

IslamicFinance.de

Executive News 2007, Issue No. 22



Michael Gassner
Consultancy Ltd.

Editorial

Dear Readers,

As salamu alaikum,

The month of March showed new activity throughout Africa, a continent which more and more discovers Islamic finance.

Strong activities have been reported from Sukuk and Syndication as well as from Islamic Wealth Management. Private Equity is the new focus.

BTW: If you are not yet receiving your own copy, just subscribe for free at www.islamicfinance.de

Best regards wa salaams,

Michael Saleh Gassner
London – Istanbul - Jeddah

Islamic Finance in Minority Areas

FSA, UK Sukuk/tax, EIIB, DBS, First National Bank of Botswana

Islamic Banking

Global Securities House, Emaar, Dubai Bank, Gulf African Bank, Amlak Finance, Bank Al Maghrib, ICIEC, VC Bank, IIB, Masraf Al Rayan, DFM, Teheran Stock Exchange, Millenium Finance, Faysal Bank, HSBC, Emirates Global Islamic Bank, RHB, Public Bank, CIMB Islamic, SC, IIFM, KFH, Fortis

Fixed Income (Sukuk, Syndication)

DIB, SEWA, Albaraka, Arcapita, Amlak, MTC, SEC, Ras Al Khaimah, Tabreed, S&P, Masraf Al Rayan, Cayman, KL Sentral, Etihad Etisalat, Saudi Binladin, Kharafi, Shuqaiq, Bahrain Bay, EIIB, Bindawood, Real Estate Finance Company, Qatar Awqaf, Etihad Airways, Alafco, Qatar Airways, Alliance Bank, SC, IJM, UEM World, Khazanah

Wealth Management

Credit Suisse, 2i Capital, QIB, Global Investment House, SC, DFSA, IIB, Sedco, Unicorn, Al Salam Bank, Markaz, Pacific Healthcare, Dubai Islamic Bank, Afkar, Citibank, DWS, Deutsche Bank, Old Mutual, Shariah Capital, Hong Leong Islamic Bank, CIMB Group, Asia Finance Bank, KFH, Dow Jones, The Investment Dar, HSBC Amanah, PE trends, capital flows, CIMB Group

Takaful

Allianz Group, Lloyd's, General Re, Al Noor Risk Solutions, Global Investment House study

Conferences in April

April 23: Introductory Workshop Islamic Finance, Geneva

April 24/25: **3rd Islamic Wealth Management Event**, Geneva

April 26: Workshop Investment Destination China, Geneva

Details: www.islamicwealthmanagement.com

April 25: **Sukuk Summit**, Dubai

Details: www.middleeastbusinessforum.com/sukuk/

Distribution Partners:



© Michael Gassner Consultancy Ltd., 68 Lombard Street, London, EC3V 9LJ, United Kingdom

We made every effort to ensure the accurateness of the herein enclosed information. However we could not accept any legal responsibility whatsoever for consequences may arise. Especially we do not take over so for any hyperlink given in this newsletter which is referring to third parties. **Copyright notice:** This publication might be copied, duplicated, stored *in whole* without prior permission. It may **not** be distributed **partly or against fees** without prior written permission nor changed.

Phone: +44 207 868 1717 Fax: +44 207 868 1817

Subscription: Free of charge – www.islamicfinance.de - Advertising: gassner@islamicfinance.de

Dear Reader,

FSA

The Financial Services Authority has published key rules on Islamic mortgages regarding the needs what to be included in a key facts illustration: What must be involved in a firm's complaints procedure, training and competence rules, reported IFA Online on 22nd March.

UK Tax step towards Sukuk

Darshan Bijur explained on BBC on the importance of UK's step regarding the new tax treatment of Sukuk. Previously he wrote the rent or profit of a Sukuk was charged higher than conventional interest bearing bonds. This has now been brought to an even level.

EIIB

European Islamic Investment Bank posted a gain of GBP 1.9 mn for less than 9 months of operations with revenues of GBP 7.8 mn, reported Bahrain Tribune on 22 March.

3rd Islamic Wealth Management Event

Seminar & Exhibition

24/25 April 2007

Geneva – Switzerland

www.islamicwealthmanagement.com

Register Now!

gassner@islamicfinance.de

or call +44 207 868 1717

3rd Annual Islamic Wealth Management Event, Geneva

24,25 April

DBS – Islamic bank Singapore

DBS, Southeast Asia's largest bank and its Mideast partners plan to open Singapore's first Islamic bank. Four scholars have been engaged as advisors, reported Presstv.ir on 31st March.

