

## AIMS AND INVESTMENT STRATEGY

The Fund is intended to provide institutional and high net worth individuals with an opportunity to invest in the most dynamic aspects of the small company buyout and property markets of selected countries in Russia & the former states of the Soviet Union. It is geared towards offering higher than developed market returns on a risk-adjusted basis. The fund is managed by an accomplished international team of private equity professionals who bring many years of Russia-specific investment experience as well as an exceptional track record of success. The Fund complements its expertise with the services of leading investment, legal and property advisors in the respective markets.

The Fund focuses on growth and arbitrage opportunities in multiple segments of the market. It pursues assets available at a discount to book value through consolidation of shares of former Soviet enterprises, identifies equity opportunities in growth companies in need of expansion stage financing and pursues distressed or un-improved real estate assets for redevelopment and operation under our property management division. The fund actively seeks to develop the companies and properties it acquires, adding significant value through implementation of Western management systems and best practices before exiting.

## RISK

Investment in the Fund involves significant risks. Risks include political, country, company, currency and liquidity risks. In order to reduce risks while maximizing returns, there is a five year minimum holding period.

*The Fund may both gain and lose value and there is no guarantee you will get back the entirety of your investment. For further information on risk, refer to the Fund's Memorandum of Offering.*

## HOW IS THE FUND REGULATED

The fund is a Private International Collective Scheme (ICIS) regulated by the European Union. The licensing authority is the Central Bank of the Republic of Cyprus. The Fund is subject to all Investment Directives of the European Union and is strictly regulated. It complies with all applicable European Union, Russian and International laws and regulations. The Fund has contracted with multiple organizations to ensure the highest level of diligence in meeting all legal requirements. A unitholder/investor in an ICIS can only be (a) another ICIS or (b) an international business company (offshore enterprise) or (c) a person not being a permanent resident of Cyprus for the purposes of the Exchange Control Law. The Participating Shares have not been registered under the United States Securities Act of 1933. United States citizens and those investors subject to its jurisdiction should consult exceptions for investment under the United States Securities Act of 1933.

## BOARD OF DIRECTORS

### Dr. Igor V. Kostikov

Dr. Kostikov recently returned to private business after holding a Cabinet position in the Russian government as Chairman of the Federal Commission on the Securities Market (2000-2004). As Russia's chief financial regulator, he created the Corporate Governance Code, the modern mutual funds market and various laws strengthening the financial markets. As Chairman Deputy of the Finance Committee in SPb, Dr. Kostikov is credited with having created the municipal bond market in Russia. He is the founder of the investment company «AVK» and holds a dual Doctorate of Science in World Economy and Finances & Credit.

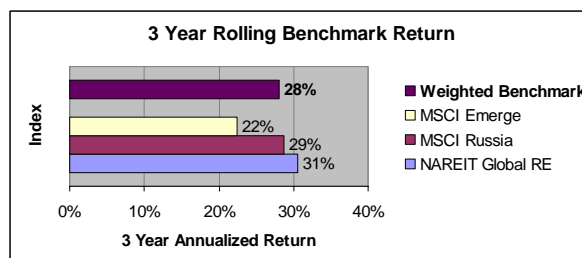
### Jeffrey M. Letino

Prior to founding EPEG, Mr. Letino was General Director of Aboard Trade Group, a multi-national international trade concern specializing in creating and serving export markets for Russian-produced goods. Mr. Letino has been living and working in Russia for nearly a decade and is considered one of a group of up-and-coming Russia-focused investment managers taking advantage of the quick pace of economic development in the country. He previously was certified as a nuclear engineer by the US Dept. of Energy and holds an MA from The George Washington University with a specialization in International Business and Finance.

### Harris Stavrinides

Mr. Stavrinides' broad expertise ranges from equities to derivatives, mutual funds, alternative investments and structured products. He was involved in establishing the Athens Derivatives Exchange (ADEX) in 1998 and helped establish mutual funds in Cyprus. He has previously worked as a banker and a fund manager. He is certified by the Ministry of Finance of Cyprus to act as Head of Asset Management and is a certified derivatives advisor and market maker. Mr. Stavrinides is a board member and the Financial Services Committee Chairman of the Cyprus Association of Directors (CyAD). He holds an MBA with Distinction in Financial Management and an MS in Finance.

