

PRESS RELEASE
Third Quarter 2016 Financial Update

30 November 2016, Road Town, Tortola, BVI

FINANCIAL HIGHLIGHTS

- The performance of the Company's income-generating properties continues to demonstrate good profitability. During the first 9 months of 2016 EPH rental properties generated \$53.68 million of net rental income (9 months of 2015: \$52.81). 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.
- RUB/US\$ exchange rate continues to be volatile. At the year-end gains/losses arising from changed ruble values of US\$ -denominated assets are likely again to be one of the main factors affecting the Company's operating results.
- The Company recognized \$26.53 million of finance costs during nine months of 2016 in comparison with \$24.20 million for the same period in 2015. Finance costs mainly represent interest on bonds issued in 2014-2015.
- The value of the Company's Assets under Development increased up to \$69.21 million (31 December 2015: \$57.66 million). Assets under Development represent apartments constructed as a part of Arbat development and are carried at cost nominated in RUB. The increase in US\$ value is caused by additional construction costs spent as well as by strengthening of RUB against US\$ during the first nine months of 2016.
- In the 3rd quarter of 2016 the Company made down payments with respect to the acquisition of two properties in Stuttgart and Hamburg, Germany. This resulted in the increase of Advance payment in the Company's balance sheet up to US\$ 40.90 million (31 December 2015: \$1.44 million). The transaction on the acquisition of CityGate located in Stuttgart was closed in November 2016 and the closing for the acquisition of Work Life Center in Hamburg is expected by the end of 2017.
- The deferred part of the purchase price for Polar Lights was fully paid in August 2016. The second part of the deferred purchase price for Hermitage Plaza was paid in March 2016 and the contingent liability in respect to that acquisition is still payable at the end of the current year.
- The Company issued subordinated registered notes to its majority shareholder for the total amount of US\$ 170.0 million maturing on 31 December 2016.
- Assuming unchanged values of investment properties, NAV as of 30 September 2016 would be approximately at the same level as at 30 June 2016.

Significant Income and Expense Items for 9 months of 2016

Net Rental Income	30.09.2016	30.09.2015	Change YoY
Berlin House	12,149,964	11,989,129	160,835
Geneva House	10,521,763	11,542,374	(1,020,611)
Polar Lights	10,338,847	10,405,425	(66,578)
Hermitage Plaza	20,289,404	18,421,671	1,867,733
Magistral'naya	379,400	456,382	(76,982)
Total	53,679,378	52,814,981	864,397

Material YoY changes in Income/Expense Items	30.09.2016	30.09.2015	Change YoY
Net foreign exchange (loss)/ gain	-60,401,218	38,093,135	-98,494,353
Finance costs	-26,533,483	-24,199,902	-2,333,581

Significant Q3 2016 changes in Financial Position

Assets	30.09.2016	31.12.2015	Change
Cash & cash equivalents	114,990,054	127,772,076	-12,782,022
Assets under development	69,214,866	57,656,429	11,558,437
Advance payment	40,903,941	1,442,672	39,461,269
Liabilities	30.09.2016	31.12.2015	Change
Borrowings (LT & ST)	478,541,404	477,556,323	985,081
Accounts payable and accrued expenses	214,001,872	198,552,400	15,449,472