

INDIRECT CONTROL OVER HALS-DEVELOPMENT JSC

Moscow, Russia – 20 August 2014 – HALS-Development (LSE, MICEX: HALS), a major Russian real estate Company, announces as follows:

VTB Bank (address: Saint-Petersburg, Bolshaya Morskaya str, 29, TIN: 7702070139, Registered number: 1027739609391) has acquired the right of indirect disposition of certain quantity of votes accounted for voting shares of the issuer through the companies:

- “VTB Pension administrator”, Ltd (address: 115054, Moscow, Kosmodamianskaya naberezhnaya, 52, build., 1 TIN: 7708698459, Registered number 1097746178232),
- Bank of Moscow (Open Joint Stock Company) (address: the Russian Federation, 107996, Moscow, Rozhdiestvenka str, 8/15, build. 3, TIN 7702000406, registered number: 1027700159497).

Quantity and percentage of votes which VTB Bank has acquired: 4 741 540 shares, 42.27066%.

HALS-Development JSC publishes the above-mentioned information exclusively in accordance with the announcement published by VTB Bank on August 19, 2014 on the web-site: <http://e-disclosure.ru/portal/event.aspx?EventId=MfF7c-AQ8JEO7cbA3itIttoQ-B-B>

Hals-Development ("the Company") is the fastest growing developing company, specializing in commercial and residential real estate; it controls all stages of development project: from making conception till the following management of the built object.

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 Exchange.

Starting operations in 1994, Hals-Development has successfully completed about 40 projects with a total area over 400,000 square meters,

Hals-Development is currently developing such projects as reconstructing the building of the “Central Children’s Shop on Lubyanka”; development of hotel “Peking”, building of Land Plot No. 11, MIBC “Moscow-City”, selling of residential premises of “Literator”, Wine House”, “Nasledie” and other projects in Moscow and regions. In 2011-2014 the Company put into operation more than 320 thousand sq m, this is 4 large projects – trade center “LETO” (100 thousand sq. m.), business-center Sky-Light (110 thousand sq. m.), residential complex “Solnce” and resort “Camelia” in Sochi. The total value of development projects of HALS-Development is 1.6 mio sq.m.

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The information in the press release may contain forward-looking statements regarding future events or the future financial performance of Hals-Development. You can identify forward looking statements by terms such as "expect", "believe", "anticipate", "estimate", "intend", "will", "could", "may" or "might" the negative of such terms or other similar expressions. We wish to caution you that these statements are only predictions and those actual events or results may differ materially. We do not intend to update these statements to reflect events and circumstances occurring after the date thereof or to reflect the occurrence of unanticipated events.