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MIRLAND DEVELOPMENT CORPORATION PLC

New Moscow Joint Venture

MirLand Development Corporation (the "Company" or "MirLand") is pleased to announce that it has entered into a framework property development agreement with a local Russian company, Open Joint Stock Company "494 Department of Work Chief", to establish a limited liability joint venture partnership (the "joint venture") to develop up to three real estate projects in Moscow. On completion the developments will comprise over 200,000 sqm of mainly residential real estate.

The joint venture will initially focus on developing the following projects:

- The Sokolniki Project which will comprise the development of residential buildings with an aggregate area of circa 27,841 sqm on approximately 1.3 hectares of land, close to the third ring road in Moscow.
- The Nemchinovka Project which will involve the development of approximately 13 hectares of land and the construction of residential and commercial premises covering at least 174,706 sqm, in a prestigious area in the western part of Moscow.

Under the agreement MirLand will, subject to completion of due diligence to its satisfaction and definitive agreements, provide debt funding of up to US\$116.5 million in aggregate for the first two Moscow projects, the Sokolniki Project and the Nemchinovka Project. The funding will be provided by MirLand subject to completion of various milestones and will be financed from its own resources. In return MirLand will receive a 51 per cent. equity interest in the joint venture and a share of the profits attributable to the joint venture of not less than 50 per cent. The Company will make its first funding payment of US\$14 million into the joint venture shortly in order to support initial project set-up and design stages. This amount will be secured and repayable in the event that the transaction does not proceed.

Commenting, Moshe Morag, chief executive of MirLand Development Corporation, said:

"The joint venture brings together the construction experience and track record of our new local Russian partner, which has obtained the rights to develop the projects, and the international development experience and financing of MirLand."

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