



FOR THE ATTENTION OF THE EDITOR

DATE: [5 December 2007]

SUCCESS BREEDS SUCCESS – A FUND IS BORN

After ten successful years building an IT empire, The Source PLC was eventually sold for \$40m and Edward Russell, its founder, left to seek new challenges on the frontier.

Attracted by the emerging opportunities presented by the Eastern bloc Ed rapidly found himself becoming the market-maker for a number of very lucrative property and land deals in Romania.

Ed is a shrewd businessman with a proven pedigree of success. He avoided the Romanian “expat” life and as a result learned to avoid being taken in by the charm of the people and places; rather he stuck to his hard-nosed business approach, which resulted in vast gains.

Recognising the potential and the quality of life there was in Romania Ed forged on and now has a successful internet business selling Romanian property abroad. He also has an impressive land and property investment portfolio, which, through careful selection, now boasts on average three-figure annual returns.

Edward was identified by Simon Pearce-Hughes as amongst the first British people actively trading land in Romania. His track record and entrepreneurial flair was attractive to Simon who, having completed a PhD, felt it time to structure his first fund, the Romanian Eagle Land Fund, whose fundraising period is now underway.

Simon’s initial interest in Romania was spurred by charity work that brought him into contact with members of the then incumbent government. “I saw the profits that these people were making out of real estate and was simply staggered. They were regularly turning 700-800 per cent on deals just by buying in the right place,” said Simon. “My immediate response was to buy the first piece of land that I laid eyes on; in fact my introduction to this land was via a government

member who, to be honest I trusted based on their position and my English mindset.” As it transpired Simon’s land was greatly overvalued and he ended up losing money on the deal. “I had learnt my lesson the hard way!” he added.

Continuing, Simon explained, “I immediately saw the need to establish a structure which would offer reliable due diligence and allow people to invest knowing that those offering them opportunities had much more to benefit from a successful exit from the deal rather than taking upfront fees. I got back to the UK and presented my ideas to the fund’s promoter LLP services.”

THE DYNAMIC DUO

Simon explained about Ed, “I met Edward in 2005 and we immediately hit it off. We had complementary skill sets and the ideal mix of talents to achieve what was to become our goal. Ed had exactly the same idea as me. He had been actively trading in Romania and had turned some very impressive deals. Unlike outside investors he had formed a reliable network of Romanians who were incentivised in the correct way and who over time had demonstrated themselves to be reliable.” “This was to become pivotal in our operations,” Simon added.

On a note of caution Simon warned, “I think not seeing the market and people for what they might be is clearly the greatest mistake made by foreigners entering the market. Where there is a lack of transparency like this it is very easy for one to get duped, and outsiders present an easy target. Moreover, there is more propensity for such activity in Romania than in England so the mistake that is made most often is simply to trust the wrong person.”

Ed and Simon initially marketed single-asset companies to high net-worth and sophisticated investors in the UK to which investments can be marketed providing proper certification is obtained). This was part-way to what they wished to achieve – a vehicle which could effectively roam Romania seeking opportunities and acting upon them. It was obvious to them that a vehicle would need to offer the investor a degree of security and be backed by a credible organisation. This is what they have now achieved.

Simon explained, “In early 2007 I approached LLP services, a fund promoter, in London with my idea; they had been working with smaller investment structures and agreed to help. Through LLP we obtained backing from Fortis Bank in Guernsey. They also arranged the legal and administrative structures necessary for the running of such a company. We spent the best part of a year jumping through regulatory hoops, however today we feel as though we’ve got a product which does exactly what it says on the tin. It is a fund with a three-year life that can be taken up by a SIPP pension and one which we believe will offer outstanding returns. At the end of the fourth week of fund-raising we are processing around €10m of investment and are hopeful of reaching around

€20m. It has been a long road to this point but it is one that I am certainly glad we have taken.”

*****END*****

NOTE

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FOR FURTHER INFORMATION, PLEASE CONTACT:

UK office +44 1223 238 331
Romanian office +40 31 805 76 96
Email simon.pearce@homesinromania.co.uk
Out of office hours call...
Simon Pearce-Hughes +44 7738 701103
Edward Russell +40 720 16 16