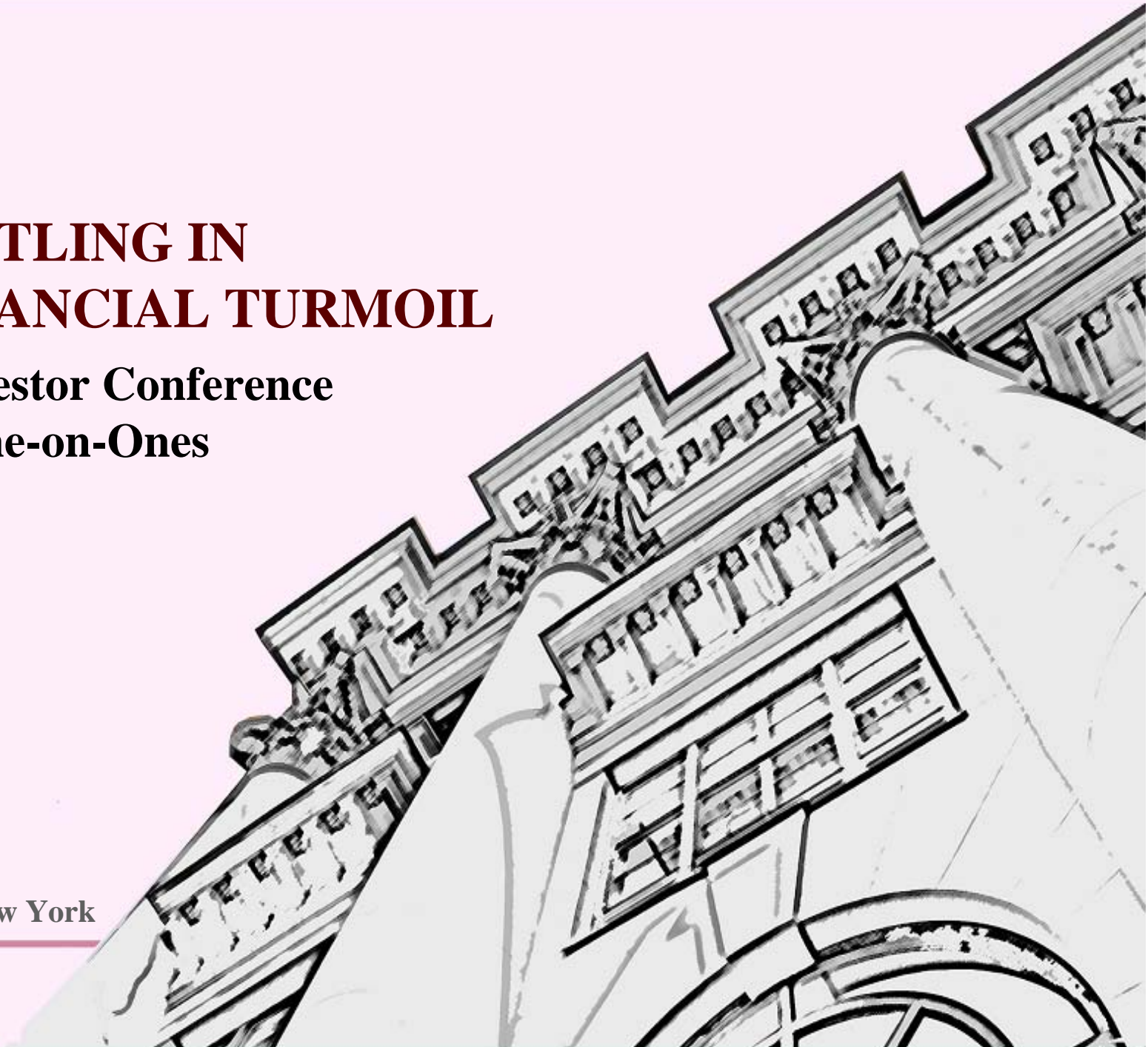


SETTLING IN DURING FINANCIAL TURMOIL

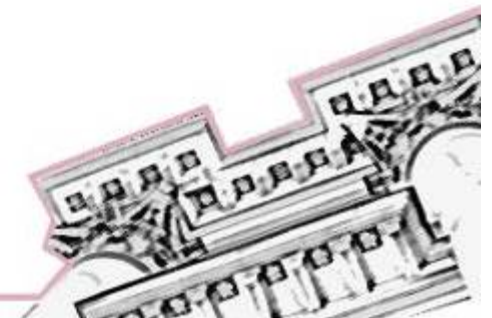
UBS Investor Conference
One-on-Ones

16-17 March 2009, New York













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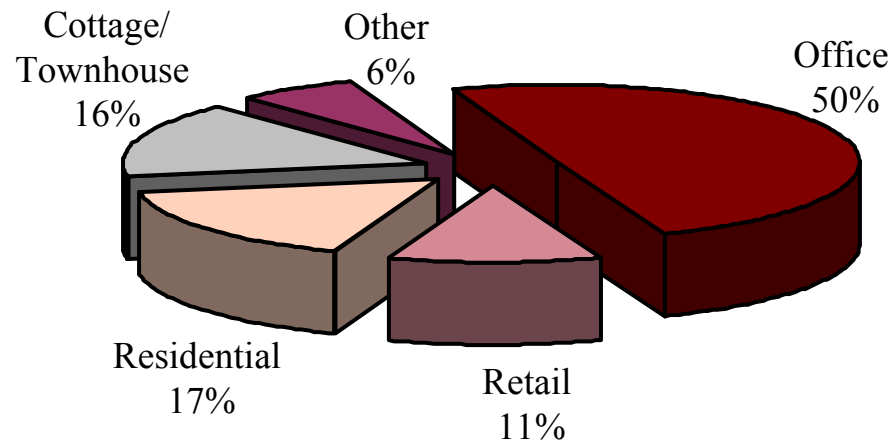
SISTEMA-HALS AT A GLANCE

-  A leading diversified company in Russian and CIS real estate markets with unique exposure to premium segments operating since 1994
-  Core business is development, asset and facility management
-  About 40 successfully completed projects with a total area of 340,000 m2.
-  Portfolio consists of 108 projects with development pipeline running to 2030
-  The first Russian property developer who announced and started implementing its crisis measures
-  Access to finance resources in turmoil market due to reputable credit history (AFK Sistema, Russian banks)
-  Cooperating with strategic partners who provide additional financing and expertise
-  One of the lowest short term debt level in the industry
-  The first Russian property developer with GDRs listed on main market of LSE
-  As at 1 July 2008, C&WS&R valued Sistema-Hals' share of properties and projects in the portfolio at USD 3,768 million. The management assumes that primary projects in the Company's portfolio may have been devalued by 15-20%

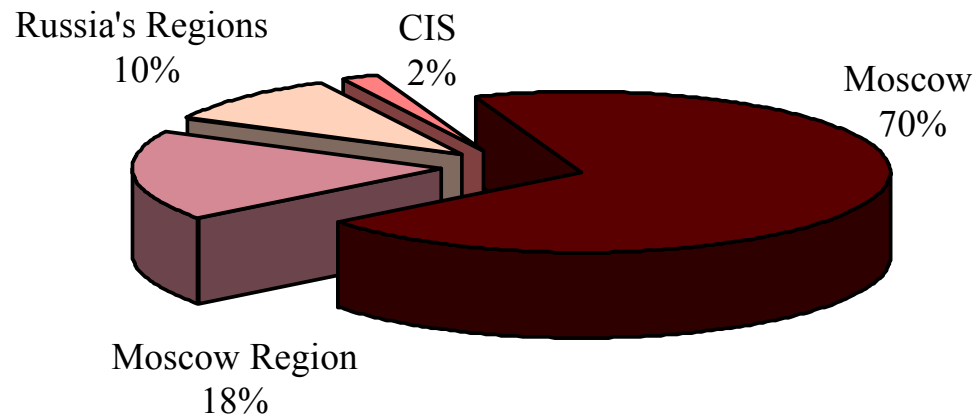


KEY HIGHLIGHTS

Portfolio structure*



Geographical breakdown*



Key financials (USD,000)

	9M 2008	2007	2006
Revenues	325.8	452.2	282.9
Operating expense	(298.9)	(400.2)	(199.9)
OIBDA	42.9	66.9	90.1
OIBDA margin	13%	15%	32%
Operating income	26.9	52.0	83.0
Net (loss)/income	(72.5)	34.7	55.6

Projects Portfolio

Number of projects	108
Active projects	12

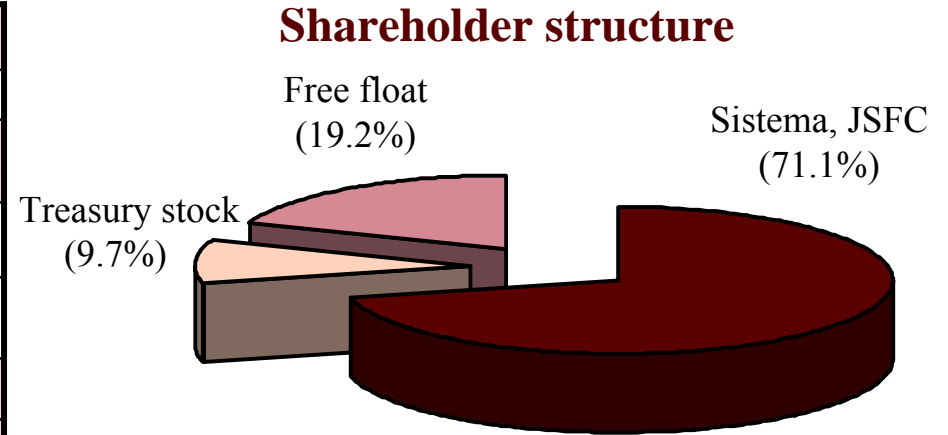
Credit Ratings

Moody's Investors Service	"B1"
Fitch Ratings	"B"

