

**RESOLUTIONS OF THE BOARD OF DIRECTORS /
EXPIRATION OF THE POWERS OF THE MEMBERS OF THE MANAGEMENT BOARD**

Moscow, Russia – 02 August 2011 – Hals-Development (LSE, MICEX, RTS: HALS), a major Russian real estate company (“the Company”), announces, that on August 01, 2011 the Board of Directors has resolved as follows:

1. The powers of the members of the Management Board of Hals-Development are early terminated as of August 01, 2011.

In accordance with the above resolution of the Board of Directors the power of the following members of the Management Board of the Company shall be deemed terminated as of August 01, 2011:

1. Borkin Evgeny;
2. Danilidi Ignaty;
3. Zikanov Dmitry;
4. Skvortsov Andrey.

The above mentioned persons do not participate in the charter capital of the Company / do not own any ordinary shares of the Company.

2. The member of members of the Management Board of Hals-Development shall be 7 persons, including the President of the Company;

3. Borkin Evgeny shall be elected to the position of the member of the Management Board of Hals-Development as of August 02, 2011 until June 14, 2014;

4. Grinin Dmitry shall be elected to the position of the member of the Management Board of Hals-Development as of August 02, 2011 until June 14, 2014;

5. Zikanov Dmitry shall be elected to the position of the member of the Management Board of Hals-Development as of August 02, 2011 until June 14, 2014;

6. Kaprov Leonid shall be elected to the position of the member of the Management Board of Hals-Development as of August 02, 2011 until June 14, 2014;

7. Kruglova Victoria shall be elected to the position of the member of the Management Board of Hals-Development as of August 02, 2011 until June 14, 2014;

8. Sivak Mikhail shall be elected to the position of the member of the Management Board of Hals-Development as of August 02, 2011 until June 14, 2014;

The members of the Management Board of the Company do not participate in the charter capital of the Company / its affiliate and dependant Companies; do not own any ordinary shares of the Company / its affiliate and dependant Companies, as well as any options to purchase any such shares.

For information: The President of the Company - Sergey Kalinin is a member of the Management Board of the Company (the Chairman) pursuant to his position (par. 2 of item 1 of Article 69 of the Law of Russian Federation “On Joint-Stock Companies”).

Hals-Development (“the Company”) is one of the leading diversified company in the Russian and CIS 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 and 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 metres, including several residential complexes in Kuntsevo, the headquarters of the 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 implements the development of the SkyLight complex in Moscow; reconstructs the building of the Central "Detsky Mir" on Lubyanka; constructs LETO shopping center in Saint Petersburg; developments the Project «Multi-function complex with transport terminal as part of 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.

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 Sistema-Hals. 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.