

THE MEETING OF THE BOARD OF DIRECTORS AND ITS AGENDA

Moscow, Russia – 01 August 2011 – Hals-Development (LSE, MICEX, RTS: HALS), a major Russian real estate company, announces, that the member of the Company's Board of directors convoked the meeting of the Board of directors on 01 August 2011 in absentia.

The Agenda includes the item related to election of the Chairman of the Company's Board of Directors, early termination of authorities of the Management Board's members, determination of the quantitative composition of the Company's Management Board, election to the Management Board, approval of the main terms and conditions of the employment agreements, contracted with the members of the Management Board, giving consent to the executive bodies of the Company to double-job as the members of the Company's executive bodies and the members of the corporate bodies of the Company's subsidiaries, as well as approval of the Company's Organization structure in a new version.

Hals-Development ("the Company") is one of the leading diversified company in the Russian and CIS real estate market.

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 Stock Exchange and the Russian Trading System Stock Exchange.

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

Starting operations in 1994, Hals-Development has successfully completed about 40 projects with a total area over 450,000 square metres, including several residential complexes in Kuntsevo, the headquarters of the DaimlerChrysler company, the Hals Tower office building, the headquarters of the Trubnaya Metallurgical Company, the hotel for the MaMaison chain (Orco Property Group).

Hals-Development implements the development of the SkyLight complex in Moscow; reconstructs the building of the Central "Detsky Mir" on Lubyanka; constructs LETO shopping center in Saint Petersburg; develops the Project «Multi-function complex with transport terminal as part of Moscow International Business Center «Moscow-City» and fulfils several other projects.

Hals-Development has assembled a balanced and diversified portfolio of assets in fast-growing sectors of the market. The Company's strategy is focused on building Class A and B office space, multifunctional retail and office complexes, business-class residential buildings.

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The information in the press release may contain forward-looking statements regarding future events or the future financial performance of Sistema-Hals. 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.