

**EPH** EASTERN PROPERTY  
HOLDINGS

# 2011 RESULTS

28 March 2012

# AGENDA AND SPEAKERS

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**Introduction**

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**2011 Operations Update**

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**2011 Financial Results**

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**Q & A**

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**Conclusion**

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**Terry Olin**

**Management Committee**



**Alexander Nikolaev**

**Management Committee**

## Sale of 90% interests in Berlin House and Geneva House

- **BERLIN HOUSE:** Profitable investment & sale
  - Bought for \$46 million in 2004
  - \$40 million refinancing drawn in 2007
  - Net rental income average approximately of \$5 million per year 2004-2011
  - Sale at valuation of \$90.29 million
  - IRR over 22%
- **GENEVA HOUSE:** Profitable development, leasing & sale
  - Acquired 50% of company with development rights in 2005
  - Financed construction at “market” interest rates of between 11-14%
  - Purchased remaining 50% interest from JV partner in 2010
  - Leased to international blue-chip tenants
  - \$101 million total investment for 100% stake, including acquisition and construction costs
  - Sale at valuation of \$140.47 million
  - IRR over 12% (construction at market peak, delivery post-crash)

## Cash proceeds from sale used to:

Re-start construction on Arbat Street  
Complete and open Turgenevskaya Parking  
Reduce debt  
Pay \$5/share dividend

## Arbat Projects On Schedule for Success

- Works resumed after being on hold for over two years
- On 31 December 2011, 64% of concrete work had been completed on 27,000 sqm Arbat 1.
- End-March, almost 80% of concrete work completed
- Engineering and façade work to start in May
- Groundbreaking for Arbat 2 expected in 3Q12
- Sale of premises in Arbat 1 commence in 2013
- Project permissions extended to 2014

## First Inkonika underground Parking opens at Turgenevskaya Square (January 2012)

- Initial low demand being actively addressed by JV and City

## Vacancy Rates Down

- **Petrovsky Fort** vacancy rate down from **27%** on 1 January 2011 to **15%** on 31 December 2011
- **Magistral'naya** former sole tenant evicted for non-payment in 2010. Gazprom subsidiary is new tenant for almost entire leaseable area.

## Sufficient Liquidity Retained

- Cash, Cash equivalents, and liquid bonds of over \$ 76 million at year-end 2011
- Sufficient for Arbat projects
- If bank financing secured for Arbat in 2012, can consider new projects, dividend, share buy-back.

## Net Asset Value of \$64.87 per share

- Slightly up from 30 June 2011 NAV of \$69.03 adjusted for \$5.00 share dividend
- Down from \$80.54 per share at end-2010
- NAV-Negative factors...
  - Revaluations at 30 June 2011
  - Loss from Associate
  - Dividend
- ...not offset by positives
  - Extension of rights on Arbat led to increased valuation and reversal of provisions
  - Equity stake in Arbat increased from 50% to 60% as financing condition (no purchase price paid)
  - Overall market valuations slightly higher YoY

## Net Loss of \$55.97 million (\$13.13 per share)

- Slight improvement from 30 June 2011 net loss of \$13.87
- Sale of 90% stakes in Berlin House and Geneva House at 2010 year-end appraised values monetised gains recognised in 2010, but transaction costs and zeroing of related Cumulative Translation Adjustment (\$2.3 million) created 2011 loss on sale
- Equity value of Inkonika parking joint venture now at zero. EPH share of associate's loss was \$24.30 million
- Foreign currency loss of almost \$15 million, with contribution of strong RUB in 1H, deconsolidation of Berlin and Geneva Houses at 29 June 2011 and weak RUB in 2H.

