

SHAPE Financial Corp. assigned as Sharia Advisor for the world's first GCC-oriented Sukuk fund

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Agency: **Michael Gassner Consultancy Ltd.**

Leading international Islamic finance advisory company SHAPE[™] Financial Corp. has been retained as the Sharia Advisor to the Sanad Sukuk Fund. Additionally, SHAPE's President & CEO Abdulkader Thomas will serve on the fund's Investment Committee.

Mr. Thomas comments on the assignment from Kuwait: "We are delighted to advise the world's first open-ended GCC-oriented Sukuk fund. Our Sharia Board—consisting of Shaykh Nizam Yaquby and Shaykh Yussuf Talal DeLorenzo—will audit the fund's transactions and sukuk selections. The fund aims to offer income-oriented returns combined with stability of principle and liquidity, all while complying with Sharia interpretations prevalent in the GCC." The fund's formal Sharia board will be assisted by SHAPE[™]'s Sharia controller Mr. Muhamed Becic, a graduate in fiqh from the University of Madina.

The Sanad Sukuk Fund will be launched before year end and targets both individual and institutional investors. The fund seeks to partner with retail banks—in particular those dedicated to serving Muslim customers—as well as other investing institutions.

Encore Management S.A., Geneva, is setting up the fund management company as a wholly owned subsidiary in the Cayman Islands. John A. Sandwick, Encore's managing director, says: "We have long sought a substitute for bond investments for our own Saudi and other Arab clients, but until now nothing was available. We finally made decision to create our own fund to serve Muslim investors, as the time was finally right for such an investment vehicle. Encore engaged SHAPE[™] as the fund's Sharia advisor to insure we have one of the world's best group of scholars and bankers supporting the fund's compliance with the requirements of our GCC-based clients."

An important effect of the fund's launch will be the impact on Sukuk market activity. In all of 2005 there were only about \$60 million in GCC-style Sukuk secondary market transactions, a tiny fraction of the estimated \$15 billion of Sukuk that were outstanding at the end of last year. With the introduction of the Sanad Sukuk Fund—targeted to reach at least \$100 million or more in size—secondary market trading should substantially increase. Economists the world over point out that increased market trading and liquidity of all securities is a core component of economic development, fostering increased issuance of securities and thereby contributing to economic growth.

Note to Editors:

Sukuk, the plural of the Arabic word Sakk, means "certificate" or sometimes "credit note." It is also the root for the English word "cheque." Sukuk replace interest income with rent or profits; they are therefore the alternative for Muslims seeking a stable income complying with their faith. Sukuk finance real economic activities and, depending on the underlying structure, they are tradable at market value from the Islamic perspective. Secondary market trading is still weak in the GCC region, as Sukuk are relatively new. Significant new Sukuk issuance has only recently increased, while near-term expected new issuance is expected to increase dramatically. Japan, China and Indonesia are among many market entrants expected to enter the Sukuk market in 2007, while at least 100 or more companies based in the Arab world are believed to be readying new Sukuk issues.

Issued on behalf of Sanad Investment Co. Ltd. For further press information please contact:

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About Sanad Investment Co. Ltd.

Sanad Investment Co. Ltd.—or the Sanad Sukuk Fund—is the first GCC-oriented Sukuk fund in the world. It will provide both stable income and liquidity for Muslim investors. It closes the significant gap for Muslim investors in their asset allocation by finally providing a bond-like investment vehicle that is fully sharia compliant. All investments made by the Sanad Sukuk Fund will be in not less than 75% Sukuk and to a maximum of 25 % sharia-compliant credit syndications, predominantly in the GCC countries. Expanding the Sukuk market by creating a Sukuk fund directly leads to increased economic development in the GCC region. The fund is being domiciled in the Cayman Islands, as is its manager Encore Fund Management Co. Ltd., a wholly owned subsidiary of Encore Management S.A. in Geneva, Switzerland. The Sanad Sukuk Fund targets institutional and individual investors of all kinds. The fund’s website— www.sanadfund.com —will be launched alongside the fund itself

ABOUT ENCORE MANAGEMENT S.A.

Encore Management S.A. was founded in 1998 to serve private clients in the management of their family long-term savings, whether through portfolio investments, private equity, or real estate. The firm has established deep institutional relationships in Switzerland, in particular working in partnership with UBS S.A., the world’s largest asset management bank. Encore’s principles are bankers of long standing in the Swiss private banking and asset management businesses. The company remains very active in the Islamic banking space, and has frequently promoted increased transparency and sharia-compliant securities development through conferences and both print and electronic media. Encore’s wholly owned subsidiary—Encore Fund Management Co. Ltd.—was created to manage the new Sanad Sukuk Fund, as well as other future Islamic strategy portfolios.

About SHAPE™ Financial corp.

With offices in Virginia (United States) and Kuwait, SHAPE Financial Corp. (“SHAPE™) is a leading knowledge resource for Islamic banking & finance. A member of Alshaya Group International, SHAPE™ provides structuring and transaction advice to the Islamic financial markets on a global basis. A knowledge-based firm, SHAPE™ has developed a rich universe of training and concept materials geared to the Islamic financial market. SHAPE™’s focus is problem solving clients who benefit from cost-effective external Sharia-driven solution providers.

Sharia’ a Advisory: SHAPE™ is pleased to enjoy excellent relationships with Islamic scholars around the globe and has the capacity to draw on the resources of www.ajif.org. Nonetheless, SHAPE™ has been honored with close, long-term relationships with two of the leading scholars of Islam.

www.shapefinancial.com

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