

TNI UAE BLUE CHIP FUND

Private Placement Memorandum

Private and Confidential – March, 2006

Private Placement Memorandum

Private and Confidential – February 02, 2005 (updated March, 2006)

TNI UAE BLUE CHIP FUND

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Private Placement Memorandum for an offering of up to 10,000,000 Units at a subscription price of AED 10.00 each

TNI UAE BLUE CHIP FUND, an open-ended investment trust fund to be established in the United Arab Emirates, as recognised by resolution No. 164//8/94 of the Board of Directors of the UAE Central Bank.

This document is provided by The National Investor, in its capacity as Placing Agent and Fund Manager of TNI UAE BLUE CHIP FUND. This is a revised re-print of the final version of the Private Placement Memorandum, which was reviewed and approved by the UAE Central Bank (reference No. 13/409/2005 dated February 02, 2005). Any investment in the Fund will be solely based on this final version of the Private Placement Memorandum and not on any other document.

Units of the Fund are not deposits or obligations of, or otherwise guaranteed by, any bank and are not insured by any other governmental agency. Investing in Units of the Fund involves risks, which are described in the "Investment Considerations" section of this Memorandum.

Placing Agent and Fund Manager
THE NATIONAL INVESTOR

Statement of Responsibility

This Private Placement Memorandum (hereinafter “Memorandum”) is delivered to you on a confidential basis by The National Investor (hereinafter “TNI” or “Fund Manager”), for the sole purpose of providing the terms and conditions of an investment in TNI UAE BLUE CHIP FUND (hereinafter “Fund”). Participations of Investors in the Fund will be designated in Units of an equal value of AED 10.00 (ten) each (hereinafter “Units”). Prospective investors should carefully review this Memorandum and the Supplements attached hereto before deciding whether or not to invest in Units of the Fund, and are strongly recommended to note the considerations set out under “Investment Considerations” herein.

This Memorandum has been prepared for the purpose of providing the necessary information to enable investors to decide whether or not to invest in the Fund subject to the terms and conditions described hereunder. The Fund is an open-ended investment trust fund, established by the Fund Manager in accordance with the provisions of Resolution No. 164//8/94 of the Board of Directors of the UAE Central Bank, and pursuant to approval granted by the Central Bank of the UAE reference No.13/409/2005 dated February 02, 2005. The Fund is not an independent legal entity but a collective investment vehicle consisting of a portfolio of assets held by the Fund Manager, directly or through Nominees, for the collective benefit of Investors, and managed by the Fund Manager on a discretionary basis in accordance with the provisions of this Memorandum and the Management Agreement and Application Form supplemented hereto. Investments in Units of the Fund are therefore suitable for passive investment purposes only.

This Memorandum shall be sent to prospective investors, and might be accompanied by additional reports, press releases and articles, estimates and forecasts, and other related documents. Any investment in the Units will be solely based on the present, most recent Memorandum and not on any other document.

Units of the Fund may increase in value as well as decrease. Moreover, past performance of the Fund Manager is not a guarantee of its future performance. The Fund Manager therefore cannot and does not guarantee the performance of the Fund. Prospective investors should carefully note the considerations set out under “Investment Considerations” herein.

To the best of the Fund Manager’s knowledge or belief (it having taken all reasonable care to ensure that such is the case), the information contained in this Memorandum are true and accurate in all material respects and there are no other material facts the omission of which would make misleading any statement in this Memorandum. Certain information contained herein has been obtained from sources perceived to be reliable. Neither the Fund Manager nor any other person assumes any responsibility for the accuracy or completeness of such information.

Investors must rely on their own examination of the legal, taxation or investment matters and other consequences of an investment in the Units, including the merits of investing and the risks involved. Investors should not treat the contents of this Memorandum as advice relating to legal, taxation or investment matters and are advised to consult their own professional advisers, stockbrokers, bank managers, legal counselors, and accountants concerning the purchasing, holding or disposal of the Units.

Before acquiring Units in the Fund, prospective investors should ensure that they have reviewed this Memorandum including the Management Agreement and Application Form attached hereto by way of Supplement. Executing the Management Agreement and Application Form to acquire Units in the Fund requires that prospective investors undertake to accept all the provisions of the Fund’s Memorandum.

All statements of opinion and views contained in this Memorandum represent the Fund Manager’s own assessment and interpretation of information available to it as at the date of this Memorandum. No assurance is given that such statements and views are correct. Investors must determine for themselves what reliance, if any, they should place on such statements and views and the Fund Manager accepts no responsibility in respect thereof. The delivery of this Memorandum shall not under any circumstances imply that there has been no change in the affairs of the Fund Manager or the Fund since the date hereof, or that information herein is correct as of any time subsequent to its date.

The offering of Units of the Fund (hereinafter “the Offering”) have been authorised by the UAE Central Bank pursuant to approval granted by the Central Bank of the UAE reference No. 13/409/2005 dated February 02, 2005. However, the Units have not been approved or disapproved by any other regulatory authority in any other jurisdiction, nor has the Fund or the Units been registered with any authority in any other jurisdiction, and no such registration is anticipated.

This Memorandum may not be used for the purposes of an offer of Units of the Fund to any person in any jurisdiction in which such an offer is not authorised or in which the person endeavoring to make such an offer or invitation is not qualified to do so or to any person to whom it is unlawful to make such an offer. It is the responsibility of Investors to satisfy themselves as to full compliance with the relevant laws and regulations of any territory in connection with any subscription to the Units of the Fund.

Other than as set out above, no representation made or information given in connection with an investment in the Units may be relied upon as having been made or given with the authority of the Fund Manager, and no responsibility is accepted by the Fund Manager, its subsidiaries or associates or any of its directors, officers, employees or agents, in respect thereof. Any reproduction or distribution of this Memorandum, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Fund is prohibited, except to the extent such information is otherwise publicly available. Each Investor, by accepting delivery of this Memorandum, agrees to the foregoing.

The Units are subject to restrictions on transferability. Direct or indirect sale or transfer of Units is expressly prohibited except with the approval of the Fund Manager in its sole discretion. The Fund Manager may require applicants for subscription or transfer of Units to provide appropriate representations, warranties and agreements as a condition thereof.

The attention of prospective investors is drawn to the fact that the Units of the Fund are of a long-term nature and are not quoted or dealt in on any official exchange. Such investments may be difficult to value and are likely to involve an above the average level of risk. Similarly, there is no available public market for the Units of the Fund. However, the Fund Manager may contemplate the eventual listing of the Units on a licensed securities exchange in the UAE, but no assurance is given that the Units will be so listed at any time, and the Fund Manager makes no undertaking that such Units will be so listed.

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Placing Agent and Fund Manager

THE NATIONAL INVESTOR

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SWITCHBOARD: +971 2 619 2300; FAX: +971 2 619 2400

Receiving Bank and Escrow Agent

ABU DHABI COMMERCIAL BANK

AL SALAM STREET, PO BOX 929, ABU DHABI, UNITED ARAB EMIRATES
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Legal Counselor

AL TAMIMI & COMPANY

DUBAI WORLD TRADE CENTRE, 29TH FLOOR, P.O. BOX 9275, DUBAI, UNITED ARAB EMIRATES
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Auditors

KPMG

PO BOX 7613, ABU DHABI, UNITED ARAB EMIRATES
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Executive Summary

The Opportunity

TNI UAE BLUE CHIP FUND (the Fund) is being established with a view to capturing the capital appreciation inherent in the UAE equity market, one of the fastest growing and promising stock markets in the Middle East. The Fund will invest principally in publicly traded stocks of UAE-based large companies, known as large caps or blue chips, which present a steady and recurrent track record of earnings growth and have a potential for capital appreciation.

The Fund is a GCC equity trading fund, with a significant exposure to UAE blue chips. The Fund Manager believes that GCC equity markets remain well positioned to capture interest from individual, institutional, regional and international investors. The Fund Manager also believes that the UAE equity market is poised to outperform other GCC markets, as a result of continuous introductions of advanced regulations, significant investments in non-oil driven sectors, and a lag behind when compared to GCC markets performances.

Substantial rise in liquidity and numerous initial public offerings in the UAE are adding depth and investment opportunities for such funds. Diversification is becoming more achievable within the UAE market. However, the Fund is not limited to the UAE market, and has opened a window for investors to benefit from other GCC investment opportunities.

As valuation ratios are reaching high levels in all GCC markets, including the UAE, the Fund Manager believes that blue chips with steady growth are deemed to show resilience and secure recurrent capital gains at a lower risk. Mid and small caps are characterised by volatile earnings growth, and in days of upswings, are subject to speculative pressures. Their risk adjusted returns are less interesting for the Fund.

It is therefore the intention of the Fund Manager to allocate a significant portion of the Fund's assets to strategic holdings in equities of outstanding UAE blue chips.

The Fund

The TNI UAE BLUE CHIP FUND, an open-ended investment trust fund established by The National Investor and licensed by the UAE Central Bank pursuant to approval granted by the Central Bank of the UAE reference No.13/409/2005 dated February 02, 2005. Subject to a one year initial lock-up period, Investors in the Fund shall be allowed to redeem their units on a monthly basis.

The Fund Manager is The National Investor (TNI), a leading UAE-based investment company. Through the Fund, TNI is providing investors with access to: a) a professional asset management approach backed by a strong research capability; b) a professional portfolio monitoring approach thanks to integrated front-to-back applications adapted to regional equities; c) extensive investment banking, private equity and portfolio management experience in the UAE and other GCC member-countries.

The Fund is a trading fund and does not intend to actively manage the businesses behind its investments. Therefore, investments shall not seek controlling stakes, and no more than ten (10) percent of the Fund's assets shall be invested in a single security, at the time the investment is made. Furthermore, no more than twenty (20) percent of the Fund's assets shall be allocated to private equity / pre-IPO investments. The Fund is a UAE focused fund and investments in equities traded on other GCC stock markets shall not exceed thirty (30) percent of the Fund's assets.

Characteristics and Advantages of the Fund

The principal characteristics and advantages of the Fund are the following:

- The Fund is targeting long-term capital appreciation and dividend returns. Therefore, asset allocations shall be mainly based on fundamental analysis.
- It is a regional fund, overweighting the UAE market, one of the most promising markets in the GCC.
- It shall seek substantial capital gains through investing in successful IPO's and pre-IPO opportunities.
- It is an equity trading fund and shall seek highly liquid investments, allowing monthly redemptions, subject to a lock-up period of one (1) year.
- It provides Investors with access to professional investment management and portfolio monitoring.
- It provides Investors with access to proprietary news-flow of investment opportunities and expected events in the UAE and other GCC equity markets, as well as the Fund Manager's views on regional markets.

Investment Process

The investment process shall be structured along the following guidelines:

- Initial screening of those investment opportunities that generally meet the parameters set forth earlier.
- The selection of potential investments shall be followed by a thorough fundamental analysis. This part of the process includes meeting with the management, assessing success factors, analysing risks and returns.
- Investment recommendations shall then be forwarded to the Investment Committee of the Fund.
- The Investment Committee is solely mandated to decide on asset allocations.
- Investment decisions shall be executed at best market conditions, and the portfolio shall be monitored on a daily basis.

Investments shall be structured into a portfolio that takes into account the diversification as to the business segments, the overweighting of UAE blue chips, the liquidity of portfolio holdings and the short-term exit strategies in the cases of pre-IPO investments.