First National Bank of Botswana

The First National Bank of Botswana (FNBB) has introduced Islamic finance services, reported gov.bw on 1st March. Mr Uzair Razi is the head of Islamic finance. Botswana has about 15.000 to 20.000 Muslims.

Islamic Banking in the GCC

April 23, Introductory Workshop Islamic Finance:

www.islamicwealthmanagement.com

GSH (UK) Ltd.
Richard Thomas appointed

Global Securities House announced the establishment of GSH (UK) Ltd. Richard Thomas has been appointed Managing Director. The company will provide corporate finance services and Sukuk issuance and trading, as well as advisory and consultancy services, was published in a press release via Arabianbusiness.com on 26th March.

Emaar – mega bank

The mega Islamic bank project called Emaar is said to be set up within months, Gulfnews reported on 30 March. The bank shall start with an initial capital of USD 1 bn and then increase to USD 100 bn within seven years.

Dubai Bank

Dubai Bank, has tripled its capital to Dh 1.5 bn by raising funds from its shareholders Dubai Holding and Emaar Properties. The bank converted into an Islamic institution earlier this year, reported Khaleej Times on 26th March

Gulf African Bank	Gulf African Bank (GAB) is going to be founded in Kenya by a consortium including Bank Muscat International (BMI) and Istithmar, scheduled for April this year. Other shareholders include The International Finance Corporation (IFC), a World Bank subsidiary with 10 %, PTA Bank with 5 % and Istithmar with 30 %. The bank will start with USD 25 mn in capital and could expand to other African countries where Islamic finance is underdeveloped. Last september Al Madina for Finance and Investment, Kuwait had said it would in partnership with other investors set up an Islamic bank in Nairobi, describing Kenya as the gateway to East Africa and Central Africa, reported AllAfrica on 6th March.
Amlak Finance, Egypt	Amlak Finance & Real Estate Investments is the first company in Egypt to offer Islamic home finance. The financing is provided up to a tenure of 20 years, reported Arabianbusiness on 16 March.
Morocco	Morocco's central bank "Bank Al Maghrib" opens up to Islamic finance modes in the country, reported Gulf Daily News on 21st March.
ICIEC	The Islamic Corporation for the Development of the Private Sector, an affiliate of the Jeddah-based Islamic Development Bank, has made investments of USD 490 mn in six years, in sectors like telecom, industry and services as equity, reported Gulf News on 5th March. The profit of the corporation reached USD 70 mn on its investments.
VC Bank	The Bahrain-based Venture Capital Bank announced a net profit of USD 13.3 mn for the period ending 31st December. The return on equity reached 20.1 % - The capital should be increased by decision of an extraordinary general meeting to USD 150 mn, reported Gulf Daily News on 4th March.
IIB	The International Investment Bank (IIB), Bahrain, announced the shareholder approval to double its issued and paid up capital from USD 43 mn to USD 100 mn, with the associated share premium will increase the shareholder funds from USD 61.4 mn to USD 170 mn. Assets under Management stood at USD 181.7 mn, reported Albawaba 14th March.
Masraf Al Rayan	The new Qatari Masraf Al Rayan Bank is planning to expand to the Middle East in the next three years and interested into Asia. The bank plans to develop e.g. a USD 2 bn technology park in Qatar, reported Arabianbusiness on 8th March.
DFM	Dubai Financial Market (DFM) own shares started trading on 7th March after its AED 1.6 bn initial public offering. DFM also started a series of new Indexes in nine sectors. Further it collaborated with Dow Jones Indexes to launch the Dow Jones DFM Index to serve as an underlying point of reference for investment products such as mutual funds, exchange-traded funds, and other financial products, reported Arabianbusiness on 7th March.
Teheran Stock Exchange	The Teheran Stock Exchange undergoes fundamental and structural reforms, reported Ameinfo on 11th March. The New Security Act allowed establishing an independent regulator with sufficient legal authorities in order to convert TSE to a For Profit public joint stock company. 322 (420) companies are currently listed with a turnover of USD 4.885.88 mn, a decrease of 60.99 % against 2005.
Millenium	Millenium Finance Corp. is advising on at least 10 USD 1 bn + M&A transactions in the Middle East. It also is lead managing an IPO worth more than USD 1 bn to be listed in London and Dubai. Millenium Finance is an investment bank controlled by Dubai Islamic Bank. Its client's include Arcelor Savola Group, Dubai World, Dubai Islamic Bank and Bahrain Telecommunications, reported Gulfnews on 28th March.
Faysal	Faysal Bank Limited Pakistan (FBL), a subsidiary of Ithmaar Bank registered a rise in operating profits from USD 66.50 mn in 2005 to USD 74.35 mn in 2006, reported Gulf Daily News on 25th March.