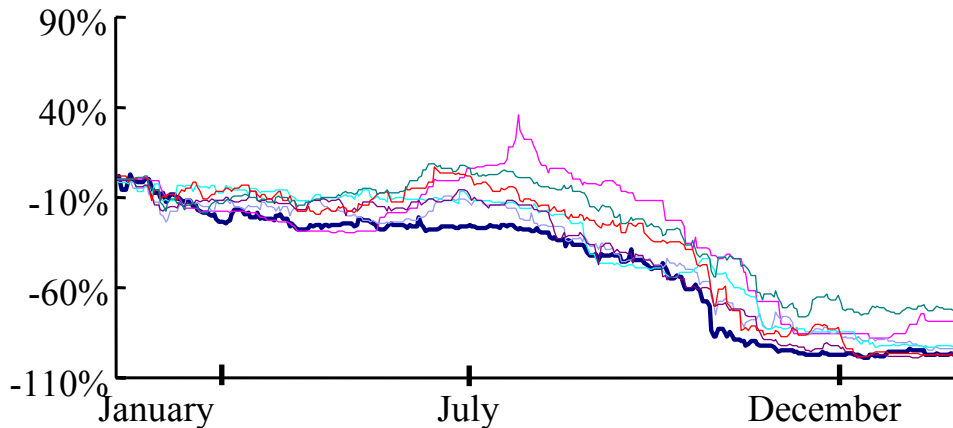


SISTEMA-HALS ON THE CAPITAL MARKETS

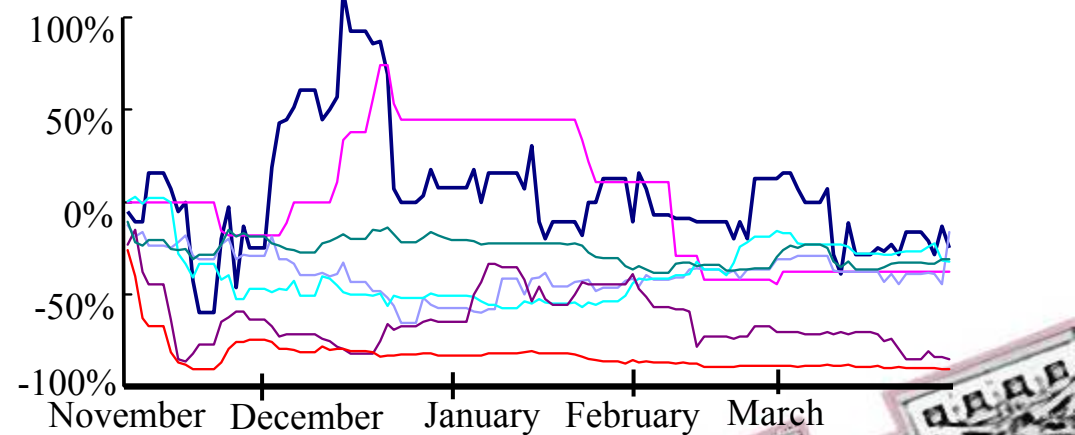
Exchange	LSE	MICEX	OTC, NY
Ticker	HALS	HALS	HALS
Security numbers	ISIN	SEDOL	CUSIP
Regulation S GDRs	US82977M2070	B1FRP85	82977M207
Rule 144A GDRs	US82977M1080	B1FRPC9	82977M108
Shares issued - 11,217,094			
GDRs outstanding - 36,687,140 (20 GDRs : 1 share)			



Share price dynamics, LSE (FY 2008)*



Share price dynamics, LSE (4 months)*



■ Sistema-Hals
 ■ RTS Index
 ■ PIK
 ■ Open Investments
 ■ Mirland
 ■ RGI
 ■ AFI Development



*Source: Bloomberg

BOARD OF DIRECTORS & MANAGEMENT



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Chairman of the Board



Sergey Shmakov
President



Dmitriy Yakubovskiy
Deputy Chairman of the Board



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Igor Kascheev
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Andrey Solovyev
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John Gummer
Member of the Board,
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Robert Tsenin
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Yevgeny Kolodkin
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Commercial Real
Estate



Dmitry Zikanov
Vice-president,
Residential Real Estate



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Alexei Buyanov
Member of the Board



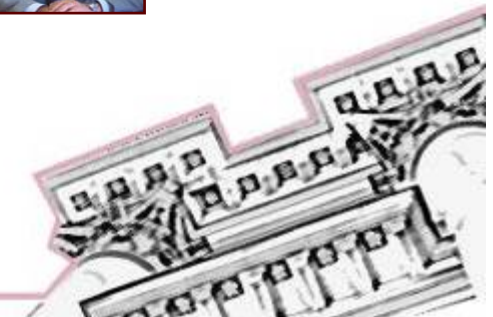
Tatyana Gvilava
Vice-president,
External
Communications



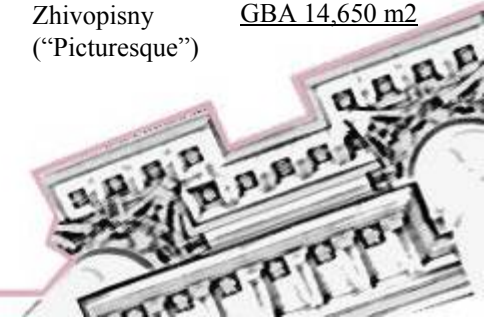
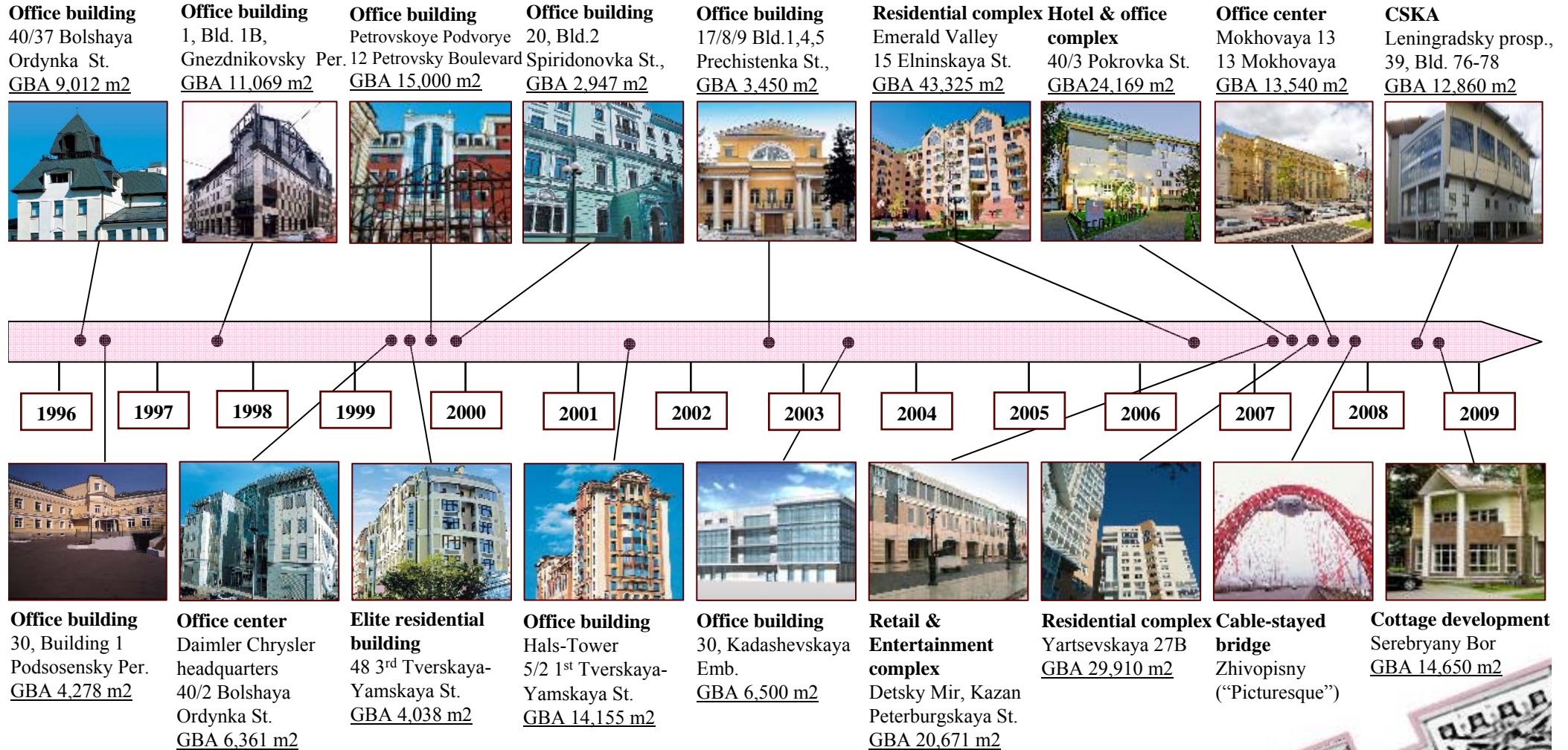
Gennady Frolov
Vice-president,
Corporate
Communications










