

ADDITIONAL TO THE LOAN AGREEMENT

MOSCOW, RUSSIA – January 20, 2017 – HALS-Development (LSE, MICEX: HALS), a major Russian real estate Company announces, that the Company has entered into interested party transaction on the 19th January 2017 – Additional agreement #4 to the Loan agreement #Д30606/13-ГД-КГД(κ) (LLC Iskra-Park – Borrower).

In accordance with the terms and conditions of the Additional agreement #4 to the Loan agreement #Д30606/13-ГД-КГД(κ) the total limit of the loan is increased to 2 520 000 000.00 RUB.

The maturity date – June 04, 2017 (the Additional agreement does not change it).

The amount of the Additional agreement: 849 331 287.67 RUB – the amount by which the limit of the loan increases including interests accrued on this amount till June 04, 2017.

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 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.