Defined Terms

In this Memorandum, the terms and expressions listed below have the meanings set out opposite them, except when the context requires otherwise:

ADSM	Abu Dhabi Stock Market
AED	Arab Emirates Dirhams
Administrator	The National Investor, TNI Tower – Zayed the 1st Street, Khalidiya, PO Box 47435 Abu Dhabi, United Arab Emirates.
Agreement	Management Agreement and Application Form (see: Supplement-I in this Memorandum).
Auditors	KPMG, PO Box 7613, Abu Dhabi, UAE.
Business Day	Any day which is not : a Friday (and in some cases a Thursday), or a day on which UAE banking institutions are authorised or obliged by UAE law or regulation to be closed, or such other day as the Fund Manager may adopt from time to time.
Calendar	The Gregorian Calendar
Competent Authority	The UAE Central Bank
Currency of the Fund	United Arab Emirates Dirhams and a reference to dirhams or AED shall mean the lawful currency of the UAE.
Custodian	TNI has appointed Gulf Clearing Company (GCC), Bahrain to act as Custodian.
Dealing Day	The first day of each calendar month which is a Business Day. The Dealing Day may be postponed at the Fund Manager's discretion, depending on the occurrence of public holidays in the UAE and other GCC countries, as well as for other exceptional reasons
DFM	Dubai Financial Market
EIBOR	Emirates Inter-Bank Offer Rate
Fils	United Arab Emirates fils
Financial Year	Commences on the 1st of April and ends on the 31st of March, except the First Financial Year, which commences upon the closing date of the Initial Offering Period and ends on the following 31st of March.
Fund	The TNI UAE BLUE CHIP FUND, an open-ended investment trust fund established by The National Investor and licensed by the UAE Central Bank pursuant to approval granted by the Central Bank of the UAE reference No.13/409/2005 dated February 02, 2005.
Fund Manager	The National Investor, TNI Tower – Zayed the 1st Street, Khalidiya, PO Box 47435 Abu Dhabi, United Arab Emirates.
GCC	The Arabian Gulf Cooperation Council, including the member countries thereof, being Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE.
GCC National	A person holding a passport or Identity Card of any of GCC member countries, and business entities incorporated, established or registered in GCC countries and wholly owned, directly or indirectly, by such persons.
Government	The Federal Government of the United Arab Emirates and/or the Government of an individual Emirate, where the context so requires.
First Closing Date	The close of business on the final day of the Initial Offering Period
Investor	An investor in the Fund, being a record owner of Units in the Fund
IPO	Initial Public Offering
Lock-up Period	A period of one (1) year, commencing from the First Closing Date, during which investors may not redeem their Units in the Fund. The Investment Committee may, in certain circumstances, elect to waive the Lock-up period if it is deemed to be in the best interests of the Fund.

Minimum Subscription

During the Initial Offering Period, the minimum subscription amount per Unit Holder is 500,000 (five hundred thousand) Units equal to AED 5,000,000 (five million) with additional investments in multiples of 50,000 (fifty thousand) Units totaling AED 500,000 (five hundred thousand). Subsequent to the Initial Offering Period, the minimum subscription per Unit Holder is 100,000 (one hundred thousand) Units, with additional investments in multiples of 10,000 (ten thousand) Units. Additional subscriptions (for existing Unit Holders) will be accepted in increments of 10,000 (ten thousand) Units. However, the Fund Manager may, in its discretion, elect to accept subscriptions for lower amounts. There is no limit to the number of Units or amounts that may be accepted for Subscription at any point in time.

Memorandum

or Private Placement Memorandum, being the present document

Minor

Persons under the age of twenty one (21) Gregorian years

NAV

The Net Asset Value of the Fund will be determined by or at the direction of the Administrator at the close of each Valuation Day, in accordance with the provisions of this Memorandum and generally accepted accounting principles, and subject to the following:

a) The Net Asset Value of the Fund means total assets less total liabilities of the Fund, and includes the market value of all assets comprised in the Fund (including without limitation, cash and cash equivalents, accrued interest and the market value of all open positions and other assets maintained by the Fund) less all accrued contingent and other liabilities of the Fund (including without limitation accrued management, performance, transaction and professional fees).

b) Securities and assets held by the Fund and quoted on a stock exchange, and/or traded OTC, are valued at their closing price. Securities and other assets of the Fund for which market quotations are not available will be valued initially at cost and thereafter with any reduction or increase in value (as the case may be) as the Fund Manager shall in its discretion deem appropriate to reach fair value, taking into consideration the prices at which recent comparable capital issues or trade sales between third parties are known to the Fund Manager to have taken place.

c) The Management Fee and Custodian Fee shall accrue and be payable monthly in arrears on the basis of the Fund's NAVBF on the Valuation Day. The Performance Fee, if applicable, shall accrue and be payable monthly in arrears on the basis of the Fund's NAVBPF on the Valuation Day.

d) Where no method of calculation is stated, or where, in the opinion of the Fund Manager, the method of calculation is unfair or impractical, the Fund Manager shall use such method of calculation as it considers fair and reasonable and, otherwise, in accordance with generally accepted accounting principles.

e) In addition to special valuation determinations related to illiquid securities, other special situations affecting the calculation of the NAV may arise from time to time. Investors should understand that these and other special situations involving uncertainties as to the valuation of portfolio positions could have a significant adverse impact on the Fund's NAV if the Fund Manager's judgment regarding the appropriate valuation should prove to be incorrect.

NAVBF

The Net Asset Value of the Fund before management fees, being the Net Asset Value as otherwise defined herein, but prior to deduction of the currently accrued Management Fee, Custodian Fee and Performance Fee, if any.

NAVBPF

The Net Asset Value of the Fund before the Performance Fee, being the Net Asset Value as otherwise defined herein, but prior to deduction of the currently accrued Performance Fee, if any.

NAV per Unit

or Net Asset Value per Unit is the Net Asset Value of the Fund divided by the number of Units then in issue

Non-National

Any person or entity who is not a UAE National

Offering	The Offering by the Fund Manager on behalf of the Fund of 10,000,000 (ten million) Units as described in this Memorandum.
OTC	Over-the-counter
Receiving Bank(s)	Abu Dhabi Commercial Bank, Al Salam Street, PO Box 929, Abu Dhabi, UAE
Redemption Price	The redemption price for Units on the relevant Dealing Day shall be the NAV per Unit, less the Redemption Fee, on the preceding Valuation Day.
SPV	A special purpose vehicle, being any company or other entity or collective investment scheme through which an investment may be made for the account of the Fund, as described under "Investment Guidelines" herein.
Subscription	Subscription for Units of the Fund
Subscription in-kind	A subscription for Units of the Fund that is paid for by the contribution of valuable assets, other than cash. The Fund Manager in its sole discretion may accept an offer of contribution in-kind. The Fund Manager shall determine, also in its sole discretion, the value to be assigned for this purpose to the assets contributed, and the Investor subscribing in-kind will be allocated the corresponding number of Units, calculated at the Subscription Price on the First Closing Date or other relevant Dealing Day, as the case may be. Transaction costs related to subscriptions in-kind shall be for the account of the Investor.
Subsequent Investments	The Fund will be open to receive Subsequent Investment(s) on any Business Day of each month. The consideration payable for any Subsequent Investment(s) in the Fund shall be equal to 1) the next reported Net Asset Value per Unit times the number of Units acquired (e.g. Subsequent Investments accepted between January 1 and January 31 will have a Net Asset Value per Unit as calculated on January 31 (or the next Business Day); plus 2) Participation Fees. New Unit Holders will be subject to the requirement of acquiring a minimum of 100,000 (one hundred thousand) Units in the Fund, with additional investments in multiples of 10,000 (ten thousand) Units each. However, the Fund Manager may, in its discretion, elect to accept subscriptions to lower amounts of Subsequent Investment. There is no limit to the number of Units or amounts that may be accepted for Subscription at any point in time. The Lock-up Period relative to Subsequent Investments shall be one (1) year from the time a Subsequent Investment was made.
UAE	United Arab Emirates
UAE National	A person holding a UAE passport or Nationality Identity Card and business entities incorporated, established or registered in the UAE and wholly owned, directly or indirectly, by such persons
Unit(s)	A measure of the Fund's liability to the Unit Holder– Upon establishment of the Fund, one Unit is equal to the nominal value of AED 10 (ten). Thereafter, one Unit will be equal to the Net Asset Value per Unit as calculated on a monthly basis. All Units shall be held in registered form and the Fund will not issue certificates. Units will be registered for the account of each Unit Holder in a Unit Holders Registry located at the business offices of the Administrator.
Unit Holder	The holder of Units in the Fund as registered in Unit Holders Registry
Valuation Day	The last Business Day of each calendar month, or such other day(s) as may from time to time be determined by the Fund Manager.

Synopsis of the Principal Terms

The following Synopsis of Principal Terms is qualified by and should be read in conjunction with the more detailed information provided within this Memorandum. See "Investment Considerations" for a discussion of certain risk factors related to this particular investment.

The Fund	<p>The Fund is an open-ended investment trust fund established by the Fund Manager in accordance with the provisions of Resolution No. 164/8/94 of the Board of Directors of the UAE Central Bank and pursuant to approval granted by the Central Bank of the UAE reference No.13/409/2005 dated February 02, 2005. The Fund is not an independent legal entity but a collective investment vehicle consisting of a portfolio of assets held by the Fund Manager, for the collective benefit of Investors, and managed by the Fund Manager on a discretionary basis in accordance with the provisions of this Memorandum.</p>
The Units	<p>Participations of Investors in the Fund will be designated in Units of an equal value of AED 10 (ten) each. The Units will be registered in the Unit Holders Registry held by the Administrator. No certificates will be issued in respect of the purchase of Units. The Administrator will acknowledge and confirm investments in the Fund by mailing to the Investor the Acceptance of Subscription, a copy of which is supplemented to this Memorandum.</p> <p>The Fund Manager intends to accept subscriptions for up to a total of 10,000,000 (ten million) Units during the Initial Offering Period. However, the Fund Manager may, in its discretion, elect to accept subscriptions to additional Units either on the First Closing Date or in the future, and there is no limit to the number of Units that may be issued at any point in time.</p>
Investment Objective	<p>The Fund aims to achieve long-term growth of capital through investing in equity securities (such as common stock) publicly traded primarily in the UAE, and to a lesser extent in other GCC member countries, that offer in the opinion of the Fund Manager, a potential for steady capital growth. The Fund Manager believes it can achieve above average risk-adjusted returns through investing in largely capitalised firms, publicly traded in the UAE, that present a confirmed track record of recurrent growth of earnings.</p>
Investment Strategies	<p>The Fund Manager will undertake the screening process for potential equity investments, using both fundamental and technical analysis to determine the under or overpricing of an investment position.</p> <p>Equities will be selected on the basis of various criteria, related to the firm's market capitalisation size, liquidity level, fundamentals, earnings performance and future prospects. The Fund Manager will quantitatively screen characteristics to identify stocks that are undervalued, and then it fundamentally analyses stocks to identify those that have a potential for a capital appreciation.</p> <p>The Fund Manager continues the initial screening to identify those companies that it believes are priced well below their historical multiples of earnings, sales, cash flow and book value, or below their peers' multiples.</p> <p>The Fund Manager will not, however, be limited to selecting equity investments based solely on current market pricing, and it may choose to invest in a particular equity based on its assessment of future prospects.</p> <p>The Fund may subscribe to Initial Public Offerings (IPOs) and use leverage to that end. The Fund may also invest in securities traded on other GCC stock markets. For temporary defensive purposes, or when cash is temporarily available, the Fund Manager may invest, without limitation, in money market instruments.</p>