# 2011 RESULTS ASSETS

in US\$	31.12.2011	Restated 31.12.2010
<b>Assets</b>		
<b>Non-current assets</b>		
Investment properties	117'803'658	370'228'101
Financial assets at fair value through profit or loss	-	-
Investment in associates	10'472'709	24'297'807
Loans and receivables	50'464'039	28'888'022
Advance for land lease	1'719'171	1'793'423
Deferred tax assets	1'200'282	5'348'588
Furniture and equipment	1'356	72'025
<b>Total non-current assets</b>	<b>181'661'215</b>	<b>430'627'966</b>
<b>Current assets</b>		
Cash & cash equivalents	20'798'029	9'621'851
Financial assets at fair value through profit or loss	56'011'682	-
Assets under development *	76'615'089	40'247'869
Accounts receivable	1'249'884	1'041'261
Loans and receivables	812'807	-
Advance payment	582'516	713'471
Prepaid taxes	368'537	3'558'275
Other current assets	-	-
<b>Total current assets</b>	<b>156'438'544</b>	<b>55'182'727</b>
<b>Total assets</b>	<b>338'099'759</b>	<b>485'810'693</b>

Investment Properties (US\$)	31.12.2011	31.12.2010
A. Berlin House	-	90,628,742
B. Petrovsky Fort	64,092,889	61,719,423
C. Magistra'naya	6,210,769	7,130,399
D. Geneva House	-	140,640,000
E. Arbat Multi-use Complexes	8,400,000	20,321,537
F. "Scandinavia" Land plots	39,100,000	49,788,000
<b>End of period</b>	<b>117,803,658</b>	<b>370,228,101</b>

## What Changed?

### Market wide:

- More comparable transactions for Scandinavia site
- Modest yield compression and rent increases

### Asset specific:

- Petrovsky Fort primarily affected by improved market
- Updated Arbat design documentation reallocates space between Investment Properties and Assets under Development
- 90% of Berlin and Geneva Houses sold. Remaining 10% becomes Investment in Associates

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<b>Hypercenter Investment SA</b>			
		31.12.2011	31.12.2010
	Beginning of year	-	2,724,860
	Share of associates' losses	-	-2,006,520
	Exchange differences	-	-718,340
	<b>Closing balance</b>	-	-

<b>Vestive Limited (Inkonika)</b>			
		31.12.2011	31.12.2010
	Beginning of the period	24,297,807	34,441,633
	Share of associates' losses	(24,297,807)	(9,960,187)
	Exchange differences	-	(183,639)
	<b>Closing balance for 50% stake</b>	-	24,297,807

<b>EPH Real Estate Limited (Geneva House)</b>			
		31.12.2011	31.12.2010
	Beginning of the period	-	-
	Additions	4,914,708	-
	Share of associates' gain	1,486,011	-
	Exchange differences	-828,318	-
	<b>Closing balance for 10% stake</b>	5,572,401	-

<b>Connecta KG (Berlin House)</b>			
		31.12.2011	31.12.2010
	Beginning of the period	-	-
	Additions	4,545,957	-
	Share of associates' gain	1,054,664	-
	Exchange differences	-700,313	-
	<b>Closing balance for 10% stake</b>	4,900,308	-

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### What Changed?

- New loans were provided to finance construction of Arbat Complexes and Vestive parking garages



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## What Changed?

Tax losses accumulated in EPH RE with respect to Geneva House construction were written-off as they are unlikely to be utilized in the foreseeable future.

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## What Changed?

### Main inflows:

- proceeds from Geneva House refinancing (Nomos Bank loan)
- proceeds from sale of 90% of Berlin and Geneva Houses

### Main outflows:

- repayment of debt to Geneva House JV partners for the purchase of 50% of EPH RE in 2010
- repayment of Geneva House JV partners and Valartis bank loan
- construction financing of Arbat complexes and parking
- management fee arrears for 2009-10 settled
- interest and loan amortization on Aareal Bank loan, Unicredit loan and Nomos Bank loan
- purchase of bonds

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Assets under development (US\$)		
	31.12.2011	31.12.2010
Beginning of the period	40,247,869	40,892,244
Acquisition 10%	12,171,287	-
Reclassification	14,156,024	-
Addition	7,208,319	(282,143)
Reverse of impairment/ (impairment)	2,831,590	(362,232)
<b>End of period</b>	<b>76,615,089</b>	<b>40,247,869</b>

## What Changed?

### Market wide:

- Slightly higher rent/sale/occupancy expectations

### Asset specific:

- This category is entirely Arbat apartment areas
- Construction progress
- Updated Arbat design documentation allocates space differently between Investment Properties and Assets under Development
- Additional 10% obtained in Arbat projects

