LOAN TO CONTROLED COMPANY

MOSCOW, RUSSIA – December 26, 2014 – HALS-Development (LSE, MICEX: HALS), a major Russian real estate Company announces, that the Company has lent money to the company that it controls - Lubyanka-Development OJSC (Borrower) (Loan agreement №Д32512/14-ГД-ЛД dd 12/25/2014).

In accordance with the terms and conditions of transaction the total limit of the loan is 2 000 000 000 rubles.
Interest rate – 9.6% per annum.
The maturity date – December 24, 2015.

The loan amount (the amount of the loan granted on December 26, 2014 including interests accrued on the rest of debt of the Borrower during the term of loan using till 12/24/2015) is 668 560 000,00 rubles, that is 0.7 % 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 95 929 349 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 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.
Starting operations in 1994, Hals-Development has successfully completed about 40 projects with a total area over 400,000 square meters,
Hals-Development is currently developing such projects as reconstructing the building of the “Central Children’s Shop on Lubyanka”; development of hotel “Peking”, building of Land Plot No. 11, MIBC “Moscow-City”, selling of residential premises of “Literator”, Wine House”, “Nasledie” and other projects in Moscow and regions. In 2011-2014 the Company put into operation more than 320 thousand sq m, this is 4 large projects – trade center “LETO” (100 thousand sq. m.), business-center Sky-Light (110 thousand sq. m.), residential complex “Solnce” and resort “Camelia” in Sochi. The total value of development projects of HALS-Development is 1.6 mio sq.m.

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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.