

GUARANTEE AGREEMENT WITH VTB BANK

Moscow, Russia – 21 March 2012 – HALS-Development (LSE, MICEX: HALS), a major Russian real estate company, announces, that on 20 March 2012 in order to ensure the performance of obligations under the Credit agreement between Company's subsidiary («Experimentalny zavod napitkov v Khamovnikah» CJSC) and VTB Bank the Company has signed the Guarantee agreement with VTB Bank.

Size of guarantee (the credit line limit with interest for using the loan under the credit agreement, calculated for the whole term of the credit line) – RUR 2 362 855 713 (3,39% of the book value of Company's assets on the date of the end of the 1st quarter of 2011 (RAS, standalone basis¹) - the reporting period, preceding the approval of the transaction).

The term of guarantee – 01 July 2018.

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.

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.

¹ The figure is counted according to the Hals-Development JSC report prepared under RAS, and does not characterize the operation of the whole group of Hals companies.