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**EASTERN PROPERTY HOLDINGS LTD. ANNOUNCES ADDITIONAL INVESTMENT
IN RUSSIAN RETAIL REAL ESTATE DEVELOPMENT**

FOR IMMEDIATE RELEASE

Eastern Property Holdings Ltd. (EPH) has purchased a 26 % stake in Hypercenter Investment SA, Luxembourg, a newly created retail real estate development company which will continue the development of Mosmart Hypercenters. In July 2004 EPH made its first investment into the Mosmart hypermarket chain. After a successful start the company already owns and operates three hypercenters in Moscow, each between 15'500 sqm and 25'000 sqm and currently has two centers under construction, which when completed will add an additional 100,000 sqm. The current Mosmart centers are all located on Moscow's MKAD beltway and are expected to reach a turnover in excess of USD 200 mln this year. Hypercenter Investment SA will develop Mosmart's landsites; four in Moscow, two in St. Petersburg and one each in major cities of central Russia. Each shopping center will have Mosmart as the anchor tenant and Hypercenter Investment SA will be the exclusive development partner for new retail centers

Hypercenter Investment SA is owned 49 % by Jelvoli Holding AG, a leading Swiss retail and real estate holding company listed on the SWX Swiss exchange, 26 % by EPH and 25% plus one share by the majority owners of Mosmart and the first five hypercenters.

The capital of Hypercenter Investment SA will be USD 150 million, whereby the investment of EPH amounts to a total of USD 39 million to be disbursed in three tranches over a period of 18 months.

Mosmart is a food and non-food retailer in Moscow built up in a classical hypermarket format with a trade gallery attached. The retail real estate market in Moscow is still in an early stage development phase with few large-format international retailers present. The Mosmart development group is an experienced local developer with 180 employees active in the development and operations of hypermarket anchored shopping centers. Jelvoli Holding AG brings its own extensive development expertise and the ability to create an optimal tenant mix with international brands next to Mosmart as the anchor tenant.

Eastern Property Holdings Ltd was the first listed real estate company offering shareholders an exposure to the property markets of Russia and the CIS. By investing in both existing buildings and development projects, the company aims to combine long-term value appreciation with current income. EPH has an equity value of approx. \$ 125 mln. The company trades on the SWX Swiss Exchange under the ticker EPH. www.easternpropertyholdings.com

Jelmoli Holding AG is a listed Swiss retail and real estate holding company. Jelmoli's 2004 turnover was in excess of CHF 1 bln. Its Swiss. real estate portfolio is valued at over CHF 2.2 bln. Jelmoli trades on the SWX Swiss Exchange under the ticker JEL. www.jelmoli.ch

MCT Asset Management (MCTrustco) provides institutional and private asset management services, and is an advisor to EPH. MCT also acts as the management company of HANSA AG, Basle and Pelham Investments S.A., Geneva - the majority shareholder of Jelmoli Holding AG. MCT also advises ENR Russia Invest SA and manages open-ended investment funds MC Russian Market Fund and MC Premium. MCT has offices in Geneva and Moscow. www.mctam.com

Cushman & Wakefield Stiles & Riabokobylo is one of Russia's largest real estate consultancies, and acts as an advisor to Eastern Property Management Ltd – the MCT Group subsidiary responsible for management of EPH. www.snr-realty.ru

Additional information on Eastern Property Holdings is available on the company website or by contacting Terry Olin, Tel: +41 22 716 1035, or Alexander Nikolaev, Tel +7 095 730 3525. Email: contact@easternpropertyholdings.com