

**PRESS RELEASE**

**Eastern Property Holdings expecting a loss in the Company's financial result and a decrease of its net asset value for the 1HY 2014**

25 August 2014, Road Town, Tortola, BVI

Eastern Property Holdings ("EPH" or the "Company") would like to announce that a loss in the consolidated financial result of the Company for the first half year of 2014 is expected. The Company expects a net loss of around US\$ 10 million, compared to a net profit of US\$ 1.1 million for the same period a year earlier. The above stated figure is still subject to auditor's confirmation.

The expected decrease in the financial result of the Company is primarily attributable to three factors:

- **Fair value adjustments on the Company's assets:**

We expect a decrease in the valuation of Petrovsky Fort Business Center in St. Petersburg as well as a further minor decrease in Scandinavia Land. Both decreases are caused by the more conservative assumptions which are used by the valuer to reflect the current real estate market in Russia (influenced by the recent geopolitical issues and changes in the Russian economy) and specifics for the particular real estate assets.

The decrease in Scandinavia Land value is also supported by the sale of one part of this land plot, which has been sold, based on the best offer received, slightly below the book value of the property as of the year-end 2013.

The final valuations are still subject to confirmation of the valuer and the auditors. Anyhow, a depreciation of Petrovsky Fort and Scandinavia Land is inevitable.

- **Impairment of loans**

The Company expects a decrease in the appraised value of Turgenevskaya Parking project due to more conservative assumptions used by the valuer with respect to the dynamics of the project's income which reflect the currently stabilized occupancy of the parking as well as the market. Accordingly, it is expected that the Company's loans to Vestive, the 50% owned joint venture owning Turgenevskaya Parking project, will be impaired accordingly down to the amount recoverable by Vestive's assets.

The final valuation is still subject to confirmation of the valuer and the auditors.

- **Currency effect**

Between January and June 2014, the Russian ruble ("RUB") weakened approximately 3.5% against the US dollar ("US\$"). The functional currency of the Company's asset-owning subsidiaries is the RUB, so if the RUB weakens against US\$, the US\$ denominated assets create a gain and the US\$ denominated liabilities create a loss simply due to the fact that the profit or loss of these subsidiaries is calculated on a RUB basis.

**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.