Islamic Banking Asia

HSBC	<p>Workshop: April 26, Investment Destination China: www.islamicwealthmanagement.com</p>
Emirates Global	<p>HSBC Bank Malaysia Bhd has applied for an Islamic banking license, reported The Star Malaysia on 30th March.</p> <p>The Pakistan based Emirates Global Islamic Bank aims to double its paid-up capital from USD 50 mn to USD 100 mn reported Pakrestate.com. Also the bank aims to list on three stock exchanges of Pakistan after completing the required three year exemption. The CEO Syed Tariq Hussain is cited that the 12-12 vision of the central bank will ensure that by the end of 2012 the present three % share of Islamic finance in overall banking will rise to 12 %.</p>
RHB	<p>The state owned Employees Provident Fund (EPF) in Malaysia won the bid to buy a key stake in the country's fourth largest banking group, RHB and considers Kuwait Finance House as one of the two or three potential strategic partners, reported Forbes on 15th March. Other names include according to B.K: Sidhu from The Star on 31st March: Nomura, Royal Bank of Scotland, Barclays, Bank of Nova Scotia.</p>
Public Bank	<p>Public Bank Bhd is planning to start an Islamic banking subsidiary by around year end. It is currently developing new products, particularly in wealth management, trade finance and capital market products. In 2006, half of the eight unit trust funds launched by its subsidiary Public Mutual Bhd were Islamic funds, wrote Jagdev Singh Sidhu in The Star on 16th March.</p>
CIMB Islamicif	<p>CIMB Islamic Bank Bhd will support multinational and local companies in raising funds for the halal industry. The CEO Badlisyah Abdul Ghani is cited that the total accumulated value by the halal industry is about USD 1.5 trillion including food and financial services, reported Bernama on 20th March.</p>
Commodity Murabaha, Derivative	<p>Treasury</p> <p>The Daily Express Malaysia, reported on 29th March about the new Commodity Murabaha House mechanism to be established by the Securities Commission and industry players. It will use crude palm oil as the underlying commodity for Murabaha or Tawarruq. The Central Bank also introduced a new Commodity Murabaha Programme to manage the short term liquidity. It shall promote linkages between Malaysia and Middle East. Also it is said that Malaysia has introduced the first global Islamic Derivative master agreement to document Islamic derivative transactions.</p>
IIFM Murabaha, Derivative	<p>The International Islamic Financial Market is working further on the development of a Master Agreement for Islamic Derivatives, for which it has established an alliance with the International Swaps & Derivatives Association (ISDA). Work is also done on issues regarding Sukuk, and for a Master Agreement for Islamic Treasury Murabaha Contracts. Another key initiative is about the feasibility study for an Islamic capital market platform, reported Gulf News on 29th March.</p>
KFH/Fortis Overnight Fund	<p>Kuwait Finance House (Bahrain) and Fortis signed a memorandum of understanding about a new Sharia Compliant Overnight Fund (SCOF). Islamic institutions can buy shares of real estate companies and be entitled to receive rent proceeds of Sharia compliant assets. The KFH Sharia Board approved the structure. A collaborative team from KFH and Fortis is targeting to launch within three months. The size of the SCOF will be capped by the size of the underlying real estate fund, which is currently approaching the USD 1 bn mark. KFH Bahrain will act as a broker and nominee for investors in the SCOF, reported Gulf Daily News on 29th March</p>

Fixed Income**Sukuk**

Events:

Sukuk Summit, 25 April: <http://www.middleeastbusinessforum.com/sukuk/>
 Securitisation, 22/23 May: <http://www.euromoneyseminars.com/smeisfi>

