SEAF’s AFGHAN GROWTH FINANCE MAKES FIFTH INVESTMENT; SEAF ANNOUNCES PLANS FOR NEW AFGHAN RISK CAPITAL FUND

Today, Bert van der Vaart, Chairman of Small Enterprise Assistance Funds (SEAF), presented Afghan Growth Finance (AGF), at the 2008 U.S.-Afghan Business Matchmaking Conference hosted by the Afghan-American Chamber of Commerce in Washington, D.C. Mr. van der Vaart spoke on the “Private Sector Role in Economic Development in Afghanistan – Implications and Opportunities for Investors”. AGF, launched by SEAF in April of 2008 together with its partners Delphos International and EnterpriseWorks/VITA, provides medium-term debt investment to growth-oriented small and medium enterprises (SMEs) in Afghanistan. Thus far, AGF has invested USD 2.45 million of its USD 25 million in capital into five growing Afghan SMEs. By providing much needed capital and post-investment support, AGF enables Afghan businesses to achieve commercial success, while providing goods and service to Afghanistan’s 32 million inhabitants and, through exports, the world. In helping develop local SMEs that provide growth and opportunity for Afghans, AGF also helps improve the security and self-sufficiency of a country that has experienced many years of conflict.

Mr. van der Vaart’s comments marked the mid-point of AGF’s first year of operations and the successful completion of its fifth investment in an Afghan SME: Victor Pipe Industries. Located in Kabul, Victor will use AGF’s USD 1 million loan for the expansion of its factory. The company operates a state of the art plant that manufactures welded tubing and pipes and is the only metal tubing manufacturer of its kind in Afghanistan. It specializes in the production of quality products that are designed to the
specifications of each client and at a lower price than similar products imported from Pakistan and the region.

Led by SEAF’s Mustafa Kazem, AFG has invested in four other businesses in Afghanistan besides Victor Pipe. Afghan Licorice is the first and only company in Afghanistan currently processing licorice root into extract using advanced machinery and processing methods. Afghan Neeroo is one of the leading electric engineering subcontractors in Afghanistan with active contracts for high profile utilities and construction projects. Its strategy is to provide high quality systems and solutions with international standard technology, methodology and quality. Aria Productions is Afghanistan’s leading private film and television production house. Aria is responsible for almost the entire local content broadcast across TOLO, LEMAR, and ARMAN FM. It produces print and animation designs, television and radio commercials, music video clips and documentaries for a range of private, government and NGO clients. Angaza Limited is currently a leading dry fruits and nuts exporter to India. With the AGF investment, the company is establishing a full-scale processing and packaging facility in the north of the country to increase profit margins and begin direct sales to international markets. AGF investments are for primary debt or debt with participating features and investment size ranges from USD 50,000 to USD 2 million per project.

In addition to showcasing the AGF investments, Mr. van der Vaart noted that many small Afghan companies cannot access the equity capital they need to take their companies to the next level. These companies would benefit from an appropriately structured risk capital fund that would complement the AGF’s lending capacity and help them achieve their growth objectives. Mr. van der Vaart stated that AGF’s success thus far has convinced SEAF that there is both demand for as well as supply of qualified SMEs for a risk capital fund and that SEAF has the experience and on-the-ground presence to make such a fund successful. He announced that SEAF is already in discussion with a number of institutional investors to create such a fund and is targeting a capitalization between USD 30 million and USD 50 million for making equity and quasi-equity investments.

SEAF is a global firm specialized in the management of private equity funds in emerging markets. SEAF’s two decades of experience investing in 270 small businesses have permitted it, together with its partners in these funds, to effectively and efficiently deploy growth capital to fast-growing markets underserved by traditional funding sources. SEAF’s extensive experience has allowed it to identify and invest in promising companies that deliver both positive financial results, as well as significant economic and social benefits to their employees and their communities.

Note: For more information on the Afghan Growth Finance and SEAF’s other global funds, please visit:
www.SEAF.com
www.AfghanGrowthFinance.com

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