

Arcapita Announces US\$247 Million Real Estate Joint Venture in Chicago, USA

JULY 5, 2005

Arcapita Bank B.S.C.(c) ("Arcapita") announced today that the Bank and its co-investors have formed a joint venture with Elysian Development Group – Chicago, LLC ("Elysian) to construct a 60-story high-rise tower in the heart of Chicago's vibrant Gold Coast neighborhood. The project will comprise 53 residential condominiums, 183 hotel suites, 14,000 sq.ft. of retail space, a health club and spa, an upscale restaurant, and a 110-space subterranean parking garage .

The total value of the project is estimated to be \$246.9 million. A senior financing facility has been arranged by the joint venture for approximately \$183.7 million, or 75% of the total construction budget, with LaSalle Bank as lead agent. Arcapita and its co-investors own 95% in the joint venture, with Elysian holding the remaining 5%.

Atif A. Abdulmalik, Arcapita's Chief Executive Officer, said "We are pleased to have formed this joint venture with Elysian, a leading Chicago based developer, which has assembled an impressive development team with extensive experience in mixed-use developments."

Mohamed A. Nooruddin, Executive Director, Investment Placement, said "The luxury condominium market in the United States, and Chicago in particular, is strong and Arcapita views the project as an attractive opportunity to participate in this particular sector of the real estate market."

Asim Zafar, Head of Arcapita's Real Estate Investment line of business, said "The project's residential condominiums and hotel suites are already 64% and 50% pre-sold, respectively, even though construction is not anticipated to begin until November 2005."