

LOAN TO THE SUBSIDIARY

MOSCOW, RUSSIA – December 21, 2017 – HALS-Development (LSE, MICEX: HALS), a major Russian real estate Company announces, that the Company has entered into interested party transaction on the 21th December 2017, i.e. has lent money to its subsidiary – CJSC «Boarding House «Kamelia» (Borrower) (Loan agreement of 25.10.2016 №DZ2510/16-GD-PKam with the Additional agreements).

The loan amount (the amount of the loan granted on December 21, 2017, taking into account interest accrued on the amount of the tranche during the term of loan using till October 23, 2018) is 3 474 680 499.97 (Three billion four hundred seventy four million six hundred eighty thousand four hundred ninety nine 97/100) rubles, that is 5,65% 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 61 464 501 thousands rubles (RAS).

Interest rate – 9,25% per annum.

The maturity date – October 23, 2018.

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 shareholder of the Company is VTB Bank.

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 Exchange.

The company is in the top five of the largest developers in Moscow. The total value of development projects of HALS-Development is 1.6-mil sq.m. In 2016 the Company put into operation 4 projects with total area 300 thousand sq.m.: the first phase of construction of the business class residential premises of "Nasledie"; "Wine House"; "Peking Gardens"; "IQ-Quarter" residential block (MMDC "Moscow-City").

The total value of currently developing projects by HALS-Development is about 800 thousands sq.m. Hals-Development is currently developing such projects as development of the second phase construction of the business class residential premises of "Nasledie"; multifunctional complex "Iskra-Park", non-residential towers of "IQ-Quarter" (MMDC "Moscow-City"), the residential complex "Dostoyanie", the luxury residential premises "Taetralniy Dom".

The Company's portfolio includes such existing facilities as the business centers SkyLight, "Danilovsky Fort", hotel "Beijing", the shopping and entertainment complex "CDM at Lubyanka", resort complex "Camellia" in Sochi and other objects in Moscow and regions.

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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.