

## **GUARANTEE AGREEMENT**

**MOSCOW, RUSSIA – July 21, 2015 – HALS-Development (LSE, MICEX: HALS)**, a major Russian real estate Company announces about execution on July 21, 23015 of the Guarantee agreement №01/1498/15 (further the “Agreement”) with Limited liability company “Yunika Home”.

Subject of transaction:

In accordance with the Agreement HALS\_Development PJSC (further the “Guarantor”) undertakes to be liable before LLC “Yunika Home” (further - the “Creditor”) for performance by Closed joint stock company “Hals-Tekhnopark” (further - the “Debtor”) of its possible future obligation (further – “Obligation”) before the Creditor on return of funds paid by the Creditor to the Debtor under the Agreement on sale of future thing # 28/21/15 dd June 29, 2015 made between the Creditor and the Debtor, due to termination of mentioned Agreement on sale of future thing # 28/21/15 dd June 29, 2015.

The amount of guarantee is limited by sum equal to 528,759,504.24 (five hundred twenty eight million seven hundred fifty nine thousand five hundred four and 24/100) RUR.

The Guarantor is liable only within the mentioned limit and it is not liable for payment of interest, reimbursement of court expenses on claim for debt and other expenses and loss of profit of the Creditor, caused by non-performance or improper performance of Obligations by the Debtor.

The Guarantor is liable before the Creditor on the terms and conditions specified by the Guarantee agreement subject to all of the following circumstances arose:

- termination of the Agreement on sale of future thing # 28/21/15 dd June 29, 2015 or court decision became effective;
- if funds received by the Debtor from the Creditor under Agreement on sale of future thing # 28/21/15 dd June 29, 2015 made between the Creditor and the Debtor, have not been return by the Debtor to the Creditor within 60 calendar days from the date of termination of Agreement on sale of future thing # 28/21/15 dd June 21, 2015.

Term of guarantee: the Guarantee shall be valid till September 28, 2019.

Size of guarantee– RUR 528,759,504.24 rubles, that is 0.52% of the book value of issuer's assets on the end date of the reporting period (quarter, year) preceding the settlement of transaction in the amount of 102 129 560 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 shareholders of the Company are VTB Bank and Bank of Moscow.

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 600,000 square meters. Hals-Development is currently developing such projects as development of hotel “Peking”, building of Land Plot No. 11, MIBC “Moscow-City”, selling of residential premises of “Nasledie”, “Wine House”, “Peking Gardens”, “Teatralny Dom” and other projects in Moscow and regions. In 2011-2014 the Company put into operation more than 460 thousand sq.m., this is 6 large projects – shopping and entertainment mall “LETO” in Saint-Petersburg” (116 thousand sq. m.), business-center Sky-Light (110 thousand sq. m.), residential complex “Solnce” (60 thousand sq.m.), elite residential quarter “Literator” (67 thousand sq.m.), the shopping center “Children Dreamhouse Mall on Lubyanka” (73 thousand sq.m.) and resort “Kamelia” in Sochi (53 thousand sq.m.). 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.*