

ADDENDUM TO THE MORTGAGE CONTRACT CONCLUDED BY THE COMPANY THAT HALS-DEVELOPMENT CONTROLS

MOSCOW, RUSSIA – May 04, 2016 – HALS-Development (LSE, MICEX: HALS), a major Russian real estate Company announces that the Additional agreement #3 to the Mortgage contract of non-residential premises and land leasehold dated 19/04/2011 between the company that HALS-Development controls – JSC “Lubyanka-Development” (Pledgor) and Bank VTB (public joint stock company) (Pledge holder) were concluded.

The date of the official registration of the Additional agreement – 27/04/2016.

The date when mentioned information came to HALS-Development knowledge – 29/04/2016.

Subject of the Additional agreement:

The conclusion of the Additional Agreement is connected with the completion of adaptation of the Complex to contemporary use with facades restauration in accordance with the approved object of protection, the modification (merger) of non-residential premises owned by the Pledgor into one space and the necessity to define the Object of Mortgage more precisely.

The Object of Mortgage – space legally owned by the Pledgor and the lease rights to the relevant land lot.

Term of transaction: is not changed. 30/09/2021 - deadline for the fulfilment of the main obligation (secured obligation) – Loan agreement #2447 dated 27/05/2010.

Amount of transaction:

- 1) 14 442 048 339,25 RUB - pledge value of the Subject of Mortgage, agreed by the Parties in the Addendum, that is 111,5% of the book value of the assets of the JSC “Lubyanka-Development” under RAS on the end date of the reporting period ended 31/12/2015, 112,32% of the book value of the assets of the JSC “Lubyanka-Development” under RAS on the end date of the reporting period ended 31/03/2016.
- 2) 11 800 987 762,42 RUB - balance value of the Subject of Mortgage, determined under the data of bookkeeping accounts of JSC “Lubyanka-Development” on the date 31/03/2016 that is 91,78% of the book value of the assets of the JSC “Lubyanka-Development” under RAS on the end date of the reporting period ended 31/03/2016.
- 3) 11 939 244 560,28 RUB - balance value of the Subject of Mortgage, determined under the data of bookkeeping accounts of JSC “Lubyanka-Development” on the date 31/12/2015 that is 92,18% of the book value of the assets of the JSC “Lubyanka-Development” under RAS on the end date of the reporting period ended 31/12/2015.

Value of assets of JSC “Lubyanka-Development” under RAS:

12 952 189 000 RUB (on the date 31/12/2015)

12 858 010 000 RUB (on the date 31/03/2016)

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

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.