DIB USD 750 mn	Dubai Islamic Bank (DIB) has completed the issuance of its inaugural USD 750 mn Sukuk Al Musharaka maturing in 2012. Barclays Capital, Citigroup and Standard Chartered Bank were the joint lead managers and bookrunners. The certificates constituting a senior obligation of Dubai Islamic Bank, which is rated itself A1 by Moody's and A by S&P, reported Gulf News on 17th March. The Sukuk are listed at the Dubai International Financial Exchange and the London Stock Exchange. DIB was by Denton Wilde Sapte, Allen & Overy the joint lead managers, reported The Lawyer.
SEWA USD 350 mn	Sharjah Electricity and Water Authority (SEWA) closed successfully its USD 350 mn 9-year Sukuk Al Ijara facility. The Sukuk was arranged, underwritten by mandated lead arrangers ABC Islamic Bank, Gulf International Bank, Kuwait Finance House and Sharjah Islamic Bank. A total of 12 banks including the lead arrangers participated in the financing, reported Bahrain Tribune on 27th February.
Albaraka USD 300	Albaraka Banking Group is going to issue USD 300 mn Sukuk by end of April for expansion finance. The tenure will be between 3 to 5 years, pricing details have yet to be decided, reported Khaleej Times on 29th March. Albaraka Banking Group was assigned BBB-/A-3 rating with stable outlook by Standard & Poors, reflecting the geographic diversification, the good liquidity profile, and satisfactory capitalization. Negative factors mentioned are the lack of a strong home market, a challenging business model as decentralized player operating in numerous markets, and its only adequate asset quality, reported Ameinfo on 22nd March.
Arcapita USD 500	Arcapita targets to sell more than USD 500 mn of its Sukuk Murabaha, which closes on 11th April, which is arranged by banks including Standard Chartered, West LB and Standard Bank, reported Reuters on 26th March.
Amlak USD 300 mn	Amlak will sell USD 300 mn Sukuk to fund international expansion, cites Ameinfo Bloomberg on 31st March. The application for a full banking license was rejected.
USD 1 bn+ MTC	Kuwait's Mobile Telecommunication (MTC) may sell Sukuk to refinance its 1-year USD 1.2 bn Islamic facility, which was the biggest syndicated Islamic finance facility last year. The banks now suggesting to issue a 5-year Sukuk instead, reported Gulf Daily News on 14th March.
SEC SR 15 bn	Saudi Electric Company (SEC) may sell up to SR 15 bn of Sukuk during the next 10 to 15 years, the decision is due at the shareholder meeting in April. The first Sukuk may be issues as soon as second half of the year, reported Gulf Daily News on 14th March.
RAK USD 400 mn	Ras Al Khaimah plans to sell about USD 400 mn of Sukuk to finance the construction of man made islands off its coast. The Chief Executive of the Ras Al Khaimah Investment Authority said they are in talks with Credit Suisse to arrange for the Sukuk before July, reported Reuters on 21st March.
Tabreed	Trabreed, UAE and Aldar Properties setting up a joint-venture A&T Cool for the Abu Dhabi market. It is considered to issue Sukuk to finance the plants, reported Gulf Daily News 21st March.
S&P	The Edge Daily wrote about a report of Standard & Poors estimating the global size of the Sukuk market to be close to USD 70 bn at year end 2006, including Malaysia. While Dubai took now a lead in listing Sukuk the secondary market trading is not there. London traded about USD 5 bn only at the end of March 2007. Also ratings are not frequent yet: S&P rates an outstanding amount close to USD 6 bn or roughly 50 % of Sukuk listed globally.

Cayman

Deborah Drummond wrote on Caymannetnews on 20th March about the new Arabic language facility which enables registration and other certificates to be issued bearing a company's name in both Arabic and English as an indication of commitment to innovation and quality. Especially Sukuks, which are developed and marketed in the Middle East, use Cayman Islands-domiciled issuers over other jurisdictions.

Asia

KL Sentral

Malaysian Resources Corporation Bhd's unit, Kuala Lumpur Sentral Sdn Bhd has successfully place out its RM 820 mn serial Sukuk Musharaka to investors. The issue proceeds shall be eventually utilised to repurchase and cancel outstanding Bai Bithaman Al Ajil Islamic debt securities (BaIDS). RAM assigned a long term rating of AA2(s). Joint lead managers of the issue were HSBC Bank Malaysia Bhd and Kuwait Finance House (Malaysia) Bhd while Newfields Advisors Sdn Bhd was the financial adviser.

Facilities, Syndication

Event:

Syndication, 21/22 May: <http://www.euromoneyseminars.com/syndisfi>

Etihad Etisalat

Etihad Etisalat (Mobily) launched its senior syndication of its SR 10.8 bn Islamic facility via initial mandated lead arrangers, which are ABN Amro, Banque Saudi Fransi, Calyon, National Bank of Abu Dhabi, National Commercial Bank, Samba Financial Group and Saudi Hollandi Bank. The deal comprises three tranches. Proceeds of the airtime facility will be used for refinancing existing debts and for general corporate purposes, reported Gulf Daily News. Gulf News added on 15th March that the pricing Mobily received was the lowest rate of Islamic financing ever granted to a telecom company in the Middle East and Africa.