Investment Guidelines	<p>Under normal market conditions, at least sixty (60) percent of the Fund's assets shall be invested in equities of UAE blue chips with proven track record of steady growth, capable of securing steady capital gains and revenue stream, subject to the following:</p> <ul style="list-style-type: none"> — The Fund's exposure to any stock shall not exceed ten (10) percent of the Fund's assets, at the time the investment is made. — The Fund Manager may take short-term speculative positions based on market signals and trends. — The Fund may invest in securities traded on other GCC markets, provided that such investments do not exceed thirty (30) percent of the Fund's assets. — The Fund may invest in private equities of companies expected to launch an IPO within a 12-month period. The allocation to such investments may not exceed twenty (20) percent of the Fund's assets. — Dividends received by the Fund shall be reinvested at the discretion of the Fund Manager. — The Fund may invest a portion of its proceeds in debt instruments or cash management products regionally and internationally.
Fund Manager	<p>The National Investor, a private joint stock company incorporated in the Emirate of Abu Dhabi in 1995 and licensed in 2000 by the UAE Central Bank to conduct investment company activities as per UAE Central Bank Resolution No. 164//8/94. The Fund Manager (which shall include its directors, officers, employees, and/or agents) manages the Fund's investments and is responsible for the overall management of the business affairs of the Fund, including trading and investing the Fund's assets for and on behalf of the Unit Holders.</p>
Advisory Board	<p>The Advisory board will consist of up to ten individuals designated from time to time by the Fund Manager. The Advisory board may meet quarterly, or as needed, to review the performance of the Fund and to discuss and advise on matters affecting the interests of the Fund.</p>
Investment Committee	<p>The Fund Manager shall designate an Investment Committee comprising of five individuals from among the management personnel of TNI or its affiliates. The Investment Committee may meet on a monthly basis, or as needed to decide on asset allocation to sectors and companies. The Investment Committee may also, in its sole discretion, waive or amend the Investment Restrictions contained herein. The Fund's Investment Committee is comprised of the following individuals:</p> <ul style="list-style-type: none"> — Orhan Osmansoy — Jean Ayoub — Walid Hayeck — Derar Saleh — Emile Habib
Portfolio Management	<p>The portfolio of assets held by the Fund shall be actively managed on a day-to-day basis by a team of portfolio managers at TNI, under the supervision and the guidance of the Investment Committee. The team shall be led by Mr. Walid Hayeck (Vice President) who has been appointed by TNI to act on its behalf as Fund Manager.</p>
Fund Size	<p>The Fund is intended to reach an initial size of AED 100,000,000 (one-hundred million), which will be divided into 10,000,000 (ten million) Units with a nominal value of AED 10 (ten)</p>

	<p>per Unit. Over the course of the next few years, the Fund Manager intends to increase the Fund's assets through subsequent invitations to participate in the Fund.</p> <p>If on the First Closing Date the aggregate amount received from Investors is less than AED 50,000,000 (fifty million) the Fund Manager may (a) elect not to proceed with the establishment of the Fund, in which case all amounts received from Investors will be returned, or (b) establish the Fund with less than AED 50,000,000 (fifty million).</p>
Initial Offering Period	The Initial Offering Period commences on the 3rd of March 2005, and is anticipated to close on 3rd of April 2005. The Fund Manager may, in its sole discretion, extend or accelerate the Initial Offering Period.
Fund Structure	The Fund will be an open-ended Fund. The life of the Fund is indefinite, subject to the right of the Fund Manager to terminate the Fund under certain circumstances by redeeming all outstanding Units.
Minimum Subscription	During the Initial Offering Period, the minimum subscription amount per Unit Holder is 500,000 (five hundred thousand) Units equal to AED 5,000,000 (five million). Additional investments by a Unit Holder may be accepted during the Initial Offering Period provided that they are in multiples of 50,000 (fifty thousand) Units totaling AED 500,000 (five hundred thousand).
Lock-up Period	A lock-up period of one (1) year shall be applicable, commencing from the First Closing Date, during which period Unit Holders may not redeem their units in the Fund. Subsequent Investments shall also be subject to a lock-up period of one (1) year commencing from the date such Subsequent Investments are made. However, the Investment Committee may, in its discretion, elect to waive the Lock-up period if it is deemed to be in the best interests of the Fund.
NAV	The Net Asset Value of the Fund shall be calculated by the Administrator monthly, on the Dealing Day, using closing prices on the preceding Valuation Day.
Subscription	After the First Closing Date, Units may be subscribed for on each Dealing Day in accordance with the procedures described herein and subject to the condition that the Administrator should be in possession of a fully completed Management Agreement and Application Form, and that subscription funds are cleared.
Subscription Price	On the First Closing Date, the subscription price is AED 10 (ten) per Unit. After the First Closing Date, the Subscription Price for Units on the relevant Dealing Day shall be the NAV per Unit on the preceding Valuation Day.
Participation Fee	A Participation Fee of up to one (1) percent of the subscription amount may be charged.
Redemption	Units may be redeemed on each Dealing Day, subject to the Lock-up Period and subject to a minimum of ten (10) Business Days' notice. Payments will be made by the fifteenth business day following the Dealing Day. In certain circumstances the right of Investors to redeem Units may be limited and/or they may be required to accept redemption by payment in-kind, from the assets of the Fund.
Redemption Price	The redemption price for Units on the relevant Dealing Day shall be determined on the basis of the Net Asset Value per Unit on the preceding Valuation Day. Thereafter, Unit Holders may redeem their Units at the latest NAV per Unit, subject to a Redemption Fee of two (2) percent.
Management Fee	The Fund Manager will receive a Management Fee payable monthly in arrears and calculated at an annualised rate of two (2) percent of the Net Asset Value of the Fund (before aggregate currently accrued management and custodial fees) on the Valuation Day at the end of the corresponding month. From its Management Fee, the Fund Manager is responsible for paying the fees of the Administrator, if any.

Performance Fee	The Fund Manager will also receive a Performance Fee, payable monthly in arrears on the basis of the NAV before deduction of Performance Fees, at a rate equal to fifteen (15) percent of the amount by which the monthly annualised rate of return achieved by the Fund exceeds 1-month EIBOR on the first Business Day of the month plus four (4) percent per annum.
Custodian Fee	The Custodian shall receive a Custodian Fee payable monthly in arrears from the assets of the Fund at an annual rate of seventy five basis points (0.75%) of the NAV on the Valuation Day at the end of the corresponding month.
Registration Fee	Any Units in the Fund issued or transferred from one Unit Holder to another Unit Holder, or from a Unit Holder to a non-Unit Holder, must be registered by the Administrator in the Unit Holders Registry. The registering or transferring Unit Holder will be charged with a nominal fee of fifty basis points (0.50%) of the NAV per Unit issued or transferred.
Dividends	Dividends or other distributions from the Fund (if any) will be paid to Investors at the discretion of the Fund Manager. It is however the intention of the Fund Manager to reinvest income realised by the Fund which will be reflected in the NAV per Unit.
Currency	The Fund is denominated in Arab Emirates Dirhams
Eligible Investors	Citizens and institutions wholly owned by citizens of the Gulf Cooperation Council countries (GCC countries), being Bahrain, Kingdom of Saudi Arabia, Kuwait, Oman, Qatar and the United Arab Emirates. Citizens and institutions wholly owned by citizens of other countries outside the GCC may be considered as Eligible Investors, at the Fund Manager's sole discretion.
Leverage	The Fund Manager shall have the power to borrow on behalf of the Fund and to encumber the assets of the Fund. Leverage will be used both for short-term liquidity purposes to finance redemptions, and for leveraging IPO subscriptions and other trading positions from time to time. The maximum amount borrowed should not at any time exceed twenty five (25) percent of the NAV of the Fund.
Administrator	Initially TNI shall act as Administrator for the Fund. However, TNI may at any time, retain a qualified firm to act as Administrator.
Legal Counsel	The Fund intends to engage Al Tamimi & Company, Dubai World Trade Center, 29th Floor, PO Box 9275 Dubai, UAE, to advise the Fund on legal matters.
Auditor	The Fund intends to engage KPMG, PO Box 7613, Abu Dhabi, UAE, to act as auditors of the Fund.
Custodian	Initially TNI shall act as Custodian for the Fund. However, TNI may appoint sub-custodians and may, at any time, retain a qualified firm to act as Custodian.
Jurisdiction	The Fund's legal jurisdiction is the United Arab Emirates.
Taxation	At the present time, neither the Fund nor Investors are subject to capital gains tax, income tax or withholding tax in the United Arab Emirates.
Financial year-end	31 March, annually.

The Fund Manager

Overview

Since its inception in 1994, The National Investor (TNI) has grown to become a dominant player in the local and regional capital markets with a distinguished track record in investment banking, private equity and asset management services.

TNI is backed by over one hundred (100) shareholders from the highest echelons of the business and political communities in the UAE, including some of the most prominent National business leaders. It was originally incorporated with an initial share capital of AED 11,000,000 divided into 110,000 shares of AED 100 each. Subsequent thereto, TNI underwent three (3) capital increases, and is currently capitalised at AED 500 million.

Services

TNI offers a wide range of financial advisory services structured along the following:

INVESTMENT BANKING

TNI offers investment banking services to established businesses, government institutions and high net-worth individuals in the fields of equity and debt raising through both private placements and public offerings, advisory services for mergers, acquisitions restructuring and divesting, securitisation and mezzanine financing and Islamic finance.

PRIVATE EQUITY

TNI is a leading private equity investor, with a focus on regional structured equity investments, mezzanine financing, leveraged buyouts, real estate investments, venture capital, and growth capital investments. TNI's placement power and the solid expertise of its investment banking professionals enhance its ability to structure and execute highly sophisticated transactions in an expedient fashion.

PORTFOLIO & ASSET MANAGEMENT

TNI manages investments on behalf of its shareholders and clients in a growing number of asset classes including public and private equity, debt and mezzanine securities and real estate. Recent positive market conditions and future prospects of regional markets are encouraging the management of TNI to strengthen its regional asset management arm. Launching equity funds, fixed income funds, Islamic funds with different risk profiles and management styles are in the pipe of TNI asset management activities.

Our investment professionals have domestic, regional and international expertise and have, in aggregate, over 100 years of professional complex transaction experience and were involved in transactions totaling more than US\$ 37 billion.

Track Record in IPOs

TNI has lead-managed and co-managed some of the largest public offerings in the UAE, with total transaction value exceeding AED 2.5 billion.

