

ADDITIONAL AGREEMENT TO THE LEASE CONTRACT

Moscow, Russia, July 15, 2016 - PJSC "Hals – Development" (LSE, MICEX: HALS), one of the largest companies on the Russian real estate market, announces the settlement of interested party transaction - Additional agreement №3 to the Contract № 01-1520/15 for the lease of non-residential premises dated October, 05, 2015 (the "Additional Agreement").

Transaction date:

The Additional Agreement shall enter into force on the date of its state registration in the Agency conducting the state registration of rights to real estate property and transactions with it in accordance with the current legislation of the Russian Federation.

July 14, 2016 – the date of the state registration of the Additional Agreement in the Agency conducting the state registration of rights to real estate property and transactions with it.

July 15, 2016 – the date when the Issuer learned about the transaction (date of receipt of the registered Additional agreement from the Registering authority. To determine the date of the state registration before the receipt of documents is not possible).

Subject of the transaction: introduction of amendments and additions to the Contract № 01-1520/15 for the lease of non-residential premises dated October, 05, 2015 (the "Contract").

The content of the transaction, including civil rights and obligations, the initiation, alteration or termination of which is directed the committed transaction: The Additional Agreement aimed to extending the term of the lease, change of the percentage of annual indexation of fixed and variable lease payments, alteration of the provisions of the Contract in a part of fines and penalties, notifications under the Contract delivered by the Parties to each other, etc.

Due date for the fulfilment of obligations under the transaction: The Agreement shall remain in force up to and including February 28, 2021, and in part of settlement payments – until all obligations under the Contract have been fully completed by the Parties.

Parties and beneficiaries under the transaction:

Public joint stock company "Hals-development – the Landlord;

Limited liability company VTB DC – the Tenant.

The amount of the transaction in monetary terms: less than 600 000 000 (approximate amount of lease payments, calculated over the entire term of the Contract).

The amount of the transaction in percentage of the Issuer's assets value: 0,664% (based on the accounting statement drawn up as of 31.12.2015); 0,643% (based on the accounting statement drawn up as of 31.03.2016).

The value of the Issuer's assets as of the date of the last complete reporting period predating the transaction (conclusion of the contract):

90 325 818 thousand rubles (31.12.2015); 93 230 520 thousand rubles (31.03.2016).

Information about entities interested in the transaction and the reasons of the interest:

1. Bank VTB (Public joint stock company) / Bank VTB (PJSC)/ registered address: Russian Federation, Saint-Petersburg, Bolshaya Morskaya str., h.29 – Shareholder holding more than 20% voting share capital of the Issuer (hereinafter – the "Shareholder").

The reason of the interest: (1) affiliate of the Shareholder is a Party in the considered transaction, (2) the Shareholder owns more than 20% of shares of LLC VTB DC – a legal entity which is a Party to the considered transaction.

Share in the Issuer's authorized capital/shares held by interested party in the Issuer's share capital: 98,1087%.

Share in the Issuer's Counterparty share capital under the transaction: 100%.

2. Members of the Issuer's Board of Directors: Andrey Viktorovich Luginin, Herbert Moos, Andrey Sergeevich Puchkov.

The reason of the interest: the aforementioned members of the Board of Directors of the Issuer hold an appointment in the corporate bodies of the Counterparty to the transaction – are the members of the Board of Directors of LLC VTB DC.

Share in the Issuer's authorized capital/shares held by interested party in the Issuer's share capital: 0%

Share in the Issuer's Counterparty share capital under the transaction: 0%.

Information about transaction approval:

The transaction was approved by the Board of Directors on May 13, 2016 (Minutes No. 12).

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 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 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

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