

## **THE AGREEMENT ON SUBSTITUTION OF PARTIES TO THE OBLIGATION BETWEEN COMPANY'S SUBSIDIARIES**

**Moscow, Russia – 16 August 2012 – HALS-Development (LSE, MICEX: HALS)**, a major Russian real estate company, announces that the agreement on substitution of parties to the obligation under the contract #ГП-ДМ-0208/10 dated 02.08.2010 has been concluded between Company's subsidiaries – Lubyanka-Development OJSC and Invest-Project CJSC.

Under the terms of the deal Invest-Project CJSC (the Customer) with the consent of Association Ingeokom CJSC (General contractor) shall provide to Lubyanka-Development OJSC (legal Successor) of all rights and obligations of the Customer under the Contract № ГП-ДМ-0208/10 dated 02.08.2010, entered into by and between Association Ingeokom CJSC (General contractor) and Invest-Project CJSC (the Customer).

Lubyanka-Development OJSC (legal Successor), by becoming a party to the Contract, assumes obligations, including obligation to pay for works of Association Ingeokom CJSC (General contractor) in the amount of not more than 3 832 000 000,00 (three billion eight hundred and thirty-two million) rubles on the development of the detailed design, construction and installation, commissioning and other works that are necessary in accordance with the current legislation of the Russian Federation, town-planning codes of the Russian Federation and Moscow, technical regulations, norms and rules for construction, performed by Association Ingeokom CJSC (General contractor) and aimed at:

- 1) the construction of the building of a trading complex «Detsky Mir» to the address: bld.5, Teatral'ny secondary street, Moscow, subject to complex reconstruction with the restoration of the facades in the framework of its regeneration;
- 2) the putting complex into operation in accordance with the project documentation, the terms of reference, the detailed design and other documentation developed by Association Ingeokom CJSC (General contractor).

The total cost of providing all rights and obligations will be 207 078 973,40 RUR, that is 6,35% of the book value of the assets of Lubyanka-Development JSC on the end date of the reporting period (quarter, year) preceding the settlement of transaction in the amount of 3 259 041 thousands rubles (RAS).

The total cost of works under the contract #ГП-ДМ-0208/10 will be 3 832 000 000,00 RUR that is 117,58% of the book value of the assets of Lubyanka-Development JSC on the end date of the reporting period (quarter, year) preceding the settlement of transaction in the amount of 3 259 041 thousands rubles (RAS).

**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 and the Moscow 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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*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.*