TNI is currently ranked as the leading arranger of public share offerings, both in terms of amounts raised and number of transactions. In number of IPOs, TNI enjoys a 62% share in the UAE stock market, while in sizes of IPOs TNI boasts a market share of 93%. A schedule of successful offerings managed by TNI is shown below:

		Total Capital	Public Capital	Amount Raised	Over Subscription
Dec – 95	Abu Dhabi Ship Building	72	40	198	5.0
Jun – 97	Oasis International Leasing Company	500	275	1,513	5.5
Jul – 97	Abu Dhabi Islamic Bank	1,000	550	10,450	19.0
Apr – 98	National Central Cooling Co. (Tabreed)	500	275	1,238	4.5
Jun – 98	Manasek	100	55	330	6.0
Dec – 98	International Fish Farming Co. (Asmak)	300	165	165	1.0
Apr – 04	Finance House	200	110	8,250	75.0
Nov – 04	ALDAR Properties	1,500	825	377,500	448.0
Dec – 04	Arab International Logistics Company (in progress)	1,000	550	N.A.	N.A.
Total with Arab International Logistics Company		5,172	2,845	399,644	144.8

in AED (m)

Recently, TNI has been involved in the initial public offering of ALDAR Properties, as co-lead manager with ADIC. The IPO size stood at 825 million dirhams, but subscribed amounts reached 373.2 billion dirhams, an oversubscription of 448 times, and a worldwide record. Several IPOs are in the pipeline, most of them in the UAE, and spread over various sectors such as real estate, freight, oil and gas, telecom, tourism and hotels, contracting and other.

Performance of TNI Equity Portfolio

TNI has a distinguished track record in managing local listed equities. TNI's equity portfolio has consistently outperformed the market indices over the past 5 years. Over time, TNI has accumulated proprietary knowledge of locally traded shares and has built a large network of GCC based brokers and counterparts that secure adequate information flow and prompt execution. Furthermore, TNI has invested in research geared towards UAE traded stocks and covering other GCC markets. TNI has also invested in several information systems and a back/middle office platform, all allowing professional portfolio management and monitoring.

Investment Rationale

The Window of Opportunity

With greater liquidity in the region, the UAE economy is enjoying strong growth. Since the year 2001, real GDP growth figures, averaging around 6%, have increased twice as fast as the world's wealth.

Oil price hikes and the resulting increase in oil revenues only partly account for this trend. Of increased significance is the repatriation of GCC and Middle Eastern capital due to recent geopolitical tensions, global economic slowdown and the negative performance of international stock markets. This capital infusion has benefited the financial markets, and more broadly, the investment activity across the GCC.

In the UAE, new regulations encouraging foreign investments and the establishment of free zones have attracted sizeable investments from abroad. The real estate sector is going through double digit growth rates, that are trickling through construction and construction related industries. Tourism, residential and commercial real estate are booming.

The focus of investments, particularly in Dubai, on value-added industries is attracting a larger middle to upper-class expatriate community, resulting in a shift in the society's outlook, and higher leisure, retail, entertainment and well-fare spending.

The commitment shown by the UAE government to attract foreign investment to the region, and encourage regional funds to invest in local economies was translated into a series of economic reforms aimed at reviving and developing the local financial markets. The launching of Dubai Financial Markets and Abu Dhabi Securities Markets were the major milestones in this race.

Nowadays, trading activity on both financial markets accounts for hundreds of millions of dirhams daily. Weekly volumes are consistently exceeding the billion-dollar mark. Furthermore, both stock markets have witnessed increasing interest for new listings, and continuous reforms and improvements in rules and regulations.

The growth trend, it is believed, will continue, as oil prices are expected to stay strong in years 2005-2006 and liquidity is still available. An indicator was the world record of oversubscription in ALDAR Properties IPO, a total subscribed amount of 100 billion dollars, and an over-subscription of 448 times.

The Fund Manager believes that the UAE stock market currently offers the prospects of the highest returns in the Middle East. Investment returns will be generated by the increasing demand for existing issues, as well as the strong appetite for new issues.

Regional investors are targeting publicly held companies that provide strong and steady growth prospects, transparency, institutionalised corporate governance and a work environment that attracts key talented individuals. Those regional firms are usually largely capitalised firms, or blue chips.

Looked at from another perspective, the appetite for new issues will encourage regional businesses to raise equity capital through public offerings, therefore increasing their investment and expansion capabilities. This will surely result in further economic growth and a continuing development cycle.

Legal Structure of the Fund

The Fund is an open-ended investment trust fund established by the Fund Manager in accordance with the provisions of resolution No. 164/8/94 of the Board of Directors of the UAE Central Bank and pursuant to approval granted by the Central Bank of the UAE reference No.13/409/2005 dated February 02, 2005. The Fund is not an independent legal entity but a collective investment vehicle consisting of a portfolio of assets held by the Fund Manager, directly or through nominees, for the collective benefit of Investors, and managed by the Fund Manager on a discretionary basis in accordance with the provisions of this Memorandum (see: Supplement – I: Management Agreement and Application Form).

In particular, the Fund is not a commercial company within the meaning of UAE Federal Law No. 8 of 1984 concerning the regulation of commercial companies, as amended, and subscription to Units does not confer upon Investors any voting or other procedural rights, any right to receive dividends or other distributions from the Fund or from the underlying assets of the Fund or any other rights with respect to the underlying assets of the Fund, except as expressly set out in this Memorandum.

The interests of Investors in the Fund will be designated in Units of equal value of AED 10 (ten) each. Units will have a Lock-up Period extending to the first anniversary of the First Closing Date. The Fund Manager intends to accept subscriptions for up to a total of 10,000,000 (ten million) Units on the First Closing Date.

However, the Fund Manager may, in its discretion, elect to accept subscriptions to additional Units either on the First Closing Date or in the future, and there is no limit to the number of Units that may be issued at any point in time. Units in the Fund are available for subscription by UAE and other GCC Nationals only. However, the Fund manager may accept, at its sole discretion, subscriptions to Units of the Fund by citizens of other countries than GCC countries.

The life of the Fund is indefinite, subject to the right of the Fund Manager to terminate the Fund under certain circumstances by redeeming all outstanding Units.

Investment Guidelines

Investment Objective and Strategies

The Fund aims to achieve long-term growth of capital through investing in equity securities (such as common stock) publicly traded primarily in the UAE, and to a lesser extent in other GCC member countries, that offer in the opinion of the Fund Manager, a potential for steady capital growth. The Fund Manager believes it can achieve above average risk-adjusted returns through investing in largely capitalised firms, publicly traded in the UAE, that present a confirmed track record of recurrent growth of earnings.

The UAE equities available for investment by the Fund will include securities listed on one of the UAE's two licensed securities exchanges – the Dubai Financial Market ("DFM") and the Abu Dhabi Securities Market ("ADSM") – as well as UAE companies traded on the UAE's OTC market or on such other UAE exchanges as may be established.

The Fund Manager will undertake the screening process for potential equity investments. This process includes a thorough evaluation of targeted companies using both fundamental and technical analysis to determine the under or overpricing of an investment position.

Equities will be selected on the basis of various criteria, related to the firm's market capitalisation size, liquidity level, fundamentals, earnings performance and future prospects. The Fund Manager will quantitatively screen for stocks that are undervalued, and then perform analyses to identify those that have a potential for capital appreciation.

From a universe of around 80 companies traded on ADSM, DFM and OTC markets, the Fund Manager will use quantitative screening to identify a sub-universe of 20 to 25 companies that typically provide sound fundamentals and have market capitalisations of greater than indicatively a billion dirhams (the definition of blue chips depends on firms' market capitalisations but also on their respective lines of business; a detailed definition of blue chips in the UAE shall be submitted to the Investment Committee once the Fund is active).

The Fund Manager continues the initial screening to identify those companies that it believes are priced well below their historical multiples of earnings, sales, cash flow and book value, or below their peers' multiples.

The Fund Manager's fundamental analysis focuses on understanding the risks related to each business model and identifying companies that have the best potential of returning to historical values relative to their industries.

The Fund Manager will not, however, be limited to selecting equity investments based solely on current market pricing, and it may choose to invest in a particular equity based on its assessment of future prospects. Accidental drops of earnings or non-recurrent losses may present good investment opportunities for the Fund, particularly in well established firms with strong fundamentals and positive future prospects.

The Fund may subscribe to Initial Public Offerings (IPOs) and use leverage to that end. The Fund may also invest in equity securities issued by companies based in other GCC jurisdictions, and Special Purpose Vehicles ("SPVs"), including third party investment funds, which provide access to markets otherwise inaccessible to the Fund.

For temporary defensive purposes, or when cash is temporarily available, the Fund may invest, without limitation, in money market instruments.

It should be noted that under normal market conditions, at least sixty (60) percent of the Fund's assets will be held in regularly traded equity securities of UAE blue chip companies with proven track records of steady growth.

Investment Restrictions

Consistent with the investment strategies and objective of the Fund, the Fund Manager will apply the following investment restrictions in relation to investments on behalf of the Fund.

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- The Fund's exposure to any stock shall not exceed ten (10) percent of the Fund's assets as calculated at the time an investment is made, and Fund investments shall not be made for the purpose of exercising management control.
 - Fund investments shall be made keeping in mind a reasonable balance of investment portfolio among various market sectors, at the Fund Manager's sole discretion.
 - No more than thirty (30) percent of the Fund's assets, as calculated at the time the investment is made, shall be invested in securities of companies in member countries of the GCC other than the UAE.
 - No more than twenty (20) percent of the Fund's assets, as calculated at the time the investment is made, shall be invested in privately held securities of companies.
 - The assets of the Fund shall not be invested in securities of companies or entities in countries outside the UAE and the GCC, except in cash equivalent instruments, or for efficient cash management or for hedging purposes, or in SPVs, all as otherwise contemplated by these guidelines.
 - No more than twenty (20) percent of the Fund's assets, as calculated at the time the investment is made shall be invested in SPVs, provided that the underlying assets of such SPVs shall be UAE securities or other securities within the guidelines of the Fund.
 - The Fund shall not hold any commodities or right or interest therein.
 - The Fund shall not acquire any interest in land.
 - The assets of the Fund shall not be invested in unlimited liability obligations.

The above Investment Restrictions may be waived or amended from time to time by decision of the Investment Committee if such waiver or amendment is believed to be in the best interests of the Investors.

Leverage

The Fund Manager shall have the power to borrow on behalf of the Fund and to encumber the assets of the Fund. Leverage will be used both for short-term liquidity purposes to finance redemptions in the normal course of operation of the Fund and for leveraging IPO subscriptions and other trading positions from time to time. The Fund Manager shall restrict the leverage so as to ensure that the maximum amount borrowed does not at any time exceed 25% of the NAV of the Fund.

Management Guidelines

The Investment Committee

The Fund Manager shall designate an Investment Committee comprising of five individuals from among the management personnel of the Fund Manager or its affiliates, each having substantial experience in investment management. The Investment Committee as a whole will have an in-depth understanding of the regional equity markets in general and the UAE in particular. The Investment Committee may meet on a monthly basis or whenever the need arises, to decide on asset allocation across sectors and companies within those sectors. The Investment Committee may in its sole discretion waive or amend the Investment Restrictions set under “Investment Guidelines” herein, if it believes this to be in the best interests of the Investors. The Investment Committee may delegate any or all of its authority to a single person or sub-committee of persons from the management personnel of the firm.

The Advisory Board

The Advisory Board will consist of up to ten suitably experienced individuals designated from time to time by the Fund Manager. The Advisory Board may include members of the Board of Directors of the Fund Manager or its affiliates as well as selected Investors. The Advisory Board may meet quarterly, or as needed, to review the performance of the Fund and to discuss and advise on major matters affecting the interests of the Fund. For the avoidance of doubt, it is expressly provided that it is not the function of the Advisory Board to prescribe asset allocation or to select individual securities for the Fund's portfolio, or otherwise to engage in the day-to-day management of the Fund, which shall be within the sole discretion of the Fund Manager.