Saudi Binladin

Samba Financial Group is arranging a syndication including United National Bank (Dubai), Mashreqbank, Abu Dhabi Commercial Bank, Dubai Islamic Bank and International Commercial Bank about SR 2.975 billion to carry out the new expansion project for the Prophet's Mosque in Madinah by the Saudi Binladin Group, reported Arab News on 7th March.

Kharafi

Dubai Islamic Bank and Kuwait based Kharafi Group have signed a facility for AED 750 mn to finance the AED 1.465 bn contract for construction of Dubai Logistics City (DLC) Headquarters and Office Park, a key component of Dubai World Central (DWC), reported Arabianbusiness.com on 4th March.

Shuqaiq

The financing for the second Saudi privately funded water and power scheme, the USD 2 bn Shuqaiq Independent Water and Power Project consisted of a USD 1.6 bn loan, including a USD 150 mn Islamic tranche. and a USD 400 mn equity. The consortium was led by Saudi's ACWA Power Projects, Japan's Mitsubishi Corporation and the GCC owned Gulf Investment Corporation and advised by Trowers & Hamblins, reported Ameinfo on 3rd March.

Bahrain Bay

Bahrain Bay is advised by Trowers & Hamblins on a USD 150 mn, 2.5 year Islamic financing facility provided by Ahli United Bank for ongoing construction of Phase one of the USD 1.5 bn Bahrain Bay Development, said Trowers in a press release disseminated by Ameinfo on 27 March.

EIIB

The European Islamic Investment Bank completed two deals: A structured trade finance facility for CCH International plc as a GBP denominated revolving supplier credit financing facility. Another facility was signed with the Islamic Bank of Britain plc (IBB) as a standby facility structured as an undrawn revolving commodity Murabaha designed to assist IBB in managing its liquidity profile, reported Menafn on 11th March.

Bindawood; KSA

Standard Chartered Bank provided a USD 32 mn Murabaha Financing agreement to Bindawood Group, Saudi-Arabia, reported Dubai City Guide.

Al Amin	Al-Amin Bank signed a 2-year Murabaha USD 12 mn contract with Real Estate Finance Company, Bahrain, reported Bahrain Tribune 7th March.
QIB	Qatar Islamic Bank signed a 145 mn Istisna/Ijara contract with the Qatar Awqaf Authority as funding to a residential/office project, reported Ameinfo on 19th March.
Ethihad Airways	Ivan Gale reported on 20th March in Gulf News on the financing needs of Ethihad Airways, which is planning to finance about USD 1.26 bn for the acquisition of new aircraft this year, whereby 85 % of the facilities shall have maturities of between 12 and 15 years. One deal this year involved a USD 400 mn Islamic finance lease for the acquisition of four A340-500 led by Citigroup and Abu Dhabi Commercial Bank, which were joined by six other institutions. The Airline is open to either conventional or Islamic leases.
ALAFCO	ALAFCO ordered 18 new passenger planes from Boeing, worth a total of USD 2.26 bn at list prices. ALAFCO, Kuwait uses Islamic leasing and is a subsidiary of Kuwait Finance House. Ultimate users of the planes are different non specified airlines, reported Rakesh Sharma from Reuters on 12th March.
QIB	Qatar Islamic Bank if financing with a lease-to-own a new Airbu A340-600 to Qatar Airways, reported Arabianbusiness.com on 26th March.
Aston Martin deal	The Aston Martin Private Equity transaction gets Islamic debt finance, arranged by WestLB of about GBP 225 mn. The Islamic focus has arisen as two Kuwaiti investors operate in accordance with Islamic principles, reported cnetwork.co.uk on 18th March.
Alliance Bank	Alliance Bank JSC, Kazakhstan received a USD 150 mn Syndicated Wakala restricted Commodity Murabaha Financing Facility. Calyon acted as bookrunner and Wakil in connection with the Facility and Abu Dhabi Islamic Bank acted as Sharia Advisor. Tranche A has a maturity of 370 days and Tranche B of 2 years. The transactions was launched at USD 50 mn and closed three times oversubscribed; amounting to USD 85 mn in Tranche A and USD 65 mn in Tranche B. 19 banks were joining the facility. Abu Dhabi Commercial Bank joined Calyon and ADIB at the top-tier MLA Level. Alliance Bank is the country's fifth largest bank, the leading retail lender with 21 % market share and rated Ba2 positive outlook by Moody's and BB- by Fitch (stable outlook), reported Ameinfo on 20 March. Proceeds of the Facility will be used to promote and finance Alliance Bank's Islamic trade finance activities.
	<i>Asia</i>
Framework	The Securities Commission and Bank Negara will come up with joint frameworks on the issuance of non-ringgitt Sukuk by multilateral institutions, sovereigns and quasi-sovereigns as well as local and foreign multinational corporations soon, reported The Star on 7th March.
IJMs	IJM Corp Bhd will use Islamic financing to fund its RM 1 bn elevated expressway project in Karachi, Pakistan, reported Bernama on 22 March.
UEM World	UEM World Bhd plans to raise Rm 1 bn in the third quarter this year to fund Nusajaya's project expansion over the next two years. The preference is for Islamic instruments, such as Sukuk, reported The Star on 23rd March.
Khazanah	Khazanah Nasional Bhd may sell more exchangeable Sukuk and reduce Government control of the country's biggest company, reported The Star on 29th March.

