Islamic Finance *news* Supplements

March 2014

Deals of the Year Handbook

Case studies

- Sub-Saharan Africa's first Sukuk issuance
- Al Noor Hospital IPO
- Providing innovative trade finance solutions
- Total control: BIMB Holdings

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Deals of the Year demonstrates another bumper year for Islamic finance

It was another action-packed year for Islamic finance in 2013, and the IFN Deals of the Year Awards displayed the exceptional development of the industry over the past 12 months. Although Sukuk performance saw a less stellar performance than 2012 on the back of Fed tapering fears, the capital markets continued to soar: boosted by strong equity performance and ongoing strides in innovation and deal size.

While structures tended to err on the side of old favorites we certainly saw some exciting new deals emerge, with our overall winner IILM surging forward to take the prize with a landmark deal that we can hope will alter the face of Islamic institutional liquidity management globally.

The leading markets remained strong: with the UAE, Malaysia and Saudi Arabia all pushing forward to expand their domestic markets. However we also saw a multitude of newer players surge forward, including Turkey, Pakistan, Egypt, Nigeria and Oman: all of which bode well for the ongoing development of the market.

With a record-breaking 400 deals nominated in more than 30 categories, the size and scope of the IFN Deals of the Year continues to grow, making it one of the most respected and sought-after accolades of the industry.

In the latest Deals of the Year Supplement we bring you the best of the best of the Islamic finance transactions from 2013 – and we can assure you that it is an inspiring read.

Lauren Mcaughtry,
Managing Editor

CASE STUDIES

AWARDS RESULTS

AWARDS DINNER

IILM's US$2 billion Sukuk program

Deal of the Year & Sukuk Deal of the Year

In August 2013, the International Islamic Liquidity Management Corporation (IILM) successfully launched a US$2 billion Sukuk program. The program was assigned a short-term rating of 'A1' by S&P. Established on the recommendation of the Islamic Financial Services Board in 2009, the IILM is tasked to provide short-term Sukuk to be used by financial institutions in liquidity management.

In line with its purposes, the US$2 billion Sukuk program will be utilized to create and issue short-term Shariah compliant financial instruments with a maximum tenor of 364 days, to facilitate effective cross-border Islamic liquidity management. The Sukuk's Wakeel will apply the proceeds from the offering of each series of certificates towards making investment contributions. There have been four series of certificates issued under the program thus far – each with a three-month maturity.

In an exclusive interview with Islamic Finance *news*, Jonathan Grosvenor, the general manager of global financial markets at KBL European Private Bankers, Luxembourg said: "The inauguration of the program is testament to the close collaboration of these institutions to establish and support this important breakthrough in the infrastructure of Islamic finance. IILM is an international institution created and governed by the Articles of Agreement of the central banks or monetary authorities of Indonesia, Iran, Kuwait, Luxembourg, Malaysia, Mauritius, Nigeria, Qatar, Saudi Arabia, Sudan, Turkey and the UAE as well as the IDB Group. The issuer is able to issue for any tenor up to 364 days, so we anticipate future opportunities across the short-term yield curve."

The certificates are primarily targeted at the Islamic financial community, in an initiative to provide banks and other financial institutions with an efficient approach to asset liability and liquidity management in a Shariah compliant manner. However many features of the structure make the certificates attractive to non-Islamic investors, thereby generating additional liquidity and pricing tension to the issuer from cross-over investors.

Summary of terms & conditions	
Size	US$2 billion
Issuer	International Islamic Liquidity Management 2 SA, Luxembourg
Arranger	International Islamic Liquidity Management Corporation
Primary Dealers	KBL European Private Bankers
Purpose of Issuance	To create and issue short-term Shariah compliant financial instruments to facilitate effective cross-border Islamic liquidity management
Tenor	Not exceeding 364 days
Status	The certificates represent undivided beneficial ownership interests in the issuer trust property and rank pari passu among themselves, without any preference or priority.
Governing Law	English law & Luxembourg law
Delivery of certificates & settlement	Euroclear
Short-term Rating	A1 (S&P)

KBL is a multi-specialist organization that continually invests in innovation. The firm saw the opportunity to participate in IILM's unique program as a gateway to affirming Luxembourg's role as one of the world's leading financial services hubs. Several other factors came into play with KBL's involvement in the deal. Apart from Banque Centrale de Luxembourg being the only European institution represented on IILM's governing board, IILM's SPV was also domiciled in Luxembourg. In addition to that, the issuing and paying agent, calculation agent, transfer agent and registrar were all correspondingly located in Luxembourg.

