ADDENDUM TO HYPOTHEC

MOSCOW, RUSSIA – December 27, 2013 - HALS-Development (LSE, MICEX: HALS), a major Russian real estate Company, announces about entering into Addendum # 1 to the Agreement on building hypothec № 2624-ДИ dd 05/20/2013 between Hals-Development JSC and JSC VTB Bank (further – the "Addendum").

Subject:

The Addendum is made for the purpose to cancel hypothec of Multifunction complex with underground parking, with 26 floors (including 5 underground floors), purpose: nonresidential building, cadastral number: 77-77-12/035/2012-612, inventory number 2157/88 (03408339), total floor space: 49 983,5 sq. m., situated at the address: Moscow, Leningradsky prospect, 39, build. 80, including all non-residential premises belonging to the aforementioned building that were under hypothec in accordance with the Agreement on building hypothec № 2624-ДИ dd 05/20/2013, made for the purposes of security of the Company`s obligations under the Loan agreement № 2624 dd 09/17/2010 including addenda thereto.

In accordance with the Addendum hypothec of Multifunction complex with underground parking, with 26 floors (including 5 underground floors), purpose: nonresidential building, cadastral number: 77-77-12/035/2012-613, inventory number 2157/87 (03408291), total floor space: 49 986,9 sq. m., situated at the address: Moscow, Leningradsky prospect, 39, build. 79 (hereinafter – "the Subject of hypotec"), remains valid.

Term of transaction: is not changed and contains 1 460 calendar days.

Amount of transaction:

1) 6 037 178 848,84 – balance value of the Subject of hypothec, determined under the data of bookkeeping accounts of Hals-Development JSC on the date 09/30/2013, that is 6,33% 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 95 386 093 thousands rubles (RAS).
2) 4 400 383 932,00 – pledge value of the Subject of hypothec, agreed by the parties in the Addendum, that is 4.61% 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 95 386 093 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, the Moscow Stock Exchange and the Moscow 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 400,000 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 Children's Shop on Lubyanka"; 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.