Portfolio Management

The portfolio of assets held by the Fund shall be actively managed on a day-to-day basis by a team of portfolio managers at TNI, under the supervision and the guidance of the Investment Committee. The portfolio management team shall attempt to ensure the proper execution of the Investment Committee decisions at best market conditions, and shall submit a monthly report to the Investment Committee on the performance of the Fund.

The Administrator

Administration of the Fund includes, inter alias, clerical and procedural review and acceptance of subscriptions for Units, confirmation of issuance of Units, calculation of NAV, receipt and processing of requests for redemption of Units, payment of redemptions, disbursement of expenses including legal fees, accounting fees, and management fees, and administrative correspondence with Investors.

Initially the Fund Manager shall act as Administrator for the Fund. However, the Fund Manager may at any time, in its discretion, retain a qualified professional firm as Administrator to perform any or all administrative functions in relation to the Fund, subject to the overall control of the Fund Manager, on such terms and for such remuneration as the Fund Manager may agree; provided that, in all cases, the fees of the Administrator shall be payable from the Management Fee and further provided that the Fund Manager and the Fund shall hold harmless and shall indemnify the Administrator (including its directors, officers, shareholders, partners, employees and agents) in connection with any loss or damage suffered by the Fund and/or the Fund Manager and any claims or expenses incurred by such indemnified parties arising from the performance of the Administrator's responsibilities, in each case with the exception of any loss, damage, claims or expenses resulting from their gross negligence, fraud or willful misconduct.

The Custodian

Initially the Fund Manager shall act as Custodian for the Fund. However, the Fund Manager may appoint sub-custodians and may at any time, in its discretion, retain a qualified firm to act as Custodian to perform any or all custodial functions in relation to the Fund, on such terms and for such remuneration as the Fund Manager may agree, provided that, in either case, the Custodian shall be entitled to a fee payable from the assets of the Fund to the extent specified herein, and further provided that the Fund Manager and the Fund shall hold harmless and shall indemnify the Custodian (including its directors, officers, shareholders, partners, employees and agents) in connection with any loss or damage suffered by the Fund and/or the Fund Manager and any claims or expenses incurred by such indemnified parties arising from the performance of the Custodian's responsibilities, in each case with the exception of any loss, damage, claims or expenses resulting from their gross negligence, fraud or willful misconduct.

Benefits from Investing in the Fund

Appreciation of Unit NAV and Dividend Income

The Fund will endeavor to provide its Unit Holders with capital gains through the growth in the value of the securities and investments held in the Fund's portfolio. Participating in the Fund also provides an opportunity for a Unit Holder to realise returns on increased valuation the Fund's Units, which can be transferred to others in an Over-the-Counter ('OTC') market or through redemptions. Thus, it is not necessary for the Fund to exit an investment for the Unit Holder to realise a return on its investment in the Fund.

In the case of a lack of investment opportunities, the Fund Manager may, at its sole discretion, distribute dividends to the Unit Holders.

Access to a Professional Management

The Fund Manager is a licensed investment company with significant experience in analysing and making equity investments. Particularly, the Fund Manager has built extensive experience of GCC traded stocks. Furthermore, the Fund Manager has formulated proprietary fundamental and technical analysis methodologies. The Investment Committee boasts more than 40 years of combined experience in asset management and Arab markets knowledge. Furthermore, the Fund Manager has extensively invested in advanced information technology platforms that allow instant follow up on open positions and access to extensive market and corporate information.

Diversification and Lowered Volatility

Through the Fund, Unit Holders have an opportunity to invest in various market sectors in UAE and, to a smaller extent, in other GCC countries – something small investors would most likely not be able to do individually. Consequently, making an investment in the Fund allows the Unit Holder to access a regionally diversified portfolio. By diversifying the Fund's investments among such sectors, the Fund Manager can mitigate the risks normally associated with individual investments.

Limited Liability

The liability of the Unit Holders is limited to the cost of their Units and Unit Holders are under no obligation for any subsequent calls for funds.

Liquidity of Investment

While the Units are not intended as a short-term investment, the Fund is structured to provide the Unit Holders with liquidity of their investment through the redemption of Units, subject to the initial Lock-up Period.

Administrative Convenience and Reporting

Investing in the Fund will eliminate the administrative burden otherwise imposed on Investors handling their investments individually. Not only do Unit Holders participate in the UAE market under the management of a professional Fund Manager without having to concern themselves with the day-to-day management of their investments, but Unit Holders will receive Audited Annual and Quarterly Reports, and Monthly Fact Sheets which set forth, in addition to other relevant information, the current Net Asset Value per Unit and all expenses, profits and losses to the Fund during the reporting period. The NAV per Unit and other financial information related to the Fund's performance may be published monthly in local newspapers.

Investment Considerations

Units of the Fund are speculative and involve a high degree of risk. Investment in the Units is designed for sophisticated investors who are able to bear a substantial loss of their investment. Set forth below are some factors and considerations which should be taken into account prior to making an investment decision, although the following information is not intended to include all factors relating to the risks that may be encountered.

Potential Conflicts of Interest

There is no limitation with respect to the Fund Manager's other activities and/or investments or with respect to other investment funds or portfolios managed by the Fund Manager. The Fund Manager may trade equities for its own account or for the account of others. With respect to possible conflict of interest, the Fund Manager will, however, trade the accounts of the Fund in the manner that it considers to be in the best interest of the Fund.

The National Investor, its affiliates, their employees and their clients invest, for their own accounts, in securities of publicly traded corporations that may become equity investments or may be held by funds managed by The National Investor. The National Investor's trading activities will be carried out generally without reference to positions held by the Fund or other funds in which the Fund invests, and may have an effect on the value of positions so held, or may result in The National Investor having an interest in the issuer adverse to that of the funds or the Fund under management. Further more, The Fund Manager and its affiliates sometimes invest for their own account on a "direct investment" basis, acquiring substantial stakes in companies whose projects and/or securities may be eligible for investment by the Fund. The objectives and policies of the Fund Manager, in making and disposing of investments for its own account, may be different from the objective and policies of making investments and/or disposals for the Fund. The National Investor, its affiliates, their employees and their clients are not prohibited from purchasing or selling the securities of or otherwise investing in or financing issuers in which the Fund or the funds have an interest.

The personnel of the Fund Manager who will be performing the financial and managerial activities for the Fund have substantial investment management responsibilities for clients other than the Fund, including other investment vehicles organised or which may be organised in the future by the Fund Manager itself or in participation with others, as to which there will be no restriction on the Fund Manager. Therefore, these persons will devote a portion of their time to managing the affairs of the Fund, and they could have conflicts of interest in allocating time and other services and functions among the Fund and The National Investor's other current or future activities.

Absence of Operating History

The Fund is a newly formed entity and has no operating history. The past investment performance of the Fund Manager may not be construed as an indication of the future results of an investment in the Fund. The Fund's investment program should be evaluated on the basis that there can be no assurance that the Fund Manager's assessments of the prospects of investment will prove accurate or that the Fund will achieve its investment objectives.

Capital Markets Risk

By investing in stocks, the Fund exposes the Investor to certain risks, including volatility of the UAE and other GCC equity markets, which could cause a sudden decline in a holding's share price, or an overall decline in the stock exchange. As with any equity trading fund, the value of an investment is likely to fluctuate on a day-to-day basis with movements in the stock exchange, as well as in response to the activities of the individual companies whose stocks are held by the Fund. By investing in the Fund, an investor could therefore lose money. While the Fund Manager believes that the Fund's program will moderate this risk to some degree, no guarantee or assurance is made that the Fund's program will be successful.

Although the Fund's return is likely to vary over time with changes in the stock exchange, the Fund is not an index fund, and changes in the Fund's NAV per Unit will not precisely track changes in the general stock exchange. For example, to the extent that the Fund invests heavily in certain market sectors as opposed to tracking the general market index, the Fund may be more volatile than the general market index.

The Fund might at any time invest in fewer securities than a "diversified" mutual fund. As a result, events that affect a few – or even one – of the Fund's investments may have a greater impact on the value of the Fund's Units than for a diversified fund. There will likely be shares held through nominees or trustees on behalf of the Fund. The use of nominees represents a potential legal risk.

Illiquidity of Fund's Investments

There may also be possible problems related to the level of liquidity and the efficiency of the UAE stock exchanges. The UAE stock exchanges are relatively new and the absence of volume history will keep the market's liquidity under certain doubts. Investors are advised that compared to other mature markets, liquidity in the UAE market is perceived to be somewhat low. Accumulation and disposal of certain securities may therefore be difficult or not possible at the time the Fund would wish to deal and may involve dealing at unfavorable prices.

Dependence on Key Personnel

The successful investment of the Fund's assets will depend, among other things, upon the skills of the professional personnel of the Fund Manager. There can be no assurance that any such person will continue to serve in their current positions or continue to be employed by the Fund Manager, as the case may be. Furthermore, although the officers of the Fund Manager will devote as much time as they believe is necessary to assist the Fund in achieving its investment and rate of return objectives, none of them expects to devote substantially all of his or her working time to the affairs of the Fund.

Lack of Identified Investments

The Fund does not presently have any substantial commitments to invest in any particular company and its ability to participate in future IPOs is not guaranteed. As a result, the uncertainty and risk of investing in the Fund increases to the extent that prospective Unit Holders are unable to evaluate for themselves the entire economic merit of the Fund's investments and must rely on the ability of the Fund Manager with respect to the selection of the investments to be made by the Fund.

Limited Investment Opportunities in the UAE

There are limited numbers of publicly traded companies in the UAE equity market, some of which are not widely traded or mostly held by large government or financial institutions. Other companies might restrict the Fund from holding or investing in their shares, limiting the selection available to the Fund Manager. Thus, holding a similar composition of the market index in terms of sector investment might be difficult to achieve.

Economic Risk

The economy of the UAE may differ favorably or unfavorably from the economy in an industrialised country. The economy of the UAE is generally heavily dependent on oil and international trade barriers, exchange controls, managed adjustments in related currency values and other protectionist measures imposed or negotiated by the UAE and countries with which it trades.

Regulatory Risks and Accounting Standards

The regulatory supervision, legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of investor protection or information to investors as would generally apply internationally. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from international accounting standards. This may affect the valuation of the assets in which the Fund invests.

Counterparty and Settlement Risk

Transactions effected by the Fund Manager will not be limited to transactions on, or always be effected under the rules of, major exchanges. The Fund may therefore sometimes be exposed to a credit risk in relation to parties with whom it trades and may also bear the risk of settlement default.

Substantial Redemptions

If substantial redemptions are requested within a limited period of time, it may be difficult for the Fund to acquire sufficient cash to affect such redemptions without liquidating positions prematurely at an inappropriate time or upon unfavorable terms. This may result in substantial losses to the Fund. Alternatively, Investors may be required to accept redemption by payment in kind, from the assets of the Fund.

