

## Regulatory Announcement

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<b>Company</b>	<a href="#">Reconstruction Capital II Ltd</a>
<b>TIDM</b>	RC2
<b>Headline</b>	Investment
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### Reconstruction Capital II Limited

5 March 2008

#### RC2 Invests in Romanian Seaside Hotel

Reconstruction Capital II Limited (“RC2”) is pleased to announce its first investment since the completion of its latest fundraising exercise in December 2007.

RC2 has acquired a 63% shareholding in Antares Hotels SRL (“the Company”) for a total consideration of EUR 8m, by means of a purchase of existing shares and by the subscription for new shares in the Company. The Company is the owner and operator of the 305-room Fantasy Beach Hotel (the “Hotel”) located in Mamaia, Romania’s premium holiday resort on the Black Sea coast and in close vicinity to Constanta. Home to Europe’s fourth largest maritime port, Constanta is Romania’s third largest city and has emerged as one of Romania’s most vibrant economic regions. As part of the transaction, the funds invested in the Company will primarily be used for the repayment of loans that were taken out for recent upgrades of the Hotel rooms and its general facilities, and to provide working capital to the Company.

The Hotel occupies approximately half a hectare of owned land adjacent to Mamaia beach. The Hotel’s constructed area amounts to approximately 15,000 sqm. In addition, the Company owns a 2,257 sqm plot of land adjacent to it, also facing the beach, which is unused at present and which RC2 intends to be developed into holiday apartments.

RC2 has appointed Peacock Hotels / Global Hotel Management, a professional local hotel management company with a strong track record, to run the Hotel and intends to franchise the Hotel as part of the international ‘*Golden Tulip Hotels, Inns & Resorts*’ chain. It is intended that the hotel will operate not only as a summer resort hotel (as is the case at present) but also as a business hotel for the city of Constanta with operations throughout the year.

The Investment Adviser believes that the investment is attractive for a number of reasons. Firstly, it believes the valuation at which the transaction is being made compares well to the real estate value of the asset being acquired. Secondly, it believes that bringing in a professional management company in tandem with an international franchise, and operating the hotel all year round as a resort and conference hotel, should substantially increase its profitability.

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