

Khaleej Times
Business & Finance

Khaleej Times, Thursday, May 7, 1998



Suresh Kumar, Wolfgang Lanz and Sonja Kohn at the Press conference. -KT photo

EMBL, Bank Austria in strategic alliance

By a staff reporter

THE Emirates Merchant Bank Limited (EMBL) and Bank Austria will jointly launch a capital guaranteed close ended fund in autumn this year as part of a strategic initiative worked out between the Emirates Bank Group (EBG) and the largest Austrian bank to develop new business relationships.

The alliance will include the formation of a separate company to manage the fund, which has been christened the Emirates Austria-Arab-Asia (AAA) fund and is the first initiative in a larger relationship involving several projects and the establishment of preferred partner banking status between the EBG and the Austrian Bank, said Suresh Kumar, EMBL general manager.

Addressing a Press conference in Dubai yesterday, Kumar explained that some of the finer details of the five-year close-ended fund are yet to be worked out. However, he said the corpus of the fund is likely to be \$50 million with a minimum investment requirement of \$5000 focusing mainly on the institutional and high networth investors. A single unit will be priced at \$1000, while the capital guarantee to the

principal amounts invested in the fund will be provided by an arm of the Austrian government, which is rated AAA by Standard & Poors, he added.

The fund will mainly invest in Austrian ventures in the region, which are either seeking equity participation to establish wholly owned subsidiaries or joint ventures. It will have the mandate to invest in both start-up companies or in the existing ones. It will not invest in listed companies and the investment will be only in the equities of the private companies.

Kumar said that though the focus of the investment of the fund will be in the region, the scope for investment is wide including Asia as the name indicates. He disclosed that the two partners will put together the initial seed capital of \$2.5 million and complete the legal procedures of setting up the fund, which will be domiciled in Austria. Institutions in the neighbouring countries in the region have also expressed their desire to be the founder members of the fund, according to him. The total number of founder members of the fund will be limited to around 20, he indicated.

Apart from the fund, EMBL will promote a number of bank

Austria's investment offerings including its guaranteed fund range, which will be distributed by the EBG in the UAE and the Arabian Gulf Cooperation Council countries. Peter Scheithauer, general manager, international of Bank Austria, said his bank has plans to market the Emirates Equity Fund to its institutional and individual clients throughout Europe.

Sonja Kohn, special advisor to Farnleitner, Austrian minister of economic affairs, noted that two small countries have undertaken a big project. "Austria and the UAE represent strategic locations as gateways to important regions, Austria to Central and Easter Europe and the UAE to the Arabian Gulf," she noted.

Austrian business has been present in the UAE for more than 20 years and is particularly active in trade and technological partnerships in the petroleum sector.

Wolfgang Lanz, Austrian charge d' affaires, who was also present at the conference extended his support to the EBG initiative, which he said will benefit the residents of both the countries.

Bank Austria has total assets of \$127 billion and an operating income of \$842 million as of September 30, 1997