

THE INCREASE OF CREDIT LINE OPENED BY BANK VTB

MOSCOW, RUSSIA – January 31, 2014 – HALS-Development (LSE, MICEX: HALS), a major Russian real estate Company announces about execution of the Addendum № 3 to the Loan agreement № 2680 dd 01/27/2011 between its subsidiary company LLC “Gorki-8” (borrower) and VTB Bank (lender).

Subject of transaction: execution of the Addendum №3 aims to:

- increase the credit line to 17 006 834 000 rubles,
- to prolong term of loan granting to April 01, 2014 (inclusively).

Maturity date: January 26, 2017.

The total loan amount (including interests) will be 26 386 003 422,84 rubles, that is 47,29% of the book value of the assets of the company controlled by issuer on the end date of the reporting period (quarter, year) preceding the settlement of transaction in the amount of 55 789 514 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 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.