Anton Abugov
Member of the Board

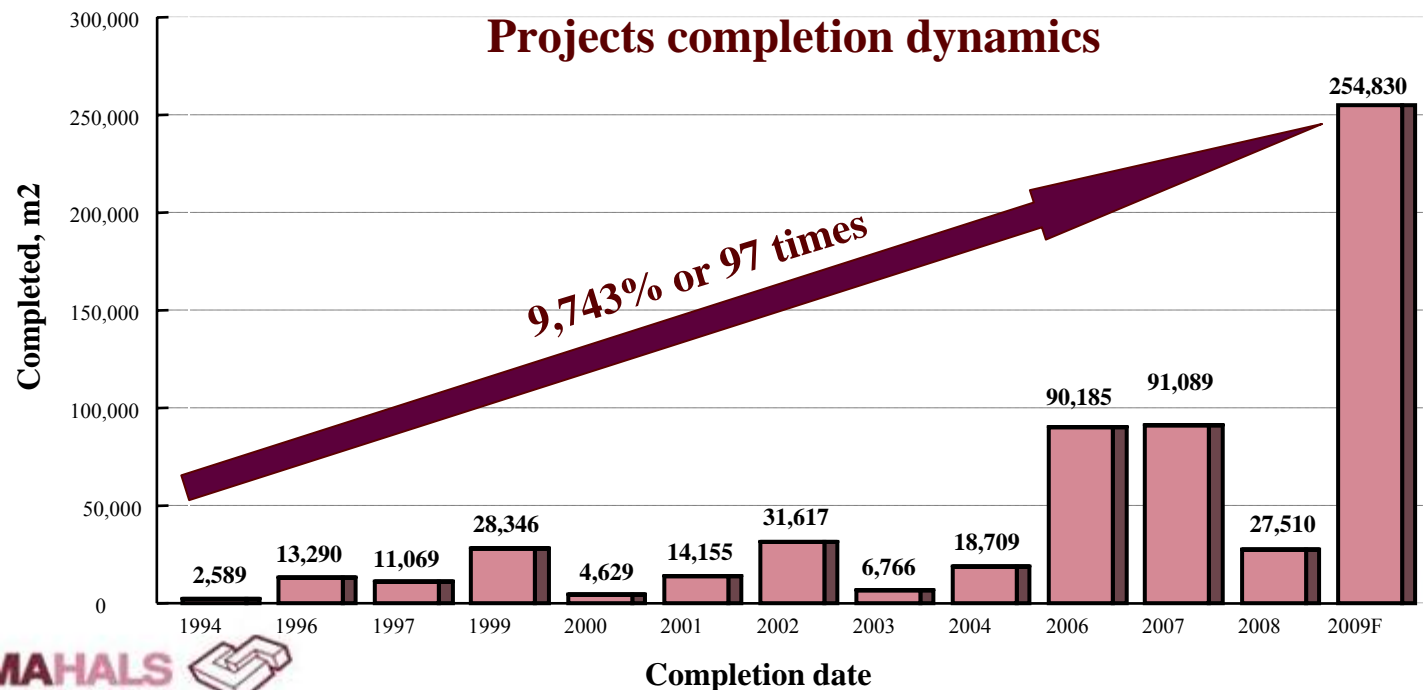


SUCCESSFUL TRACK RECORD



SISTEMA-HALS TO HIT ITS RECORD

-  Since 1994 Sistema-Hals has successfully completed ~40 projects with a total area of 340,000 m²
-  In 2009, Sistema-Hals plans to hit the record and complete 5 projects with a total area of 254,830 m²
 -  LETO shopping centre, St. Petersburg (112,279 m²)
 -  Diplomat residential building at 39A, Michurinsky Prospekt (43,029 m²)
 -  Primavera residential complex at 4, Nakhimovsky Prospekt (42,218 m²)
 -  Residential building at 25A, Dnepropetrovskaya St. (31,369 m²)
 -  Emerald Valley residential complex at 111, Rublevskoye Highway (25,935 m²)



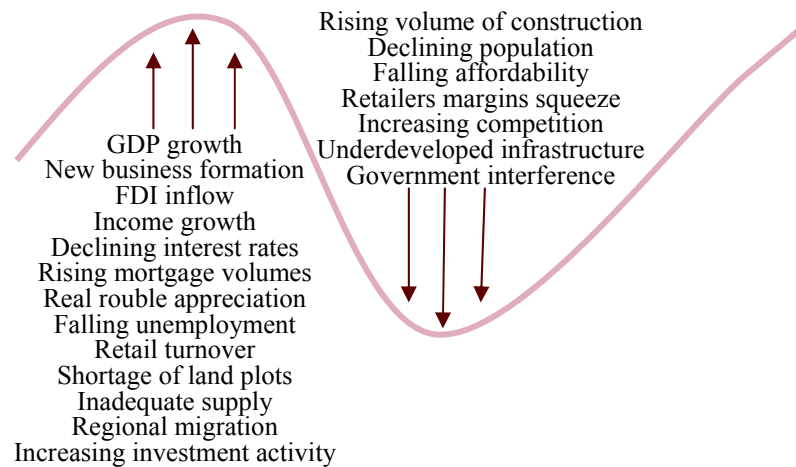
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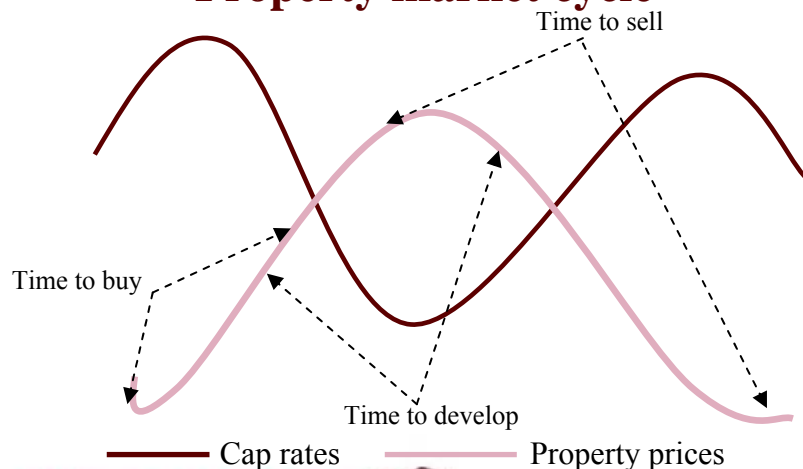







PROPERTY MARKET IS CYCLICAL

Key factors affecting property market in Russia*



Property market cycle*



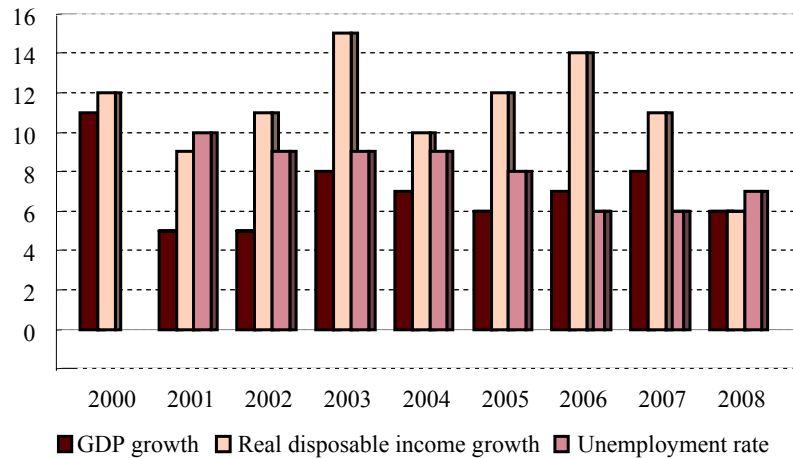
-  Property market encounters upturns and downturns
-  The cyclical nature of property markets closely ties with economic growth
-  Recession is characterised by declining supply with some projects halted, increasing vacancy rates, falling rents and rising cap rates
-  Recovery phase is with new supply appearing on the market after rebirth of demand, vacancy rates begin to decline, rents propping up, cap rates stabilising
-  The most advantageous buying opportunities exist during the late declining, bottom and early rising portions of the real estate market cycle, while the best time for development is in the mid to late rising periods of the cycle

The crisis is temporary.



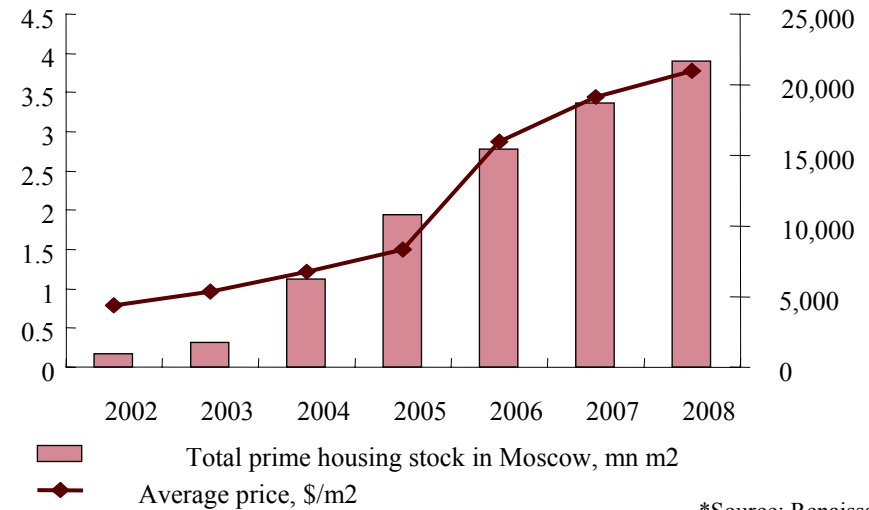
PROPERTY MARKET INDICATORS

Key macroeconomic indicators, %



Source: Rosstat

Prime residential property, Moscow*



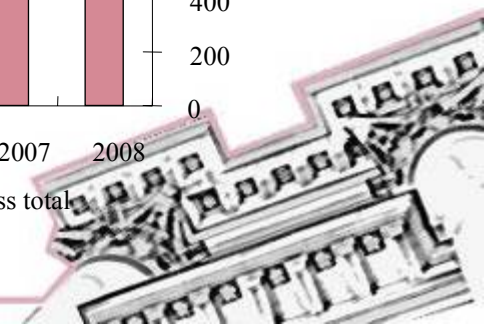
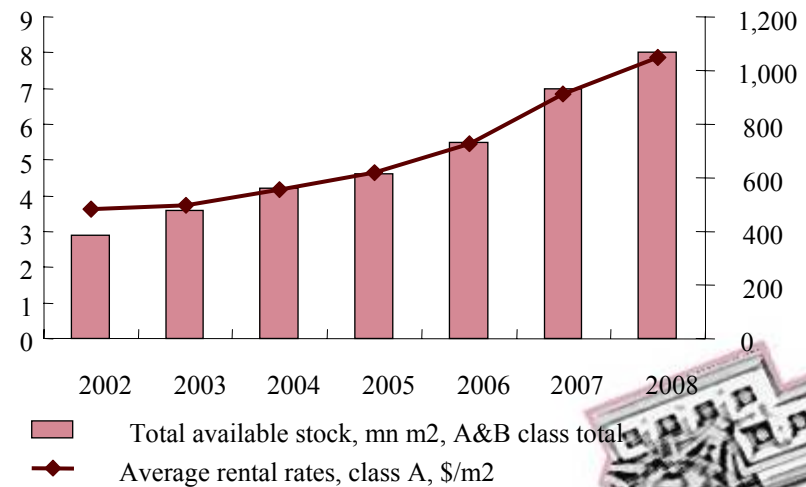
*Source: Renaissance Capital

