

LEASE AGREEMENT

MOSCOW, RUSSIA – September 15, 2014 – HALS-Development (LSE, MICEX: HALS), a major Russian real estate Company announces about execution of the Long-term agreement # A 45/14 on lease of nonresidential premises between JSC “Hotel“ Peking” (Lessor), a company that HALS-Development controls and LLC “EMENDKO” (Lessee).

Subject of transaction: the Lessor undertakes to transfer to the Lessee, and the Lessee undertakes to accept in temporary use the nonresidential premises with general area 251.8 sq. m. situated on the 1 floor at the address: Moscow, Bolshaya Sadovaya, 5.

Term of obligations performance under the transaction: the Lessor undertakes to transfer to the Lessee, and the Lessee undertakes to accept the Premises for their use not later than July 21, 2014. The term of lease is 5 years from the execution of acceptance certificate by the parties.

Size of transaction – not more 2 220 000 USD (30.52% of the book value of the company controlled by the issuer assets on the end date of the reporting period (quarter, year) preceding the settlement of transaction in the amount of 276 416 thousands rubles (RAS).

Date of transaction:

September 12, 2014 – the date of state registration of the Long-term agreement # A 45/14 on lease of nonresidential premises.

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 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 400,000 square meters,

Hals-Development is currently developing such projects as reconstructing the building of the “Central Children’s Shop on Lubyanka”; development of hotel “Peking”, building of Land Plot No. 11, MIBC “Moscow-City”, selling of residential premises of “Literator”, Wine House”, “Nasledie” and other projects in Moscow and regions. In 2011-2014 the Company put into operation more than 320 thousand sq m, this is 4 large projects – trade center “LETO” (100 thousand sq. m.), business-center Sky-Light (110 thousand sq. m.), residential complex “Solnce” and resort “Camelia” in Sochi. The total value of development projects of HALS-Development is 1.6 mio sq.m.

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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.