

## **HYPOTEC AGREEMENT**

**MOSCOW, RUSSIA – June 14, 2013 - HALS-Development (LSE, MICEX: HALS)**, a major Russian real estate Company, announces that for the purpose of security of obligations` performance by Hals-Development JSC (Borrower) under the Loan agreement № 2624 dd 17/09/2010 including Addendum №1 dd 07/02/2011 and Addendum № 2 dd 19/09/2012 thereto (further “Loan Agreement”) Hals-Development JSC (Pledger) delivers as hypothec to JSC VTB Bank (Pledgee) the following **Subject of hypothec**:

1. Multifunction complex with underground parking, with 26 floors (including 5 underground floors), purpose: nonresidential building, cadastral number: 77-77-12/035/2012-613, inventory number 2157/87 (03408291), total floor space: 49 986,9 sq. m., situated at the address: Moscow, Leningradsky prospect, 39, build. 79;
2. Multifunction complex with underground parking, with 26 floors (including 5 underground floors), purpose: nonresidential building, cadastral number: 77-77-12/035/2012-612, inventory number 2157/88 (03408339), total floor space: 49 983,5 sq. m., situated at the address: Moscow, Leningradsky prospect, 39, build. 80.

**The term of obligations performance:** the term of obligations` performance by Hals-Development JSC (Borrower) under the Loan Agreement – 1 460 calendar days from the effective date of the Loan Agreement.

### **The value of transaction:**

- 1) 12 722 157 728,59 rubles – balance value of the Subject of hypothec, determined according to the data of the financial statements of Hals-Development JSC on the date 31/03/2013 (14.18% of the book value of Company's assets on the end date of the reporting period (quarter, year) preceding the settlement of transaction in the amount of 89 748 601 thousands rubles (RAS)).
- 2) 8 836 175 714,00 rubles - the pledge value of the Subject of hypothec determined by parties in the Agreement of building hypothec № 2624-ДИ ((9.85% of the book value of Company's assets on the end date of the reporting period (quarter, year) preceding the settlement of transaction in the amount of 89 748 601 thousands rubles (RAS)).

### **The date of entering into transaction:**

June 13, 2013 – the date of state registration of the Agreement of building hypothec № 2624-ДИ.

June 14, 2013 – the date of receipt by Hals-Development JSC of information about state registration of the Agreement of building hypothec № 2624-ДИ from the website of Department of Federal service for state registration, cadastre and cartography in Moscow.

**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 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 400,000 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 Children’s Shop on Lubyanka”; 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.*