

Related party transaction

MOSCOW, RUSSIA – November 28, 2017 – HALS-Development (LSE, MICEX: HALS), a major Russian real estate Company announces, that the Company has entered into interested party transaction - Guarantee agreement #01/4546/17 with LLC “Noviy gorod” on the 28 of November 2017.

Subject of transaction:

HALS-Development PJSC (further the “Guarantor”) undertakes to be liable before LLC “Noviy gorod” (further - the “Creditor”) for performance by CiTer Invest B.V. (further - the “Debtor”) of its possible future obligation (further – “Obligation”) before the Creditor on return of funds paid by the Creditor to the Debtor under the Agreement on sale of future thing # 130/32/17 dd November 23, 2017 made between the Creditor and the Debtor.

The guarantee comes into force in the case of termination of the Agreement on sale of future thing # 130/32/17 dd November 23, 2017 because of the Debtor's failure to fulfill the duty of joint submitting the documents for the state registration of the transfer of title to the premises (2 467.2 square meters situated at Presnenskaya embankment 10 building 2 Moscow) by the Debtor and the Creditor until April 2, 2018, and the Debtor's failure to fulfill the obligation to register the ownership of the premises by the Creditor within 30 calendar days after the joint submission by the Debtor and the Creditor of documents for state registration of the transfer of ownership of the Premises from the Debtor to the Creditor.

The amount of guarantee is limited by sum equal to 510 000 000 RUR.

The Guarantor is liable only within the mentioned limit and it is not liable for payment of interest, reimbursement of court expenses on claim for debt and other expenses and loss of profit of the Creditor, caused by non-performance or improper performance of Obligations by the Debtor.

The Guarantee shall be valid until June 30, 2018.

Size of guarantee– 510 000 000 RUR, that is 0.83% of the book value of issuer's assets 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).

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.

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.