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Loans and receivables (US\$)			
		31.12.2011	31.12.2010
<b>Loans (short term)</b>			
	EPH Real Estate	9,378,228	-
	Connecta KG	513,869	-
<b>Total ST loans</b>		<b>9,892,097</b>	<b>-</b>

## What Changed?

- Loans to EPH RE and Connecta KG are not eliminated as intercompany loans, since after sale of 90% of Berlin and Geneva Houses the underlying investments become Investments in Associates and, thus, are not consolidated
- The Group transferred 90% of principal amount of loan receivable to new owner. Consideration was received in July and August 2011

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## What Changed?

Unutilized part of Russian VAT related to construction of Geneva House was written-off. It will not be recovered due to dominance of VAT exempt rep offices of foreign companies as tenants.

# 2011 RESULTS

## LIABILITIES

in US\$	31.12.2011	Restated 31.12.2010
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Loans from banks	34'450'000	72'607'666
Provisions for long-term liabilities and charges	12'632'414	11'654'564
Other non-current liabilities	3'535'770	5'178'845
<b>Total non-current liabilities</b>	<b>50'618'184</b>	<b>89'441'075</b>
<b>Current liabilities</b>		
Accounts payable and accrued expenses	6'387'805	28'492'261
Loans from banks and others	3'053'282	19'924'732
Property tax	112'157	586'624
Financial liabilities at fair value through profit or loss	1'381'414	4'028'126
Provisions for current liabilities and charges	25'660	30'608
Bank overdraft	-	84
<b>Total current liabilities</b>	<b>10'960'318</b>	<b>53'062'435</b>

Debt (US\$)	31.12.2011	31.12.2010
<b>Debt (long term)</b>		
UniCredit bank loan	34,450,000	35,807,666
Aareal bank loan	-	36,800,000
<b>Total LT debt</b>	<b>34,450,000</b>	<b>72,607,666</b>

### What Changed?

- As Connecta KG was disposed in 2011 its liabilities including the Aareal bank loan are no longer on the balance sheet.
- The Unicredit bank loan was decreased by the amount of amortization paid in 2011.

# 2011 RESULTS

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### What Changed?

- US\$ 10 million payable to Geneva House JV partner settled
- Arrears to Valartis US\$ 8.4 million paid



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Debt (US\$)	31.12.2011	31.12.2010
<b>Debt (short term)</b>		
Valartis bank loan	-	13,370,203
UniCredit bank loan	1,750,000	2,075,000
Aareal bank loan	-	800,000
Other	1,303,282	3,679,529
<b>Total ST debt</b>	<b>3,053,282</b>	<b>19,924,732</b>

### What Changed?

- Valartis loan was fully repaid
- The current portion of Unicredit bank loan was decreased based on loan amortization schedule
- As Connecta KG was disposed in 2011, all its liabilities including Aareal bank loan are no longer on the balance sheet
- Geneva House JV partners loan was fully repaid



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Financial liabilities at fair value through profit or loss		
	31.12.2011	31.12.2010
<b>Designated upon initial recognition</b>		
Interest rate SWAP UniCredit bank	1,381,414	1,461,156
Interest rate SWAP Aareal bank	-	2,566,970
	<b>1,381,414</b>	<b>4,028,126</b>

### What Changed?

As Connecta KG was disposed in 2011 its liabilities, including the SWAP on the Aareal bank loan, are no longer on the balance sheet

# 2011 RESULTS

## INCOME STATEMENT

in US\$

31.12.2011

Restated  
31.12.2010

### Rental income

	31.12.2011	31.12.2010
<b>Gross rental income</b>	<b>13'712'338</b>	<b>13'165'433</b>
Ground rents paid	(414'258)	(410'824)
Service charge income on principal basis	3'256'086	2'629'047
Service charge expenses on principal basis	(2'487'854)	(2'816'262)
Property operating expenses	(2'579'145)	(2'109'099)
Repair and maintenance costs	(785'174)	(1'325'272)
Non-income taxes	(1'790'292)	(3'199'792)
<b>Net rental income</b>	<b>8'911'701</b>	<b>5'933'231</b>