USD/RUB exchange rate dynamics



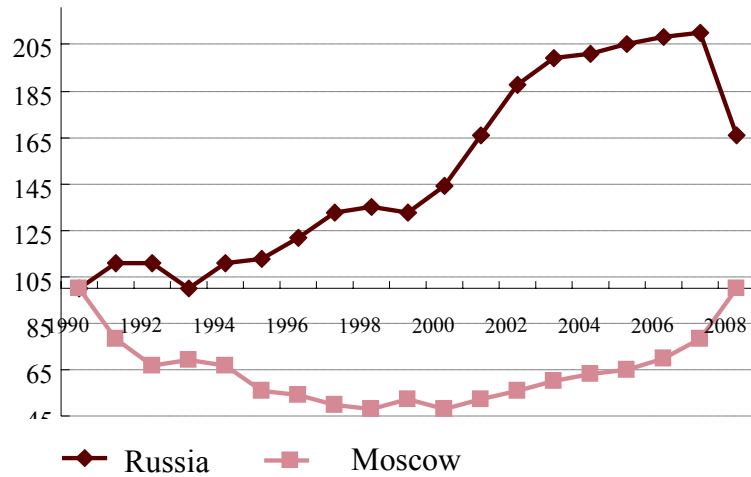
Source: Central Bank of Russia

Offices class A, Moscow*



PROPERTY MARKET INDICATORS

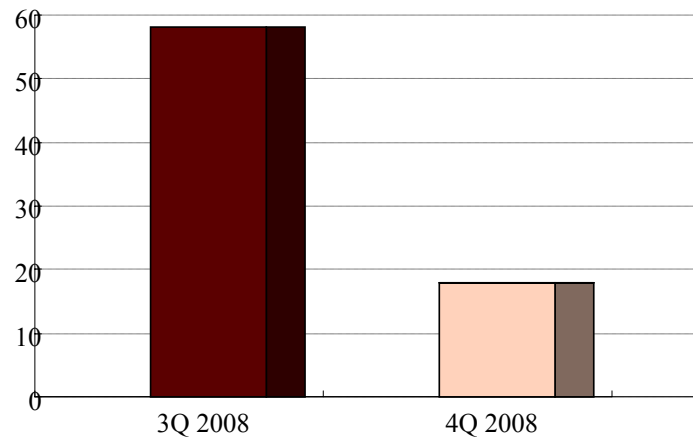
New construction of residential, %



Rates of residential construction, %



New construction of cottages



Source: www.IRN.ru



CURRENT MARKET SITUATION

- 🏛️ Liquidity crisis with interest rate increase, lack of financing opportunities, more rigid requirements for borrowers and pledges caused projects freezes and new construction postponements. As a result, there will be less residential and commercial property built in a medium-term perspective and a **deficit of new property over next 1-2 years**
- 🏛️ Limited access to credit facilities and oversupply of completed projects from developers is likely to result in price corrections for residential property of mostly economic and business class
- 🏛️ Credit scarcity and decrease of working capital will enforce business to cut costs, rent less office spaces and postpone purchase of commercial property. Renting price corrections and lower prices on commercial property have started
- 🏛️ The market transforms from “the market of sellers” to “the market of clients”
- 🏛️ Currently sellers provide with hidden discounts to attract customers and to speed-up sales of B, B-residential and B, B- offices
- 🏛️ Differed demand on commercial and residential property will appear as soon as the financial crisis is over due to restricted supply of completed projects and strengthen consumer confidence with market fundamentals









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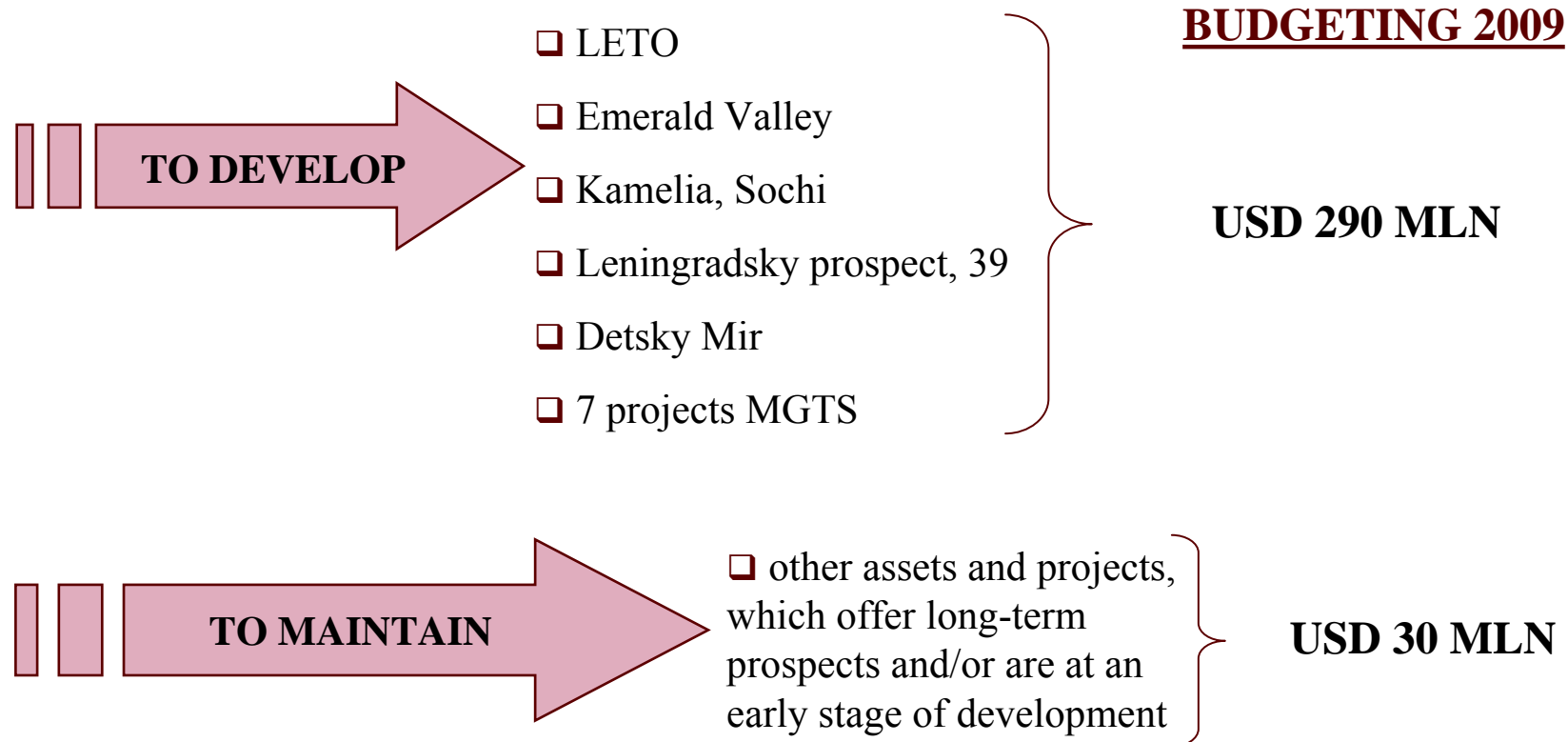
STRATEGY REVIEW & MANAGEMENT INITIATIVES¹⁵

The management implements the following steps to struggle with tangled financial situation, to survive in current challenging market and to create a good foundation for further thrift:

-  Restructure current portfolio, developing only priority projects with fixed financing schedule, which will generate cash in the near future
-  Maintain the remaining part of the portfolio for stable operations in future after the crisis period
-  Consider partial or full divestiture of certain projects in order to generate additional cash to finance strategic projects development
-  Attract strategic partners to develop long-term and capital-intensive projects getting access to additional financing and expertise
-  Restructure current debt portfolio
-  Optimize operating and administrative costs



RESTRUCTURE CURRENT PROJECT PORTFOLIO



PRODUCTION PLAN FOR 2009

PROJECT/STAGE	1Q 09	2Q 09	3Q 09	4Q 09
LETO				
Closure of contour	✓	✓		
Engineering systems	✓	✓		
Internal and external fit out works	✓	✓	✓	
EMERALD VALLEY				
Construction work and infrastructure	✓	✓		
Area improvement		✓	✓	
KAMELIA, SOCHI				
Project design works	✓	✓	✓	
Seasonal work to fix up the beach		✓	✓	
LENINGRADSKI PROSPECT, 39				
Receiving heat and electricity requirement	✓			
Façade works	✓	✓	✓	
Internal fit out works and engineering systems	✓	✓	✓	✓



