

HATIM S. ZU'BI Hon. G.B.E.,

LL.B. (Hons.) London, F.I. Arb. of Lincoln's Inn, Barrister-at-Law
Attorneys & Legal Consultants

19th November 1980

H.E. The President,
Arab Monetary Fund,
Abu Dhabi,
U.A.E.

Your Excellency,

Re: Incorporation of an Arab Investment Company

Mr. Namir A. Kirdar, Adviser to the Arab Monetary Fund (AMF), has kindly appraised me of the special study which has been prepared under the auspices of AMF for the promotion and incorporation of an Arab company whose objects will be personalised portfolio management, establishment and management of special investment funds and investment in general.

Certain aspects of the above study closely relate to and require investigation and advice in the realm of company laws in particular and other laws in general. As a result of our discussions, Mr. Kirdar has requested me to write to you expressing my willingness to undertake the legal services required for the completion of the study by providing the legal aspects relative to and ultimately undertaking the steps necessary for the incorporation of the proposed investment company.

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Bab Al Bahrain Building
P. O. Box 502,
Manama,
State of Bahrain.

Tel. 251911/258207/251695

Cables: "HATIM ZU'BI"

Telex No 6365 HSZUBI BN

OTHER OFFICES AT

Amman Jordan

UAE: Abu Dhabi and Dubai

While, therefore, it is a source of pride for me to note the sponsorship by AMF of such an important Arab project, I wish to advise that my Law Office in Bahrain which is well known to Mr. Kirdar, had undertaken such services during the past nine years and has advised and undertaken the incorporation of several Arab and international companies with varying objects including investment companies and banks.

Initially, it would appear that the most significant aspects that need to be dealt with are the following:

1. The type of company and the place of incorporation thereof:

For selection of the most suitable type and location, the following elements would have to be taken into consideration:

- (A) company or corporate laws in force in the place of incorporation;
- (B) taxation laws applicable in the place of incorporation and to the operational centers of the proposed company which may take the form of a branch of a foreign company registered or a wholly owned subsidiary incorporated in the place where such center is located, depending on the conditions most favourable to the effective and profitable operation thereof;
- (C) the outlook on the part of shareholders and prospective investors to the entity and place of incorporation and seat of management of the company in respect of confidence in, security of and maintaining of secrecy by the company;
- (D) the international image of the company as reflected with foreign governments, central banks and other international institutions and banks and in the international financial centers in the light of the standing enjoyed by the place of incorporation as a taxhaven or otherwise;
- (E) foreign exchange and currency laws and regulations that may exist and be applicable in the place of incorporation as well as the locations of the various operational centers of the Company;
- (F) legal requirements for ownership of part of share capital and holding of directorships by nationals in the place of incorporation;

Handwritten initials

- (G) legal requirements for filing of returns, balance sheets and other information to and inspection by the authorities of the books and records of the company by the authorities in the place of incorporation;
- (H) other legal requirements.
2. Structuring of share capital; rights of the various categories of shares; allotment of additional shares to founder shareholders; allotment of shares to members of management, public issue of shares, transfer of shares and listing of company shares on one or more stock exchanges.
3. Plan of action to be adopted for:
- (a) selection of and convening the initial group of ten founder shareholders and preparation of the agreement to be entered into thereby;
- (b) selection and convening of the supplementary number of founder shareholders to bring up the total number to thirty and possibly at that stage holding of a formal Founder Shareholder Meeting with full Minutes adopted and signed thereby;
- (c) meanwhile preparation of Memorandum and Articles of Association of the company for approval by the Founder Shareholders Meeting which, of course, would have been preceded by a decision as to the entity and place of incorporation of the company as outlined in paragraph 1 above;
- (d) incorporation of the company, election of the Board of Directors; appointment of the chief executive who would then proceed to establish the administrative and operational structure of the company.

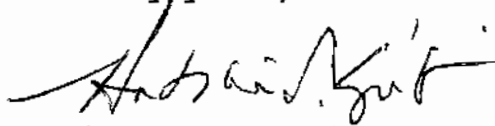
As you will appreciate, it will not be practical nor in the interest of AMF or ourselves to fix our fees at this stage as the foregoing services will entail a great deal of work, investigation and consideration of the various legal aspects. It will also entail travel, co-operation with local law firms and using the services of tax and other specialists in the various locations that will be considered as well as drafting and attendance at meetings. We can, therefore, only establish a basis for calculation of our fees and charging of fees by other foreign firms with whom we will be working on this matter. Our fees will be in principle based on time, effort and complexity of the work performed and recovery of out of pocket expenses incurred by us. We will also control the billing

of said foreign firms and incorporate it in our billing. We will generally submit our bills both for fees and expenses progressively to AMF as the work proceeds.

Should our proposal be acceptable to Your Excellency, as I understand that AMF is willing to retain us for the above services and pay our fees as finally agreed therewith, we will be grateful if you would express your approval by signing the attached copy of this letter and returning the same to us so that we may proceed with the work.

With renewed assurances of my highest esteem.

Truly yours,



(HATIM S. ZU'BI)

Agreed and Accepted
Arab Monetary Fund

By J. M. Hashim
PRESIDENT

Jawad Hashim

Arab Monetary Fund
President's Office

Mr. Hatim Zu'bi
P.O. Box 502
Bahrain

November 23, 1980

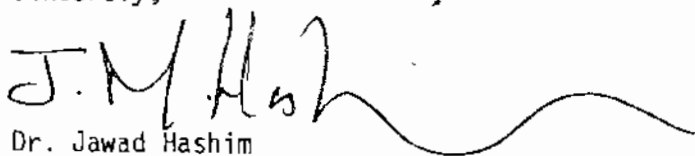
Dear Mr. Zu'bi

Thank you for your letter of November 19, 1980, outlining the steps that you will be taking towards the legal and tax oriented investigations to incorporate the proposed Investment Company, with optimum advantages.

Mr. Nemir Kirdar, Adviser to the President of the Arab Monetary Fund, has been fully authorized to deal with this project and I should therefore appreciate if you would deal with him directly in this regard, furnish him with a timetable, and agree with him on a schedule for reviewing progress.

Thanking you for your efforts, I remain

Sincerely,


Dr. Jawad Hashim
President

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