimization
Facility Management				<ul style="list-style-type: none"> Cleaning Site repairs and maintenance Security

Note:

¹ Commissioned from third party contractors

STRICT BUSINESS SELECTION CRITERIA

Return-Based Strategy

- Minimum un-leveraged IRR target 20%
- Minimum size of 15,000 sqm

Strict Portfolio Focus

- Class A and B offices
- Shopping centres and mixed use
- Business class residential
- Single family houses
- Land development

Maintaining high quality

- Enhancing construction capabilities
- Engaging international contractors and consultants

Disciplined investment approach focused on the most profitable market segments

DEVELOPMENTS VS. RENTAL PROPERTIES

Commercial Properties

Residential Properties

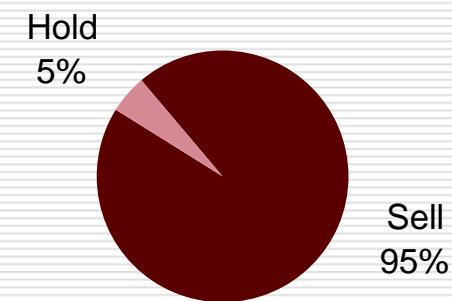
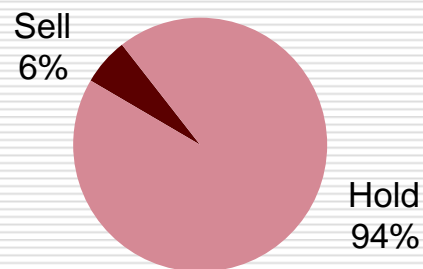
Develop and hold

Develop and sell

BUT: sell properties of less than 15,000 sqm

BUT: hold unique assets

Breakdown of development projects



We focus on commercial properties for investment

Source: C&WS&R report as of 1 January 2007

EXPANDING ACROSS THE REGIONS

- We aim to replicate our Moscow experience in other Russian regions and in the CIS
 - now present in 9 locations across Russia and Ukraine



Notes:

- ◆ Cities where Sistema-Hals is currently present (*italics show cities with population of over 1 million people*)
- ◆ Other cities with population of over 1 million people (*considered for future expansion*)