Solid principles with innovative solutions

Best Islamic Bank in Jordan

In culmination of the ongoing efforts in developing products and services of Islamic banking, Jordan Dubai Islamic Bank (JDIB) was awarded the 'Best Islamic Bank in Jordan for 2013' at a ceremony held on the 24th February in Dubai, organized by REDmoney Group, the parent company of Islamic Finance *news* (IFN). Sami Afaghani, CEO of JDIB, received the award from IFN.

This honor bestowed upon the bank is a result of the ongoing efforts to provide the best banking products and services based on Islamic Shariah. The bank's results for last year have shown remarkable speed in progress and development, expansion and excellence in the use of the modern methods of banking and a significant increase in the number of dealers and the high levels of loyalty between the bank and its customers.

The award came in recognition of JDIB's efforts and progress in implementing an integrated strategic plan for the development of all its operations and sectors. These efforts have positioned JDIB among the fastest growing banks in the Jordanian market.

JDIB was selected as Best Islamic Bank in Jordan based on best-in-class Islamic financial institution that not only stands out in terms of financial performance, profitability, market share and assets but also because the bank continues to innovate and strive for greater operational efficiency through enhanced risk management and technology. JDIB is a leader in its home market and is also expanding globally in order to drive growth and sustain future profitability.

JDIB is a premier Jordan-based financial institution that was established in 2010. The vision behind JDIB's creation was to provide a practical Shariah compliant alternative to the financial needs of customers. The driving philosophy behind the services that JDIB offers is the overall development of society and fuelling the growth of local and regional economies through Halal means that are in direct compliance with the tenets embodied in Shariah principles.

To this end, JDIB believes in creating strong partnerships with its customers with the objective of providing them with a wide range of investment vehicles and banking products. Four years of experience supported by 35 years of Dubai Islamic Bank's Islamic banking experience, strong client network, vast array of products offered, professionalism, and strive for excellence are the ingredients of JDIB's success.

JDIB is a fully-fledged Islamic bank combining the best of traditional Islamic values with cutting edge technology and innovation to deliver high quality personalized service catering to client's needs. This philosophy is embodied in the bank's slogan: 'Solid Principles, Innovative Solutions'.

JDIB is building an ever-expanding network of branches which currently stands at 15, strategically located throughout the Hashemite Kingdom of Jordan offering a bouquet of modern Shariah compliant financial solutions to cater to the growing demands in the Jordanian market including auto and personal finance through Murabahah, and home finance through Ijarah as well as providing attractive savings, checking and investment accounts. The bank also offers a host of electronic products such as internet banking, Visa electron plus gold and classic charge cards.

As for corporate banking, JDIB offers diverse and innovative Shariah compliant products and services for large and medium-sized enterprises built on understanding their distinct financial needs.

JDIB's latest Best Islamic Bank award for 2013 follows a number of other awards that the bank has recently picked up including the ISO 9001:2008 certification. In short, JDIB, since inception, has been achieving one success story after another and has been capable of providing solid proof on its leadership in the Islamic banking sector in particular and in the banking industry in general.

Going through the history of JDIB we can easily explore the innovative services and products that have been introduced recently to the Jordanian market and have contributed in supporting JDIB's leading position in Jordan. Those services and products have also qualified JDIB to win awards from well-known global organization as well as from local authorities. In the following few lines we shall shed lights on some, not all, services and products that have helped in making JDIB an award winner.

- **SAFWA**: A service created for the elite and affluent customers of JDIB. First of its kind from an Islamic bank.

  SAFWA Center is a specialized unit that offers banking services to SAFWA customers. This special unit is founded to meet the financial demands within the framework of privacy, perfection, & respect.

- **Treasury & Investment Department**
  This department was created to ensure optimal utilization for the bank available liquidity through Wakalah investment, international Murabahah and capital markets. Keeping the minimum level of needed liquidity is another duty performed by this department. Other duties of the department include, but not limited to, expanding correspondent banks' network in order to meet the bank's needs and its clients' needs at minimum possible cost and converting the bank's brokerage company into a Shariah compliant brokerage company completely owned by the bank.

- **Corporate Governance**
  The Corporate Governance of JDIB aims to provide the basis for development and future organizational performance, and to support trust in all of the bank's activities and dealings. It also enables the bank to participate successfully

in developing the banking system in Jordan; and consequently it participates in upgrading the competence of the national economy and creates an environment of reassurance for the shareholders and all concerned authorities.