Assets Held by the Fund Manager

The Fund, under existing UAE Law, is not considered a separate legal or judicial person, nor is it a commercial company under Commercial Companies Law No. 8 of 1984 (as amended) and therefore the assets of the Fund will be held in the name of the Fund Manager on behalf of the Unit Holders. The Fund Manager will adopt several measures intended to segregate and protect the Fund's assets, including (1) holding the monetary assets in a separate bank account opened in the name of the Fund, which account will be restricted to transactions of the Fund; (2) the assets and income of the Fund will be kept separate and not mixed with the assets of The National Investor; (3) the Fund's accounts will be maintained and audited separately by an external and internal auditor; (4) the accounts of the Fund will not be consolidated with the accounts of The National Investor; (5) the Fund Manager's relationship to the Fund will be restricted to that of promoter and manager. Furthermore, the Fund Manager may enter into contractual arrangements whereby the Fund Manager utilises a nominee for the purposes of holding some or all of the Fund's assets on behalf of the Unit Holders.

Debt Risks

The Fund Manager may utilise significant leverage in connection with the Fund's investments. As such, a third-party would be entitled to cash flow generated by such investments prior to the Fund receiving a return. Although the Fund Manager will seek to use leverage in a manner it believes is prudent, such leverage will increase the exposure of the investment to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the investment. In addition, borrowings may be secured by the Fund's Assets.

Units of the Fund

The rights and obligations of the Unit Holders are governed by the terms and conditions of this Private Placement Memorandum and the Management Agreement and Application Form supplemented hereto. Prospective investors should examine these documents carefully and consult with their own legal counsel concerning their rights and obligations before acquiring Units in the Fund. The following statements and other statements in this Memorandum concerning the Management Agreement and Application Form, and related matters are only a summary, do not purport to be complete, and in no way modify or amend the Management Agreement and Application Form.

Number and Nominal Value of the Units

The interests of Investors in the Fund will be designated in Units of equal value of AED ten (10) each. Units will have a Lock-up Period extending to the first anniversary of the First Closing Date. The Fund is intended to be constituted of an aggregate amount of AED one hundred (100) million, on the First Closing Date, divided into ten (10) million Units. However, the Fund Manager may, in its discretion, elect to accept subscriptions to additional Units either on the First Closing Date or in the future, and there is no limit to the number of Units that may be issued at any point in time. The Fund will not issue certificates of investment.

All Units are held in registered form, recorded in a Unit Holders Registry, which will be maintained by the Administrator for the account of each Unit Holder. The Units shall be numbered for the purpose of effecting registration in the Fund's Unit Holders Registry. Units in the Fund are available for subscription by UAE and GCC Nationals only. However, the Fund Manager may accept, at its sole discretion, subscriptions to Units of the Fund by citizens of countries other than GCC countries.

Voting Rights

The Fund is not a commercial company within the meaning of UAE Federal Law No. 8 of 1984 concerning the regulation of commercial companies, as amended, and subscription to Units does not confer upon Investors any voting or other procedural rights, any right to receive dividends or other distributions from the Fund or from the underlying assets of the Fund or any other rights with respect to the underlying assets of the Fund, except as expressly set out in this Memorandum.

Redemption

REDEMPTION

Investors may, by prior written request, redeem any or all of their Units on Dealing Days subject to the Lock-up Period and subject to the condition that the Administrator should have received, within a minimum of ten (10) Business Days' notice, a duly authorised redemption request in writing (hereafter: "Redemption Form").

Redemption payments will be made by the fifteenth Business Day following the Dealing Day. All Redemption Forms must be in the form attached hereto and may be sent by fax or cable (followed by a signed original), air mail or courier, to the Administrator, and must be received by the Administrator not later than 17:00 hours (at the Administrator's local time), fifteen Business Days before the relevant Dealing Day. The proceeds of Redemption will be paid in AED to the account designated by the Investor in the Redemption Form.

Payments will only be made after the original Redemption Form has been received by the Administrator. The Administrator will not be responsible for errors in any of the chosen transmissions.

The Fund Manager shall be entitled to redeem any or all of the Units if the Fund Manager determines, in its sole discretion that it is in the best interests of the Fund to do so. Redemptions shall be made at the Redemption Price.

The Redemption Form is the form attached to this Memorandum as Supplement III or in such other form as the Fund Manager shall decide which shall be otherwise made available to Investors by the Fund Manager. A request for redemption, made on the Redemption Form and submitted to the Fund Manager, may not be withdrawn except with the consent of the Fund Manager. If the Redemption Form is received after the deadline for receipt of requests for redemption for any particular Dealing Day, it shall be held over and affected on the next succeeding Dealing Day, on a priority basis.

The Fund Manager will use its best efforts to accommodate all redemption requests. The nature of the markets in which the assets of the Fund will be invested is such that the liquidation of positions to meet redemption requests may not be possible or may be restricted.

As a result, if redemption requests on any Dealing Day equal or exceed ten (10) percent of the outstanding Units of the Fund, the Fund Manager may elect to restrict the total number of Units to be redeemed to ten (10) percent of the outstanding number of Units, in which case such redemption requests will be accepted and executed on a pro rata basis in proportion to the size of the requests.

Alternatively, in the event that redemption requests exceed ten (10) percent of the outstanding Units, or if it is not possible to liquidate underlying assets to respond to the requested redemptions, the Fund Manager may decide to redeem Units by paying Redemptions in kind, from the assets of the Fund, with transfer costs for the account of the redeeming Investors. In such case, a redeeming Investor may place orders with the Fund Manager to sell such assets in the market.

The unredeemed balance of Units in respect of which redemption requests have been received will be redeemed on the next succeeding Dealing Day in priority to any redemption requests received thereafter, subject to the same restrictions on redemption and rights of the Fund Manager as described above.

COMPULSORY REDEMPTION

The Fund shall have the right upon five Business Days prior written notice to redeem compulsorily any Unit at the Redemption Price per Unit as of the Redemption Day immediately prior to the date such redemption is to take effect, if a Unit Holder ceases to be an Eligible Investor. Determination of eligibility shall be made by the Competent Authority and/or by authority of a court of law within the Government's jurisdiction. Subject to such determination of eligibility, the Fund Manager shall have no authority, at any time, to compulsorily redeem Units from a Unit Holder.

PAYMENT OF REDEMPTION PROCEEDS

Any amount redeemed shall be paid within fifteen (15) Business Days of the applicable Redemption Day, subject to the discretion of the Fund Manager to require some greater period of time as the Fund Manager deems necessary to protect the interests of the remaining Unit Holders. Redemption payments will be remitted by wire transfer to the account designated by the Unit Holder in the Redemption Form. No interest will accrue on the redemption proceeds pending the payment date.

SUSPENSION OF REDEMPTIONS

The Fund may suspend the redemption of Units and/or the issuance of additional Units upon the occurrence of any of the following circumstances:

- Whenever, as a result of events, conditions or circumstances beyond the control or responsibility of the Fund Manager, (including but not limited to acts of God, fire, strikes, insurrections, riots, embargoes, limited availability of Dirham currency, regulations of the Competent Authority and/or Government or any other civil or military authority) disposal of the assets of the Fund or other transactions in the ordinary course of business involving the sale, transfer, delivery or withdrawal of the Fund's investments is not reasonably practical without being detrimental to the Fund or the interest of Unit Holders as a whole; or

-
- When disposal of the assets of the Fund or other transactions in the ordinary course of the Fund's business involving the sale, transfer, delivery or withdrawal of the Fund's investments is, in the opinion of the Fund Manager, not in the best interests of the Fund.

Transferability

Units may be transferred, sold, assigned, charged, mortgaged, pledged or otherwise disposed of; however, a transferee or assignee of any Units shall not become a substitute Unit Holder without:

- Executing an agreement satisfactory to the Fund Manager to be bound by the terms and conditions of the Fund's Management Agreement, and any amendments thereto, in form and in substance, to be subject to all obligations of the transferring or assigning Unit Holder with respect to the Units to which such Unit Holder was substituted, and providing such legal opinions and documentation as the Fund Manager may request to effectuate such transfer or assignment; and
- The Administrator registering the transfer of Units in the Unit Holders Registry.

The transferor and transferee of any Units shall be jointly and severally liable to the Fund for all reasonable expenses (including lawyers' fees and expenses) in connection with any transfer or proposed transfer of Units, whether or not such transfer is completed.

Any substituted Unit Holder admitted to the Fund must affect registration in the Unit Holders Registry in order to succeed to all rights of the transferring or assigning Unit Holder with respect to the Units to which such Unit Holder was substituted. Upon registration, such transferee Unit Holder shall be treated as having made all the required investment made by, and received all distributions received by, the transferor of such Units.

Any purported sale, assignment, transfer, pledge, mortgage or other disposition of Units otherwise than in compliance herewith and with the Fund's Management Agreement and Application Form will be void and the purported transferee shall have no interest in or right to the Fund's assets, profits, distributions and neither the Fund Manager nor the Fund shall be required to recognise any such interest or right.

Dividends and other Distributions

Dividends or other distributions from the Fund will be paid to Investors at the discretion of the Fund Manager. However, it is not the current intention of the Fund Manager to pay dividends or other distributions in respect of the Fund. Instead, net income realised by the Fund will be reinvested and will be reflected by an increase in the Net Asset Value of the Units, which may be realised by Investors at such time as they redeem their Units. In any case, dividends or other distributions, if paid, will be paid from net realised gains only (including dividends received by the Fund on its investments).

Termination of the Fund

If the Fund Manager determines, in its sole discretion, that it is in the best interests of the Investors to do so, the Fund Manager may, by four week's notice to all Investors, redeem on the Dealing Day nominated in such notice all (but no less than all) of the Units then outstanding, at the Redemption Price prevailing on such Dealing Day. Redemption proceeds shall be payable within eight weeks from the nominated Dealing Day.

Reporting

ANNUAL REPORTS

The Fund will send annual reports to its Unit Holders containing financial statements examined by the Fund's independent auditors generally no later than 90 days from the end of each Financial Year.

QUARTERLY REPORT

As required by the Competent Authority, the Fund will also issue quarterly financial reports ("Quarterly Report") that will be sent regularly to Unit Holders, published in a local Arabic and English newspaper, and made available electronically through TNI website (www.nationalinvestor.ae). The Quarterly Reports shall be certified by the Auditor of the Fund as "Quarterly Reviews".

MONTHLY FACT SHEET

In addition, the Fund Manager will prepare a Monthly Fact Sheet, that will be made available to Unit Holders through direct mailing and through other electronic means, and detailing the monthly NAV per Unit, the asset allocation as well as other information deemed necessary at the Fund Manager's discretion. The Monthly Fact Sheet may be published in local and regional Arabic and English newspapers for marketing purposes, and more precisely to provide potential subsequent Investors with the latest NAV per Unit.

General Information

Fees & Expenses

MANAGEMENT FEE

The Fund Manager shall receive a Management Fee payable monthly in arrears and calculated at an annualised rate of two (2) percent of the Net Asset Value of the Fund (before aggregate currently accrued management and custodial fees) on the Valuation Day at the end of the corresponding month. From its Management Fee, the Fund Manager is responsible for paying the fees of the Administrator, if any.

PERFORMANCE FEE

The Fund Manager shall also receive a Performance Fee, payable monthly in arrears on the basis of NAVBPF, at a rate equal to fifteen (15) percent of the amount by which the annualised rate of return achieved by the Fund exceeds one month EIBOR plus four (4) percent per annum. The annualised rate of return achieved by the Fund shall be determined on the basis of the extent to which the NAVBPF at the relevant Valuation Day has increased beyond the preceding Valuation Day's NAV per Unit.

PARTICIPATION FEE

The Fund Manager may charge Investors a Participation Fee of up to one (1) percent of the Subscription amount. The Participation Fee will be determined at the discretion of the Fund Manager or Placing Agent.

