

CREDIT AND SECURITY AGREEMENTS WITH VTB BANK

Moscow, Russia – 01 November 2012 – HALS-Development (LSE, MICEX: HALS), a major Russian real estate company, announces that the Company and the Company's subsidiary – Gorki - 8 LLC. have signed the following credit and security agreements with Bank VTB:

1) Addendum to the Credit agreement #2680 dated 27/01/2011 between Gorki - 8 LLC. and Bank VTB:

Under the terms of the deal the total credit amount is increased to RUR 14 756 834 275 and the credit repayment date is prolonged till 26.01.2017 (the credit interest rate – 12% per annum).

The total credit amount with the interest rate on the credit will be 30,69 bln. RUR (in round figures) that is 71,9% of the book value of the subsidiary's assets on the end date of the reporting period (quarter, year) preceding the settlement of transaction in the amount of 42 703 560 thousands rubles (RAS).

2) Addendum to the pledge Agreement of receivables #2680-Д3/4 dated 27/01/2011 between Gorki - 8 LLC. and Bank VTB:

Under the terms of the deal the collateral value of the pledged receivables is increased to RUR 17 940 106 650.

Subject of transaction also relates to the changes of the secured obligation (Credit agreement #2680 dated 27/01/2011), namely - relates to the increasing of the credit amount till RUR 14 756 834 275 and prolonging of the credit repayment date till 26.01.2017.

The agreement shall be valid till obligations under the Credit agreement #2680 dated 27/01/2011 are fulfilled in full.

The price of the investment contract, under which the receivables are pledged, as well as collateral value of the pledged receivables is 42,01% of the book value of the subsidiary's assets on the end date of the reporting period (quarter, year) preceding the settlement of transaction in the amount of 42 703 560 thousands rubles (RAS).

3) Addendum to the Guarantee agreement #2680- II/1 dated 27/01/2011 between Company and Bank VTB:

Subject of transaction relates to the changes of the secured obligation (Credit agreement #2680 dated 27/01/2011 between Company's subsidiary – Gorki – 8 LLC. and VTB Bank), namely - relates to the increasing of the credit amount till RUR 14 756 834 275 and prolonging of the credit repayment date till 26.01.2017.

The Agreement shall be valid till 26 January 2020.

The volume of guarantee (the credit line limit with interest for using the loan under the credit agreement, calculated for the whole term of the credit line) – RUR 30 694 215 292 that is 34,65% of the book value of the Company's assets on the end date of the reporting period (quarter, year) preceding the settlement of transaction in the amount of 88 572 881 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.

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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.