

**PRESS RELEASE**  
**Third Quarter 2017 Financial Update**

30 November 2017, Road Town, Tortola, BVI

**FINANCIAL HIGHLIGHTS**

- The performance of the Company's income-generating properties continues to demonstrate stable profitability. During the first 9 months of 2017 EPH rental properties generated \$52.13 million of net rental income (9 months of 2016: \$53.68 million). The contribution of each property to net rental income is presented in the table below;
- Cash generated by the rental properties is sufficient to cover the Company's operating expenses, including payment of interest on the bonds issued by the Company;
- Although during 2017 Rouble/US dollar exchange rate is less volatile as compared to the period 2014-2016, the exchange rate fluctuation continues to be one of the main factors affecting the Company's operating results;
- Additional construction costs spent as well as the strengthening of Rouble against US dollar during first 9 months of 2017 led to increase of Arbat development property value which is carried at cost nominated in Roubles;
- The increased amount of borrowings as of 30 September 2017 is caused by the fact that bond interest payments due on 30 September were paid on 2 October 2017 (first business day after the due date - in line with the prospectus);
- \$30 million contingent liability in respect to the acquisition of Hermitage Plaza was paid in October 2017.

**Significant Q3 2017 Income and Expense Items**

<b>Net Rental Income, US\$</b>	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>Change YoY</b>
Berlin House	10,077,517	12,149,964	(2,072,448)
Geneva House	10,095,125	10,521,763	(426,637)
Polar Lights	9,024,639	10,338,847	(1,314,207)
Hermitage Plaza	19,389,554	20,289,404	(899,851)
City Gate	3,065,250	-	3,065,250
Magistral'naya	478,386	379,400	98,986
<b>Total</b>	<b>52,130,471</b>	<b>53,679,378</b>	<b>(1,548,906)</b>

<b>YoY changes in Income/Expense Items, US\$</b>	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>Change YoY</b>
Net foreign exchange loss	(5,283,173)	(60,401,218)	55,118,045
Finance costs	(22,539,286)	(26,533,483)	3,994,197

**Significant Q3 2017 changes in Financial Position**

<b>Assets, US\$</b>	<b>30.09.2017</b>	<b>31.12.2016</b>	<b>Change</b>
Cash & cash equivalents	55,022,277	41,378,278	13,643,999
Assets under development	81,224,096	72,855,882	8,368,214
<b>Liabilities, US\$</b>	<b>30.09.2017</b>	<b>31.12.2016</b>	<b>Change</b>
Borrowings (LT & ST)	489,464,754	480,934,738	8,530,016
Accounts payable and accrued expenses	48,048,763	60,122,219	(12,073,456)