To be qualified for achieving international and local awards, JDIB has set all operations on solid foundations and standards. Such foundations and standards are manifested in JDIB's vision and mission represented in:

Vision

Leading Islamic banking to serve all spectrums of the society.

Mission

Providing distinctive and innovative services emanating from the divine principles of Islam to build lasting and solid partnerships and to maximize benefits to all stakeholders.

Values

Innovation: At JDIB, there is full adherence to the principles of innovation and distinguish ourselves as a pioneering financial institution by combining traditional Islamic values with the latest technology and innovative products and services; thus delivering the best of modern Islamic banking.

Knowledge: At JDIB, the guiding principle of banking is inspired by the knowledge and doctrines embodied within the Holy Quran. Built from these strong foundations, we are proud to introduce the new standard of modern Islamic banking in Jordan.

Quality: Structuring products and providing service is implemented with the same principle of delivering quality through perfection. At JDIB our wide array of solution driven products and services are created in harmony with our customers' specific financial needs.

Value: Defined by our modern Islamic banking approach and the success of our customers, our commitment is to deliver value and measurable returns by providing the finest banking service available. It is our valued belief at JDIB that our customer's benefit is a key to JDIB's success.

World class service: JDIB is a customer-centered modern Islamic banking institution that bases each of its relationships on unparalleled personal service and understanding. We care, we listen and we constantly deliver world class service.

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Total control: BIMB Holdings' acquisition of Bank Islam

Equity Deal of the Year

Malaysia's pioneer Shariah compliant investment holding company, BIMB Holdings (BIMB), made a move to acquire a combined 49% stake in Bank Islam from Dubai Financial Group (DFG) and Malaysia's Hajj pilgrimage fund board Lembaga Tabung Haji (LTH). The 49% stake acquired added to its existing 51% share in the bank, making the company the sole owner of Malaysia's first Shariah compliant financial institution. Under the transaction, BIMB purchased a 30.5% share from DFG and an 18.5% share from LTH for a total purchase consideration of approximately RM2.8 billion (US$847.37 million).

Subject to shareholder and regulatory approvals, as well as a successful fund-raising scheme, the deal was concluded in December last year. BIMB procured funds by way of a rights issue which raised approximately RM1.53 billion (US$463.02 million), and a Sukuk issuance of RM1.7 billion (US$514.47 million) therefrom. Taking into account the fund raising aspects of the deal, the total value of the deal is reached RM6 billion (US$1.81 billion).

Munir Abdul Aziz, a partner at Wong & Partners who led the team in advising BIMB on the deal, said: "It appears that the market has reacted favorably to the acquisition." As the single largest shareholder in BIMB, LTH's divestment of its shares in Bank Islam signalled its intention to consolidate its interest in Bank Islam under BIMB. DFG, on the other hand, released its stake in the bank as a mode of restructuring its existing debt. In light of the deal, Munir believes that the transaction is indicative of a continuing appetite for M&A deals in Malaysia and the acceptance that companies will grow their businesses not only organically but also through acquisitions.

Summary of terms & conditions	
Size	RM1.81 billion (US$551.75 million)
Issuer	BIMB Holdings
Lead Arranger	Bank Islam Malaysia
Legal Counsel for Issuer & Arranger	Wong & Partners
Shariah Advisor	Shariah Supervisory Council of Bank Islam

As a result of the acquisition, BIMB is exposed to Bank Islam's risks and liabilities in its entirety. Nevertheless, based on research by Kenanga Investment Bank on BIMB's 2012 financials, the acquisition of the minority stake in Bank Islam is bound to boost the holding company's net profit by 81.3%. BIMB's net profit for the fourth quarter of 2013 accounted at RM36.4 million (US$10.54 million), a 47% drop from the same period in 2012. The bank has said that this is due to increased taxes incurred by higher dividends from Bank Islam which BIMB Holdings purchased from Dubai Group in December 2013. BIMB Holdings revenue grew to RM729.7 million (US$222.19 million) from RM665.2 million (US$202.58 million) and total net profit for the year was reported as RM255.6 million (US$77.84 million). The bank presently offers over 70 sophisticated Islamic banking products and services through 130 branches across the country.

