

PRESS RELEASE

Eastern Property Holdings Limited announces changes in its Investment Policy

25 July 2014, Road Town, Tortola, BVI

Changes in the Investment Policy of Eastern Property Holdings

In order to be able to further diversify EPH's real estate portfolio, the Board of Directors of EPH today approved the amendment of the geographic focus in the Investment Policy of the Company. The following change has been made:

- "The objective of Eastern Property Holdings (the "Company") is to invest directly, through subsidiaries, or via participation in other companies, in real estate in Russia, the CIS, and other formerly socialist countries or their successors in Central and Eastern Europe..."

has been changed to

- The objective of Eastern Property Holdings (the "Company") is to invest directly, through subsidiaries, or via participation in other companies, in real estate in Russia, the CIS, and Europe..."

Further, EPH's Board of Directors approved a decrease in the limit amount for board approvals to USD 5 million.

The amended investment policy of EPH is attached to this press release and will become effective 30 days from today.

Eastern Property Holdings Ltd. is an SIX Swiss Exchange-listed real estate development and investment company focusing on Russia. The company holds interests in office, residential, retail and parking properties and developments, principally in Moscow and St. Petersburg. 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 43 336 8111.

INVESTMENT POLICY – EASTERN PROPERTY HOLDINGS

The current Investment Guidelines were approved at the Annual Shareholder's Meeting of 29 June 2010 and amended by the Board of Directors at its extraordinary Board Meeting on 25 July 2014. They are the binding framework for the Company's activities.

OBJECTIVE

The objective of Eastern Property Holdings (the "Company") is to invest directly, through subsidiaries, or via participation in other companies, in real estate in Russia, the CIS, and Europe in order to provide capital appreciation and dividend income to its shareholders. Investments may be existing properties or development projects which are intended to provide capital appreciation and/ or rent income. The Company may also purchase participations in other companies with real estate related activities and provide real estate financing, real estate management, sale and leaseback of real estate and enter into real estate related financial transactions.

INVESTMENTS

Real Estate Investments

Investment targets are commercial, residential and industrial properties located in Russia, other CIS countries and Europe which provide a reasonable risk/ return ratio. The main criteria to be considered are as follows:

- a) Quality of location
- b) Economic outlook
- c) Infrastructure
- d) Architecture
- e) Standard of fittings
- f) Occupancy
- g) Quality of tenants
- h) Flexibility of usage
- i) Profitability
- j) Potential for value appreciation

Development Projects

Development projects might be new construction or refurbishing of existing buildings. If development projects are undertaken with a partner, special care must be taken to protect the interests of the Company through the structure and contractual framework of the endeavor.

Financing of Real Estate Investments

The Company intends to optimise the return on its investments through the conservative use of leverage. Interest expenses will be considered on a consolidated basis.

Participations in Companies

The Company can also invest in majority or minority participations in other companies with real estate related activities, including real estate management.

Real Estate Financing

The Company may provide real estate financing secured by mortgages or other adequate guarantees.

Financial Investments

For temporary or defensive purpose, the Company's assets can also be invested in financial instruments, such as stock, listed shares, bonds, investment funds and other liquid financial instruments.

The investment in options, futures and other derivatives is only permitted for hedging purposes. The Company may furthermore engage into other financial transactions such as currency and interest rate forwards and swaps for hedging purposes.

Other Investments

The Company can also, subject to approval of the Board of Directors, invest up to 10% of its assets in non-real estate related investments. Up to 20% of the Company's total assets can be invested in real estate investments outside the Company's primary geographic area of focus.

VALUATION

The entire real estate portfolio will be appraised once a year by an independent real estate appraiser. The results of the yearly appraisal will be used as the basis for valuation in the Company's annual report. For the purpose of the half year report, a simplified valuation method will be applied.

INVESTMENT PROCESS

Approval by Board of Directors

All purchases or sales of properties and all investments in other assets in excess of USD 5 million, with the exception of financial investments for temporary or cash management purpose have to be approved by the Board of Directors

Analysis

Prior to the approval, Eastern Property Management Limited will present a comprehensive analysis of potential investments, including financing. Analysis will be based on conservative cost, timing, and rent or sale assumptions. Changes to, and Compliance with the Investment Guidelines.

The Investment Guidelines can be changed or amended by resolution of the Board of Directors. Compliance with the Investment Guidelines is verified periodically by the Board of Directors.