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Argo Capital Partners Fund 1 opens 2nd largest Retail Park in Romania

Argo Group Limited (“Argo”), the emerging markets investment management specialist, is pleased to announce that its private equity fund, the Argo Capital Partners Fund 1 (the “Fund”) together with a local joint venture partner, Omilos Group, has opened the ERA Shopping Park in Iasi, the first of two planned retail parks to operate under the ERA Shopping Park brand. The ERA Shopping Park Iasi will be the largest outside of Bucharest and the second largest in Romania.

The Era Shopping Park Iasi is based in Romania’s second largest city, situated in the North East of the country close to the Moldovan border. Iasi is a rapidly expanding City with an increasingly affluent population. ERA Shopping Park Iasi is ideally located, easily accessible and will offer on completion in excess of 115,000 m² gross lettable area, firmly establishing the project as the dominant destination shopping centre in the region.

The first phase of the development opens today with an occupancy rate of a 100%, covering 37,000 m² across four anchor tenants: Carrefour (French food retailer), Praktiker (German DIY chain), Altex (a consumer electronics chain) and, finally, the Carrefour Galleries.

The second phase of the development, which will house additional anchor tenants, is expected to be completed and begin trading between spring 2009 and spring 2010. Among others, tenants in phase two will include Mobexpert, as well as a large Cinema Complex under the operation of Cinema City. Phase two has a GLA of 43,000 m² and leases for these units are at this early stage being negotiated with good progress due to the strength and appeal of the scheme and anchor tenants.

Once completed, ERA Shopping Park Iasi is projected to generate €18m in annual rental income.

The project was funded by equity provided by the Fund and the Omilos Group on a 50:50 basis and a senior debt facility of €126.5 million provided by a syndicate of Western European banks.

Once completed, the project will occupy 350,000 m² out of a total plot size of 520,000 m². Plans for the remaining land are being evaluated and may involve construction of much needed residential and/or commercial office space alongside the retail park.

The ERA Shopping Park Oradea, the second retail park planned to open under the ERA Shopping Park brand, is located in Oradea in the North-west of Romania, close to the Hungarian border. This is a smaller project with a GLA of 65,000 m² which is expected to open in March 2009.

Argo formed a joint venture partnership with leading local developer Omilos Group in autumn 2006 to consummate these two transactions. The Oradea site is projected to generate annual rental income of €10.5m.

Andreas Rialas, CIO of Argo Capital Management Limited said: “From Argo’s perspective this has been an excellent investment. Through our partnership with Omilos we acquired two excellent sites at a time when property and land prices were relatively low. Since then both projects are well advanced and demonstrating their potential to generate substantial returns. Economically, Romania continues to perform strongly, following its EU accession, there has been a significant uplift in consumer spending and as demonstrated by tenant demand for ERA, Western European retailers are focusing on increasing their presence in the country”.

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Notes to Editor:

The Argo Group has significant experience in property, in particular through the Argo Real Estate Opportunities Fund Limited, a Guernsey based closed-ended investment company, investing in the commercial property markets of Central and Eastern Europe. The Company is listed on the London Stock Exchange’s AIM market and is managed by Argo Capital Management Property Limited with offices in London, Bucharest and Kiev.

The Argo Capital Partners Fund 1

The Argo Capital Partners Fund I was launched in August 2006 with the specific focus of delivering private equity returns across different types of investments and situations in

emerging markets. The fund was launched with a minimum IRR target of 40%. The fund is two years into its life and has not yet exited any investments.

The Fund's current portfolio includes:

- Infarmasa, Peru
A large 'generics' pharmaceutical company.
- Intercontinental Bank plc, Nigeria
One of the largest commercial and retail banks in Nigeria.
- On Telecoms SA, Greece
The first triple-play telecommunications operator in Greece
- Probusinessbank, Russia
A large regional bank and among the top 30 banks in the country.
- Iasi ERA Shopping Parks, Romania
A Romanian retail development project
- Oradea ERA Shopping Parks, Romania
A Romanian retail development project

Omilos Group

Omilos Group is an experienced real estate developer that covers a complete range of activities, including land purchasing, planning, investments and project management of the most ambitious projects, both in Romania and Great Britain.

Omilos Group's strategy emphasizes the idea of strong partnerships with important names in its market and focuses on the retail park concept.

In Romania, Omilos Group runs the management of two companies: Ermes Holding (developer of Era Shopping Park Iasi) and Omilos Oradea (developer of Era Shopping Park Oradea).

For more information on Argo please visit www.argocm.com