

25 July 2008

**MIRLAND DEVELOPMENT CORPORATION PLC**  
("MirLand" or the "Company")

**Re: Sokolniki and Nemchinovka Joint Venture**

MirLand Development Corporation plc, one of Russia's leading residential and commercial property developers, announces that certain of the conditions precedent in its agreement to develop the Sokolniki and Nemchinovka residential and retail projects have not been fulfilled by its joint venture partner within the time period stipulated in the agreement.

Pursuant to the provisions of the agreement and in order to secure its rights under the agreement MirLand made a secured loan of approximately US\$14 million to support the initial set-up and design stage of the projects. The loan was repayable in the event the projects did not proceed.

MirLand's counterparty has repaid the US\$14 million loan in full together with interest. MirLand is not liable to make any further payments in respect of the joint venture, which the Company is intending to terminate. In addition, the amount of approximately US\$100 million which the Company had intended to utilise for the joint venture will be deployed towards its other ongoing projects.

Commenting on the announcement, Moshe Morag, Chief Executive Officer, said, "Whilst we are disappointed that our joint venture partner has been unable to fulfil certain pre-conditions to our agreement, we have fully recouped our original investment with interest, underlining our defined corporate strategy of managing risk exposure wherever possible. The Sokolniki and Nemchinovka projects comprised less than 7% of our portfolio on an NAV basis and the termination of the joint venture will not have an adverse impact on our profitability this year. In the meantime, we continue to make good progress throughout the remainder of our portfolio, which comprises 13 significant ongoing projects which, on completion, will provide approximately 1.27 million sq m of office, retail and residential property."

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