

THE BOARD OF DIRECTORS RESOLUTIONS

MOSCOW, RUSSIA – August 20, 2012 – HALS-Development (LSE, MICEX, RTS: HALS), a major Russian real estate company, announces the Board of Directors resolutions passed at the meeting on 17 August 2012 (minutes #2 dated 17/08/2012):

- 1) To approve the composition of the Audit Committee of the Company's Board of Directors as follows:
Plaksenkov Evgeny (independent director);
Luginin Andrey;
Kosov Pavel.
Voting results:
"FOR" – 7 votes.
"AGAINST" - 0 votes.
"ABSTAINED" - 0 votes.
- 2) To appoint Plaksenkov Evgeny as the chairman of the Audit Committee of the Company's Board of Directors.
Voting results:
"FOR" – 7 votes.
"AGAINST" - 0 votes.
"ABSTAINED" - 0 votes.
- 3) To approve the composition of the Nomination and Compensation Committee of the Company's Board of Directors as follows:
Plaksenkov Evgeny (independent director);
Luginin Andrey.
Voting results:
"FOR" – 7 votes.
"AGAINST" - 0 votes.
"ABSTAINED" - 0 votes.
- 4) To appoint Plaksenkov Evgeny as the chairman of the Nomination and Compensation Committee of the Company's Board of Directors.
Voting results:
"FOR" – 7 votes.
"AGAINST" - 0 votes.
"ABSTAINED" - 0 votes.
- 5) To approve the composition of the Strategy Committee of the Company's Board of Directors as follows:
Kosov Pavel;
Plaksenkov Evgeny;
Luginin Andrey.
Voting results:
"FOR" – 7 votes.
"AGAINST" - 0 votes.
"ABSTAINED" - 0 votes.
- 6) To appoint Kosov Pavel as the chairman of the Strategy Committee of the Company's Board of Directors.
Voting results:
"FOR" – 7 votes.
"AGAINST" - 0 votes.

“ABSTAINED” - 0 votes.

- 7) To approve the composition of the Corporate Governance Committee of the Company’s Board of Directors as follows:

Luginin Andrey;

Kosov Pavel;

Plaksenkov Evgeny.

Voting results:

“FOR” – 7 votes.

“AGAINST” - 0 votes.

“ABSTAINED” - 0 votes.

- 8) To appoint Luginin Andrey as the chairman of the Audit Committee of the Company’s Board of Directors.

Voting results:

“FOR” – 7 votes.

“AGAINST” - 0 votes.

“ABSTAINED” - 0 votes.

7 members of 7 elected members of the Board of Directors have participated at the meeting. There was a quorum on the agenda.

Hals-Development ("the Company") is one of the leading diversified companies on the Russian 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, the Moscow Stock Exchange and the Russian Trading System Stock Exchange.

Main shareholder of Hals-Development is Bank VTB (51.24%); free float is about 21,16%.

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

Hals-Development is currently developing the SkyLight complex in Moscow; reconstructing the building of the Central "Detsky Mir" on Lubyanka; constructing LETO shopping center in Saint Petersburg; developing the Project «Multi-function complex with a transport terminal as part of the Moscow International Business Center «Moscow-City», and fulfils several other projects.

Hals-Development 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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