High growth potential is the key driver for regional diversification

EXPANDING ACROSS THE REGIONS

ST. PETERSBURG: regional mall Hals Mart



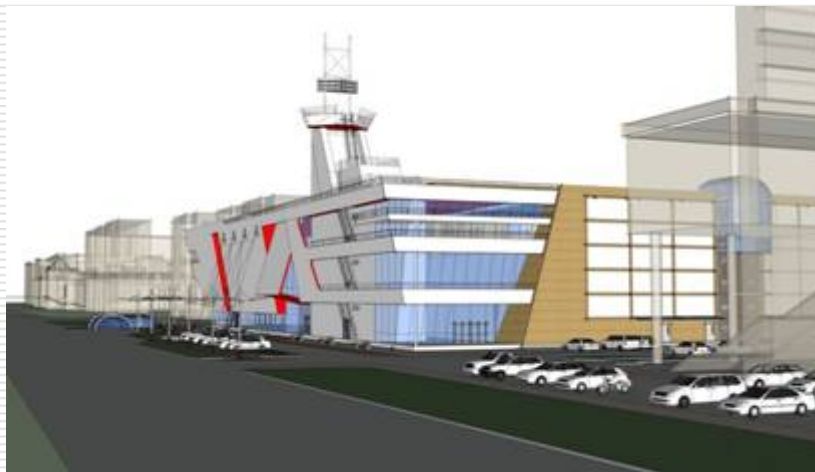
GBA: 103,489 sqm

KAZAN: retail center



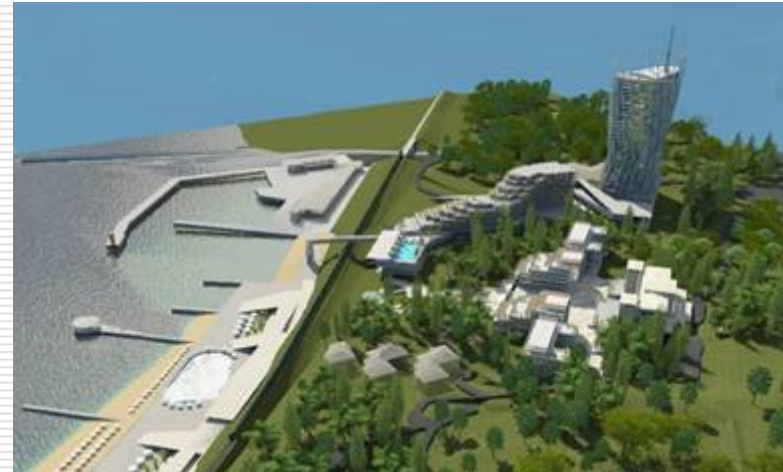
GBA: 21,000 sqm

KRASNOYARSK: mixed-use property



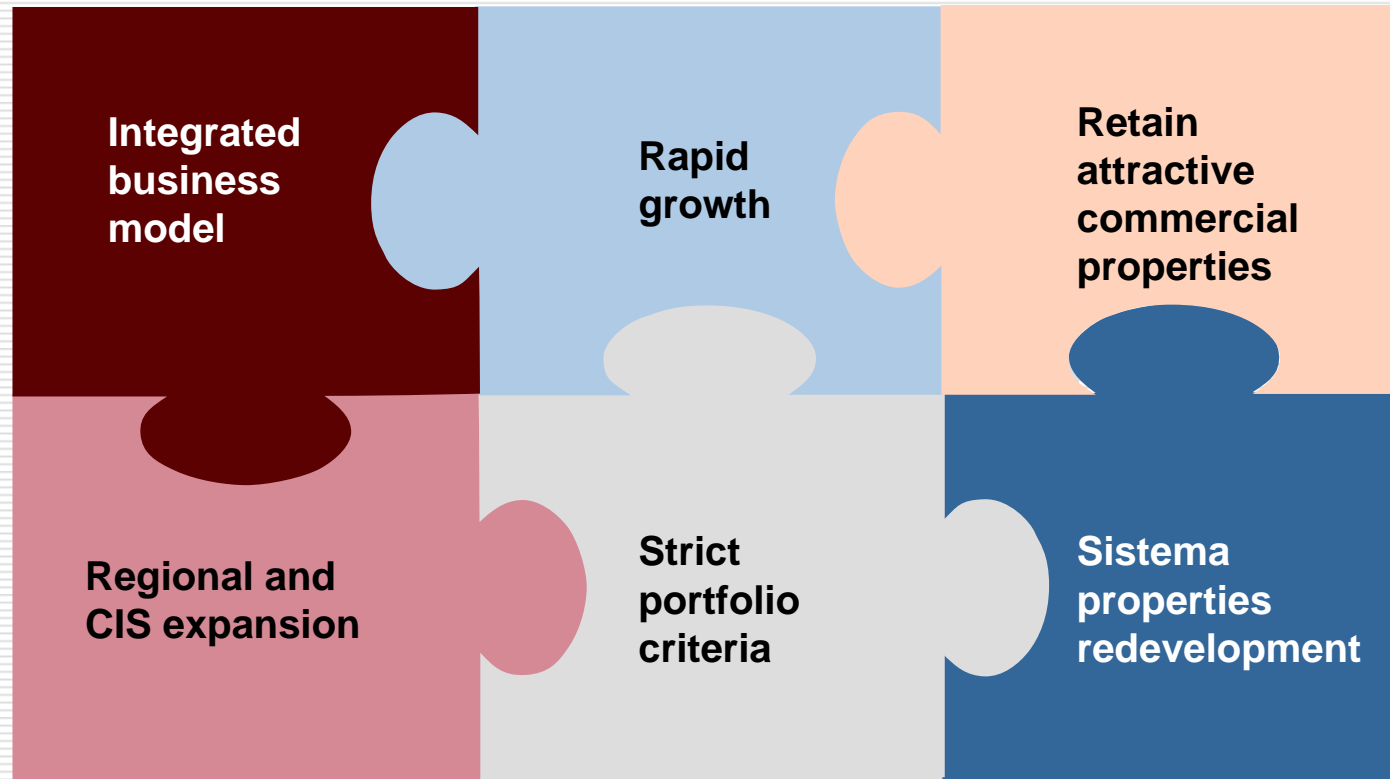
GBA: 50,000 sqm

SOCHI: hotel and apartment complex "Camelia"