Islamic Wealth Management

Event:

April, 24/25 April: www.islamicwealthmanagement.com

Credit Suisse

Credit Suisse is expanding its product portfolio to accommodate Sharia focused investors. In early March CS launched its first Sharia compliant fund to raise an unspecified amount, reported Shakir Husan in Gulf News on 19th March.

Indian Infra-structure

2i Capital Group, which operates in India, UK and Mauritius, in conjunction with its advisers Oman based Amwal Investment SAOC are launching a Sharia compliant USD 300 mn Indian Infrastructure fund, reported Gulf Daily News on 4th March.

QIB

The Qatar Islamic Bank plans to launch real estate funds worth more than USD 1 bn to invest in Britain and Qatar cites Ameinfo the Middle East Economic Digest on 11th March. USD 824 mn shall be investing in Qatar and USD 192 mn in commercial property in London.

Global

Global Investment House launched the Global GCC Islamic Fund, which invests in listed GCC shares, in addition to fixed income instruments, and other Islamic instruments, reported Ameinfo on 21 March.

SC and DFSA

The Securities Commission and the Dubai Financial Services Authority will set up a mutual recognition regime to allow cross-border marketing of Islamic funds, the agreement shall be signed soon, reported Business Times on 23rd March.

CBB

Central Bank of Bahrain has authorized during February 2007 six new mutual funds, whereby 3 of them are Islamic, the Enhanced Oil Fund 1 and 2 sponsored by Gulf Finance House and Al Safat GCC Real Estate Fund sponsored by Kuwait based Al Safat Investment Company. Bahrain domiciled funds should be further strengthened with the implementation of a new regulatory framework for collective investment undertakings, which will include to facilitate investment by experienced and professional investors, reported Ameinfo.com on 19 March.

IIB / SEDCO

The International Investment Bank and SEDCO announced the sale of the USD 409 mn office building located at 33 Grosvenor Place resulting in a return on equity of 100 % since June 2005, reported Ameinfo on 5th March.

Unicorn

Unicorn Investment Bank announced its successful exit from Unicorn KSA Real Estate Fund 1, which achieved an IRR of 15.5 % versus anticipated 10 % and the bank's private equity investment in The Gardens Residential Community in the US, providing the targeted IRR of 21 %, release Unicorn in a press release, published on Ameinfo on 26th March.

Al Salam Bank

Al Salam Bank agreed to form a private equity venture with CMIA Capital Partners to invest in Chinese companies and realty, wrote Luo Jun and Josephine Lau from Bloomberg News in the International Herald Tribune on 7th March.

Markaz

Markaz, Kuwait launches the Sharia compliant Markaz Real Estate Opportunities Fund, which follows an opportunistic strategy with investments in development projects in various real estate segments in the Middle East and North Africa, such as Riyadh, Damascus and Aleppo, reported Ameinfo on 7th March.

KFH

Pacific Healthcare Holdings plans to invest in seven medical centres across Asia this year through a joint venture with Kuwait Finance House (Malaysia) Bhd, reported The Star on 7th March.

DIB

The USD 5 bn group of Private Equity funds shall be started with an initial fund raising of USD 800 mn by April and being investing in energy and telecom projects in the MENA region. The received funds shall be invested up to half within 3 months. Dubai Islamic and Dubai World will provide each 10 % toward each fund, reported Arabianbusiness.com on 21st March.