### Administrative expenses

Accrual for performance fees	(977'850)	(7'365'432)
Management fees	(6'006'930)	(6'601'961)
Professional and administration fees	(4'294'320)	(2'979'618)
Salaries and social charges	(300'457)	(203'247)
<b>Total administrative expenses</b>	<b>(11'579'557)</b>	<b>(17'150'258)</b>

### Other (expenses)/ income

Interest income	4'752'873	5'494'226
Gain on increased ownership stake	5'869'516	-
Other expenses	(5'548'390)	(4'439'546)
Loan impairment charge	-	(927'958)
Depreciation	(7'751)	(13'165)
Net foreign exchange (loss)/ gain	(14'840'328)	175'296
<b>Net other (expenses)/ income</b>	<b>(9'774'080)</b>	<b>288'853</b>

### Gross rental income (US\$)

	31.12.2011	31.12.2010
Petrovsky Fort	5,763,107	4,855,257
Magistra'naya	958,244	-
Berlin House	3,977,068	7,546,631
Geneva House	3,013,919	763,545
<b>Total</b>	<b>13,712,338</b>	<b>13,165,433</b>

### Net rental income (US\$)

	31.12.2011	31.12.2010
Petrovsky Fort	4,933,058	2,765,209
Magistra'naya	552,059	-124,643
Berlin House	2,858,115	5,412,451
Geneva House	568,469	-2,119,786
<b>Total</b>	<b>8,911,700</b>	<b>5,933,231</b>

### What Changed?

- Geneva House became income generative in the beginning of 2011 but disposed on 29 June 2011
- Berlin House was disposed on 29 June 2011
- Since 1 February 2011 almost entire Magistra'naya complex is leased to one tenant
- Decrease of vacancy rate in Petrovsky Fort led to increase of its gross rental income
- In 2011 Geneva and Berlin Houses had less non-income tax expenses
- In 2011 Petrovsky Fort had half the repair and maintenance costs of 2010

# 2011 RESULTS

## INCOME STATEMENT

in US\$	31.12.2011	Restated 31.12.2010
<b>Rental income</b>		
Gross rental income	13'712'338	13'165'433
Ground rents paid	(414'258)	(410'824)
Service charge income on principal basis	3'256'086	2'629'047
Service charge expenses on principal basis	(2'487'854)	(2'816'262)
Property operating expenses	(2'579'145)	(2'109'099)
Repair and maintenance costs	(785'174)	(1'325'272)
Non-income taxes	(1'790'292)	(3'199'792)
<b>Net rental income</b>	<b>8'911'701</b>	<b>5'933'231</b>
<b>Administrative expenses</b>		
Accrual for performance fees	(977'850)	(7'365'432)
Management fees	(6'006'930)	(6'601'961)
Professional and administration fees	(4'294'320)	(2'979'618)
Salaries and social charges	(300'457)	(203'247)
<b>Total administrative expenses</b>	<b>(11'579'557)</b>	<b>(17'150'258)</b>
<b>Other (expenses)/ income</b>		
Interest income	4'752'873	5'494'226
Gain on increased ownership stake	5'869'516	-
Other expenses	(5'548'390)	(4'439'546)
Loan impairment charge	-	(927'958)
Depreciation	(7'751)	(13'165)
Net foreign exchange (loss)/ gain	(14'840'328)	175'296
<b>Net other (expenses)/ income</b>	<b>(9'774'080)</b>	<b>288'853</b>

### What Changed?

Additional accrual of performance fees were made due to increase in valuation of assets

# 2011 RESULTS

## INCOME STATEMENT

in US\$	31.12.2011	Restated 31.12.2010
<b>Rental income</b>		
Gross rental income	13'712'338	13'165'433
Ground rents paid	(414'258)	(410'824)
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<b>Net other (expenses)/ income</b>	<b>(9'774'080)</b>	<b>288'853</b>

### What Changed?

- Legal and advisory fees related to Stainfield and Housefar (PF restructuring and Magistralnaya)
- Increase in audit costs