GBA: 100,000 sqm

STRATEGY HIGHLIGHTS



Sistema-Hals aims to become the largest real estate developer and a leading real estate asset portfolio manager, in Russia and elsewhere in the CIS



NEW PROJECTS

MGTS 4-th stage

The number of new projects will be executed within the MGTS program, in the fourth stage. The existing standard telephone exchange buildings will be redeveloped, primarily, into B class office buildings. The total value of Company's share in 14 projects within fourth stage of MGTS program is USD 145.3 million.

Nizhniy Novgorod, Priokskiy District

The property comprises a land plot of approximately 309 hectares intended for construction of a mix-use development. It is located in Nijny Novgorod at Prioksky region in approximately 15 minutes drive from the city centre. It is projected to provide approximately 2.3 mln. square meters of mixed used property, mainly residential, commercial, entertaining area, parking slots, cottages and social infrastructure.

Tolstopaltsevo, Kievskoye highway, Naro-Fominsky district of Moscow Region, Russia

The property comprises a land plot with a total area of 58,9 hectares. The property is located in South-Western Direction from Moscow at Kievskoe highway in approximately 40 kilometres distance from MKAD. Due to perfect quality of the highway it takes 15 minutes to get to Moscow - Borovskoe highway and 20 minutes to Leninskiy prospect. The property is surrounded by cottages and has a petrol station just in front of the site. The land plot is intended for future residential development.

Vrubelevsky Spusk, Kyiv, Ukraine

The property represents the land plot for construction of residential complex of 100,728 sqm of total area including: 78,242 sqm of residential area, 2,985 sqm of office area, retail center of 3,000 of total area and underground parking.

Gorky 8, Rublevo-Uspensky Highway, Moscow region

The property represents a land plot of 9 hectares on the Rublevo-Uspensky Highway with more than 70 townhouses and a retail mall on it (app. 35,000 m²).



DEVELOPMENT AND CONSTRUCTION PROJECTS FOR 2007

2007: RESIDENTIAL PROJECTS

Key ongoing projects

Yartsevskaya Street, 27V



Location:
Moscow, Russia
Kuntsevo district

GBA:
29,910 sqm

Total investments:
US\$34m



- Michurinsky Prospect, 39A
- Nakhimovsky Prospect, 4
- Yartsevskaya Street, 27V

Dnepropetrovskaya 25A



Location:
Moscow, Russia

GBA:
32,971 sqm

Total investments:
US\$35m



- Dnepropetrovskaya 25A
- Rublevskoe sh., 111
- Serebryanny Bor, 2

2007: RESIDENTIAL PROJECTS

Key ongoing projects

Nakhimovsky Prospect, 4



Location:
Moscow, Russia

GBA:
42,218 sqm

Total investments:
US\$29m



Serebryanny Bor, 2



Location:
Moscow, Russia

GBA:
14,650 sqm

Total investments:
US\$6m



2007: COMMERCIAL PROJECTS

Key ongoing project

Regional mall Hals Mart ("LETO")



Location:
St. Petersburg, Russia

Land plot:
17.7 hectares

GBA:
103,489 sqm

Total investments:
US\$151m



2007: OFFICE BUILDINGS

Key ongoing project

Leningradsky towers

- Valued by C&WS&R at US\$169.4 million¹
- GBA: 110.070 sqm
- Siemens Towers will consist of two class A office towers
 - the first tower is will be Siemens Russian headquarters
 - Siemens has agreed to a forward purchase of one tower as well as a development fee
 - the second tower is intended for rental on the commercial office market and includes underground parking
 - the two towers will include 739 secure parking spaces
- Estimated completion: Q4 2008



