

INTERESTED PARTY TRANSACTIONS

MOSCOW, RUSSIA – October 01, 2014 – HALS-Development (LSE, MICEX: HALS), a major Russian real estate Company announces about execution of interested party transactions, i.e. several related transactions: Assignment agreement №C-3009/14-1-GTL-GD(Iskra), Assignment agreement №C-3009/14-2-GTL-GD(Iskra), Assignment agreement №C-3009/14-3-GTL-GD(Iskra) (further jointly “Assignment agreements”), Reconciliation agreement.

Subject of transaction: In accordance with the Assignment Agreements **GALTIEMO TRADING LIMITED** (Assignor) assigns and the Hals-Development JSC (Assignee) undertakes the following rights of claim towards LLC Iskra-Park (the previous name – LLC “Coalco Gurdon Development”) under below-mentioned agreements:

1) LOAN AGREEMENT #17/12-01 dated 17.12.2007, concluded between GALTIEMO TRADING LIMITED and LLC Iskra-Park, with regard to the Agreement for the Assignment (Cession) № C-3009/14-GML-GTL(Iskra) dated 30.09.2014, as well as the right of claim for the enforcement of liabilities and any other rights related to the rights of claim under this Loan agreement in the amount of 1 480 815 556,04 (One billion four hundred eighty million eight hundred fifteen thousand five hundred fifty six 04/100) RUR, including interest accrued on 30.09.2014 in the amount of 655 889 191,75 RUR.

2) the Non-revolving loan facility agreement #4341 dated 03.04.2008, with regard to Agreement of Assignment № 4341 dated 22.12.2009, Agreement of Assignment № 9-257-09 dated 22.12.2009, Deed of Assignment dated 22.12.2009, Assignment Agreement dated 31.01.2013, Assignment Agreement dated 11.03.2013, as well undertakes the right of claim for the enforcement of liabilities and any other rights related to the rights of claim under this Non-revolving loan facility agreement in the amount of 335 001 384,77 (Three hundred thirty five million one thousand three hundred eighty four 77/100) RUR, including interest accrued on 30.09.2014 in the amount of 50 641 045,76 RUR.

3) the Loan agreement dated 03.09.2009, with regard to Assignment of Debt dated 11.03.2013, as well as undertakes the right of claim for the enforcement of liabilities and any other rights related to the rights of claim under this Loan agreement in the amount of 312 217 744,50 (Three hundred twelve million two hundred seventeen thousand seven hundred forty four 50/100) RUR, including interest accrued on 30.09.2014 in the amount of 131 127 708,28 RUR.

For the assignment of rights of claim mentioned above Hals-Development JSC (Assignee) pays to GALTIEMO TRADING LIMITED (Assignor) 2 128 034 685, 31 (Two billion one hundred twenty eight million thirty four thousand six hundred eighty five and 31/100) RUR (total sum under Assignment agreements).

In accordance with the Reconciliation agreement obligations of Hals-Development JSC to GALTIEMO TRADING LIMITED on payment of price of claims of rights, received by Hals-Development JSC under Assignment agreements in the amount of 2 128 034 685, 31 (Two billion one hundred twenty eight million thirty four thousand six hundred eighty five and 31/100) RUR and obligation of GALTIEMO TRADING LIMITED to Hals-Development JSC on payment of debt under Loan Agreement № LA2011/12-GD-GTL(k) dd20.11.2012 and Loan Agreement № LA1411/12-GD-GTL(k) dd14.11.2012 in the amount of 2 128 034 685, 31 (Two billion one hundred twenty eight million thirty four thousand six hundred eighty five and 31/100) RUR shall be set off.

For information:

LLC Iskra-Park (the previous name – LLC “Coalco Gurdon Development”) is included in the group of Hals-Development JSC and is the developer of the complex “IskrPark” situated at the

address: Moscow Leningradsky prospect, 35, with total area 234 400 square meters, including 739 apartments: ten sections from 9 to 16 floors, Street-retail, business center, 3 floor underground parking.

Term of obligations performance under the transaction: Rights of claim under the Assignment agreement are transferred from GALTIEMO TRADING LIMITED (Assignor) to Hals-Development JSC (Assignee) from the moment of execution of the Assignment agreements. Money are paid by Hals-Development JSC (Assignee) to GALTIEMO TRADING LIMITED (Assignor) not later than September 30, 2014.

Parties under transactions: Under Assignment agreements: GALTIEMO TRADING LIMITED - Assignor, Hals-Development JSC – Assignee, LLC Iskra-Park – Debtor.

Under Reconciliation agreement: GALTIEMO TRADING LIMITED – Party 1, Hals-Development JSC – Party 2.

Size of transaction:

Total sum of Assignment agreements: 2 128 034 685, 31 RUR (2.24% of the book value of the issuer assets on the end date of the reporting period (quarter, year) preceding the settlement of transaction in the amount of 95 118 433 thousands rubles (RAS).

Price of Reconciliation agreement for Hals-Development JSC: 2 128 034 685, 31 RUR (2.24% of the book value of the issuer assets on the end date of the reporting period (quarter, year) preceding the settlement of transaction in the amount of 95 118 433 thousands rubles (RAS).

Date of making transaction:

September 30, 2014

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.

For further information please contact:

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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.