# 2011 RESULTS

## INCOME STATEMENT

in US\$	31.12.2011	Restated 31.12.2010
<b>Rental income</b>		
Gross rental income	13'712'338	13'165'433
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Net foreign exchange (loss)/ gain	(14'840'328)	175'296
<b>Net other (expenses)/ income</b>	<b>(9'774'080)</b>	<b>288'853</b>

### What Changed?

We have obtained 10% of Arbat projects for zero consideration so the increased net asset value of these projects is income

# 2011 RESULTS

## INCOME STATEMENT

in US\$	31.12.2011	Restated 31.12.2010
<b>Rental income</b>		
Gross rental income	13'712'338	13'165'433
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Loan impairment charge	-	(927'958)
Depreciation	(7'751)	(13'165)
Net foreign exchange (loss)/ gain	(14'840'328)	175'296
<b>Net other (expenses)/ income</b>	<b>(9'774'080)</b>	<b>288'853</b>

### What Changed?

- In 2010, receivables on Magistralnaya lease to Mossib were written-off as uncollectable
- In 2011 the unutilized part of Russian VAT related to construction of Geneva House was written-off, since it will not be recovered as related to VAT exempt income (leases to representative offices of foreign companies)



# 2011 RESULTS INCOME STATEMENT

in US\$	31.12.2011	Restated 31.12.2010
<b>Rental income</b>		
Gross rental income	13'712'338	13'165'433
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<b>Other (expenses)/ income</b>		
Interest income	4'752'873	5'494'226
Gain on increased ownership stake	5'869'516	-
Other expenses	(5'548'390)	(4'439'546)
Loan impairment charge	-	(927'958)
Depreciation	(7'751)	(13'165)
<b>Net foreign exchange (loss)/ gain</b>	<b>(14'840'328)</b>	<b>175'296</b>
<b>Net other (expenses)/ income</b>	<b>(9'774'080)</b>	<b>288'853</b>

Net (loss)/ gain from foreign currency translation		
	31.12.2011	31.12.2010
UniCredit bank loan	(2,124,349)	(289,423)
Aareal Bank loan	3,452,909	(261,956)
Nomos bank loan	1,897,743	-
Intercompany loans	(1,452,519)	474,188
Berlin House	(8,248,734)	574,277
Petrovsky Fort	3,663,168	405,336
Magistral'naya	312,294	43,259
Geneva House	(12,851,541)	(964,146)
Arbat Multi-use Complexes IP	346,149	(140,127)
"Scandinavia" Land plots in St. Petersburg	1,709,556	328,687
Arbat Multi-use Complexes DP	3,066,411	531,041
CTA in EPH RE and Connecta KG	(2,309,083)	-
Other	(2,302,332)	(525,840)
	<b>(14,840,328)</b>	<b>175,296</b>

## What Changed?

- \$/RUB ex-rate increased from 30.52 in the beginning of the year up to 32.16 in the end of 2011
- EPH subsidiaries have RUB as their functional currency. Accordingly, \$-denominated assets and liabilities are converted in RUB as of the end of each reporting period.
- Increase in \$/RUB ex-rate and \$-denominated loan liabilities in subsidiaries led to significant FX-loss and \$-denominated assets led to significant gain
- Berlin and Geneva Houses are exceptions as they were disposed on 29 June 2011 when \$/RUB ex-rate was 27.90, so in these entities the assets resulted in loss and the liabilities resulted in gain

# 2011 RESULTS

## INCOME STATEMENT

### Valuation movements

Net gain/ (loss) from fair value adjustment on financial investments	1'255'520	(6'932'687)
Net (loss)/ gain from fair value adjustment on investment properties *	(11'990'393)	48'067'879
<b>Net valuation movements</b>	<b>(10'734'873)</b>	<b>41'135'192</b>
<b>Development property impairment reversal/ (impairment) *</b>	<b>2'831'589</b>	<b>(362'232)</b>
<b>Net operating (loss)/ gain before finance cost</b>	<b>(20'345'220)</b>	<b>29'844'786</b>
Finance costs	(6'915'096)	(7'638'989)
<b>Share of associates' loss</b>	<b>(21'928'472)</b>	<b>(11'966'707)</b>
<b>Net loss from sale of subsidiaries</b>	<b>(2'310'566)</b>	<b>-</b>
<b>Loss before taxes</b>	<b>(51'499'354)</b>	<b>10'239'090</b>
Income taxes	(4'467'163)	2'569'456
<b>Net (loss) / Profit for the period</b>	<b>(55'966'517)</b>	<b>12'808'546</b>
<b>Earnings per share</b>		
Basic and diluted	(13.13)	3.00