¹ Source: C&WS&R report as of 1 July 2007

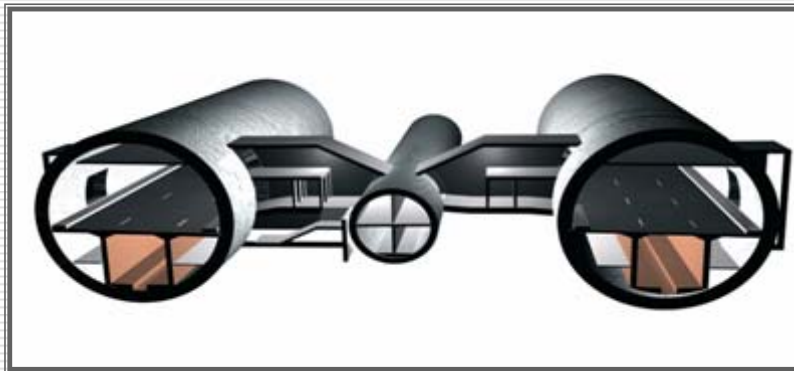


2007: INFRASTRUCTURE AND TRANSPORTATION PROJECTS

Key ongoing project

Moscow's largest radial highway "Zvenigorodskoe"

- ❑ Zvenigorodskoe highway will connect the city center with the MKAD;
- ❑ **The aggregate cost:** approximately US\$1.3 bn;
- ❑ **The Krasnopresnensky Prospect involves the construction of:**
 - cable bridge over the Moscow river
 - sophisticated tunnel system able to accommodate automobile traffic, as well as the metro system;
- ❑ **Our role:** We act as the construction manager and technical supervisor for the construction work



