

News

Moody's and Fitch assign the first time credit ratings to JSC Sistema-Hals

Sistema-Hals has received a "B1" long-term foreign currency Corporate Family Rating from Moody's Investors Service, and a "B+" Issuer Default rating and "B" Short-term rating from Fitch Ratings. All ratings carry "Stable" outlooks. At the same time Moody's Interfax Rating Agency has assigned to Sistema-Hals an "A1.ru" long term national scale rating, and Fitch Ratings has assigned a "A-(rus)" National rating.

Sistema-Hals increases its stake in KAMELIA Health Spa, Sochi

Following its March 2007 acquisition of 67.58% of the shares in KAMELIA Health Spa, Sistema-Hals upped its stake by 28% at the start of July – increasing its total holding to 95.58%. Sistema-Hals plans to build a modern resort complex, including a 5-star hotel, club-style apartments and proprietary infrastructure sites, on the 6.3 hectares of land (89 Kurortny Avenue, Khotinsky district, Sochi). The total area of the complex will be around 100,000 m².

Status of the Leningradsky Towers and Leto projects

- Sistema-Hals has received a favourable appraisal from the Moscow City Expert Review Panel and permission to construct the second tower of the Leningradsky Towers office complex (39 Leningradskoye Shosse, Moscow). The Moscow headquarters of Siemens will be housed in the first tower of the complex. Sistema-Hals is currently conducting design and engineering work on the property.

- Sistema-Hals has received a favourable appraisal from the State Extradepartmental Expert Review Panel for the Leto retail and entertainment complex project (Saint Petersburg).

Stock option programme adopted for members of the Board of Directors and senior management

The programme will provide stock options and stock bonuses. Stock options entitle participants to acquire a specific number of shares in Sistema Hals, at a price determined and agreed upon in advance. Stock bonuses come in the form of shares granted to participants free of charge in recognition of a major contribution to the development of the company. Stock options will cover 2.1% of shares, and stock bonuses 3.6%. The stock option programme is designed to boost motivation among members of the Board of Directors and senior management of the company.

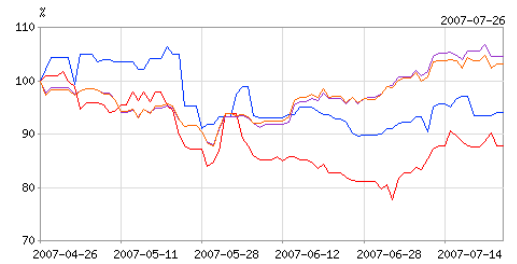
New Board of Directors appointed at Sistema-Hals

The composition of the Board of Directors of Sistema-Hals was reviewed at the Annual General Meeting. The new Board now includes three independent directors: Douglas Daft, former Chairman and CEO of Coca-Cola, John Gummer, Member of the British Parliament and Robert Tsenin, former Finance Director of Lend Lease Corporation.

Sistema-Hals continues its ascent to a leading position on the market

- According to a Financial Times rating, Sistema-Hals has entered the ranks of major Eastern European companies. It took 59th place, becoming the first Russian developer on this list.

- Sistema-Hals was awarded first prize at the prestigious Building Awards 2007 ceremony, in the category for "investment appeal".



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

Sistema-Hals in the media

"Sistema-Hals has gained a controlling stake in the project to construct a major residential complex in Kiev, spanning over 100,000 m², and become a partner of the local developer Selena. It is clear that the company is tapping into the Ukrainian market, having already opened a regional office in Kiev and is planning further moves into this new market."

RBC Daily, 24 June 2007

"Sistema-Hals has published its financial results for the first quarter of this year. The company succeeded in posting high income with an EBITDA margin of 53.3%, which is an extremely positive indicator for a company in the construction sector. The impressive results have boosted the investment appeal of the company, which will produce growth in its capitalisation over the medium term."

Finance, 2 July 2007

"Russia was back on the radar of portfolio managers all around the world yesterday. Every sector of the Russian market noted strong growth, with the leaders including Rosneft, Evraz, Sistema-Hals and X5."

Business & Financial Markets, 6 July 2007

"Investors have already recognised the potential of Sochi. Yesterday, Open Investments' share price rose by 6.63% on RTS and exceeded \$269 per share. Sistema-Hals' share price increased 5.22%, or \$12.1 per GDR in London. Both companies are planning construction projects in the future host city of the 2014 Winter Olympics".

Kommersant, 6 July 2007

"Three or four years ago there was a myth that there were trillions and trillions of dollars from foreign funds targeting Russia', says Sistema-Hals President Felix Evtushenkov, 'which didn't happen. But now we are actually seeing properties being bought, by the likes of AIG and JPMorgan.' That, says Mr Evtushenkov, is good news for developers such as his company, which will have a ready market to sell to."

Financial Times, 17 July 2007

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