

NOTIFICATION OF RIGHT TO DEMAND REPURCHASE OF SECURITIES

Moscow, Russia – 31 August 2015 – HALS-Development (LSE, MICEX: HALS), a major Russian real estate Company, announces that on August 28, 2015 it received the Notification of right to demand repurchase of securities dd August 13, 2015 (was presented to the Bank of Russia on August 13, 2015) (further – the “Notification”), sent by Bank of Moscow (Open Joint Stock Company) (address: the Russian Federation, 107996, Moscow, Rozhdiestvenka str, 8/15, build. 3, TIN 7702000406, registered number: 1027700159497).

This Notification was sent in accordance with the article 84.7 of the Federal law “On joint-stock companies” due to acquisition by Bank of Moscow (Open Joint Stock Company) together with its affiliated persons of 96.48% of the shares of the issuer.

In accordance with the Notification the shareholders are entitled to demand repurchase of shares owned by then on price equal to 1 798 rubles per share.

Type, category of shares: ordinary, registered, uncertified shares, with state registration number of issue 1-01-01017-H.

Guarantor presenting bank guarantee attached to the Notification: VTB Bank (address: Saint-Petersburg, Bolshaya Morskaya str, 29, TIN: 7702070139, Registered number: 1027739609391).

The Notification shall be sent by registered letter to persons included in the list made in accordance with the data of securities registrar on the date of receipt by the issuer of the Notification of right to demand repurchase of securities.

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.

For further information please contact:

Elizaveta Bekreneva
Corporate Secretary
Tel. +7 (495) 589-2222 (ext. 1338)
bekreneva@hals-development.ru

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.