

GUARANTEE WITH VTB BANK

MOSCOW, RUSSIA – July 29, 2014 – HALS-Development (LSE, MICEX: HALS), a major Russian real estate Company announces about execution of the Addendum №1 to the Guarantee agreement №3475/П-1 dd 04/23/2014 with VTB Bank (further the “Agreement”) (to ensure performance of obligations of the company that HALS-Development controls - “Beijing-Invest” JSC (borrower) under the loan agreement № 3475 dd 04/14/2014 made between the borrower and VTB Bank (lender)).

Making Addendum is connected with increase of limit under loan agreement № 3475 to 2 760 000 000,00 RUR, and aimed to change the subject of the Guarantee agreement №3475/П-1 dd 04/23/2014 with regard to value of the secured obligation.

The term of guarantee – 2373 calendar days from the Agreement execution date (is not changed).

Size of guarantee (the credit line limit with interest for using the loan under the loan agreement, calculated for the whole term of the credit line) – RUR 3 632 557 925,97 rubles (3.28% 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 95 118 433 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.