## BENCHMARK RETURNS



The Fund seeks to outperform, after costs and before tax, a mix of developing market listed securities and property indices. The Fund benchmark is a total return on a 3-year rolling basis, after costs and before tax, in excess of the weighted return of the indices listed above.

## TAX RULES

Investors should consult their professional advisers on the potential tax consequences of subscription to the Fund under the laws of their country. Any gain derived by a non-resident investor on the disposal of Participating Shares is not subject to Russian tax. Russian legal entities and individuals will be subject to all applicable taxes.

For further information on tax liability refer to the Fund's Memorandum of Offering.

## SUBSCRIPTION, REDEMPTION & FUND SIZE

**Subscription:** Applications are accepted on a rolling basis and subscriptions are processed weekly on the last business day of the week. The minimum subscription is \$100,000 and the suggested subscription amount is \$5 million. Additional subscriptions are a minimum of \$50,000.

**Redemptions:** Investors will be allowed to exit the Fund after five years from their entry but early redemptions may be facilitated as outlined in the offering memorandum. After the fifth year investors may exit the Fund at the NAV of the share/unit price. Redemptions are processed on a quarterly basis and advanced notice is required. It is expected that after the Fund's third year, a listing on a major stock exchange will be sought for greater share liquidity.

**Fund Size:** The Fund is seeking approximately \$50 million in aggregate subscriptions at first closing. Additional active fundraising will mirror available investment opportunities. Fund size is expected to total \$150 million.

Further information on how to invest in and exit the Fund is available at [www.eurasianequity.com](http://www.eurasianequity.com) and in the Fund's Memorandum of Offering.

## TO LEARN MORE



This fact sheet contains an overview of the Fund. To receive a Memorandum of Offering, information brochure or annual report, please contact us. Recognition of the ICIS by the Central Bank of Cyprus is not an endorsement nor is the Bank responsible for the contents of the offering memorandum.

## FEES

The Fund management fee is 2.1% per annum of the Net Asset Value. This value reflects the labor-intensive nature of reorganizing failing Soviet enterprises and the small size of the Fund. A performance fee of 20% of the return over a high-watermark will be paid to the Investment Advisor.

## OUR MARKET

### Growing Russian Market

- Average GNP growth of 7% annually, 2001-2005
- Government aims to double GNP in next 10 years
- \$17 billion in FDI, 2005, a 38% increase over 2004
- High level of stability, quick tempo of market reforms
- Investment grade rating (Moody's, S&P & Fitch).

### High Level of FDI:

- UK's Raven Limited (\$875 million - real estate)
- DENLEY King Int'l Limited (\$320 million – real estate)
- Shanghai FUIC Baltic Pearl (\$1.2 billion – real estate)
- Toyota-Shushari Auto Indus. Park (\$800-950 million)
- Investment Banking: Citibank, Deutsche Bank, Chase, Soc. Generale, Handelsbanken, Raiffeisen
- Production: Daimler, GMC, Ford, Coke, Nestle, Kraft

### Opportunity

- Lack of domestic sources for projects traditionally financed by small investors & small companies
- Small investments of \$2-10m and asset securitization projects in \$10-50m range underserved
- Experienced management team bringing Western 'know-how' and best practices to smaller companies

### Unique Strengths

- Connected w/ political and business decision makers
- Mixed management affords greater protection from rule of law, property rights and corruption risks
- Fundamentally undervalued real estate market provides protection from boom-bust cycles

## FURTHER INFORMATION

**Fund Investment Advisor:** Eurasian Private Equity Group

**Fund Type:** Closed End, Variable Capital, Non-traded

**Applicable Law:** European Union, Cyprus, Russia

**Regulatory Body:** Central Bank of the Republic of Cyprus

**Fund Board Chairman:** Dr. Igor Kostikov

**Fund Administrator:** Medwell Holdings Limited

**Fund Custodian:** Hellenic Bank

**Fund Auditor:** Consulco & Partners LLP

**Legal Counsel:** Law Offices of Konstantin Pechesky

**Tax Advisement:** Pepeliaev, Goltsblat & Partners

**Management Fee:** 2.1%

**Redemption Fee:** 0%

**Dividend:** No

**Performance Fee:** 20%

**Minimum Investment:** \$100,000

**Launch Date:** 1 June 2006