Al Noor Hospital IPO: A bellwether for UAE companies seeking to list internationally

IPO Deal of the Year

Al Noor Hospitals Group, the largest integrated healthcare private service provider in Abu Dhabi, has floated a GBP221 million (US$330 million) initial public offering (IPO) on the London Stock Exchange (LSE) on the 21st June 2013. Owned by Ithmaar Capital, the issuance of 38.5 million shares at GBP5.75 (US$8.58) per share was the result of restructuring the company's operations in Abu Dhabi. There is now means to further improve legal liquidity options for investors in the region by providing a possibility of restructuring a company in a way that it is able to list outside of the country.

Summary of terms & conditions	
Size	GBP221 million (US$330 million)
Arrangers	Deutsche Bank AG, Goldman Sachs International
Issuer	Al Noor Hospitals Group
Legal Counsel for Arrangers	Clifford Chance
Legal Counsel for Issuer	King & Spalding, Linklaters
Legal Counsel (offshore)	Maples & Calder

> "Real estate still remains the favored asset class for Shariah compliant investments, Nabil said that healthcare seems to be at the top of the list in terms of private equity deals: for reasons including its clear Shariah compliance"

Due to overregulation and rigidity of the laws as well as liquidity issues, medium and large-sized companies are often held back from listing in the UAE. The requirements for companies to raise capital upon launching an IPO tend to limit the amount of companies that are really groomed to go to the market. And when they actually increase their capital and go public, companies are generally exposed to a 'free float' which would mean shareholders giving up some of the company ownership. Hence, the best option for Al Noor was to list in the UK.

It is relatively rare for a GCC issuer to list on the LSE. This is because the UK Listing Authority (UKLA) requires that a company listing outside the free zone of the UAE has a 51:49 ownership ratio of its subsidiaries. Nabil Issa, King & Spalding's Middle East partner who led the team in the restructuring of Al Noor, elucidated that there were a series of agreements as well as special provisions incorporated in the registered articles which allowed for their listing on the LSE.

As most companies opt to refinance their conventional debt on a Shariah compliant basis, certain Shariah compliant agreements were also entered into as part of the restructuring. The corporate shareholder structure for the IPO, which complied with the laws and regulations of the UAE as well as the UKLA, permitted Al Noor to list on the LSE. Deutsche Bank and Goldman Sachs International were the joint sponsors and joint global coordinators for the IPO, with HSBC Bank acting as joint bookrunners.

Issuers are said to be highly anticipating the upcoming UAE Companies Law and are hopeful that the implementation of the rules that follow will expand foreign ownership outside the free zone. Having been preceded by a successful IPO from a healthcare group in the UK, coupled with the growing population of the UAE, the demand for high quality healthcare services has significantly increased and is seen as an attractive global investment.

Although real estate still remains the favored asset class for Shariah compliant investments, Nabil said that healthcare seems to be at the top of the list in terms of private equity deals: for reasons including its clear Shariah compliance, plus the added benefit of helping the public by improving the quality of healthcare in the region.

Poised for a better future

" MBSB is set to increase its presence in the corporate segment, especially for the provision of project financing."

- Dato' Ahmad Zaini Othman
President and Chief Executive Officer, MBSB

CORPORATE BUSINESS

MBSB has made a footprint in the country's islamic debt capital market and corporate business financing at large. MBSB's world's first Structured Covered Sukuk Commodity Murabahah Programme backed by financing receivables is set to strengthen MBSB's position and strategically support the growth of its financing assets. The company has gone beyond retail financing and has developed innovative corporate financing facilities to meet the needs of its customers. Through its Corporate Business and Wholesale Banking teams who are supported by a technically competent Project Management & Monitoring team, MBSB is able to provide tailor-made solutions to its corporate clients. The financing facilities include;

Contract Financing
This scheme is designed to suit the needs of companies seeking financing for a specific contract at competitive rates.

SME Cash Express
The programme is an initiative undertaken by MBSB to support the Government in its efforts to spur the growth of Small & Medium Enterprise (SME) industry.

Property Development Financing
MBSB can help to part finance the development costs of residential, commercial, industrial or any other type of development projects which has promising development value.

Corporate Financing
Corporate financing facility is to fulfill the needs of the client for working capital requirements.

Commercial Property Financing
This is a facility that finances the acquisition, refinancing or refurbishment of commercial properties.

Palm Oil Plantation Financing
Under this new programme, MBSB provides financing to support the growth of palm oil plantation sector for the purpose of new plantation development, expansion of existing plantation business or even for replanting exercise.

Industrial Hire Purchase
For the acquisition of commercial vehicles & machineries which allows customers to rent the usage of the assets and subsequently purchase the assets from MBSB.