Afkar	Afkar Holding is seeking licenses from Kuwaiti Authorities for three major petrochemical projects. Gulf Investment House is the issue manager of Afkar Holding Co. and has undertaken to invest 10 to 20 % in Afkar's capital, Kuwait Finance House with 10 % and Jiblah Holding Company with 5 %, reported Albawaba on 19th March.
DWS/Citi	Citibank entered into a distribution agreement with DWS Investments, whereby Citibank will make available to its customers the full range of DWS Investment Products, which also include the Sharia compliant DWS Noor Islamic funds, a press release said, which was re-disseminated by the The Asian Banker on 21st March.
DB	Deutsche Bank has published an academic paper about a technique allowing for a total return swap in line with Islamic legal principles. Geert Bossuyt also mentioned that Deutsche is working on an Islamic hedge fund, wrote Arabianbusiness.com on 1st March.
Old Mutual	Old Mutual Asset Managers (UK) has launched the Old Mutual Al Saqr Fund, an equity market neutral hedge fund, using Murabaha and Salam and benefits from Old Mutual Asset Manager's quantitative capabilities. The fund is domiciled in Cayman Island, denominated in USD and will be launched in April with a minimum of USD 25 mn in assets. It will trade in globally liquid stocks in developed markets. Prime Broker is FIMAT and the Shariah adviser is Ratings Intelligence, reported Hedgeweek.com on 22nd March.
Shariah Capital	Shariah Capital Inc., announced in a press release that GRT Capital Partners, a multi-strategy investment advisor, offers a Sharia compliant managed account. Barclays Capital is acting as sole prime broker for the new account. It uses the Arbun structure and screening platform developed by Shariah Capital - marketwire 27th March.
Hong Leong Islamic Bank	Hong Leong Islamic Bank (HLIB) has signed a distribution agreement with UBS to offer non-ringgit structured products. HLIB will act as principal in selling the products, subject to regulations. As a principal, the products will be restructured and sold under the name of HLIB, announced HLIB in a press release re-disseminated by The Asian Banker.
CIMB liquidity fund	CIMB Group launched its global Islamic liquidity fund, the CIMB Islamic Imtiyaz Liquidity Fund USD, based in Brunei. The fund will invest in commercial papers, certificates of deposit, government/sovereign Islamic bonds, asset and mortgage backed securities and repurchase agreements, which are USD denominated and Sharia compliant. It is to be approved by the Syariah Financial Supervisory Board in Brunei. Bank Islam Brunei Darussalam is the fund custodian and Zainidi and Associates are the legal advisers.
Asia Finance Bank	The Asia Finance Bank (AFB) has set up a RM 1 bn fund to acquire properties for its REIT. AFB has a paid up capital of RM 335 mn and an authorised capital of RM 1 bn. The investors are Qatar Islamic Bank, which has a 70 % stake, RUSD Investment Bank Inc of Saudi Arabia (20 %) and Global Investment House of Kuwait (10 %), reported Bernama on 28th March.
KFH	Kuwait Finance House via its Malaysian unit is to establish its first China real estate joint-venture in Chongqing, China with Belanie Management Ltd (Hong Kong) and Chongqing Risun Industry Group Ltd, reported The Star Malaysia on 27th March.
Dow Jones Sri Lanka	Dow Jones Islamic Market Indexes, Colombo Stock Exchange and Amana Investments launched the 13-stock Islamic index for Sri Lanka, reported Lankbusinessonline on 26th March.
Investment Dar	The Investment Dar is further looking into UK private equity deals and interested in Harrods, even after the just completed buyout of Aston Martin, wrote James Bennet on Arabianbusiness on 25th March.
HSBC Amanah	HSBC Amanah has tested Islamic buyouts with its own funds since 2005 and now seeking to collect USD 500 mn for its unit this year. Around 15 % of potential buyout targets are excluded because on non compliance of Sharia but still returns could be achieved, which are equivalent to conventional private equity.

Private Equity

According to a report in EM PE Quarterly Review cited by Issac John, Khaleej Times on 30 March, about 223 privatisations valued at over USD 1 trillion in the next ten years in the Middle East is driving the industry combined with the liquidity available. Fundraising according to KPMG/GVCA in 2006 reached USD 7 bn compared to USD 321 mn in 2004. The return profil of those investments is not yet known because of the very low number of exits made so far.

