

## **HYPOTHEC AGREEMENT**

**MOSCOW, RUSSIA – August 04, 2015 – HALS-Development (LSE, MICEX: HALS)**, a major Russian real estate Company announces about execution of the Agreement on hypothec of land lease rights №3475-ДП dd 04/30/2015 between the company that HALS-Development controls - “Beijing-Invest” JSC and VTB Bank (further – the “Agreement”).

### **Subject:**

As security of performance of obligations of “Beijing-Invest” JSC under the Loan agreement №3475 dd 04/14/2015 (in version of Addendum 1 dd07/29/2014 and Addendum 2 dd 04/30/2015 thereto), “Beijing-Invest” JSC (Pledger) transfers into hypothec the land lease right, owned by the Pledger on the basis of short-term agreement of land lease, to VTB Bank (Pledgee).

**Term of transaction:** The hypothec as security enters into force from the moment of state registration of the hypothec.

### **Amount of transaction:**

1 993 281 617,61 – value of hypothec, determined by the Parties, that is 26.6% of the book value of the assets of “Beijing-Invest” JSC on the end date of the reporting period (quarter, year) preceding the settlement of transaction in the amount of 7 462 610 thousands rubles (RAS).

### **Date of making transaction:**

April 30, 2015 – date of execution of the Agreement on hypothec of land lease rights.

August 03, 2015 – date of publishing information about state registration of the Agreement on hypothec of land lease rights on the web-site of the Department of the Federal service for the state registration, cadastral records and cartography in Moscow.

**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 main shareholders of the Company are VTB Bank and Bank of Moscow.

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 600,000 square meters. Hals-Development is currently developing such projects as development of hotel “Peking”, building of Land Plot No. 11, MIBC “Moscow-City”, selling of residential premises of “Nasledie”, “Wine House”, “Peking Gardens”, “Teatralny Dom” and other projects in Moscow and regions. In 2011-2014 the Company put into operation more than 460 thousand sq.m., this is 6 large projects – shopping and entertainment mall “LETO” in Saint-Petersburg” (116 thousand sq. m.), business-center Sky-Light (110 thousand sq. m.), residential complex “Solnce” (60 thousand sq.m.), elite residential quarter “Literator” (67 thousand sq.m.), the shopping center “Children Dreamhouse Mall on Lubyanka” (73 thousand sq.m.) and resort “Kamelia” in Sochi (53 thousand sq.m.). The total value of development projects of HALS-Development is 1.6 mio sq.m.

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*"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.*