EPH EASTERN PROPERTY HOLDINGS

PRESS RELEASE

9 November 2012

Third Quarter 2012 Trading Update

Road Town, Tortola, BVI

FINANCIAL HIGHLIGHTS

- Strong performance of wholly-owned and minority-held rental assets.
- All significant YoY variations in the Company's income statement are positive.
- Though real estate assets have not been appraised as of 30 September 2012, strong performance of rental assets and significant progress on the Arbat development projects indicate stable to-slightly higher valuations.
- Assuming unchanged real estate values, NAV would be slightly higher than at 30 June 2012.

ASSET UPDATE

Arbat:

- Arbat 1 has advanced to façade and engineering works, with completion expected in 1H13.
- Though temporarily stopped due to concerns of preservationists, work on Arbat 2 has been resumed.

Petrovsky Fort:

- Vacancy rate below 7% for the first time since 2008.
- Gross and net rents (excluding 2011 one-off payment) both up approximately 13%.

Magistral'naya

- New lease terms with strong local tenant have increased gross rent by 20% and net rent by 40% YoY

Inkonika Parking:

- Though customer flow at the joint venture's first open parking facility (Turgenevskaya Square) remains sluggish, September saw the highest volume since the January opening due to the introduction of significant fines for illegal parking in Moscow and the onset of colder weather.

Geneva House:

- Expiration of fit-out allowances and leasing of 100% of premises resulting in significant YoY increase in gross and net rents.

Berlin House:

- Stable net rents YoY, though expect decrease in 4Q12 and 1Q13 as retail premises are vacated to allow reconfiguration which will increase amount and attractiveness of retail space.

Significant financial events and changes for Q3 2012 are as follows:

Income

- **Rental Income**

  In the nine months ended 30 September 2012, our wholly-owned rental properties generated Gross Rental Income of $5.71 million and Net Rental Income of $4.25 million.

  On a Like for Like (LfL) basis, and adjusting for a one-off payment at Petrovsky Fort in 2011, gross rental income is up 13.7% and net rental income up 16.2% YoY.

- **Interest Income**

  The Company generated $5.86 million of interest income in the first nine months of 2012, compared to $3.07 million for the comparable period in 2011. The increase is due to additional lending for construction of the Arbat projects and interest earned on liquid bond investments.

- **Gain on Increased Ownership**

  In 2011 EPH negotiated an increased equity stake in the Arbat Projects in conjunction with providing additional construction financing. Increasing the Company's stake in the Projects from 50% to 60%, at no charge to EPH, generated a profit, part of which was recognized in 4Q11 and part in 1Q12. For the period under review, EPH recognized a gain of $1.40 million (9M11: $0).

- **Other Income**

  EPH recognized $0.75 million of other income due to the removal of a provision for liabilities on the Arbat projects (2011:$0.06 million)

- **Net Foreign Exchange Gain**

  Moderate and favorable fluctuation between the Russian ruble and US$ generated a $2.04 million exchange rate gain for the first nine months of 2012. For the same period in 2011 the Company recognized a $13.20 million loss due to a strong negative movement in the exchange rate in the first half of the year.

Expenses

- **Professional and Administration Fees**

  The Company paid $1.38 million in professional and administration fees in the first nine months of 2012; roughly half the $2.58 million paid in the same period a year earlier. Exceptionally high fees in 2011 were primarily due to legal and consulting fees in conjunction with transactions, delivery and leasing of Geneva House, and shareholder requests for changes to the Company's articles and corporate governance.

- **Impairment of Development Property**

  EPH carries the Arbat apartment premises at cost while under construction. If cost is below the most recent appraised value, an impairment is recognized. At 30 September 2011, the Arbat projects were impaired by $2.05 million. A test for impairment at 30 September 2012, which is made against the appraisal dated 31 May 2012, results in an impairment of $0.70 million. Management believes, however, that construction progress and the reduced time remaining until delivery of the projects would lead to a significantly higher appraisal if done for 30 September 2012, and that it is likely that no impairment would actually be required.

- **Finance Costs**

  Finance costs were $2.23 million in the first nine months of 2012, compared to $6.07 million a year earlier. The difference is due to the sale of majority stakes in Berlin and Geneva Houses which were each leveraged prior to the sale.

- **Net Loss from Sale**

  Transaction costs incurred in the sale of majority stakes in Berlin and Geneva House in 2011 generated a loss of $2.19 million. No corresponding loss was generated in the first nine months of 2012.

- **Income Taxes**

  In 2011 the Company wrote off a tax credit deemed to be unusable in the foreseeable future, resulting in most of the $4.81 million expense recognized for the period. For the first nine months of 2012, the Company recognized an income tax credit of $0.32 million.

Balance Sheet

Assets

- **Loans and Receivables**

  EPH's loans and receivables increased due to both additional lending to its joint venture projects and accrual of interest on existing project loans. To the extent that a borrower is partially owned by EPH, loans are eliminated in consolidation. This means that 60% of project financing for the Arbat Projects is classified as investment in the projects, and 40% as lending.

