

ADDENDUM TO THE CREDIT AGREEMENT WITH VTB BANK

Moscow, Russia – 20 June 2012 – HALS-Development (LSE, MICEX: HALS), a major Russian real estate company, announces that the Company has signed addendum to the credit agreement #2684 dated 05 April 2011 with VTB Bank to finance its subsidiaries.

Under the terms of the deal the currency liabilities are converted from USD to RUR and the credit interest rate increases from 8 to 9,5% per annum.

After conversion the total credit amount will be 2 740 080 000 RUR (previously – 84 000 000 USD), the credit interest rate – 9,5% per annum, the credit repayment date – 31 December 2017. The total credit amount with the interest rate on the credit – 4,5 bln. RUR (in round figures), that is 6,38% of the book value of the Company's assets on the end date of the reporting period (quarter, year) preceding the approval of the transaction by the authorized management body of the Company (Minutes of the Company's general shareholders meeting #22 dated 28/06/2011) in the amount of 69 724 569 thousands rubles (RAS).

Hals-Development ("the Company") is one of the leading diversified companies on the Russian 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.

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 meters, including several residential complexes in Kuntsevo, the headquarters of 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 is currently developing the SkyLight complex in Moscow; reconstructing the building of the Central "Detsky Mir" on Lubyanka; constructing LETO shopping center in Saint Petersburg; developing the Project «Multi-function complex with a transport terminal as part of the 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.

For further information please contact:

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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.