

PRESS RELEASE

First quarter 2019 Financial Update

31 May 2019, Road Town, Tortola, BVI

KEY EVENTS

- Issuance of secured and subordinated notes to its two largest shareholders for the amount of EUR 43 million at an interest rate of 1.5% p.a. maturing in February 2024.
- Acquisition of newly constructed Class A office property in the attractive and sought-after Quartier Belvedere in Vienna and in close proximity to the newly constructed main station of Vienna. The property comprises an approx. gross floor area of 20,000 sqm with approx. 70 parking spaces and is fully let, primarily to the headquarters of the accounting firm BDO.
- The Company's rental property are performing well generating sufficient cash to cover the Company's operating expenses and partially financing of its new acquisitions.
- RUB/USD exchange rate continues to be volatile and affects the Company's operating results and net asset value. RUB strengthened against USD by approximately 7% since 31 December 2018 while RUB weakened against USD as compared to Q1 2018.

FINANCIAL HIGHLIGHTS

The above key events led to the following main changes in the Company's financial results for Q1 2019:

- During the first quarter of 2019 EPH rental properties generated \$19 million of net rental income (Q1 2018: \$18 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 primarily caused by compression of USD translation of RUB- and EUR-denominated rental revenues due to average Ruble and Euro depreciation in comparison to Q1 2018. It was almost fully compensated by the increase of income in other properties as well as the additional income generated by new Austrian property acquired in February 2019;
- For the first quarter of 2019 a positive change in currency translation adjustment recognised directly in equity was overlapped by FX loss recognised in the Company's income statement by \$0.6 million;
- Increase in Investment property and Borrowings is primarily attributable to the acquisition of office property in Vienna.
- Increase in Borrowings is caused by issuance of new debt notes to the shareholders as well as by UniCredit Bank loan provided to the office property in Vienna and acquired by the Company as a part of the property acquisition.
- Increase in USD value of Inventory / Assets under development (apartments in Arbat complexes) results from USD depreciation against RUB in the period as the respective value is recognized based on the costs denominated in RUB.

Significant Q1 2019 Income and Expense Items

Net Rental Income, US\$	31.03.2019	31.03.2018	Change YoY
Berlin House	3,528,082	3,052,153	475,929
Geneva House	3,753,478	3,565,110	188,368
Polar Lights	2,394,853	2,843,451	(448,598)
Hermitage Plaza	7,201,854	7,164,411	37,443
Arbat	52,123	0	52,123
Magistral'naya	164,384	184,084	(19,700)
City Gate	1,131,715	1,195,908	(64,193)
WLC	461,516	107,877	353,639
Office centre Am Belvedere 4	330,860	0	330,860
Total	19,018,865	18,112,993	905,872

YoY changes in Income/Expense Items, US\$	31.03.2019	31.03.2019	Change YoY
Net foreign exchange gain	25,708,296	7,637,347	18,070,949
Finance costs	(8,001,083)	(7,837,927)	(163,156)

Significant Q1 2019 changes in Financial Position

Assets, US\$	31.03.2019	31.12.2018	Change
Investment property	952,656,702	841,451,779	111,204,923
Inventory / Assets under development	125,424,689	116,649,298	8,775,391
Cash & cash equivalents	38,634,187	41,693,596	(3,059,409)
Liabilities, US\$	31.03.2019	31.12.2018	Change
Borrowings	665,390,195	553,507,629	111,882,566