



Fabian Capital Limited
63 Curzon Street
London W1J 8PD
United Kingdom
Tel +44 (0) 20 7499 9988
Fax: +44 (0)207 409 0902
office@fabiancapital.com

Press Release

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Fabian Romania Limited (FAB.LN) Net asset value as at 31 December 2008

Fabian Romania Limited ("Fabian"), the AIM listed dedicated investor in the Bucharest and wider Romanian real estate market announces its Net Asset Value ("NAV") as at 31 December 2008.

Fabian's strategy is capital efficient profitable growth as measured by net asset value per share achieved by serving three distinct groups of customers active in the country's property market. Fabian, in conjunction with its co-investment development partners, builds both Class A office buildings for sale to property investing institutions and affordable residential apartments to the country's emerging middle class. It also owns Class A office buildings, which it rents to large foreign multinational and Romanian companies.

Fabian receives investment advice from Fabian Capital Limited, an independent investment management firm that specialises in Romanian real estate investment advice (Fabian Capital Limited does not carry out any regulated activities in the UK).

Highlights

- On 19 December 2008, Black Sea Global Properties Limited (BSGP) announced a recommended cash offer to acquire the entire issued share capital of Fabian. The offer at a price of €1 per share represented a premium of approximately 93.2 per cent. over the closing price of Fabian's shares on the last dealing day prior to the announcement of the offer. The offer became wholly unconditional on 9 January 2009 and on 29 January 2009, it was announced that the offer was closed to acceptances with BSGP now holding (through valid acceptances and shares already owned) 99.1 per cent. of the existing issued ordinary share capital of Fabian.
- At 31 December 2008 the NAV per share of Fabian as determined in accordance with its Articles of Association has been calculated as €1.501 per share (30 September 2008: €1.665) representing a decrease of 9.8 per cent. in the fourth quarter of 2008. Over the year as a whole, the NAV per share has decreased by 9.9 per cent. from the NAV per share at 31 December 2007 of €1.666.

- Adjusting the current NAV for the estimated future development profits of €0.298 per share indicates a potential future NAV (“Development Profit NAV” or “DPNAV”) of €1.799 per share (30 September 2008: €2.218) a decrease of 18.9 per cent. over the fourth quarter and a decrease of 18.7 per cent. in the year (31 December 2007: €2.214).
- The Romanian property market is now fully experiencing the effect of the worldwide credit and liquidity crisis. Banks are reluctant to approve any further advances both in the commercial and residential markets. This has had an effect on valuations as there have been virtually no investment transactions for valuers to provide evidence upon which to base the valuation yields for open market valuations of properties. Therefore there can be no certainty that the yields used in determining the NAV accurately reflect the current open market.
- The value of Fabian’s income producing office portfolio, comprising 26.0 per cent. of the NAV as at 31 December 2008, was marked down by 6.4 per cent. during the fourth quarter of 2008, representing a fall in value of €4.41 million as yields have moved out.
- The rental value of the income producing portfolio has increased by 1.7 per cent. due to active asset management and indexation over the quarter and by 4.3 per cent. over the year. However, given the slowdown in economic growth and current instability in the financial markets, there is now less certainty as to the take-up of Bucharest office space and rental levels for the foreseeable future.
- Average ERV rents for the office portfolio, according to DTZ, stand at €20.45 per square meter. Current rents are €18.4 per square meter, which equates to an implied 10.0 per cent. under-rented at year end. This may provide a cushion against any softening in office rents.
- The three commercial developments comprise 31.7 per cent. of the portfolio, and construction is progressing on all with completion of Cubic Centre expected in March 2009 and Lakeview and Romana in 2010. On completion of the acquisition of Cubic Centre, the existing developer’s bank loan of approximately €31m will either be rolled over with the existing lender or will need to be externally refinanced.
- The residential market has also been affected by the credit and liquidity crunch with the availability of bank finance in the mortgage market becoming more difficult, resulting in sales demand slowing. Sales at the New Town residential scheme now total 289 forward sales. The first phase (315 units) is nearing build completion, and handover to customers is expected to commence in April 2009. As reported in the third quarter NAV statement, the three residential projects in Timisoara, Satu Mare and Oradea, representing only 8.3 per cent of Fabian’s NAV, have been put on hold until residential market conditions are more favourable. During December 2008 the Timisoara bank loan was rolled over for a further 6 months now expiring on June 2009.
- Construction costs are coming down in the market due to decreased activity and we expect that this will have a positive effect on the profitability of the Western Romanian development projects in due course.
- Forecasts for the Romania economy have been revised by the European Commission reducing the GDP growth estimate from 4.7 per cent. to 1.75 per cent. for 2009. In particular problems in the credit markets, weakening confidence indicators and worsening conditions in the labour market were highlighted. The sharpest decline is expected in investments (both construction and equipment), which is projected to drop from 18 per cent. growth in 2008 to approximately 1.5 per cent. growth in 2009. In addition, growth in private consumption is set to slow down from 8 per cent. in 2008 to just below 2 per cent. in 2009.