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Sadara Chemical Company's Sukuk oversubscribed

Project Finance & Infrastructure and Saudi Arabia
Deal of the Year

As part of a US$19.3 billion fundraising package, Sadara Chemical Company, issued a SAR7.5 billion (US$2 billion) Sukuk Musharakah through its SPV, Sadara Basic Services Company. Initially offered at SAR5.25 billion (US$1.4 billion), the issuance received strong investor demand resulting in an oversubscription of 2.6 times. In keeping with this demand, the firm has upsized its issuance to SAR7.5 billion (US$2 billion).

The proceeds from the issue will be used to finance and procure the construction as well as the delivery of plants forming part of a chemicals complex located in the Jubail Industrial City II in the Eastern province of Saudi Arabia. The company is constructing a fully integrated chemical facility complex, the largest to ever be built in a single phase.

> "Initially offered at SAR5.25 billion (US$1.4 billion), the issuance received strong investor demand resulting in an oversubscription of 2.6 times"

Holding a tenor of approximately 16 years, the profit payment expects a return of six-month SAIBOR plus 95bps per year, to be distributed semi-annually. The Sukuk Musharakah structure was approved by the joint Shariah Committee of Alinma Investment Company and AlBilad Investment Company, Deutsche Bank Shari'a Advisors and the Shari'ah Committee of Riyad Capital.

The papers are issued in Saudi riyals and governed by the laws of the kingdom, as well as English law. The face amount of the certificates were issued in denominations of SAR50,000 (US$13,329.8) and integral multiples of SAR50,000 in excess thereof, subject to a minimum subscription amount of SAR1 million (US$266,596).

AlBilad Investment Company, Alinma Investment Company, Deutsche Securities Saudi Arabia and Riyad Capital act as the joint lead managers and the bookrunners for the deal. Legal advisers to the lead managers are, Zeyad S Khoshaim Law Firm in association with Allen & Overy, White & Case, Hatem Abbas Ghazzawi & Co and Milbank, Tweed, Hadley & McCloy.

Summary of terms & conditions	
Size	SAR7.5 billion (US$2 billion)
Issuer	Sadara Basic Services Company
Lead Arrangers	AlBilad Investment Company, Alinma Investment Company, Deutsche Securities Saudi Arabia, Riyad Capital
Legal Counsel for Issuer	The Law Offices of Dr Waleed N Al-Nuwaiser in association with White and Case, White & Case
Legal Counsel for Arrangers (Saudi Arabia Law)	Allen & Overy
Legal Counsel for Arrangers (to the Dow Chemical Company)	Hatem Abbas Ghazzawi & Co
Legal Counsel for Arrangers (International Law)	Milbank, Tweed, Hadley & McCloy
Legal Counsel for Arrangers (to the Dow Chemical Company)	Shearman & Sterling (London)
Shariah Advisor	The Joint Shariah Committee of Alinma Investment Company, AlBilad Investment Company, Deutsche Bank and Riyad Capital

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Corporate Finance Deal of the Year

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Sub-Saharan Africa's first Sukuk issuance: Osun State, Nigeria

Africa Deal of the Year

Carving a mark in history, Nigeria auctioned its first NGN10 billion (US$59.82 million) Sukuk Ijarah on the 10th October 2013. Issued by the government of Osun State, the seven-year Sukuk is due for maturity in the year 2020 at a profit rate of 14.75%. The issuance witnessed an oversubscription of NGN1.4 billion (US$8.66 million) to reach a final amount of NGN11.4 billion (US$70.53 million), bearing testament to the healthy appetite for alternative financing structures in Nigeria. Aimed at soft infrastructure and educational projects, the proceeds therefrom will be used for the construction 27 schools across the state, comprising 23 high schools, two middle schools and two elementary schools.

In an exclusive interview with Islamic Finance *news*, Lotus Capital, the lead manager and principal advisor for the issuance, revealed that among the challenges faced in constructing the deal were: the lack of a solid regulatory framework, limited exposure and understanding of Sukuk by institutional investors in terms of its structural principles and the technical differences with conventional bonds, as well as the misconception of cultural and religious stigma affiliated to Islamic finance.