“LETO” SHOPPING MALL

Location: St. Petersburg, Russia

Land plot: 17.7 hectares

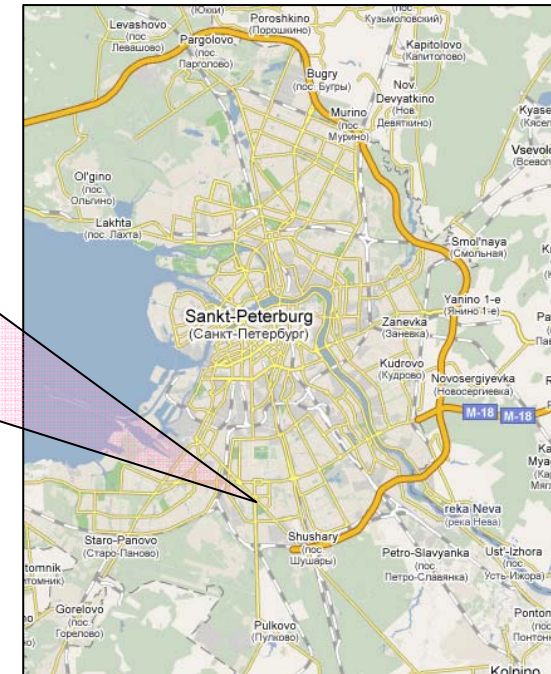
GBA: 112,279 m²

Partner: Apsys (50% : 50%)

Completion period: 3Q 2009

Progress today:

- ❑ devised new marketing concept;
- ❑ installed new external utilities;
- ❑ constructed steel structure;
- ❑ installed glass for windows and steel structure;
- ❑ started to enclose the building



Agreements signed with:

Media Markt, Russian Ice, Monex Trading (Starbucks, Mothercare, Claire's, Next, The body shop), Lady & Gentleman, KFC, L'Etoile, Sephora and ~ 30 other tenants

The project is 85% complete. The Joint Venture partners Sistema-Hals and Apsys Group have and will be investing equity in this project and EuroHypo will continue to provide financing for the project in the form of a construction loan.



“EMERALD VALLEY” ELITE RESIDENTIAL

Location: Moscow, Rublevskoye Highway, 111

Residential area: 2,641 m²

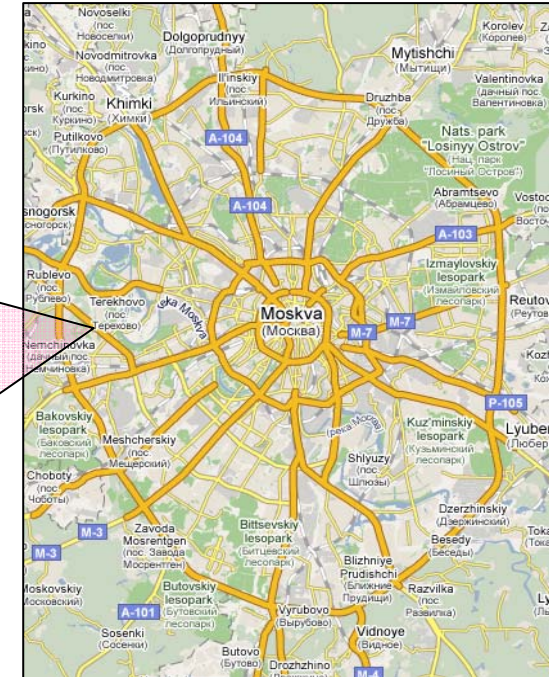
GBA: 25,935 m²

Partner: individual investors

Completion period: 3Q 2009

Progress today:

- the building skeleton is constructed;
- roofing is 100% complete;
- now conducting façade work, internal glass installation, and area improvements



This project is being completed in line with schedule.



“KAMELIA” HOTEL COMPLEX

Location: Sochi, Russia

Land plot: 6.3 hectares

GBA: 96,069 m²

Partner: Saraya (50% : 50%)

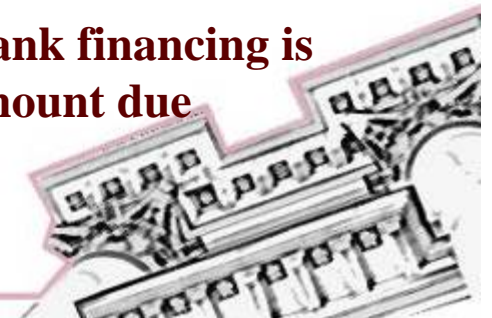
Completion period: 2Q 2012

Progress today:

- developed a proposal to design a bi-level traffic interchange;
- constructed a full-size tunnel under the railroad;
- developed a design for beach reconstruction;
- hired international architect AEDAS for conceptual support (Ginzberg Bureau is the designer);
- dismantled the Intourist and Kamelia hotels;
- constructed a new transformer substation



The partners are required to finance the construction with equity until bank financing is available. To fund its share, Sistema-Hals plans to use the outstanding amount due from Saraya under the Share purchase agreement.



“LENINGRADSKY TOWERS” OFFICE BUILDING

Location: Moscow, Leningradsky prospect, 39

Land plot: 1.1 hectares

GBA: 110,070 m²

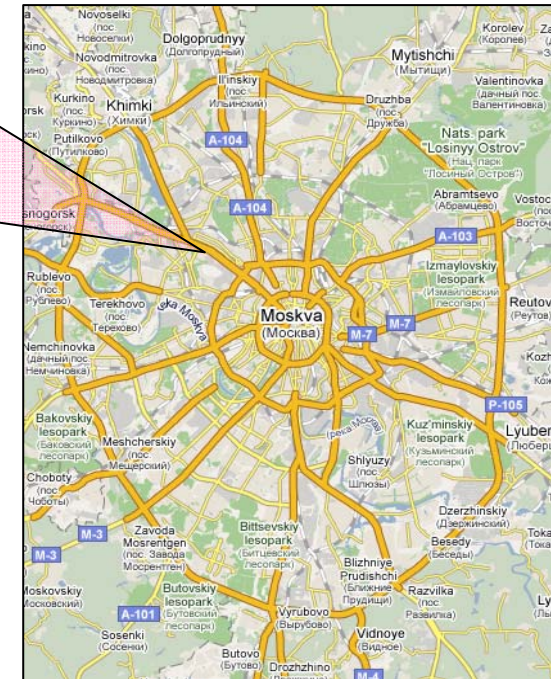
Partner: Siemens

Completion period:

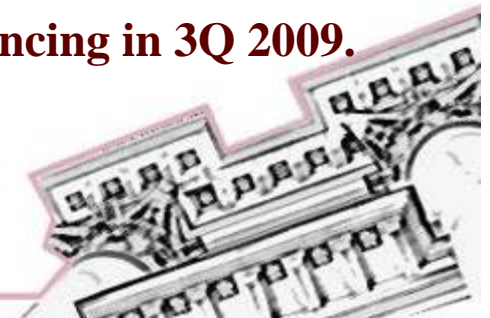
Depends on terms of financing arrangements
currently being negotiated

Progress today:

- completed construction of concrete monolithic frames for both towers (floors 1-28);
- completed roofing for both towers;
- began installation of external heating, sewage, water supply;
- extended required permits



In 2009, Sistema-Hals plans to invest own cash and to attract project financing in 3Q 2009.



“DETSKY MIR” SHOPPING CENTER

Location: Moscow, Lubyanka

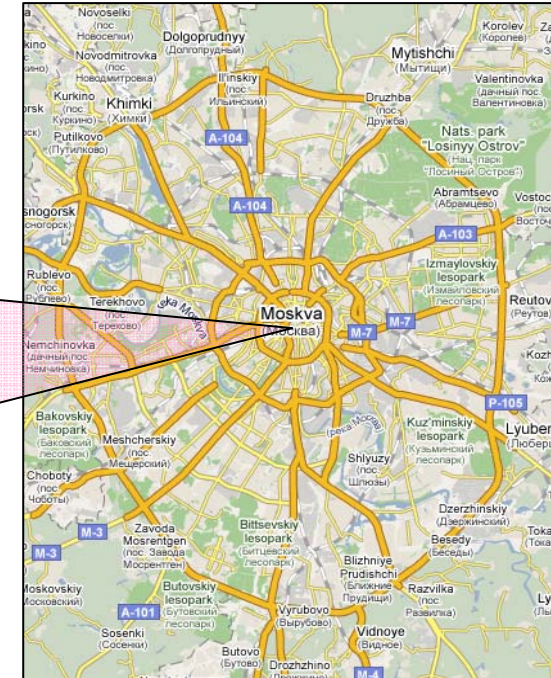
Land plot: 0.99 hectares

GBA: 74,117 m²

Completion period: 4Q 2011

Progress today:

- design planning for reconstruction;
- receipt of approval by Mosgosexpertiza;
- preparatory work in accordance with order;
- issued working documentation for base floor and architectural part of the project



We plan to finance DM capital expenditures with proceeds from a construction loan expected from one of the leading Russian banks. The loan documentations are currently being finalized and we expect to be able to utilize the facility in 1H 2009.



