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TAIB ESTABLISHES ACACIA REAL ESTATE LIMITED

New US\$ 500 Million Real Estate Company

MANAMA, BAHRAIN - 10 December 2006: TAIB Bank B.S.C.(c), the Bahrain-based private bank, today announced the incorporation of Acacia Real Estate Limited, BVI, ("ACACIA"), a new US\$ 500 million company that will provide a diverse range of conventional and Shariah-compliant investments focused on income generating properties and select development projects. The company will start with an initial paid-up capital of US\$ 150 million, and TAIB, as Principal Founding Shareholder, will invest 10% of this equity. The balance of the initial capital has been raised from a select group of founding shareholders who include GCC-based institutions and individuals, as well as TAIB's existing real estate partners from the United States and Europe. The operations of the company will commence by year-end.

"ACACIA was founded on both the principles and practice of TAIB's real estate investment portfolio development over the past 20 years", remarked Mr. Iqbal G. Mamdani, Vice Chairman and Chief Executive Officer, upon announcing this initiative today in Bahrain. "Our extensive and successful experience in real estate investments provides the right platform for this strategic initiative", added Mamdani. "It's also the right time, as India, Turkey and the countries of the GCC in particular offer innumerable investment opportunities in the real estate sector", Mamdani continued.

Since 1993, TAIB has undertaken real estate transactions in excess of US\$ 4 billion. In the last five years, it has generated average investment returns in excess of 16% per annum for its clients, whereas its own average investments returns have been excess of 30% per annum. These returns were achieved by investing in income producing properties, together with the synergistic alignment of strategic partners worldwide.

ACACIA, like TAIB, will diversify investments geographically, specifically in Europe, the United States, India, Turkey and the GCC countries. It will also diversify across real estate asset classes, including office, retail, residential, industrial and leisure. The company will operate independently with its own Board of Directors and management team. However it will have an arrangement with TAIB under which TAIB will have the exclusive right to distribute its investment products. This arrangement will enable the company to focus on deal flow while leveraging the Bank's placement capability. While a wide range of investment opportunities – including Real Estate Funds – are under plan, it is anticipated that ACACIA will initially invest up to 70% in income-producing properties and 30% in development projects, with a total value of US\$ 4 to 5 billion in the medium term.

In reflecting on the positive impact that Acacia will have on TAIB, Mr. Mamdani said, "TAIB has built a name for itself as a forward-looking and a niche investment bank since its inception 27 years ago. Our 2004 transition to becoming a full-fledged private bank oriented toward providing innovative wealth management solutions has proved successful. Now, with the establishment of ACACIA as a separate and specialised real estate investment company, we'll sharpen our private banking focus, all the while upholding our commitment to create value for our shareholders. This new platform, moreover, will enable us to offer our clients a wider choice of real estate investment opportunities", commented Mamdani.

Mr. Mamdani concluded, "It's an exciting time for us, and we're delighted to see the reality of ACACIA start to unfold. This will be a unique collaboration and probably the first of its kind in the region. We are confident that it will be a win-win for everyone: Our investor-clients, ACACIA, and, of course, for TAIB."

TAIB Bank B.S.C.(c), the Bahrain-based private bank that focuses on seizing regional investment opportunities for institutions and private clients, is listed on the Bahrain Stock Exchange and conducts business in the GCC, Europe, India, Kazakhstan, Turkey, the U.K. and the U.S.