CUSTODIAN FEE

The Custodian shall receive a Custodian Fee payable monthly in arrears from the assets of the Fund at an annual rate of seventy five basis points (0.75%) of the Net Asset Value on the Valuation Day at the end of the corresponding month.

REGISTRATION FEE

Any Units in the Fund transferred from one Unit Holder to another Unit Holder, or from a Unit Holder to a non-Unit Holder, must be registered by the Administrator in the Unit Holders Registry. The registering or transferring Unit Holder will be charged with a nominal fee of fifty basis points (0.50%) of the NAV per unit issued or transferred.

REDEMPTION PRICE

Subject to the Lock-up Period, Unit Holders may redeem their Units at the latest NAV per Unit, subject to a Redemption Fee of two (2) percent.

ESTABLISHMENT EXPENSES

The preliminary and organisational expenses to be charged to the Fund are not expected to exceed AED 300,000 and will be amortised and debited against the income of the Fund on a monthly basis over the first five years of the Fund.

OTHER EXPENSES

The Fund will also pay its ongoing operational expenses, such as legal expenses, audit, printing, communications expenses, filing fees, administrative costs charged by banks on transactions, and applicable brokerage fees, commissions and custody related fees, as well as third party marketing fees and marketing and travel expenses incurred by Fund Manager, provided that marketing and travel expenses incurred by the Fund Manager shall not be chargeable to the Fund in excess of US\$ 50,000 per annum.

Tax Considerations

THE FUND

Under current legislation in the UAE there is no liability for capital gains tax, wealth tax, capital transfer tax or estate or inheritance tax on the issue or redemption of Units, nor is any stamp duty or similar tax payable on the issue, transfer or redemption of Units.

THE INVESTOR

Prospective investors who are in any doubt about their tax position should seek professional advice in order to ascertain the consequences to them of acquiring, holding, redeeming or otherwise disposing of Units under the relevant laws of the jurisdiction(s) to which they are or may be subject.

Subscription Procedures

SUBSCRIPTION FOR UNITS

Each application for subscription of Units of the Fund shall be made by delivering an executed Management Agreement and Application Form to the Administrator, acting as registrar and transfer agent of the Fund, and if such application is being made by a corporate entity it shall include a certified copy of the current authorised signatory list of the corporate entity. The required documentation should be delivered to the following address:

THE NATIONAL INVESTOR, P.O. BOX 47435, ABU DHABI, UAE
SWITCHBOARD: +971 2 619 2300; FAX: +971 2 619 2400

(A specimen of the Management Agreement and Application Form is appended to this Memorandum).

U.S. Persons wishing to subscribe to Units of the Fund must be qualified as "Accredited Investors" as defined in Regulation D under the U.S. Securities Act of 1933, as amended, and/or as "Qualified Purchasers" under the U.S. Investment Company Act of 1940, and will be asked to complete a separate Management Agreement and Application Form provided by the Administrator.

Applications for first time or additional subscriptions shall be made by executing and delivering the Management Agreement and Application Form not later than 15:00 hours (at the Administrator's local time) two business days prior to the relevant Dealing Day, accompanied by payment of the Subscription Price plus applicable fees. If an application is received by the Administrator after such time, or if an application is received prior to such time but cleared funds have not been received in payment therefore, the application may be held over until the next Dealing Day.

During the Initial Offering Period, the minimum subscription amount per Unit Holder shall be 500,000 (five hundred thousand) Units with additional investments in multiples of 50,000 (fifty thousand) Units. Subsequent to the Initial Offering Period, the minimum subscription per Unit Holder shall be 100,000 (one hundred thousand) Units, with additional investments in multiples of 10,000 (ten thousand) Units. Additional subscriptions (for existing Unit Holders) will be accepted in increments of 10,000 (ten thousand) Units. The Fund Manager may, in its discretion, elect to accept subscriptions for lower amounts. Units will be issued only if the Administrator has evidence that subscription funds are available, or will be cleared on the relevant Dealing Day.

Funds received prior to the relevant Dealing Day will be held in a non-interest bearing account until they are applied towards subscription on the relevant Dealing Day. Payment in full for subscriptions should be made in AED by wire transfer with the following instructions:

Pay to: THE NATIONAL INVESTOR
Bank: Abu Dhabi commercial Bank
SWIFT Code: ADCB AEAAA (for outside UAE)
Account: TNI UAE BLUE CHIP FUND
Account No: 225489318002

SUBSCRIPTION IN-KIND

The Fund Manager in its sole discretion and in appropriate circumstances may choose to accept assets owned by a prospective Investor in payment for a subscription for Units. The Fund Manager shall determine, also in its sole discretion, the value to be assigned for this purpose to the assets contributed, and the Investor subscribing in-kind will be allocated the corresponding number of Units, calculated at the Subscription Price on the First Closing Date or other relevant Dealing Day, as the case may be. Transaction costs related to subscription in-kind shall be for the account of the Investor.

REPRESENTATIONS

By subscribing to the Units, Investors thereby represent and warrant that they have received, read and understood the Memorandum of the Fund, including without limitation the discussion of risks, conflicts of interest and fee structure of the Fund, and have not relied on any representations other than those contained in the Prospectus in determining to invest in the Units.

SUBSCRIPTION INQUIRIES

All inquiries regarding the completion of the application documents should be directed to the Administrator or to the Fund Manager at the addresses given above.

SIGNATURES

The Management Agreement and Application Form may be completed by a duly authorised officer or agent, on behalf of a subscriber. Any person signing the Management Agreement and Application Form in a representative capacity should type or print, on the last page of the Agreement, the name of the Investor, the name of the person signing the Management Agreement and Application Form and the capacity in which he or she is signing.

In the event of subscription in the name of a trust, partnership or corporation, the Articles of Association and Management Agreement or other governing instruments, as well as the appropriate resolution authorising the investment in the Units must be submitted with the Participation Agreement, together with a list of authorised signatories and their respective specimen signatures.

No certificates will be issued in respect of the purchase of Units. The Administrator will acknowledge and confirm the investment by mailing to the Investor the Acceptance of Subscription, a copy of which is included in this Memorandum.

Legal Counselor

The Fund intends to engage Al Tamimi & Company, Dubai World Trade Center, 29th Floor PO Box 9275 Dubai, UAE, to advise the Fund on legal matters.

Auditors

The Fund intends to engage KPMG – Level 32, Emirates Towers, PO Box 3800, Dubai, UAE, to act as the Auditor of the Fund.

Course of Action and Timetable

January 22, 2005	Filing for Authorisations
March 02, 2005	Receipt of Authorisation
March 31, 2005	Expected First Closing Date
April 30, 2005	Expected First Valuation Day
May 1, 2005	Expected First Dealing Day

Prevention of Money Laundering

Regulatory measures aimed towards prevention of money laundering require a Subscriber to disclose details of his/her identity to TNI in its capacity as Placing Agent, the Administrator and/or the Receiving Bank. Subscribers are required to produce, at a minimum, the following:

- a) For natural persons, a certified copy or copies of the relevant passport or passports together with either a copy of UAE National's Family Book or, in the case of Non-UAE citizenship, either UAE residency visa or evidence of address (utility bill or bank statement)
- b) If the Subscriber is a corporation, partnership or other legal entity, a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or other constitutive documentation), signatory card or power of attorney verifying the authority of the person authorised to sign on behalf of the corporation, partnership or other legal entity and the name and addresses of all directors and beneficial owners

All deposits, contributions or subscriptions are to be made via wire transfer, cheque, or debit account. Kindly take note that TNI cannot accept cash deposits.

SUPPLEMENTS

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Supplement I

TNI UAE BLUE CHIP FUND

Management Agreement and Application Form

Serial No. _____

(Supplement to the Private Placement Memorandum dated February 2005, updated March, 2006)

I/We, the undersigned applicant (the "Applicant"),

Mr./Mrs./Messrs. _____, acknowledge having received and read a copy of the Private Placement Memorandum (the "Memorandum") originally dated February 2005 and updated March 2006, relating to the establishment and management of the TNI UAE BLUE CHIP FUND (the "Fund").

Capitalised words and expressions that are not defined in this Management Agreement and Application Form (the "Agreement") shall bear the meanings assigned to them in the Memorandum.

THE APPLICANT WISHES TO APPLY FOR AND ACQUIRE UNITS IN THE FUND ON THE TERMS AND CONDITIONS OF THIS AGREEMENT AND THE MEMORANDUM AND THE APPLICANT UNDERTAKES TO PAY INTO THE ACCOUNT(S) REFERRED TO BELOW, THE FULL VALUE OF THE UNITS APPLIED FOR HEREUNDER BY CHEQUE, MONEY ORDER OR BANK TRANSFER, ON OR BEFORE THE FIRST CLOSING OF MARCH 31, 2005.

Pay to: THE NATIONAL INVESTOR
Bank: Abu Dhabi Commercial BANK – Abu Dhabi
SWIFT Code: ADCB AEAAA (for outside UAE)
Account: TNI UAE BLUE CHIP FUND
Account No: 225489318002

NUMBER OF UNITS AND PAYMENT ARRANGEMENT

Number of Units Applied For:

In Figures _____ Units In Words _____ Thousand Units

Subscription Amount:

AED _____ /- In Words _____ AED

Participation Fee of 1% (one percent) of Subscription Amount:

AED _____ /- In Words _____ AED

Total funds to be remitted:

AED _____ /- In Words _____ AED

IT IS AGREED THAT THE PARTICIPATION OF THE APPLICANT IN THE FUND AND THE ALLOTMENT OF UNITS TO THE APPLICANT IS SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

1. The Applicant hereby represents and warrants to the Fund Manager that:

1.1. the Applicant has read and understood the contents of the Memorandum including the section titled "Investment Considerations", prior to entering into this Agreement and the Applicant agrees and undertakes to be bound by the terms and conditions thereof; and

1.2. the Applicant has the requisite power, authority and legal capacity and (if the Applicant is a corporation, partnership or other legal entity) the Applicant is presently duly organised, validly existing and in good legal standing in the jurisdiction of its organisation and has received all the necessary authorisation, if any, requisite for such corporation, partnership or entity to enter into this Agreement and to acquire Units in accordance with the terms and conditions hereunder and the Memorandum.

2. The Applicant agrees and understands that participation in the Fund is subject to the provisions set out in the Memorandum, which are deemed to be incorporated herein, and which include the following terms and conditions:

2.1. During the Initial Offering Period, the minimum subscription per Unit Holder is 500,000 (five hundred thousand) Units equal to AED 5,000,000 (five million) with additional investments in multiples of 50,000 (fifty thousand) Units totaling AED 500,000 (five hundred thousand). Subsequent to the Initial Offering Period, the minimum subscription per Unit Holder is 100,000 (one hundred thousand) Units, with additional investments in multiples of 10,000 (ten thousand) Units. Additional subscriptions (for existing Unit Holders) will be accepted in increments of 10,000 (ten thousand) Units. However, the Fund Manager may, in its discretion, elect to accept subscriptions for lower amounts. There is no limit to the number of Units or amounts that may be accepted for Subscription at any point in time.

2.2. The Fund will be open to receive Subsequent Investment(s) on any Business Day of each month. The consideration payable for any Subsequent Investment(s) in the Fund shall be equal to 1) the next reported Net Asset Value per Unit times the number of Units acquired (e.g. Subsequent Investments accepted between January 1 and January 31 will have a Net Asset Value per Unit as calculated on January 31 (or the next Business Day); plus 2) Participation Fees. The Lock-up Period relative to Subsequent Investments shall be one year from the date upon which the Subsequent Investment was made.