MGTS OFFICE BUILDINGS (7 projects)

Location: Moscow

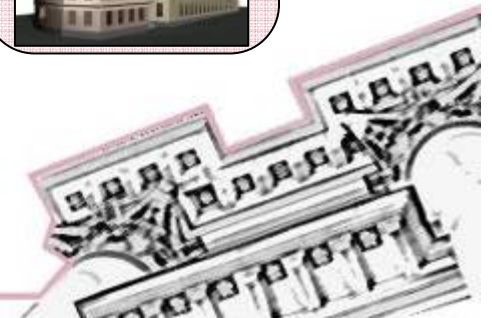
- ❑ 5, Vsevolozhsky Pereulok
- ❑ 19, Daev Pereulok
- ❑ 3, Zorge Street
- ❑ 5, Milyutinsky Pereulok
- ❑ 34, Nagatinskaya
- ❑ 11, Rogozhsky Val
- ❑ 5, Stolyarny Pereulok

GBA: 166,313 m²

Partner: Uralsib (50% : 50%)

Completion period: 2010-2012

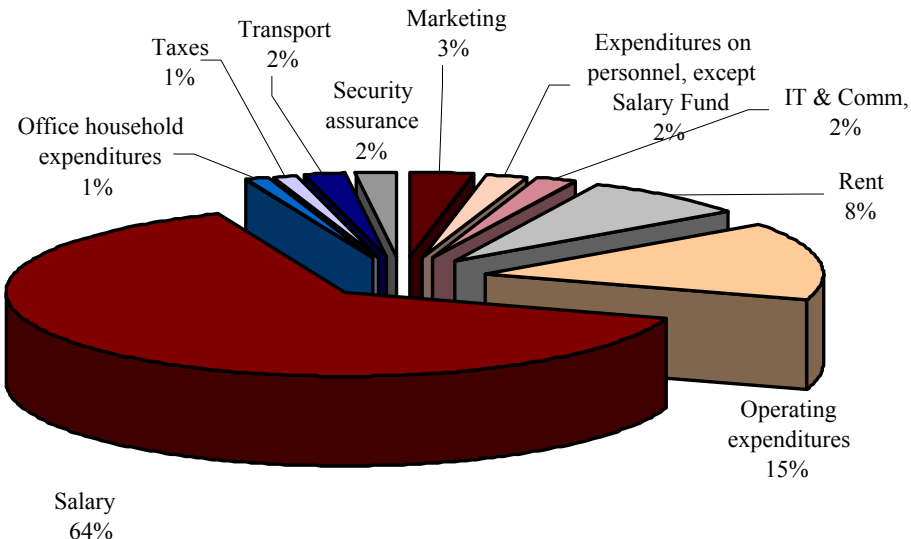
**Financing to be provided by Uralsib.
No financing required from Sistema-Hals.**



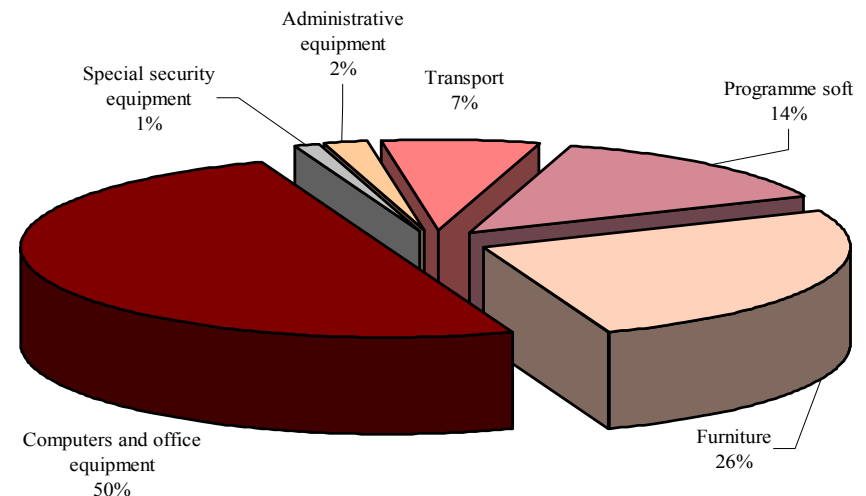
OPTIMIZING SG&A EXPENSES

For 9 m 2008, SG&A expenses amounted to ~69 mln \$:

Overheads (62 mln \$)




Capital expenditure (7 mln \$)

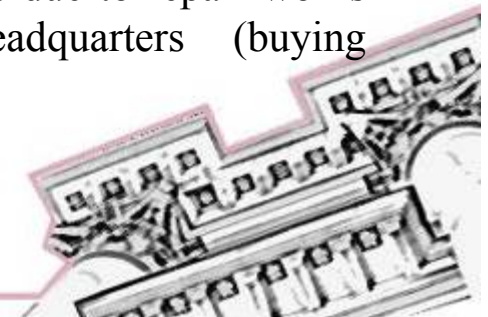


In 2009, Sistema Hals plans to decrease SG&A expenses by ~ 50% to approximately 40 mln \$:

 All fixed expenses will be cut down, especially :












- payroll expenses due to new motivation program (↓ 55%)
- operating expenses (↓ 30%)
- renting expenses (↓ 30%)
- transportation expenses (↓ 30%)

 Variable expenses will be decreased by 3 mln \$ in 2009 (↓ 60%) as major portion of variable expenses in 9 m 2008 was due to repair works in the Company's headquarters (buying computers & furniture)




OPTIMIZING PAYROLL AND OTHER EXPENSES

Sistema-Hals completed the following measures to cut the payroll and other expenses:

-  Decreased headcounts by 30% 
-  Implemented new bonus program, more appropriate under the current market situation (dependent on % of revenue) 
-  Optimized social programs 
-  Cut down renting expenses by ~0.4 mln \$ due to:
 - moving all subsidiaries to the headquarters 
 - renting empty offices 
-  Decreased transportation expenses by ~0.5 mln \$ 

Sistema-Hals plans further measures to optimize other expenses:

-  Operating expenses (consulting, business trips, etc) will be decreased by 4 mln \$ in 2009



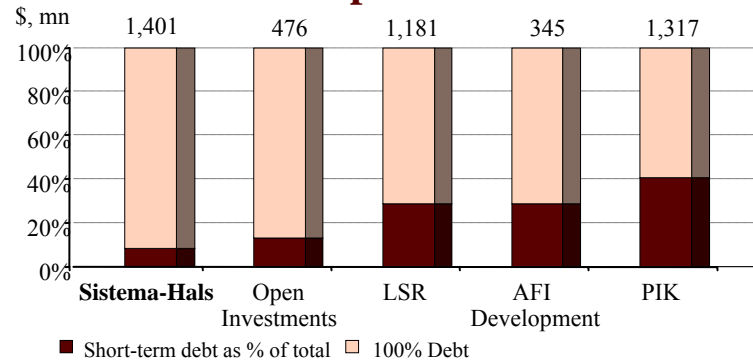
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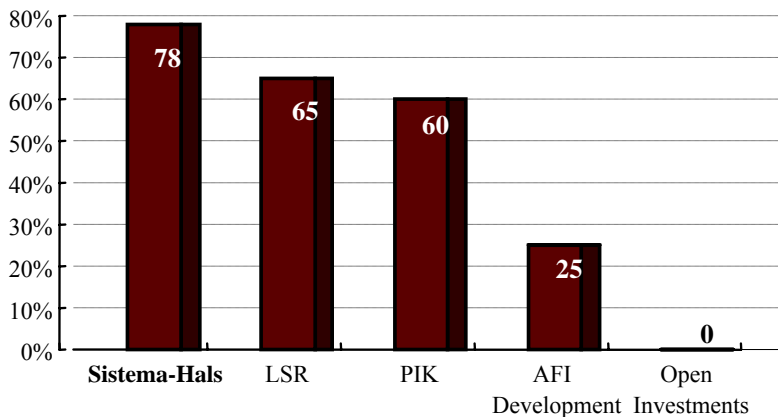


CURRENT DEBT STRUCTURE

Short-term debt of Russian real estate companies*



% of RUB denominated debt*



**Short-term debt to gross debt is less than 9%, which is the lowest in the sector.
The Company's debt is predominantly rouble denominated.**

🏛️ Sistema-Hals has relatively good access to credit facilities in turmoil market due to reputable credit history and support from AFK Sistema

🏛️ Due to conversion of the five-year credit facilities (500 mln USD and 200 mln USD) granted by Bank VTB in 2007 into roubles as of 2 Dec 2008 and obtaining new loans only in roubles, the biggest portion of debt is rouble denominated - 78%

🏛️ Gross debt decreased from ~1.6 bln USD due to payouts in Dec 2008 and recent surge of USD exchange rate

🏛️ As of 31 December 2008, gross debt – ~1.4 bln USD, cash and cash equivalents – 58 mln USD

🏛️ One of the lowest short term debt in the industry – 125 mln USD in 2009. The biggest amount of debt (665 mln USD) is due in 2012, which could be further extended or restructured



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FINANCING SOURCES

The funds required to finance the new construction programme, service the Company's debt and cover SG&A expenditure are expected to come in 2009 principally from:



- operating activities;
- sale of projects;
- credit facilities;
- co-investors on selected projects

