

## **GUARANTEE WITH BANK VTB**

**MOSCOW, RUSSIA – December 30, 2015 – HALS-Development (LSE, MICEX: HALS)**, a major Russian real estate Company announces about execution on December 30, 2015 of the Additional agreement #1 to the Guarantee agreement #2793/III dated 04/10/2011 with VTB Bank (public joint stock company) (further – “Additional agreement”):

This Additional Agreement is entered into due to the amendments in the principal (secured) obligation – the Loan Agreement No.2793 dated 04.10.2011 concluded between Bank VTB (PJSC) (the “Creditor”) and CJSC Boarding house “Kamelia” (a Company controls by HALS-Development) (the “Borrower”) in respect of the extension of the term of repayment of the loan(s) obtained by the Borrower under the Loan Agreement until December 01, 2023 to be repaid in full as a single payment; the Guarantee term is extended accordingly.

The Guarantee is provided for the period until December 01, 2026 (inclusive of this date).

**Value of the transaction (Additional agreement) in monetary form:**

5 239 090 634 Rubles (the Principal loan amount under the Loan Agreement No.2793 and the interest accrued as of the effective date of the Loan Agreement until the final loan repayment date).

**Value of the transaction as a percentage of the value of the assets of HALS-Development under RAS:**

5,46% of the book value of the assets of HALS-Development on 31/12/2014 (book value of the assets on December 31, 2014 - 95 948 174 000 RUB);

5,16% of the book value of the assets of HALS-Development on 30/09/2015 (book value of the assets on September 30, 2015 - 101 467 913 000 RUB).

**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 shareholders of the Company are VTB Bank and Bank of Moscow.

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 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 2011-2014 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 Bekreneva  
Corporate Secretary  
Tel. +7 (495) 589-2222 (ext. 1338)  
[bekreneva@hals-development.ru](mailto:bekreneva@hals-development.ru)

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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.*