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EASTERN PROPERTY HOLDINGS ANNOUNCES EQUITY OFFERING

Eastern Property Holdings announces a public offering in Switzerland of up to 1.39 million shares

Roadtown, Tortola, BVI, 16 October 2006 - Eastern Property Holdings Limited ("EPH") announces the launch today of an equity offering (the "Offering") of up to approximately 1.39 million ordinary shares (the "New Shares"). In addition, EPH intends to grant to the underwriters an over-allotment option for an additional number of shares equal to up to 15% of the total number of New Shares ("the Greenshoe Shares").

EPH has been listed on the real estate segment of the SWX Swiss Stock Exchange ("SWX") since November 2003 (SWX: EPH; Bloomberg: EPH SW) and invests in real estate and real estate development in Russia and the Commonwealth of Independent States. On 13 October 2006, the price per share at the close of trading on SWX was US\$92 per share. EPH has applied to SWX for the listing of up to the full amount of the New Shares and the Greenshoe Shares.

As at 30 June 2006, EPH's net assets were USD 147.39 million, representing net assets per share of US\$86.36, and total assets were US\$191.33 million.

Since EPH raised its initial capital in 2003, the Board of Directors has declared a dividend per share for the year ended 31 December 2004 of US\$1.30 and a dividend per share for the year ended 31 December 2005 of US\$1.50.

EPH is to receive all of the proceeds from the sale of shares in the Offering, net of fees and expenses. EPH intends to use the proceeds received from the Offering for the financing of current development projects, repayment of short-term debt, and further expansion of its business through opportunistic acquisitions of additional commercial properties and/or entry into new property development projects.

The Offering

The Offering consists of a public offering in Switzerland and a private placement in certain other countries outside Switzerland, and outside the United States, Canada, Australia and Japan. A preliminary offering circular and listing memorandum relating to the Offering is being published today in accordance with SWX listing rules.

Eligible existing shareholders will be offered subscription rights that will entitle them to maintain their pre-Offering percentage interest in EPH after completion of the Offering,

assuming no exercise of the over-allotment option. The subscription rights will not be tradable, and will not be offered to existing shareholders in certain jurisdictions, such as the United States, Canada, Australia and Japan, or to existing shareholders in any member state of the European Economic Area other than qualified investors, within the meaning of the Prospectus Directive (2003/71/EC). The record date for such eligible existing shareholders is today, 16 October 2006, and the subscription period for such shareholders is to run from 17 to 24 October 2006.

The New Shares not taken up by eligible existing shareholders will be available for allocation by the managers of the Offering. All of the Greenshoe Shares will be available for allocation by the managers.

Following the Offering, there will be a maximum of 3,179,681 issued ordinary shares or, if the over-allotment option is exercised in full, a maximum of 3,388,377 issued ordinary shares, in each case assuming all outstanding warrants are exercised and assuming no sale of treasury shares.

Lock Up

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.

Syndicate

EPH has appointed ING Bank NV, Kempen & Co and Renaissance Capital as Joint Lead Managers and Joint Bookrunners, and OZ Bankers as Co-Lead Manager, of the Offering. All four managers will act as underwriters of the Offering.

Further Information

Eastern Property Holdings Limited

Terry Olin
Tel: +41 22 716 1035

Forward Looking Statements

Matters discussed in this press release may constitute forward-looking statements. Forward-looking statements are statements which are other than statements of historical fact. 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

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the strength of our competitors. Forward-looking statements are based upon assumptions and estimates, which 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 EPH's control. Such risks, uncertainties, contingencies and other important factors could cause the actual results of EPH or the industry to differ materially from those results expressed or implied by such forward-looking statements.

General

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.

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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 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.

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