



US\$ 250 million fund launched by Venture Capital Bank

'First of Its Kind' Fund Dedicated to Small and Medium Enterprises in the Region Commences Subscriptions to Rave Investor Reviews

A substantial first-of-its-kind fund is being launched by Bahrain-based Venture Capital Bank B.S.C., focusing solely on small and medium enterprises in the Middle East and North Africa region. The US\$ 250 million fund, formally known as the MENA Small and Medium Enterprises (SME) Fund was officially launched on June 4th and gives investors the opportunity to be a part of the region's unprecedented growth, while cultivating the rapidly expanding base of small and medium enterprises throughout the Gulf.

The fund will be jointly managed by Venture Capital Bank and Global Emerging Markets. Venture Capital Bank is an innovative investment bank with whom Global Emerging Markets (GEM) is a key strategic partner. GEM is a US\$ 2 billion private investment group that currently manages over 170 different private equity and venture capital investment options.

The MENA Small and Medium Enterprises Fund was formed in compliance with both Islamic Shari'ah and international investment standards and is one of the first funds region-wide to be dedicated to the SME sector. It will provide direct funding to promising, high-return, small to medium sized businesses in the MENA region, and around the world.

The Fund's high-caliber structure will appeal to local and international investors, and will serve as an innovative investment platform, appealing to US and European firms wishing to participate in leveraged buyouts (LBOs).

Mr. Abdullatif M. Janahi, Chief Executive Officer, Venture Capital Bank said, "We feel that this is the opportune time to launch a fund targeted at SME's. The region's economy has been experiencing unprecedented growth but smaller enterprises that lack a solid capital base have traditionally been neglected by institutional investors during periods of such high growth.

He continued, "Venture Capital Bank has identified the tremendous potential of SME's in today's market, and the accompanying need to fund their development. This fund was launched to provide a platform for talented, dynamic entrepreneurs in the Gulf and beyond, with the end result of creating broad-based employment throughout the region."

A substantial factor with this innovative fund is that an unprecedented 75% of the funding will directly impact enterprises based in the MENA region, with the remaining 25% distributed among international already established SME's.

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To ensure the high growth of each enterprise and to provide for a favourable return on investment, Venture Capital Bank has established criteria with which to provide the funding. Enterprises that have well structured management, strong growth potential, and can demonstrate attractive above average EBITDA (earnings before interest, taxes, depreciation and amortization) are eligible. Since the fund is non sector focused, several sectors poised for tremendous growth in the region will benefit.

Janahi added, "The MENA region is currently undergoing significant economic developments; an improving regulatory environment in the region has contributed greatly to the prevailing, favourable investment climate. As the MENA Small and Medium Enterprises Fund is non-sector specific we hope to capture and highlight the vision and creativity of smaller business interests and position them at the forefront of a new investment trend targeted at smaller, high-return enterprises."

He continued, "The MENA Small and Medium Enterprises Fund will go a long way towards nurturing the latent talent and entrepreneurial spirit that exists in the Middle East region. Knowing that the majority of employment in developed countries originates in the SME sector, we are looking to create a growing trend in the region through which increased employment comes from the organisations that obtain capital through the MENA Small and Medium Enterprises Fund."

When asked about initial market feedback on the Fund, Janahi concluded, "The preliminary feedback from the U.S. and Europe on the MENA Small and Medium Enterprises Fund has been extremely positive. We expect to raise almost half our capital from overseas and are aiming to close the fund to investors by the end of 2006."

Distributed on behalf of Venture Capital Bank by

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For more information on the MENA Small and Medium Enterprises Fund or to invest, customers are requested to contact Venture Capital Bank at +973 17514451

Note to the Editor

Venture Capital Bank - is the Middle East and North Africa's (MENA) first specialist venture capital and private equity bank regulated by Bahrain Monetary Agency (BMA) with a paid up capital of US\$ 66 million and a GCC widespread shareholder base comprising 80 high net worth individuals and corporate investors. VC Bank, headquartered in Bahrain, is a shari'ah-compliant investment bank whose focus is to invest in fundamentally-strong, undervalued, finance-seeking small to medium enterprises (SMEs) with market and revenue growth potential, in addition to a vast array of specialised and themed real estate investment opportunities with economic and social value addition dimension.