2.3. The Units will be maintained in book entry (registered) form in the Unit Holders Registry held at the offices of the Administrator and such Unit Holders Registry shall be and shall remain the sole and conclusive proof of ownership of the Units. The Administrator will not take notice of any trust in respect of ownership of Units in the Fund or any transfer of title of the Units in the Fund, unless the transfer has been effected in accordance with the provisions of this Agreement;

2.4. Units shall not normally be transferable. By way of exception, Units may be transferred with the prior written approval of the Fund Manager. The Fund Manager will be entitled, in its sole and subjective discretion to approve or refuse a proposed transfer of Units without any obligation to give any reasons. If approved by the Fund Manager, in the manner provided earlier, transfers of Units may be made to a transferee who/which has duly completed and executed a transfer agreement, in form and substance satisfactory to the Fund Manager, containing representations, warranties and agreements similar to those contained in this Agreement;

2.5. Any person or legal entity becoming entitled to a Unit or Units in the Fund as a consequence of death or bankruptcy of a Unit Holder or otherwise by operation of law or judicial decision may, subject as provided below, and upon such evidence being produced as may from time to time be lawfully required by the Fund Manager,

apply to the Administrator in writing to register himself as the holder of the Units or elect to have some person nominated by him registered as the transferee thereof;

- 2.6. All limitations, restrictions and provisions contained in this Agreement and the Memorandum relating to the transfer and the registration of the transfer of Units shall be applicable to any transfer of Units or transmission of Units by operation of law or judicial decision;
- 2.7. A person or legal entity becoming entitled to a Unit or Units as a consequence of death or bankruptcy of a Unit Holder or otherwise by operation of law or judicial decision shall not be entitled in respect of the Unit or Units to exercise any of the rights or privileges of a Unit Holder, until such person or legal entity is registered as a Unit Holder in the Unit Holders Registry maintained by the Administrator;
- 2.8. The Participation Fee, as provided in the Memorandum, must be paid into the bank account(s) referred to above at the time of submission of this Agreement; and
- 2.9. This Agreement constitutes an irrevocable offer of the Applicant to subscribe for the Units specified herein, however, the Fund Manager reserves the right, in its sole discretion, to accept or reject this offer to subscribe, in whole or in part, without being under any obligation to give any reasons, before or after the receipt of the Subscription Amount and the Participation Fee, and to allocate Units to and among prospective Unit Holders as the Fund Manager, in its sole discretion, may determine. This offer to subscribe for Units will constitute, if accepted by the Fund Manager, a legally binding and enforceable agreement between the Applicant and the Fund Manager for its own account and/or for the account of the Fund concerning the subject matter of this Agreement.
3. The Applicant admits and acknowledges that the Applicant is aware of the following, at the time of entering into this Agreement:
- 3.1. that there is no established secondary market for the Units at the time of subscription and that the Units have not been and may not be registered or listed on any stock exchange in any jurisdiction in the near future;
- 3.2. that transfers of Units may only be made, subject to prior written approval of the Fund Manager, to a transferee who/which has duly completed and executed a transfer agreement, in form and substance satisfactory to the Fund Manager, containing representations, warranties and agreements similar to those contained in this Agreement. The Applicant understands that the Fund Manager reserves the right to disapprove, in its sole discretion, of any proposed transfer of Units without assigning any reason.
4. The Applicant expressly and irrevocably appoints the Fund Manager to act during the life of the Fund as the Applicant's portfolio manager and agent and empowers the Fund Manager, in its capacity as the agent of the Applicant to invest, subject to the provisions of the Memorandum: (a) the funds subscribed by the Applicant hereunder collectively with funds subscribed by other Unit Holders and (b) the income derived from such collective investments, subject to the provisions of the Memorandum (both the foregoing hereinafter the "Collective Investments"). Without prejudice to the foregoing, the Fund Manager is authorised and empowered to do and carry out the following on behalf of the Applicant to:
- 4.1. represent the Applicant's interest as a Unit Holder in all aspects before all competent regulatory and Government authorities, departments and agencies;
- 4.2. acquire, hold, register the Assets on behalf of the Unit Holders in the name of the Fund Manager;
- 4.3. deal with banks to obtain part funding for leveraging the acquisition of Assets;
- 4.4. do all acts, deeds and things necessary or incidental to the Collective Investments and the acquisition and/or disposition of Assets;

-
- 4.5. appear before all courts of all categories and to appoint lawyers in connection with claims and demands arising out of or relating to the Collective Investments and Assets;
- 4.6. to appear before the appropriate authorities and to admit and execute sale deeds and/or other conveyances and documents and papers in connection with the acquisition, sale or other disposition for value of the Assets;
- 4.7. deal with and engage and appoint lawyers to deal with claims and demands relating to Collective Investments and/or the Assets;
- 4.8. take or carry out all steps, legal formalities and other procedures, to the extent reasonably possible under law, to protect the Collective Investments and the Assets; and
- 4.9. do all reasonable acts, deeds and things reasonably possible under law to protect the rights and interests of the Unit Holders as collective investors.
5. The Applicant expressly and irrevocably authorises and empowers the Fund Manager to do and carry out the following acts and things on behalf of the Applicant:
- 5.1. to review and approve, as it deems fit, Collective Investments identified and recommended by the Investment Committee; and
- 5.2. to exercise the powers and discharge the functions of the Investment Committee set out in the Memorandum.
6. The Fund Manager will be entitled to seek, obtain and rely upon the advice of the Advisory Board of the Fund and shall incur no liability in respect of any act or omission taken or omitted upon any notice, consent, request, instruction or other instrument believed in good faith to be genuine or to be signed by properly authorised persons.
7. The Applicant expressly agrees and undertakes to ratify and abide by all decisions taken by the Fund Manager in accordance with the Memorandum, including without limitation, decisions in respect of:
- 7.1. the term of the Fund;
- 7.2. the extent of the Collective Investments;
- 7.3. the manner of management of the Assets;
- 7.4. the structuring of the Collective Investments to protect the interests of the Unit Holders;
- 7.5. the acquisition, sale or other disposition for value of the Assets;
- 7.6. type, nature, location, and value of Assets; and
- 7.7. the timing of acquisition and disposition of the Assets.
8. The Applicant requests that the Units issued pursuant to this Agreement are registered in the name and address set out below:

Name Mr./Mrs./Messrs. _____

Address _____

Street _____

PO Box _____ **City** _____

Telephone _____ **Fax** _____

E-mail _____

9. Only the person or legal entity referred to in the preceding paragraph or a person or legal entity who/which is registered in the Unit Holder Registry maintained by the Administrator in accordance with the Memorandum shall for all purposes related to the Fund, including for the purposes of distribution of capital and profits and sending of notices and communications, be considered by the Fund Manager to be the absolute and beneficial owner of the Units allotted under this Agreement and:

9.1. the Fund Manager will be entitled to an absolute discharge in respect of all entitlements and payments made to such person or legal entity; and

9.2. the Fund Manager will be entitled to act on the instructions of such person or legal entity.

9.3. This Agreement and the Memorandum shall be governed by the laws of the Emirate of Abu Dhabi and the United Arab Emirates and the courts of Abu Dhabi shall have jurisdiction in respect of all disputes or differences arising under or out of or connected to this Agreement and/or the Memorandum.

The Applicant encloses herewith:

a) if the Applicant is a natural person, a certified* copy or copies of the relevant passport or passports together with either a copy of UAE National's Family Book or, in the case of Non-UAE citizenship, either UAE residency visa or evidence of address (utility bill or bank statement); or

b) if the Applicant is a corporation, partnership or other legal entity, a certified* copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or other constitutive documentation), a copy of the trade license and signatory card or power of attorney verifying the authority of the person authorised to sign on behalf of the corporation, partnership or other legal entity.

* Note: The Applicant may present original documents at the offices of The National Investor for certification. If this is not practical, a copy that has been duly certified by a public authority (notary public or relevant ambassador) is acceptable.

Source of funds used in this account

(Own Account, Gift, Borrowed, Proceeds from Own Company, Account is opened on behalf of another)

Method of deposit/fund transfer: _____

(Cheque, Wire Transfer, Debit Account, Other)

TNI does not accept cash

SIGNED by/ for and on behalf of, Name of Applicant (Print) _____

Name of Signatory _____

Signature _____

Designation of Signatory _____

Date and Place _____

(for legal entities)

Supplement II

TNI UAE BLUE CHIP FUND

Acceptance of Subscription

Dealing Day _____

Serial No _____

(Supplement to the Private Placement Memorandum dated February 02, 2005, updated March, 2006)

Mr./Mrs. _____

Unit Holder No _____

Effective Date/Time _____

In accordance with your instructions the Administrator confirms having issued the following Units:

Number of Units Issued:

In Figures: _____ Units In Words _____ Thousand Units

Subscription Amount (a minimum of AED five (5) million plus multiples of AED five (5) hundred thousand):

AED _____ /- In Words _____ AED

Participation Fee of 1% (one percent) of Subscription Amount:

AED _____ /- In Words _____ AED

Total Funds Received:

AED _____ /- In Words _____ AED

If there are any alterations to the particulars given please advice by return mail quoting the Serial Number and the Unit Holder's Number.

SIGNED by/ for and on behalf of:

THE NATIONAL INVESTOR

As Administrator

Supplement III

TNI UAE BLUE CHIP FUND

Redemption Form

To: THE NATIONAL INVESTOR
TNI Tower, Zayed the 1st Street, Khalidiya Phone: +971 2 619 2300
PO Box 47435, Abu Dhabi, UAE Fax: +971 2 619 2400

(Supplement to the Private Placement Memorandum dated February 02, 2005 - updated March, 2006)

Dear Sirs,

I/We, the undersigned Unit Holder,

Mr./Mrs./Messrs. _____,

hereby request redemption of my/our Units of the TNI UAE BLUE CHIP FUND ("the Fund") on the forthcoming dealing day in accordance with the following:

a) I/We request the redemption of :

Number of Units

In Figures: _____ Units In Words _____ Thousand Units
on the basis of the Net Asset Value per Unit in accordance with the terms of the Private Placement Memorandum dated February 02, 2005, updated March, 2006.

b) I/We request to receive the amount of

Redeemed Amount

AED _____ /- In Words _____ AED and
authorise you to redeem as many Units as necessary for that purpose, on the basis of the Net Asset Value per Unit as defined in the terms of the Private Placement Memorandum dated February 02, 2005, and updated March, 2006.

I/We hereby request payment to be made as follows:

- By check drawn in favor of Mr./Mrs./Messrs. _____
- By transfer to A/C No _____ held with [THE BANK] in the name of
Mr./Mrs./Messrs. _____
(Account/Subscription No. _____)

SIGNED by/ for and on behalf of:

Name of Applicant (Print):

Name of Signatory (Print):

Signature _____

Designation of Signatory (for legal entities) _____

Date and Place _____

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THE NATIONAL INVESTOR

TNI TOWER, ZAYED THE 1st STREET, KHALIDIYA
PO BOX 47435, ABU DHABI, UNITED ARAB EMIRATES
SWITCHBOARD: +971 2 619 2300 FAX: +971 2 619 2400

www.tni.ae