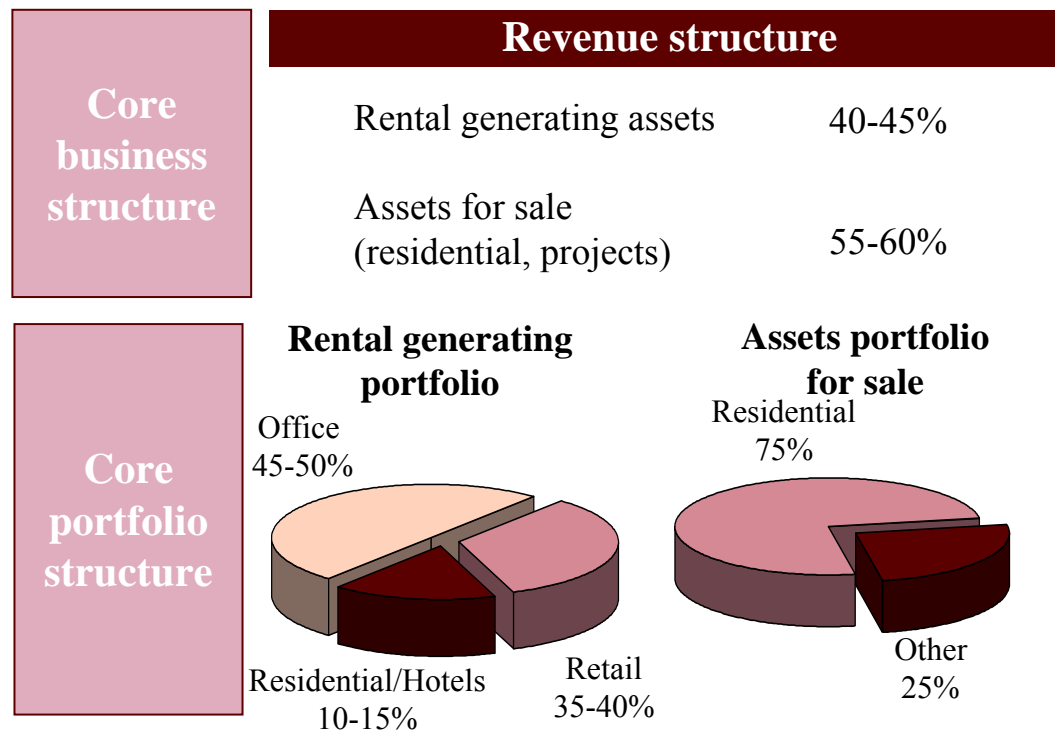
Planned Expenditures 2009		Financing Sources 2009	
To develop projects	~ 290 mln USD	Operating activities	~ 70 mln USD
To maintain projects	~ 30 mln USD	Projects sale	~ 150-250 mln USD
To cover SG&A expenses	~ 40 mln USD	Credit facilities	up to 250 mln USD
To pay out debt	~ 125 mln USD	Co-investors on selected projects	~ 150-200 mln USD
Total	~ 485 mln USD	Total	~ 620-770 mln USD

The Company's expenditure requirements are expected to be fully financed.



LONG-TERM VALUE

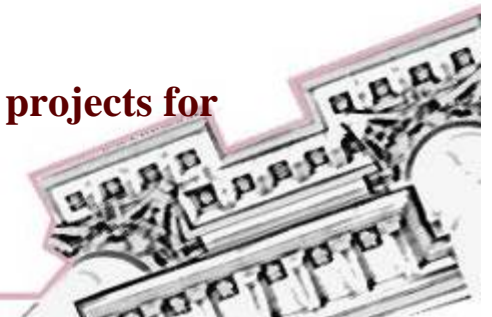
-  The new production plan does not affect the Company's long-term strategy
-  The Company will be ready to roll up with high quality portfolio of commercial and residential projects as soon as the market recovers



By 2012 Sistema-Hals plans to:

- complete projects in accordance with new production program (Siemens, Leto, Detsky Mir, Kamelia, 7 MGTS projects and residential property)
- Maintain portfolio of projects for further development (MGTS projects, NIIDAR, Kuntsevo program)
- Enlarge rental generating portfolio (Detsky Mir, Leto, Kamelia, Pekin)
- The decision to hold projects in portfolio will be made depending on yields and interest rates

By 2012 the Company plans to enlarge rental generating portfolio and portfolio of projects for further development.



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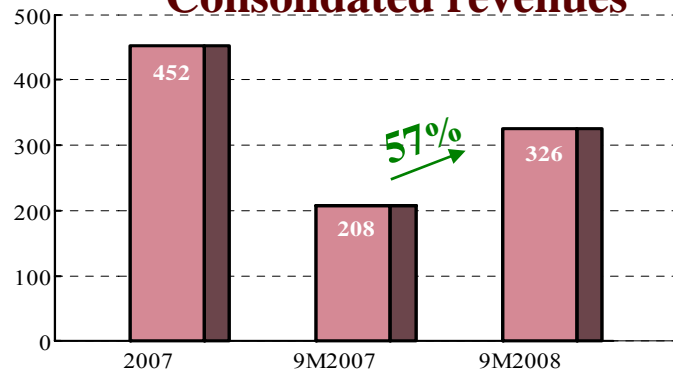
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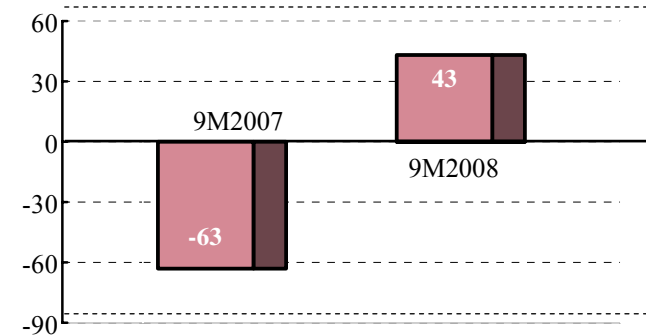
KEY FINANCIALS FOR 9 M 2008, US GAAP

Consolidated revenues



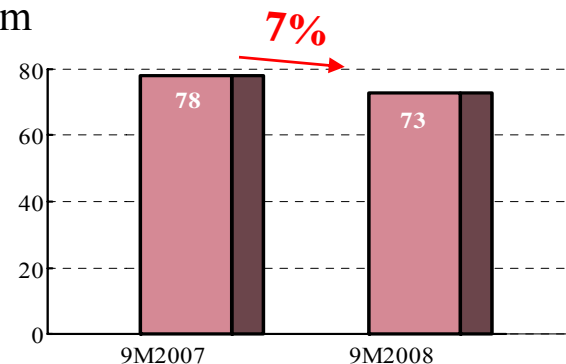
- Consolidated revenues YoY grew by **57%** to USD 326 mln due to increase in sales of projects; sales of units in residential projects; house sales and rental revenues from single family houses

OIBDA



- Consolidated **OIBDA increased to USD 42.9 million** compared to negative OIBDA in the amount of USD 63.0 million for the previous period due to increase of operating income

Net loss



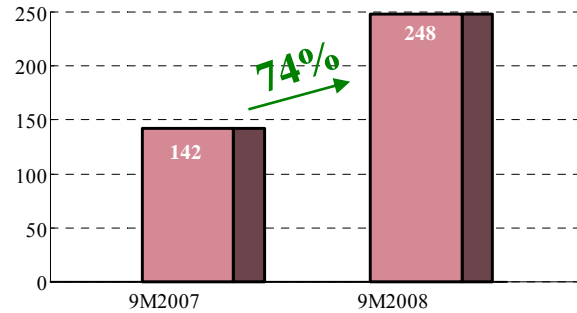
- Net loss **decreased YoY by 7%** to USD 72.5 mln

- OIBDA margin grew from **(63%) to 43%**



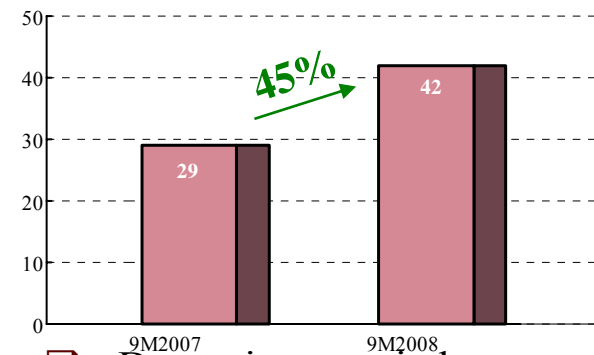
BREAKDOWN OF REVENUES

Real estate development



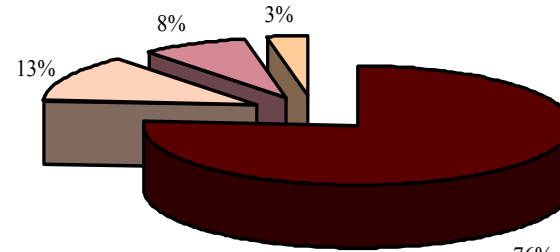
Due to increase of real estate sales

Asset management



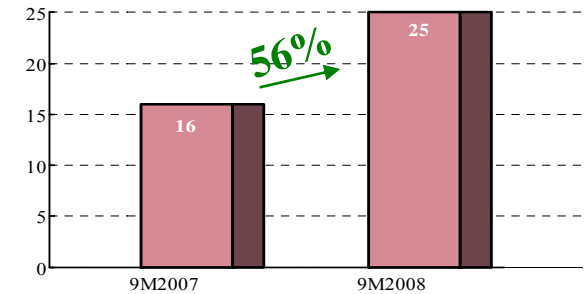
Due to increase in house sales and rental revenues

9m 2008 revenue breakdown



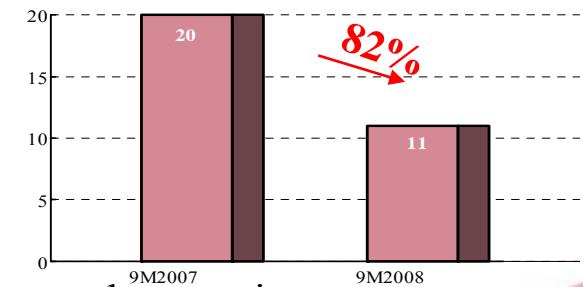
- Real estate development
- Asset management
- Facility management
- Project and construction management

Facility management

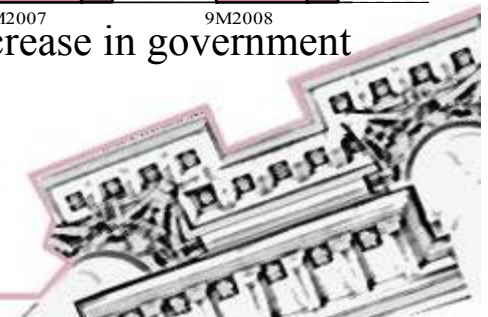


Due to increase in revenues from services provided to subsidiaries of JSFC Sistema