<b>Net gain/ (loss) from fair value adjustment on FA and financial liabilities</b>		
	<b>31.12.2011</b>	<b>31.12.2010</b>
<b>Designated upon initial recognition</b>		
Quoted debt securities	325,401	423,311
Unquoted debt securities	-	-
Unquoted equity shares	-	(6,500,000)
Interest rate SWAPs	930,119	(855,998)
	<b>1,255,520</b>	<b>(6,932,687)</b>

### What Changed?

- Fair value of SWAP liability decreased leading to gain
- Fair value of bonds increased leading to gain



# 2011 RESULTS

## INCOME STATEMENT

### Valuation movements

Net gain/ (loss) from fair value adjustment on financial investments 1'255'520 (6'932'687)

Net (loss)/ gain from fair value adjustment on investment properties \* (11'990'393) 48'067'879

**Net valuation movements (10'734'873) 41'135'192**

Development property impairment reversal/ (impairment) \* 2'831'589 (362'232)

Net operating (loss)/ gain before finance cost (20'345'220) 29'844'786

Finance costs (6'915'096) (7'638'989)

Share of associates' loss (21'928'472) (11'966'707)

Net loss from sale of subsidiaries (2'310'566) -

Loss before taxes (51'499'354) 10'239'090

Income taxes (4'467'163) 2'569'456

**Net (loss) / Profit for the period (55'966'517) 12'808'546**

### Earnings per share

Basic and diluted (13.13) 3.00

Net (loss)/ gain from fair value adjustment on IP		
	2011	2010
A. Berlin House	-	19,140,708
B. Petrovsky Fort	2,305,261	1,552,758
C. Magistral'naya	(926,553)	(524,700)
D. Geneva House	(2,709,320)	23,760,558
E. Arbat Multi-use	28,219	(280,446)
F. "Scandinavia" Land	(10,688,000)	4,419,000
	<b>(11,990,393)</b>	<b>48,067,878</b>

Investment Properties rollforward		
	2011	2010
At 1 January	370,228,101	260,412,774
Acquisition	1,400,000	-
Additions	3,416,793	60,844,020
Disposals	(231,101,742)	-
Reclassification to DP	(14,156,024)	-
Revaluations	<b>(11,990,393)</b>	<b>48,067,879</b>
Finance lease liabilities	6,924	903,428
At 31 December	<b>117,803,658</b>	<b>370,228,101</b>

### What Changed?

- Overall decrease in the valuations of investment properties from valuer.
- 90% of Berlin and Geneva Houses sold.

# 2011 RESULTS

## INCOME STATEMENT

### Valuation movements

Net gain/ (loss) from fair value adjustment on financial investments	1'255'520	(6'932'687)
Net (loss)/ gain from fair value adjustment on investment properties *	(11'990'393)	48'067'879
<b>Net valuation movements</b>	<b>(10'734'873)</b>	<b>41'135'192</b>

<b>Development property impairment reversal/ (impairment) *</b>	<b>2'831'589</b>	<b>(362'232)</b>
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<b>Net operating (loss)/ gain before finance cost</b>	<b>(20'345'220)</b>	<b>29'844'786</b>
Finance costs	(6'915'096)	(7'638'989)
<b>Share of associates' loss</b>	<b>(21'928'472)</b>	<b>(11'966'707)</b>
<b>Net loss from sale of subsidiaries</b>	<b>(2'310'566)</b>	<b>-</b>
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<b>Net (loss) / Profit for the period</b>	<b>(55'966'517)</b>	<b>12'808'546</b>

### Earnings per share

Basic and diluted	(13.13)	3.00
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This is entirely Arbat Development property impairment reverse.

### What Changed?

- Increase (considering cost additions ) in the valuations of Arbat development property.