Capital Flows

The CEO of the DIFC, Nasser al-Shaali spoke to Reuters about the capital flows of the GCC investors, which are said turning to Asia and diversify away from the US. Only 10 to 15 % of the USD 1.1 trillion surplus accumulated between 2003 and 2007 has entered regional economies. The remaining sum was invested abroad. US suffered thereby from the problems encountered with DP World's buyout. Nevertheless it is said that reverse globalisation will remain: Meaning that emerging market players acquiring developed institutions worldwide, reported Khaleej Times on 28th March.

CIMB

CIMB Group plans to offer an Islamic private banking service for high net worth individuals with an excess of RM 1 mn in investable assets, reported The Edge Daily on 26th March.

Takaful

Allianz Group

The Central Bank of Bahrain granted a license to Allianz Group to set up Allianz Takaful (Bahrain). The wholly owned subsidiary will be Allianz global hub for Takaful, in the fields of family takaful, investment-linked insurance, health and medical insurance, reported Ameinfo on 6th March.

Lloyd's

Lloyd's launches its new subsidiary Lloyd's Labuan Limited and the upgrading of its reinsurance business. Previously they had been operating as a third tier reinsurer, receiving business only if it wasn't absorbed by the authorized Malaysian reinsurers or Labuan based reinsurers, who together have a share of about 85 %. Malaysia is considered as a significant market in Asia. Its total direct premiums in 2004 estimated at USD 6.5 bn, raking above both Singapore and Thailand. In 2006 Lloyd's Malaysian reinsurance business totaled around USD 70 mn. In 2002, Lloyd's Asia platform based in Singapore had two syndicates and wrote premium of USD 7 mn. It presently has eight syndicates and writes around USD 100 mn of premium a year, reported Insurancejournal.com on 1st March.

General Re

General re takaful provider B.E.S.T Reinsurance has targeted a turnover of USD 5 mn to USD 7 mn from its recently launched family retakaful biz based in the Labuan International Offshore Financial Centre (IOFC) within two years. The company also operates its general retakaful operations for Asia Pacific from its hub in Labuan, reported Ashwin Raman in The Edge Daily on 28th March.

Al-Noor

Al-Noor Risk Solutions SA will offer commercial, property, personal lines and marine import and export risk cover based on the Takaful Wakala and Waqf Models. Targeted distributors are Albarak Bank, First National Bank, WesBank and Absa. Due to regulations Al-Noor would not be fully Sharia compliant initially as it would have to use the license of existing short-term insurers, reported Allafrika.com on 12th March.

Global Investment House published a study about the UAE insurance market. Between 2000 and 2005 the insurance sector grew by a compound annual growth rate of 20.8% in gross premiums. The UAE penetration rate for insurance is 1.53 %, the highest in the Gulf region, followed by Qatar with 1.1 %, this still below the world average of 7.52 %. The gross premiums in the UAE insurance sector stood at AED 7.86 bn; life insurance represents 15.4 % of premiums collected in the country, reported Arabianbusiness on 21st March.

Best regards,

Michael Saleh Gassner



The *world's first* diversified sukuk investment product

The advertisement graphic features a large, white, curved shape resembling a sail or a stylized 'S' set against a background of a blue sky with white clouds and a dark blue sea at the bottom. The text is arranged vertically within the white shape. At the top right, the website address "www.sanadfund.com" is displayed in a bold, black, sans-serif font. Below this, five bullet points are listed in a black, sans-serif font: "100% sharia compliant", "Stable & reliable income", "Quarterly redemptions", "Diversified portfolio", and "Primarily GCC - based assets". At the bottom of the white shape, the words "SANAD SUKUK FUND" are written in a large, bold, blue, sans-serif font. Below this, the tagline "The innovative approach to Islamic investment" is written in a smaller, italicized, black, sans-serif font.

Sanad Investment Co. Ltd. (Sanad Sukuk Fund) is the world's first open-ended GCC sukuk fund. **Sanad Sukuk Fund** invests not less than 75% in sukuk that are financing GCC-based assets. Up to 25% may also be invested in other non-sukuk sharia compliant financing structures and, on an opportunistic basis, invest in non-GCC asset financing in accordance with its Islamic and risk investment criteria. The Fund targets above-LIBOR returns in line with the underlying returns on sukuk, which will be diversified according to maturity, obligor and credit quality.

Address: Encore Fund Management Co. Ltd., 40, rue du Marche, CH 1204, Geneva, Switzerland
Phone: +41 22 818 5040, Fax: +41 22 818 5041, e-mail: info@sanadfund.com, website: www.sanadfund.com

This advertisement appears only for information and is not an offer to sell securities in any jurisdiction.