

PRESS RELEASE

Third quarter 2019 Financial Update

29 November 2019, Road Town, Tortola, BVI

KEY EVENTS

- In August 2019 the Company signed the agreement to acquire 100% of ownership interest in the currently under construction office and retail complexes QBC 1 & 2 as well as the parking garage QBC 7 located in Quartier Belvedere, Vienna, Austria. The closing of the transaction will occur after finalization of construction and is expected for Q1 2021 also subject to various other customary closing conditions. On 19 August 2019, the Company has paid EUR 20.00 million (US\$ 22.5 million) as a down payment.
- The Company's rental properties are performing well and generate sufficient cash to cover the Company's operating expenses, service the debt and partially finance its new acquisitions.
- RUB and EUR, major currencies of the Group's operations, continue to be volatile and affect the Company's operating results and net asset value. RUB and EUR weakened against USD by approximately 3% and 4% since last reported date of 30 June 2019. In average, for 9 months 2019 RUB depreciated by 6% against USD and EUR – by 6.4% against USD in comparison to 9 months 2018.

FINANCIAL HIGHLIGHTS

The above key events led to the following main changes in the Company's financial results for Q3 2019:

- During the 9 months of 2019 EPH rental properties generated \$56 million of net rental income (9 months 2018: \$51.6 million). The contribution to net rental income of each property is presented in the table below. The decrease of income in Polar Lights, Magistral'naya and City Gate is caused primarily by compression of USD translation of Ruble- and Euro-denominated rental revenues due to average Ruble and Euro depreciation in comparison to 9 months 2018. It was fully compensated by the increase of income in other properties as well as the additional income generated by new Austrian property QBC 4 acquired in February 2019;
- For 9 months of 2019 FX loss recognised in the Company's income statement was partially overlapped by positive change in currency translation adjustment recognized directly in equity; so the overall negative impact of exchange rate fluctuations in the reporting period is \$8.4 million;
- Slight compression in USD equivalent of fair values of European properties and debt denominated in EUR as compared to the published HY 2019' results is caused by RUB and EUR depreciation against USD as mentioned above.

Significant Q3 2019 Income and Expense Items

Net Rental Income, US\$	30.09.2019	30.09.2018	Change YoY
Berlin House	10,222,046	9,225,375	996,671
Geneva House	10,946,992	10,304,785	642,207
Polar Lights	6,422,368	7,895,696	(1,473,328)
Hermitage Plaza	20,633,362	19,271,929	1,361,433
Arbat	120,562	0	120,562
Magistral'naya	484,200	509,517	(25,317)
City Gate	3,248,954	3,556,392	(307,438)
WLC	1,700,164	865,578	834,586
QBC 4	2,272,936	0	2,272,936
Total	56,051,584	51,629,272	4,422,312

YoY changes in Income/Expense Items, US\$	30.09.2019	30.09.2018	Change YoY
Net foreign exchange gain/ (loss)	(19,913,817)	39,857,913	(59,771,730)
Finance costs	(24,452,073)	(23,668,774)	(783,299)

Significant Q3 2019 changes in Financial Position

Assets, US\$	30.09.2019	30.06.2019	31.12.2018	Change to HY	Change to LY
Investment property*	978,076,726	991,816,005	841,451,779	(13,739,279)	136,624,947
Russia	635,266,447	634,748,670	606,316,348	517,777	28,950,099
Western Europe	342,810,279	357,067,335	235,135,431	(14,257,056)	107,674,848
Prepayment for acquisition of subsidiaries	22,504,000	0	0	22,504,000	22,504,000
Cash & cash equivalents	33,265,345	44,398,917	41,693,596	(11,133,572)	(8,428,251)
Liabilities, US\$	30.09.2019	30.06.2019	31.12.2018	Change to HY	Change to LY
Borrowings	658,346,090	661,800,919	553,507,629	(3,454,829)	104,838,461
USD-denominated	488,614,559	484,704,242	483,753,745	3,910,317	4,860,814
EUR-denominated	169,731,531	177,096,677	69,753,884	(7,365,146)	99,977,647

* - Based on external appraisals as of 30.06.2019

Eastern Property Holdings Ltd. is an investment company listed on SIX Swiss Exchange which holds interest in office, residential and retail properties. 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 Anna Bernhart Tel: +41 44 503 5400.