Project and construction management

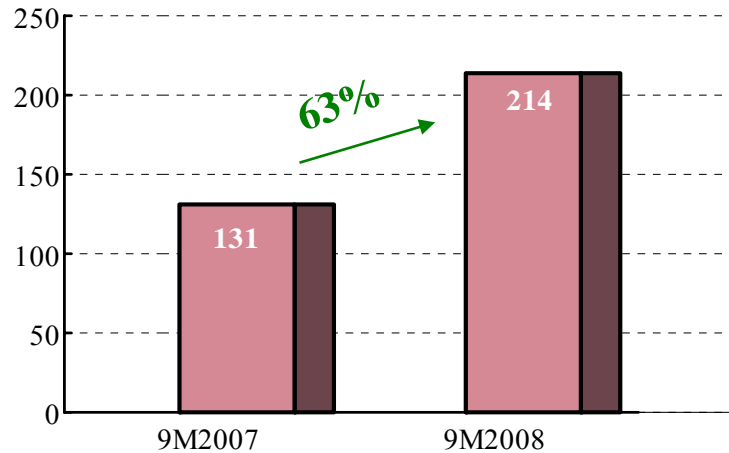


Due to decrease in government orders



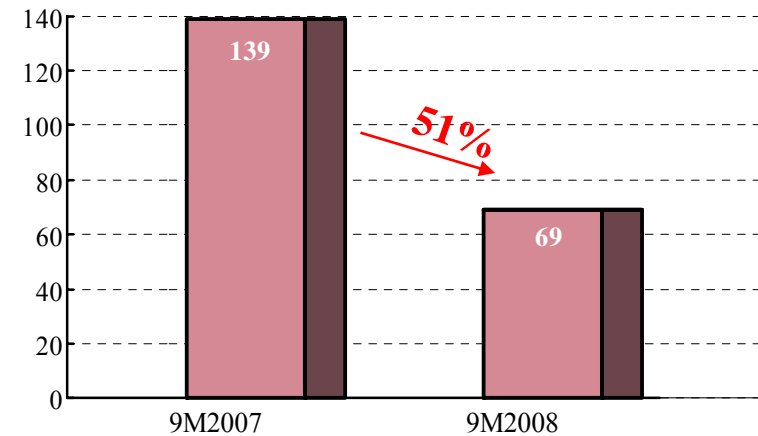
OPERATING AND ADMINISTRATIVE EXPENSES

Operating costs



- Operating costs **increased**, which is in line with the corresponding increase in revenues

Selling, general and administrative expenses

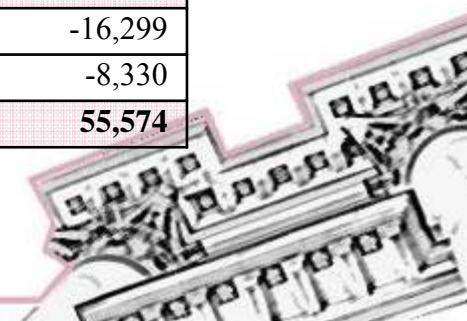


- SG&A **decreased by 51%**, due to a one-off non-cash expense on a stock option bonus plan for the Company's management and members of the Board of Directors for 9m 2007



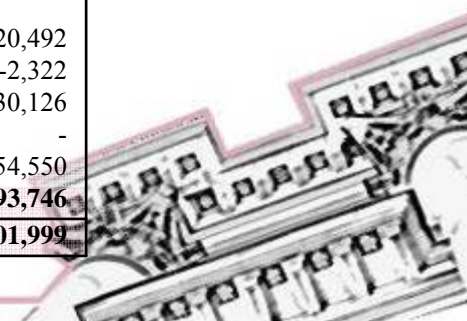
CONSOLIDATED P&L STATEMENT (US GAAP)

(USD '000)	9m 2008	2007	2006
Revenues	325,794	452,196	282,899
<i>Real estate development</i>	247,981	356,045	206,155
<i>Asset management</i>	42,041	44,828	26,805
<i>Facility management</i>	24,781	22,772	10,009
<i>Project and construction management</i>	10,991	28,551	39,930
Operating expenses, incl.:	-298,893	-400,154	-199,903
Cost of sales	-213,967	-218,663	-151,476
Selling, general and administrative expenses	-68,943	-66,814	-41,283
Depreciation and amortization	-15,983	-14,870	-7,144
OIBDA	42,884	62,912	90,140
Operating income/(loss)	26,901	52,042	82,996
Other expenses, net	-9,350	-10,266	-372
Interest income	10,933	14,274	4,255
Interest expense, net of amounts capitalised	-31,789	-11,950	-7,554
(Loss) / gain on foreign currency transactions	-37,773	19,089	-1,930
Gain on sale of a subsidiary	-	113	-
Loss/income before income tax and minority interests	-41,078	63,302	80,203
Income tax expense	-24,369	-16,216	-16,299
Minority interests	-7,066	-12,405	-8,330
Net loss/net income	-72,513	34,681	55,574



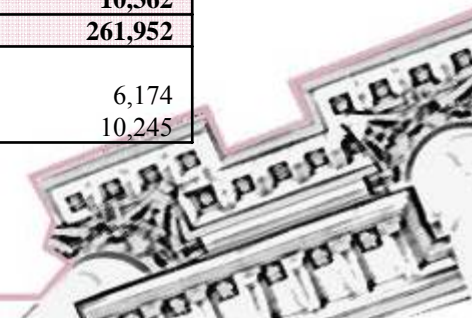
CONSOLIDATED BALANCE SHEET (US GAAP)

(USD '000)	Sept 30, 2008	Dec 31, 2007	Dec 31, 2006
ASSETS			
Cash and cash equivalents	30,669	45,398	261,952
Trade receivables, net	187,328	216,024	34,741
Taxes receivable	95,998	55,770	38,855
Other receivables, net	53,800	33,460	9,771
Deposits, loans receivable and investments in debt and equity securities	65,134	129,613	164,855
Costs and estimated earnings in excess of billings on uncompleted contracts	141,094	119,040	13,081
REAL ESTATE INVESTMENTS, NET			
Real estate developed for sale	1,027,728	856,883	270,892
Income producing properties, net	371,540	155,736	59,541
Total	1,399,268	1,012,619	330,433
Buildings used for administrative purposes, plant and equipment, net	13,578	10,702	5,477
Development rights and other intangible assets, net	35,105	33,229	40,035
Investments in associates	49,816	51,355	2,799
Debt issuance costs net of accumulated amortization	32,111	36,866	-
Deferred tax assets	26,009	11,014	-
TOTAL ASSETS	2,129,910	1,755,090	901,999
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Payables to suppliers and subcontractors	88,633	58,229	33,477
Billings in excess of costs and estimated earnings on uncompleted contracts	29,333	31,664	25,363
Accrued expenses and other liabilities	105,442	67,092	25,130
Taxes payable	19,411	11,937	3,899
Loans and notes payable	1,262,078	977,837	377,967
Deferred tax liabilities	60,290	32,324	21,504
TOTAL LIABILITIES	1,565,187	1,179,083	489,572
MINORITY INTERESTS	47,838	27,060	18,681
SHAREHOLDERS' EQUITY			
Share capital	20,492	20,492	20,492
Treasury stock	-1,600	-1,576	-2,322
Additional paid-in capital	527,280	529,910	430,126
Accumulated other comprehensive income	43,950	-	-
(Accumulated deficit) / Retained earnings	-73,237	121	-54,550
TOTAL SHAREHOLDERS' EQUITY	516,885	548,947	393,746
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,129,910	1,755,090	901,999



CONSOLIDATED CASH FLOW STATEMENT (US GAAP) ³⁷

(USD '000)	9m 2008	2007	2006
OPERATING ACTIVITIES:			
Net loss/income	-72,513	34,681	55,574
Adjustments to reconcile net loss to net cash used in operations:			
Depreciation and amortization	15,984	14,873	7,144
Loss / (gain) on disposal of plant and equipment	49	47	-507
Minority interests	7,066	13,793	8,330
Gain on sale of a subsidiary	-	-113	-
Equity interest in net income of investees	2,247	-	-
Gain on sale of real estate investments	-20,472	-157,989	-96,919
Stock-based compensation	-422	99,807	-
Deferred tax (benefit)/expense	12,213	-194	10,621
Bad debt expense	-	-	115
Foreign currency transactions loss / (gain) for non-operating activities	39,666	-7,796	-448
Changes in operating assets and liabilities:			
(Costs and estimated earnings in excess of billings) / billings in excess of costs and estimated earnings on uncompleted contracts	-29,417	-113,733	66,602
Trade receivables	2,960	-52,980	-13,927
Taxes receivable	-43,852	-18,026	-13,797
Other receivables	-7,757	-23,713	-6,197
Payables to suppliers and subcontractors	39,606	11,088	20,267
Accrued expenses and other liabilities	20,870	31,082	10,416
Taxes payable	8,191	9,506	-3,229
Net cash used in operating activities	-25,581	-161,342	41,237
NET CASH USED IN INVESTING ACTIVITIES	-221,983	-606,043	-252,708
NET CASH PROVIDED BY FINANCING ACTIVITIES	233,424	549,656	457,827
Effects of foreign currency translation on cash and cash equivalents	-589	1,175	5,234
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS	-14,729	-216,554	251,590
CASH AND CASH EQUIVALENTS, beginning of the period	45,398	261,952	10,362
CASH AND CASH EQUIVALENTS, end of the period	30,669	45,398	261,952
SUPPLEMENTAL INFORMATION:			
Income taxes paid	-17,329	13,423	6,174
Interest paid, net of amounts capitalized	-8,200	38,109	10,245



THANK YOU!!!

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