Net Assets of €1.501 per share

Fabian's NAV as at 31 December 2008 is €1.501 per share, a decrease of 9.8 per cent. from the third quarter's NAV of €1.665 per share.

The published NAV has been calculated consistently in accordance with Fabian's Articles of Association. The income producing buildings are valued based on values as determined by DTZ using estimated market yields. However, in the current market conditions and with a lack of evidence of transactions to provide a comparison, there can be no certainty that the yields used for the valuations will accurately reflect the open market value of the buildings. The development projects are included using the value of the land prior to the start of construction, to which the cost of the construction work in progress less any advance payments received is added. Any change in the valuation of the project as determined by DTZ is reflected in the estimated future profitability of the project to be realised on completion.

An analysis of Fabian's NAV by project is summarised below:

<u>31 December 2008</u>	<u>Fabian's share of</u>			<u>Net Equity</u>
	<u>Market Value</u>	<u>Net debt</u>	<u>Net Worth</u>	<u>Invested **</u>
	€m	€m	€m	€m
Cascades	16.7	(13.6)	3.1	2.4
Banu	16.0	(8.6)	7.4	2.7
Baneasa Business Centre	27.5	(19.1)	8.4	3.9
Evo	4.6	(3.7)	0.9	1.3
Sub-total	64.8	(45.0)	19.8	10.3
Lakeview *^	17.0	(7.7)	9.3	5.3
Romana^	3.5	(1.2)	2.3	3.2
Cubic Centre	12.5	0.0	12.5	12.5
New Town * ^	31.4	(19.4)	12.0	5.8
Timisoara * ^	6.1	(2.5)	3.6	1.9
Oradea +	2.2	(0.2)	1.9	2.2
Satu Mare +	0.8	0.0	0.8	1.0
Net cash			11.7	
Other assets / (liabilities) **			2.4	
Total	138.3	(76.1)	76.3	42.2
Shares (#)			50,831,130	
NAVPS (€)			1.501	
Movement in Q4 2008			-9.8%	

* represents Fabian Romania Limited's share of the development

** Net equity invested comprises the original acquisition equity less amounts repaid through refinancing

^ includes development WIP less advance payments from customers

+ Net debt represents deferred acquisition costs

Future Development Profit of €0.298 per share

In order to provide transparency to Fabian's shareholders as to the potential level of such future development profits that may accrue, an estimate of these future development profits is given below. The calculations are based on the DTZ site valuations referred to above, at 31 December 2008 which include estimates of these development profits. These estimates by their very nature are forecasts, relying on future events and accordingly are subject to uncertainty. Shareholders may then choose to discount these profits to estimate their net present value in today's terms based on current market conditions.

The forecast development profit figures are stated gross and do not include all costs that may be incurred by Fabian over the course of the projects (in particular transaction fees and any carried interest payable to the investment manager). The implied share of future development profit figures for the New Town, Timisoara, Oradea and Satu Mare residential schemes and the Cubic Centre, Lakeview, and Romana office schemes, based on Fabian's calculations using DTZ's estimates, is given in the table below:

Project	Implied Fabian Share of future Development Profit (€m)	Final Year of development *
Cubic Centre	0.1	2009
Lakeview	0.1	2010
New Town	2.7	2010
Romana	1.2	2010
Timisoara	6.0	2011
Satu Mare	1.5	2011
Oradea	3.5	2011
NAV contribution (€m)	15.1	
NAVPS contribution (€)	0.298	

* Fabian estimates (based on DTZ valuations)

Adding these forecast development profits of €15.1 million or €0.298 per share to the NAV produces what the Directors have called the DPNAV of €1.799 per share. This represents a decrease of 18.9 per cent. from 31 September 2008 DPNAV of €2.218 and a decrease of 18.7 per cent. from 31 December 2007 DPNAV of €2.214.

Mark Holdsworth and Jan-Olof Hansson Fabian Capital Limited 2 February 2009

The directors of Fabian Romania Limited accept responsibility for the information contained in this announcement. To the best of the knowledge and belief of the directors of the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this announcement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Contacts:

Fabian Capital Limited

Mark Holdsworth

Tel: +44 20 7499 9988

Monument PR – Financial Public Relations to Fabian

Toby Moore

Tel: +44 845 355 1178

Deloitte Corporate Finance – Nominated Adviser to Fabian

James Lewis

Tel: +44 20 7936 3000

KBC Peel Hunt – Joint Broker to Fabian

Capel Irwin

Tel: +44 20 7418 8900

Shore Capital Stockbrokers Limited – Joint Broker to Fabian

Dru Danford

Tel: +44 20 7408 4090