# 2011 RESULTS

## INCOME STATEMENT

### Valuation movements

Net gain/ (loss) from fair value adjustment on financial investments 1'255'520 (6'932'687)

Net (loss)/ gain from fair value adjustment on investment properties \* (11'990'393) 48'067'879

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**Net operating (loss)/ gain before finance cost (20'345'220) 29'844'786**

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**Share of associates' loss (21'928'472) (11'966'707)**

Net loss from sale of subsidiaries (2'310'566) -

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Income taxes (4'467'163) 2'569'456

**Net (loss) / Profit for the period (55'966'517) 12'808'546**

### Earnings per share

Basic and diluted (13.13) 3.00

Share of associates' loss		
	31.12.2011	31.12.2010
EPH RE 10% kept as Investments in associate	1,486,011	-
EPH RE 10% disposed	-172,050	-
Connecta KG 10% kept as Investments in asso	1,054,664	-
Connecta KG 10% disposed	710	-
Vestive	-24,297,807	-9,960,187
Hypercenter Investment SA	-	-2,006,520
	<b>-21,928,472</b>	<b>-11,966,707</b>

### What Changed?

NAV of Inkonika Parking (Vestive Ltd.) decreased to zero

# 2011 RESULTS

## INCOME STATEMENT

### Valuation movements

Net gain/ (loss) from fair value adjustment on financial investments	1'255'520	(6'932'687)
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Net (loss)/ gain from fair value adjustment on investment properties *	(11'990'393)	48'067'879
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<b>Net valuation movements</b>	<b>(10'734'873)</b>	<b>41'135'192</b>
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<b>Development property impairment reversal/ (impairment) *</b>	<b>2'831'589</b>	<b>(362'232)</b>
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<b>Net operating (loss)/ gain before finance cost</b>	<b>(20'345'220)</b>	<b>29'844'786</b>
Finance costs	(6'915'096)	(7'638'989)

<b>Share of associates' loss</b>	<b>(21'928'472)</b>	<b>(11'966'707)</b>
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<b>Net loss from sale of subsidiaries</b>	<b>(2'310'566)</b>	<b>-</b>
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<b>Loss before taxes</b>	<b>(51'499'354)</b>	<b>10'239'090</b>
Income taxes	(4'467'163)	2'569'456

<b>Net (loss) / Profit for the period</b>	<b>(55'966'517)</b>	<b>12'808'546</b>
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### Earnings per share

Basic and diluted	(13.13)	3.00
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### What Happened?

EPH RE and Connecta KG were sold for a consideration slightly above NAV as of disposal date but transaction expenses led to net loss.

# 2011 RESULTS

## INCOME STATEMENT

<b>Valuation movements</b>		
Net gain/ (loss) from fair value adjustment on financial investments	1'255'520	(6'932'687)
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<b>Net (loss) / Profit for the period</b>	<b>(55'966'517)</b>	<b>12'808'546</b>
<b>Earnings per share</b>		
Basic and diluted	(13.13)	3.00

### What Changed?

Tax losses accumulated in EPH RE with respect to Geneva House construction were written-off as unlikely to be utilized in the foreseeable future.

# 2011 RESULTS

## INCOME STATEMENT

### Valuation movements

Net gain/ (loss) from fair value adjustment on financial investments	1'255'520	(6'932'687)
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Share of associates' loss	(21'928'472)	(11'966'707)
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Net loss from sale of subsidiaries	(2'310'566)	-
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<b>Loss before taxes</b>	<b>(51'499'354)</b>	<b>10'239'090</b>
Income taxes	(4'467'163)	2'569'456

<b>Net (loss) / Profit for the period</b>	<b>(55'966'517)</b>	<b>12'808'546</b>
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### Earnings per share

Basic and diluted	(13.13)	3.00
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**At 30 June 2011, the Company had a loss of \$59.13 million or \$13.87 per share. The second half of the year was profitable.**

- In the second half, we benefitted primarily from higher appraised values and improved net rents
- The first was, most importantly, due to approvals received at Arbat
- The second due to decrease of vacancy rate in Petrovsky Fort

**EPH** EASTERN PROPERTY  
HOLDINGS

# 2011 RESULTS

28 March 2012