

LOAN TO THE SUBSIDIARY

MOSCOW, RUSSIA – January 23, 2017 – HALS-Development (LSE, MICEX: HALS), a major Russian real estate Company announces, that the Company has entered into interested party transaction on the 20th January 2017, i.e. has lent money to its subsidiary – LLC Iskra-Park (Borrower) (Loan agreement №Д30606/13-ГД-КГД(к) dd June 06, 2013 with the Additional agreement #1 dd June 05, 2014, #2 dd June 04, 2015, #3 dd September 19, 2016, #4 dd January 19, 2017).

The loan amount (the amount of the loan granted on January 20, 2017 including interests accrued on the rest of debt of the Borrower during the term of loan using till June 04, 2017) is 714 810 378.08 rubles, that is 0,76% of the book value of the assets of the Company on the end date of the reporting period (quarter, year) preceding the settlement of transaction in the amount of 94 527 181 thousands rubles (RAS).

Interest rate – 9.6% per annum.

The maturity date – 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:

Elizaveta Bekreueva
Corporate Secretary
Tel. +7 (495) 589-2222 (ext. 1338)
bekreueva@hals-development.ru

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.