



## **Venture Capital Bank offers Park Plaza investment opportunity**

### **Unique real estate proposition based on operational real estate assets yielding recurring quarterly cash returns to investors**

Venture Capital Bank has announced the offering of a new investment product to its investors. The product will yield quarterly current cash returns represented in the opportunity to acquire and own shares in Venture Logistic Properties. Venture Logistic Properties is a dedicated investment vehicle that was established for the purpose of investing in shares of Gulf Projects Company, which is a Bahrain-based limited liability company.

Gulf Projects Company has a unique mandate of investing in operational real estate assets, namely offices, retail outlets and logistic properties. The Company's main portfolio currently comprises a sole asset combining all the aforementioned elements, the Park Plaza, which is situated in Bahrain's prominent Diplomatic Area, the prestigious business and finance district in the Kingdom of Bahrain for more than three decades. As part of its main strategy, Gulf Projects Company is actively on the lookout for similar opportunities inside and outside Bahrain.

It is expected that, through developing a sole property project only, namely Park Plaza, Venture Logistic Properties will realise an annual internal rate of return (IRR) estimated at 15% during the investment period extended over nearly five years, while investors will enjoy an average cash yield of around 9.5% per annum, payable quarterly over the investment term.

Park Plaza is an iconic building, currently under construction, in the heart of one of Bahrain's busiest and most bustling business districts, the Diplomatic Area. The property, which is due for completion in early 2007, comprises a well-conceived blend of office, retail and car parking that will cater to a build-up of unmet demand in the central areas of the Capital City, Manama.

The property houses a ten-storey car park, with an estimated capacity of 900 cars. The office element of the property will cater to new businesses seeking to set up shop in downtown Manama, and to businesses and government organisations already located within the Diplomatic Area that are in search of expansion space. The building will also host the headquarters of Capital Venture Bank. The retail strip attachment of the property will comprise a number of outlets that support the population of the Diplomatic Area throughout the day, while it will comprise services and a social front for the public in general after business hours, thus ensuring an all day business activity.

The Diplomatic Area has been regarded for the past few decades as Bahrain's central business district as it hosts the headquarters of numerous financial institutions and business corporations. The Diplomatic Area is also a hub for countless government organisations, such as the Ministry of Justice, the Ministry of Industry

– continue to page 2 –



and Commerce, the Ministry of Works and Housing, the Central Bank of Bahrain, the Pension Fund Commission and the General Organisation for Social Insurance. The clustering of service-oriented government agencies and private businesses coupled with the lack of designed car parking facilities have, over the years, resulted in a situation of chronic congestion in the Diplomatic Area. The Park Plaza is perceived to provide a solution to the chronic problem of population and traffic congestion that has plagued the visitors and the population of the Diplomatic Area.

Gulf Projects company WLL, which is currently developing the Park Plaza project, has been established with the objective of undertaking different ventures of commercial nature in Bahrain. However, the entry of Venture Capital Bank in the year 2005 marked an inflection point in the life of the company with a change in business scope and a capital increase to enable the company to pursue more ambitious ventures in the form of themed real estate assets with operational and logistical angles. Venture Capital Bank, with the help of an impressive line-up of renowned advisors and consultants, successfully managed to re-define the core business of the company and put in place the required capital and financing structure, and to introduce state of art corporate governance and operational best practices. As such, Gulf Projects stands today as a successful turnaround story for small and medium sized enterprises and a practical illustration of investment in growth potential of enterprises pursuing specialised themes and business concepts. Gulf Projects managed to achieve this unique position through an ideal partnership with a specialised financial institution, despite Venture Capital Bank's short involvement in Gulf Projects Company.

Venture Logistic Properties is considered a special purpose vehicle (SPV) in terms of investment and governance standards, which prompted Venture Capital Bank to acquire an effective proprietary share in Gulf Projects Company. An investment in Venture Logistics, therefore, allows individual and institutional investors from the countries of the Gulf Cooperation Council (GCC) and elsewhere to tap into a promising niche within the wider real estate industry, and grants access to proprietarily-sourced and carefully studied opportunities as contemplated and identified by Gulf Projects.

Dr. Ahmed Al Jawhary, Chief Investment Officer – Venture Capital & Business Development at Venture Capital Bank, stated that "Gulf Projects Company has, since Venture Logistic Properties became one of its shareholders, been actively pursuing opportunities that fit its revised strategic mandate and its appetite for themed development opportunities. The Company's approach is based on conceptualising and pursuing projects of strategic significance, which enable it to secure concessions that enhance the value of any project undertaken."

Dr. Ahmed Al Jawhary added: "The concept of the Park Plaza, with its carefully designed mix of real estate components, stems from an understanding of the nature of the market and the demand for office space and car parking in and around the Diplomatic Area. The Park Plaza is perceived to provide a solution to the chronic problem of population and traffic congestion that has disturbed Bahrain's premier business district due to the service-oriented profile of its tenants."

– continue to page 3 –



Dr. Al Jawhary also said that "Gulf Projects Company and the Property Manager will apply a strict screening and selection process in order to ensure a coherent and balanced tenancy fabric in the property, taking into consideration the need to enhance the characteristics of the neighbouring area and maintaining harmony with it."