2007: LAND DEVELOPMENT

Project due for completion in 2007

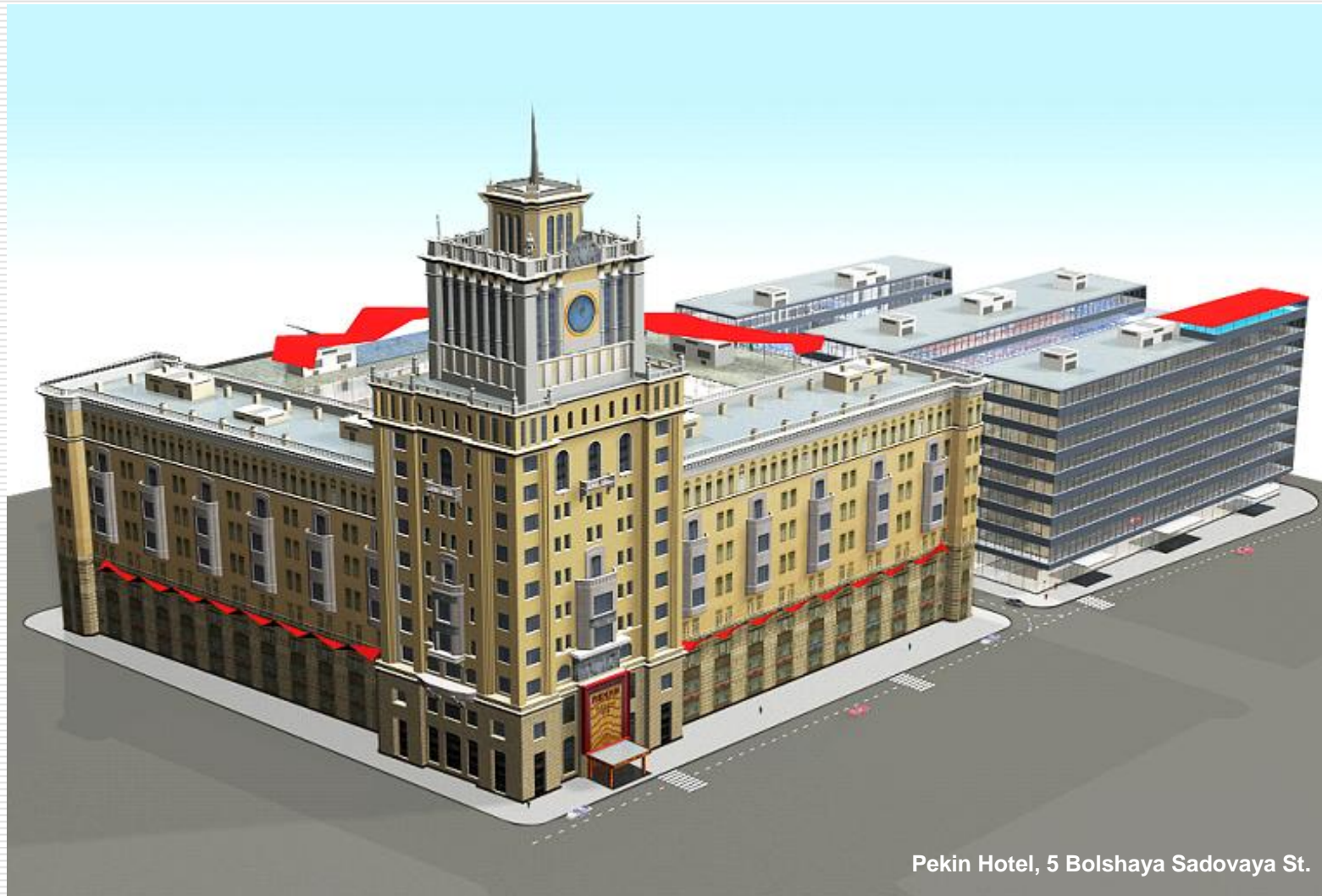
Avrora

- Estimated value of US\$49.6m
- Location: 18th kilometre of Dmitrovskoe¹ highway, Mitishinsky district, village Stepan'kovo, Moscow region, Russia
- The total property comprises a 93.05 ha land site. Currently vacant land, which is being divided into 147 separate land plots, provided with access and utilities, for residential development by the individual purchasers.
- Riverside land plot with a total area of 14.55 ha is held for development of a yacht-club



¹Source: C&WS&R report as of 1 July 2007





1H2007 PERFORMANCE OVERVIEW

FINANCIAL AND OPERATING HIGHLIGHTS

(USD, million)	H1 2007	H1 2006
Revenues	129.8	106.6
Operating expenses, incl.:	-221.7	-64.6
Depreciation and amortization	-6.1	-1.7
Stock-based compensation	-98.0	-
Cost of real estate sold - Leningradskiy towers	-14.6	-
OIBDA	-85.8	43.7
OIBDA excl. non-recurring items	26.7	43.7
Net income/(loss)	-99.6	31.1
Value of the Company's share in projects	2882.1	2039.5

- Sistema-Hals consolidated revenue for the first half of 2007 increased by 21.7% to USD 129.8 million
- The number of projects in the Company's portfolio increased by 17% to 103
- The value of the Company's stake in the property and projects increased by more than 41% in the period from January 1, 2007 to June 30, 2007 according to C&W S&R valuation

INTEGRATED BUSINESS MODEL – SEGMENT DETAILS

Sistema-Hals				
	Real Estate Development	Project / Construction Management	Real Estate Asset Management	Facility Management
Revenue, US\$m				
<u>1H2007</u>	87.7	14.6	17.9	9.6
<u>1H2006</u>	77.7	13.3	11.2	4.4
<u>% change, y-o-y</u>	12.9%	10.0%	59.0%	116.6%

Key drivers:

- Sale of the Sadovnicheskaya 75 building in Moscow; higher prices and sales of land plots under the Aurora project in the Moscow region; and the construction of the Yartsevskaya 27v residential building in Moscow (79% completion).
- The construction design of a Moscow metro line and two new metro stations at Strogino and Mitino and the Krasnopresnensky Prospekt design project.
- Increase in sales of houses and in rental revenues from single family houses.

Note: All financial data includes inter-segment activity

Unique synergies from complementary business model



CONTACT DETAILS

QUESTIONS?

Anton Klimenko

Head of IR Department

JSC Sistema-Hals

Tel. . +7 (495) 785-7742 (3350)

Fax. +7 495 785 7743

E-mail: klimenko@sistema-hals.ru