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FOR IMMEDIATE RELEASE

15 October 2007

Road Town, Tortola, BVI

Eastern Property Holdings Announces New Acquisitions and Sale of Treasury Shares

Eastern Property Holdings (EPH) announces the pending acquisition of two new development projects. The new projects will be wholly-owned by Eastern Property Partners LP, a Cayman limited partnership that is 90% owned by EPH. Both acquisitions are expected to close in the coming weeks.

The first acquisition comprises an existing complex of three operational Class B- office buildings in Moscow with a total combined area of just over 3,000 square meters, and the leasehold rights in the underlying land plots with a total combined area of over 0.5 hectares. The property is being acquired for US\$ 23.5 million with a net rental yield of approximately 10% and will continue to be occupied while redevelopment plans for the site are underway. The acquisition also includes a deferred purchase price component, which will be 15% of the profit of the project to be paid to the seller upon completion of the development. Due to its favorable location at the intersection of Moscow's third ring and a key artery to the residential areas to the west of the city, EPH intends to replace the existing structures with an multi-functional complex of approximately 130,000 square meters, which, as envisioned, would include approximately 80,000 square meters of rentable space, primarily office, and 1,000 parking spaces. Development is planned to commence in 12-18 months, with construction taking approximately two years. The acquisition is expected to be completed before the end of October.

The second project comprises just over 100 hectares of land situated approximately 25 kilometers from St. Petersburg. Approximately 55 hectares were purchased in August 2007, while the acquisition of the remaining hectares is expected to be completed by year-end. The total cost for the acquisition will be approximately US\$ 30 million. EPH intends to develop the site into individual homes, townhouses, and supporting infrastructure and amenities over the next five years. The envisioned project would include as many as 450 homes, 120 townhouses and amenities, including a school, community center and retail space.

In July, EPH also announced the acquisition of two projects in the historical center of Moscow by a joint venture, of which Eastern Property Partners will own 50%. The two buildings will be multi-purpose complexes, and are

expected to be used as apartments and retail space. The first building, which is currently under construction, will be approximately 26,500 square meters, of which the joint venture will own 14,000 square meters, and have the right to acquire an additional 3,500 square meters. The second building will be 13,000 square meters, of which the joint venture will own 6,500 square meters and will have the obligation to acquire an additional 6,500 square meters subject to certain conditions being met by the seller. The target completion date for both projects is by end-2009.

Since 30 June 2007, EPH has invested over US\$78 million in its ongoing construction projects, including Geneva House in central Moscow, and a shopping center project in Nizhny Novgorod through its Hypercenter Investment joint venture and in the pending acquisitions described above.

SALE OF TREASURY SHARES

In order to fund its acquisitions and ongoing construction costs, EPH has raised approximately US\$ 11 million through the sale of treasury shares. As a result, the number of shares currently outstanding is 3,489,229.

In conjunction with the recent share sales, Presima, a portfolio management company that specializes in real estate securities, has increased its stake in EPH to 5.1%. Presima has been a shareholder since August 2006, and is a member of the network of companies affiliated with the Caisse de dépôt et placement du Québec.

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Eastern Property Holdings Limited is an SWX listed real estate development and investment company focusing on Russia. The Company holds interests in office, residential and retail real estate and property developments, principally in Moscow and St. Petersburg. EPH is managed by Eastern Property Management Ltd., a real estate management company that is a wholly-owned subsidiary of Valartis Group AG.

Additional information on Eastern Property Holdings is available on the company website: www.easternpropertyholdings.com, or by contacting Terry Olin at Eastern Property Holdings Limited, tel: +41 22 716 1000, e-mail: contact@easternpropertyholdings.com.

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Cautionary note concerning forward looking statements

Matters discussed in this press release may constitute forward-looking statements. Forward-looking statements which are other than statements of historical facts. The words "believe," "expect," "anticipate," "intend," "estimate," "will," "may," "continue," "should" and similar expressions identify forward-looking statements. Forward-looking statements include statements regarding: objectives, goals, strategies, outlook and growth prospects; future plans, events or performance and potential for future growth; liquidity, capital resources and capital expenditures; economic outlook and industry trends; developments of our markets; the impact of regulatory initiatives; and the

strength of our competitors.

The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond our control. Such risks, uncertainties, contingencies and other important factors could cause the actual results of Eastern Property Holdings Limited or the industry to differ materially from those results expressed or implied in this press release by such forward-looking statements. Such risks, uncertainties, contingencies and other important factors include, among others: political and social developments; general economic, market and business conditions; trends in the real estate markets in which we operate or plan to operate; our business and growth strategies; planned acquisitions or development projects, or any other projects in our investment pipeline; our expansion into other geographic regions or market segments; the effects of legislation, regulation, bureaucracy or taxation on our business; and our anticipated future revenues, capital expenditures and financial resources.

The information, opinions and forward-looking statements contained in this press release speak only as at the date of this press release, and are subject to change without notice.

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