

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION,
DIRECTLY OR INDIRECTLY, IN OR INTO
THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN.**



30 October 2007

Road Town, Tortola, BVI

Eastern Property Holdings Limited announces an offering of up to 1.4 million ordinary shares and the drawing of a \$40 million loan facility from Aareal Bank

Eastern Property Holdings Limited announces the launch of an offering of up to 1.4 million newly issued ordinary shares, excluding up to an additional 210,000 newly issued ordinary shares that may be offered solely for the purpose of settling over-allotments, if any (for a total offering of up to 1.61 million newly-issued ordinary shares, subject to an over-allotment put option). We have appointed Kempen & Co., Renaissance Capital and Valartis Bank, as joint lead managers and joint bookrunners.

The size of the offering was determined based on our cash requirements after taking into account the fact that on 26 October 2007 we drew down in full our US\$40 million loan facility from Aareal Bank AG, which is secured by our Berlin House property, on Petrovka Street in central Moscow..

We intend to offer our ordinary shares to the public in Switzerland, and to investors in certain other countries under circumstances not requiring registration or constituting an offer to the public. We have applied to the SWX Swiss Exchange to have up to 1.61 million newly issued ordinary shares listed under our ticker symbol, "EPH".

Current shareholders able to certify compliance with applicable laws will be permitted to subscribe for additional shares, in proportion to their shareholdings. The record date for such eligible existing shareholders is today, 30 October 2007, and the subscription period for such shareholders is to run from 30 October 2007 to 6 November 2007. The subscription rights will not be tradable. Shares not taken up by existing shareholders will be available for allocation by the joint lead managers, expected to take place on 9 November 2007.

We intend to use the net proceeds from the Offering for investment in our pipeline of development properties, acquisitions and development of other properties and working capital or other general corporate purposes.

If over-allotments are made, we may be required to purchase at the offering price (net of fees) up to 210,000 ordinary shares held by the stabilising manager as a result of stabilisation transactions pursuant to a put option we have granted to the stabilising manager.

Following the Offering, there will be a maximum of 4,889,229 issued ordinary shares, of which 448,903 will be treasury shares, assuming no sale of treasury shares, issuance of

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION,
DIRECTLY OR INDIRECTLY, IN OR INTO
THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN.**

the maximum number of shares necessary to satisfy over-allotments in full, and exercise of the put option in full.

EPH will be subject to a lock-up precluding it from selling additional equity securities for a period of 180 days following the Offering, except with the consent of the managers of the transaction, and provided that EPH shall have the right to place Series A non-voting preferred shares (which are mandatorily convertible into ordinary shares on a 1:1 basis upon an offering of new ordinary shares in an amount of more than 10% of EPH's outstanding ordinary shares) in exchange for in-kind contributions of real estate properties.

* * *

Eastern Property Holdings Limited is an SWX listed real estate development and investment company focusing on Russia. We hold interests in office, residential and retail real estate and property developments, principally in Moscow and St. Petersburg. We are managed by EPML, 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.

* * *

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

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION,
DIRECTLY OR INDIRECTLY, IN OR INTO
THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN.**

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.

* * *

THIS RELEASE IS NOT BEING ISSUED IN THE UNITED STATES OF AMERICA AND IS NOT FOR PUBLICATION OR DISTRIBUTION IN THE UNITED STATES. THIS RELEASE DOES NOT CONTAIN OR CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO BUY SECURITIES IN THE UNITED STATES. IN ADDITION, THE SECURITIES OF EASTERN PROPERTY HOLDINGS LIMITED HAVE NOT BEEN AND ARE NOT INTENDED TO BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION UNDER THAT ACT OR AN AVAILABLE EXEMPTION FROM REGISTRATION REQUIREMENTS UNDER THAT ACT.

THIS COMMUNICATION IS BEING DISTRIBUTED ONLY TO AND IS DIRECTED ONLY AT (A) PERSONS OUTSIDE THE UNITED KINGDOM, (B) PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS, I.E., INVESTMENT PROFESSIONALS WITHIN THE MEANING OF ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "ORDER"), AND (C) HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS AND OTHER BODIES TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED IN ACCORDANCE WITH ARTICLE 49 OF THE ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THE SECURITIES ARE AVAILABLE ONLY TO, AND ANY INVITATION, OFFER OR AGREEMENT TO SUBSCRIBE, PURCHASE OR OTHERWISE ACQUIRE SUCH SECURITIES WILL BE AVAILABLE ONLY TO OR WILL BE ENGAGED IN ONLY WITH, RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS COMMUNICATION OR ANY OF ITS CONTENTS.

THIS RELEASE IS NOT AN OFFER OR ADVERTISEMENT OF SECURITIES IN THE RUSSIAN FEDERATION, AND IS NOT AN OFFER TO SELL TO OR FOR THE BENEFIT OF ANY PERSON RESIDENT, INCORPORATED, ESTABLISHED OR HAVING THEIR USUAL RESIDENCE IN THE RUSSIAN FEDERATION, OR TO ANY PERSON LOCATED WITHIN THE TERRITORY OF THE RUSSIAN FEDERATION, OR AN INVITATION TO OR FOR THE BENEFIT OF ANY SUCH PERSON TO MAKE OFFERS TO PURCHASE ANY SECURITIES.

IT IS NOT INTENDED TO BE AND MUST NOT BE PUBLICLY DISTRIBUTED IN OR INTO THE RUSSIAN FEDERATION.

НАСТОЯЩИЙ РЕЛИЗ НЕ ЯВЛЯЕТСЯ ПРЕДЛОЖЕНИЕМ ИЛИ РЕКЛАМОЙ ЦЕННЫХ БУМАГ В РОССИЙСКОЙ ФЕДЕРАЦИИ, РАВНО КАК НЕ ЯВЛЯЕТСЯ ПРЕДЛОЖЕНИЕМ КАКОМУ-ЛИБО ЛИЦУ, ПРОЖИВАЮЩЕМУ, ЗАРЕГИСТРИРОВАННОМУ, УЧРЕЖДЕННОМУ ИЛИ ИМЕЮЩЕМУ ПОСТОЯННОЕ МЕСТОЖИТЕЛЬСТВО (МЕСТОНАХОЖДЕНИЯ) В РОССИЙСКОЙ ФЕДЕРАЦИИ, ИЛИ НАХОДЯЩЕМУСЯ НА ТЕРРИТОРИИ РОССИЙСКОЙ ФЕДЕРАЦИИ (ЛИБО

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION,
DIRECTLY OR INDIRECTLY, IN OR INTO
THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN.**

ПРЕДЛОЖЕНИЕМ В ПОЛЬЗУ ТАКОГО ЛИЦА) О ПРОДАЖЕ ЦЕННЫХ БУМАГ, А ТАКЖЕ НЕ ЯВЛЯЕТСЯ ПРИГЛАШЕНИЕМ КОМУ-ЛИБО ИЗ ТАКИХ ЛИЦ (ЛИБО В ПОЛЬЗУ КОГО-ЛИБО ИЗ ТАКИХ ЛИЦ) ДЕЛАТЬ ОФЕРТЫ О ПРИОБРЕТЕНИИ ЦЕННЫХ БУМАГ.

ОН НЕ ПРЕДНАЗНАЧЕН ДЛЯ ПУБЛИЧНОГО РАСПРОСТРАНЕНИЯ И НЕ ДОЛЖЕН ПУБЛИЧНО РАСПРОСТРАНЯТЬСЯ НА ТЕРРИТОРИИ РОССИЙСКОЙ ФЕДЕРАЦИИ.