  Loans and receivables amounted to $67.96 million as of 30 September 2012, of which $53.85 million is principal, and $14.11 million is accrued interest. As of 31 December 2011, loans and receivables amounted to $51.28 million.

  With the exception of small amounts lent to Inkonika Parking and to the holding company of Berlin House for the Company's pro-rata 10% share of the repayment of bank debt on the property, all 2012 lending has been for construction of the Arbat Projects.

- **Liquid Assets**

  EPH has been holding significant cash balances since the Berlin/Geneva House transaction in order to fund construction on Arbat, pending bank construction financing.

  Given the unattractive rates available on bank deposits, and the generally predictable nature of construction spending, the Company has invested funds being held available for construction spending on the Arbat projects into individual corporate bonds of high rating and short to medium duration.

  For the purpose of this trading update, cash and traded bonds have been combined and classified as Liquid Assets.

  As of 30 September 2012 the Company held $45.84 million of liquid assets. As of 31 December 2011, the Company held $76.81 million of liquid assets.

  The $30.97 million reduction in the Company's liquid assets in the last 9 months has been primarily due to use of cash to fund Arbat construction and repay the Company's 10% pro-rata share of the Aareal Bank loan secured by Berlin House.

- **Assets Under Development (at cost)**

  Assets under development have increased from $76.62 million at 31 December 2011 to $89.42 million at 30 September 2012. The $12.81 million increase is the result of increased construction spending and strengthening of the RUB against the US$, reduced by an impairment of $0.70 million.

Liabilities

- **Loans from Banks (LT & ST)**

  EPH's only third party debt is a loan from UniCredit Bank secured by Petrovsky Fort. The outstanding balance of the loan at reporting date was $34.90 million, down $1.35 million from $36.25 million at 31 December 2011. The reduction is due to amortization during the last 9 months.

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Eastern Property Holdings Ltd. is an SIX Swiss Exchange-listed real estate development and investment company focusing on Russia. The company holds interests in office, residential, retail and parking properties and developments, principally in Moscow and St. Petersburg. EPH is managed by Valartis International Ltd. a wholly-owned subsidiary of Valartis Group AG. Additional information on Eastern Property Holdings is available by contacting Terry Olin, Tel: +41 22 716 1035, or by visiting the company's website: *www.easternpropertyholdings.com*.

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Significant Q3 Income and Expense Items

Rental income	30.09.2012	30.09.2011	Change YoY
Gross rental income	**$5'708'592**	**$12'010'105**	**-$6'301'513**
Net rental income	**$4'254'153**	**$7'974'119**	**-$3'719'966**
Gross Rental income (Like for Like)			Percent Change YoY
Petrovsky Fort	**$4'854'615**	**$4'309'278**	**13%**
Magistral'naya	**$853'977**	**$709'840**	**20%**
Berlin House*	**$5'630'684**	**$5'845'138**	**-4%**
Geneva House*	**$9'214'570**	**$4'804'069**	**92%**
Net Rental income (Like for Like)			Percent Change YoY
Petrovsky Fort**	**$3'644'901**	**$4'027'483**	**-9%**
Magistral'naya	**$609'252**	**$433'689**	**40%**
Berlin House*	**$4'334'349**	**$4'324'852**	**0%**
Geneva House*	**$8'221'597**	**$2'240'629**	**267%**
Material YoY Changes in Income/Expense Items	30.09.2012	30.09.2011	Change YoY
Interest income	**$5'859'634**	**$3'066'161**	**$2'793'473**
Gain on increased ownership stake	**$1'396'769**	**$0**	**$1'396'769**
Other income	**$751'136**	**$62'077**	**$689'059**
Net foreign exchange gain/ (loss)	**$2'038'042**	**-$13'199'564**	**$15'237'606**
Professional and administration fees	**-$1'377'931**	**-$2'582'926**	**$1'204'995**
Impairment of development property	**-$702'980**	**-$2'052'112**	**$1'349'132**
Finance costs	**-$2'226'812**	**-$6'074'667**	**$3'847'855**
Net loss from sale of subsidiaries	**$0**	**-$2'186'908**	**$2'186'908**
Income taxes	**$324'014**	**-$4'810'417**	**$5'134'431**

Significant Q3 Changes in Financial Position

Assets	30.09.2012	31.12.2011	Change
Loans and receivables (LT & ST)	**$67'958'524**	**$51'276'846**	**$16'681'678**
Liquid assets (Cash and traded bonds)	**$45'841'803**	**$76'809'711**	**-$30'967'908**
Assets under development (at cost)	**$89'423'098**	**$76'615'089**	**$12'808'009**
Liabilities			
Loans from banks (LT & ST)	**$34'900'000**	**$36'250'000**	**-$1'350'000**