

Eastern Property Holdings Re-elects Auditors at AGM and Announces New Management Agreement with Valartis International Ltd.

Tortola, British Virgin Islands, 20 June 2013

- I. The resolution to re-elect Ernst & Young as auditors for the Company for one year was duly passed at the AGM of Eastern Property Holdings Ltd ('EPH', the 'Company') held in London.
- II. EPH has decided to conclude a new management agreement with Valartis International Ltd., a wholly owned Valartis Group AG subsidiary.

Background

The new management agreement will replace the existing Real Estate Management Agreement entered into on 15 September 2003 between EPH and Eastern Property Management Limited ('EPML'), a former 100% owned Valartis subsidiary. With effect as of 31 December 2009, EPML merged with Valartis International Ltd. As successor company, Valartis International Ltd. became party to the existing agreement. Under this agreement, Valartis International Ltd. acted as discretionary manager of all activities of the Company. Valartis Group was the largest shareholder in EPH until 19 December 2012, when it sold its shares to the Aurora Value Fund.

Main Characteristics

Under the new management agreement, which will be effective as per 1 January 2013, the Company will have lower management costs. In addition, the Company will exercise more control over the operational business and will continue to use the industry and market expertise of Valartis Group's experienced professionals for the next years. The main characteristics of the new management agreement with Valartis International Ltd. are:

- Reduction of management fee payable by EPH by approximately 25 to 30%, compared to the amount of USD 5.63 million paid in 2012 (please refer to the attached Fee Schedule for further information)
- No performance fee for Valartis International Ltd. going forward
- One-time payment for the termination of the existing Real Estate Management Agreement in the amount of USD 12.6 million, which equals the amount of accrued performance fees as per the end of 2011
- Reduced and more specific scope of services to be provided by Valartis International Ltd. to the Company, including an exhaustive list of managed assets and EPH subsidiaries
- The Company has substantial control over Valartis International Ltd.'s activities
- The Management Committee that is responsible for taking operative decisions is appointed by the Company, with one member being designated by Valartis International Ltd.

Management Fee (no Performance Fee)

The overall management fee under the new agreement will consist of payments for each of the

specific services provided, instead of a general management fee of 2% of the Company's Net Asset Value (NAV) as in the previous contract. The Company expects that this will result in an overall reduction of the management fees by approximately 25 to 30%, compared to the amount of USD 5.63 million paid in 2012. Valartis International Ltd. will receive a flat fee of approximately USD 1.47 million for property management, administrative and investor relation services and an additional development fee of 1.5% of the NAV of the Arbat projects. Further, the new management contract does no longer provide for any performance fees.

Termination Payment

Under the existing Real Estate Management Agreement, Valartis International Ltd. would be entitled to a compensation of an amount equal to three times the total fees paid to it in the previous business year in the event of a termination. Valartis International Ltd. and the Company agreed to waive such penalty payment and, instead, agreed on a termination payment in the amount of USD 12.6 million which equals the performance fees accrued as per the end of 2011. This settlement is favorable to the Company, as such amount is less than the penalty payment under the Real Estate Management Agreement. Furthermore, the performance fees have already been accounted for and payment will have no effect on the Company's balance sheet or NAV.

Specific Services for Assets and on Corporate Level

The new management agreement will cover a very specific scope of services and an exhaustive list of managed assets and EPH subsidiaries. Valartis International Ltd. will continue to manage Berlin House and Geneva House as well as Petrovsky Fort and Turgenevskaya Parking. This includes comprehensive services for management and administration of the assets. In addition to leasing, maintenance, regular reporting and corporate administration, this would also cover management of a sales process in case the sale of any of the properties was decided. The services to be provided by Valartis International Ltd. further relate to development and sale of the Arbat projects. Valartis International Ltd. will also provide administrative and investor relation services to the Company.

Corporate Governance

Under the new management agreement, the Company will have substantial control over Valartis International Ltd.'s activities. Valartis International Ltd. will only be authorized to act within agreed budgets of the respective subsidiaries and within the scope of the respective property management agreements. Further, the Management Committee will be appointed by the Company, with one member being designated by Valartis International Ltd. The Management Committee will be responsible for taking operative decisions and will take such decisions by unanimous vote within its authorities and the guidelines determined by the Board of Directors.

Eastern Property Holdings Ltd. is an SIX Swiss Exchange-listed real estate development 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 Alexander Nikolaev, + 7 495 730 3525.

Fee Schedule New Management Agreement

Property Management *, Investor Relations and Administrative Services	USD 1,470,000
Management Fees (variable)	
Turgenevskaya Property Management	The higher of USD 70,000 or 15% of annual NOI **
Arbat Development Services and Sales Services	1.5% of annual average Arbat NAV

*subject to indexation; excluding VAT

** excluding VAT