

Acquisition of share in capital of “CLG Company” LLC

MOSCOW, RUSSIA – July 09, 2014 – HALS-Development (LSE, MICEX: HALS), a major Russian real estate Company announces that on July 08, 2014 it executed related assignment agreements in payment for the share in charter capital of Limited liability company “City Land Group Company” (further - “CLG Company” LLC) by the Issue.

Subject of the transaction: the Issuer transfers its rights of claim in loan agreements and security sale agreements in payment for the share in charter capital of “CLG Company” LLC.

Term of obligations performance:

“CLG Company” LLC acquires rights of claim from the date of execution of the assignment agreements.

HALS-Development receives the title to the share in capital of “CLG Company” LLC in the moment of state registration of corresponding changes in Unified State Register of Legal Entities.

Size of transaction – RUR 14 040 972 492 (14.9% 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 93 945 583 thousands rubles (RAS).

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 main shareholder of Hals-Development is Bank VTB (51.24%); free float is about 21,16%.

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.