

Press Release

XS Capital has launched XS South East Europe Property Fund. The fund offers exposure to Europe's most exciting and rapidly expanding real estate market targeting above average returns by investing in extraordinary real estate projects.

The fund is structured as a Private International Collective Investment Scheme (ICIS), authorised and approved by the Central Bank of Cyprus. It is aimed at professional and knowledgeable investors as prescribed under the ICIS law no 47 (1) of 1999, and is limited to no more than 100 investors.

The fund seeks to take advantage of the property market in the South East Europe region and in particular the real estate markets of Bulgaria, Romania, Serbia & Montenegro, and Croatia. These markets offer superior rental yield and significant price appreciation potential as they converge towards European averages.

The fund targets returns (IRR) in excess of 20% in the form of rental yield and capital appreciation by taking advantage of pricing inefficiencies and by identifying superior investment opportunities within the target region.

The fund matures in year seven and investors will be able to redeem up to 20% in each of years 5 and 6. The intended equity size of the fund is EUR 10 mil and the minimum participation is EUR 30,000. In order to ensure low performance drag and avoidance of unnecessary management fees there will be three separate funding rounds the first of which will start on September the 1st and last until the 30th of November of 2005.

The structure of the fund is such that complies with all regulations of the Central Bank of Cyprus.

XS Capital will act as the fund's Investment Manager, Hellenic Bank will act as the custodian, and Hophil Nominees will be the fund's administrator.

For more information about the fund including the offering memorandum and a presentation by the Investment Manager please contact XS Capital Ltd.

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