

MAJOR TRANSACTION OF THE SUBSIDIARY

MOSCOW, RUSSIA – November 29, 2016 – HALS-Development (LSE, MICEX: HALS), a major Russian real estate Company announces about the major transaction of its subsidiary – LLC “Hals-Invest Development” (Borrower) (Granting a loan by the Company (Lender) under the Loan agreement #Д31009/14-ГД-ГИД dated 10/09/2014 with the Additional agreement #1 dated 09/06/2015, the Additional agreement #2 dated 28/11/2016 and the Loan agreement #Д30102/12-ГД-ГИД(к) dated 01/02/12).

In accordance with the terms and conditions of the Loan agreement #Д31009/14-ГД-ГИД dated 10/09/2014 with the Additional agreement #1 dated 09/06/2015, the Additional agreement #2 dated 28/11/2016 the total limit of the loan is 3 306 030 000.00 rubles.

Interest rate – 9.6% per annum.

The maturity date – June 09, 2017.

In accordance with the terms and conditions of the Loan agreement #Д30102/12-ГД-ГИД(к) dated 01/02/12 the total limit of the loan is 1 800 000 000.00 rubles.

Interest rate – 9.6% per annum.

The maturity date – February 01, 2017.

The loan amount (the amount of the loan granted on November 28, 2016 including interests accrued on the rest of debt of the Borrower during the term of loan using) is 3 737 883 215.67 rubles, that is 46.51% of the book value of the assets of the LLC “Hals-Invest Development” on the end date of the reporting period (quarter, year) preceding the settlement of transaction in the amount of 8 036 923 thousands rubles (RAS).

Hals-Development ("the Company") is the fastest growing developing company, specializing in commercial and residential real estate; it controls all stages of development project: from making conception till the following management of the built object. The main shareholder of the Company is VTB Bank.

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.

Starting operations in 1994, Hals-Development has successfully completed about 40 projects with a total area over 600,000 square meters. Hals-Development is currently developing such projects as development of hotel “Peking”, building of Land Plot No. 11, MIBC “Moscow-City”, selling of residential premises of “Nasledie”, “Wine House”, “Peking Gardens”, “Teatralny Dom” and other projects in Moscow and regions. In 2011-2015 the Company put into operation more than 460 thousand sq.m., this is 6 large projects – shopping and entertainment mall “LETO” in Saint-Petersburg” (116 thousand sq. m.), business-center Sky-Light (110 thousand sq. m.), residential complex “Solnce” (60 thousand sq.m.), elite residential quarter “Literator” (67 thousand sq.m.), the shopping center “Children Dreamhouse Mall on Lubyanka” (73 thousand sq.m.) and resort “Kamelia” in Sochi (53 thousand sq.m.). The total value of development projects of HALS-Development is 1.6 mio sq.m.

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 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.