Measures that were taken to resolve these hurdles include media-related initiatives to educate Nigerians on Islamic finance such as presentations in seminars and television broadcasting. The arrangers also took the effort of working closely with relevant regulators for the establishment and standardization of policies for Sukuk issuances. On top of that, the Sukuk structure was also approved by the Financial Regulation

Summary of terms & conditions	
Size	NGN11.4 billion (US$73.53 million)
Issuer	Government of Osun
Lead Arranger	Lotus Capital
Co-Arrangers	Chapel Hill Advisory Partners, FBN Capital, FCMB Capital Markets, Fidelity Securities, Greenwich Trust, Lead Capital, Marina Securities, Oceanic Capital Co, Pan African Capital, Phoenix Global Capital Market, Skye Financial Services, Stanbic IBTC Capital, Sterling Capital Markets, Uni Capital, Union Capital Markets, Zenith Securities
Legal Counsel for Issuer	FO Fagbohungbe & Co, Kola Awodein & Co
Legal Counsel for Trustee	Tope Adebayo
Shariah Advisors	Professor Dr Monzer Kahf, Professor Muhammad L Bashar, Dr Elgari

Advisory Council of Experts, a council set up by the Central Bank of Nigeria to ensure that products and services offered by the non-interest financial institutions in Nigeria satisfy the requirements for compliance.

Being the first Sukuk issued in Nigeria, the team was very cautious in selecting the appropriate structure for the transaction. Lotus explained that the Ijarah structure was selected due to its simplistic features in terms of flexibility, tradability and suitability in funding construction projects. Unlike the Murabahah structure, this structure enables secondary trading of the Sukuk instrument on an exchange, which in turn, helps to increase the involvement of investors in the deal. Additionally, the Ijarah contract is innately designed to produce periodic rental payments which automatically act as coupon payments for Sukukholders.

The certificates were taken up by local banks, fund managers, insurance companies and high net worth individuals in Nigeria. Assigned an "A" rating by local rating agency, Agusto & Co, the issuance represents the second tranche of Osun State's NGN60 billion (US$371.22 million) debt-raising program which commenced last year.

Lotus Capital had previously executed a private Sukuk issuance which was used to finance the construction of luxury flats. This was however on a smaller scale as compared to Osun's Sukuk issuance, as it was not a public issue. Lotus has put together Islamic finance deals of varying sizes ranging from Murabahah asset finance to Musharakah and Ijarah.

FWU's Sukuk Wakalah Program

Europe Deal of the Year

Atlanticlux Lebensversicherung a 'BBB' rated, multinational insurance provider, and a subsidiary of German-based FWU, which focuses on customized investment products linked to life insurance and pension schemes, successfully auctioned the first series of its US$100 million Covered Sukuk Wakalah Issuance Program which has been assigned an investment grade credit rating by Fitch. This is the first time a Sukuk has been issued on top of a block of pre-determined Shariah compliant life insurance contracts and the first by a Luxembourg regulated entity.

The transaction

The transaction is a securitization of Shariah compliant life insurance policies and provides an opportunity for investors to participate and invest in Sukuk certificates backed by FWU's subsidiary, Atlanticlux Lebensversicherung S.A. ("ATL"), Luxembourg – a 'BBB'-rated multinational insurance provider. Due to its securitization of insurance policies, the Sukuk is asset-backed, representing a true ring-fencing of assets. The proceeds obtained from the issuances of each series will be used to fund the Shariah compliant refinancing of the commissions factoring business of the FWU group.

Series 1, for US$20 million, was oversubscribed. The first series of the transaction has attracted primarily institutional treasury investors in the Middle East, and has provided the opportunity for investors to participate in European rated credit. The certificates carry a tenor of five years, due to mature on the 4th October 2018, at a coupon rate of 7% per year. Payment is scheduled to be made quarterly in arrears on a fully amortizing basis. Series 2, for US$40 million, is currently being negotiated under similar conditions to Series 1.

Structure

The Sukuk is structured on the principles of Wakalah. The specific nature of the underlying assets justified the use of a covered Sukuk Wakalah structure. The structure involved participation in a block of life insurance contracts, which in itself is Shariah compliant. This structure has the additional benefit of allowing for tradability of the Sukuk. An application has been made to the Channel Islands Securities Exchange (CISE Guernsey) for Series 1 to be listed and admitted for trading. A separate application may be made for Series 2 to be listed and admitted for trading on the CISE Guernsey and possibly other exchanges, and each will be settled on Euroclear/Clearstream.

This is FWU's second Sukuk issuance where innovative structures have been used. In 2012, FWU issued a US$55 million Sukuk, the first to utilize a computer software program and intellectual property rights under an Ijarah (sale-lease-back) structure. This was the first Sukuk by a German corporate entity and the largest from a European corporate.

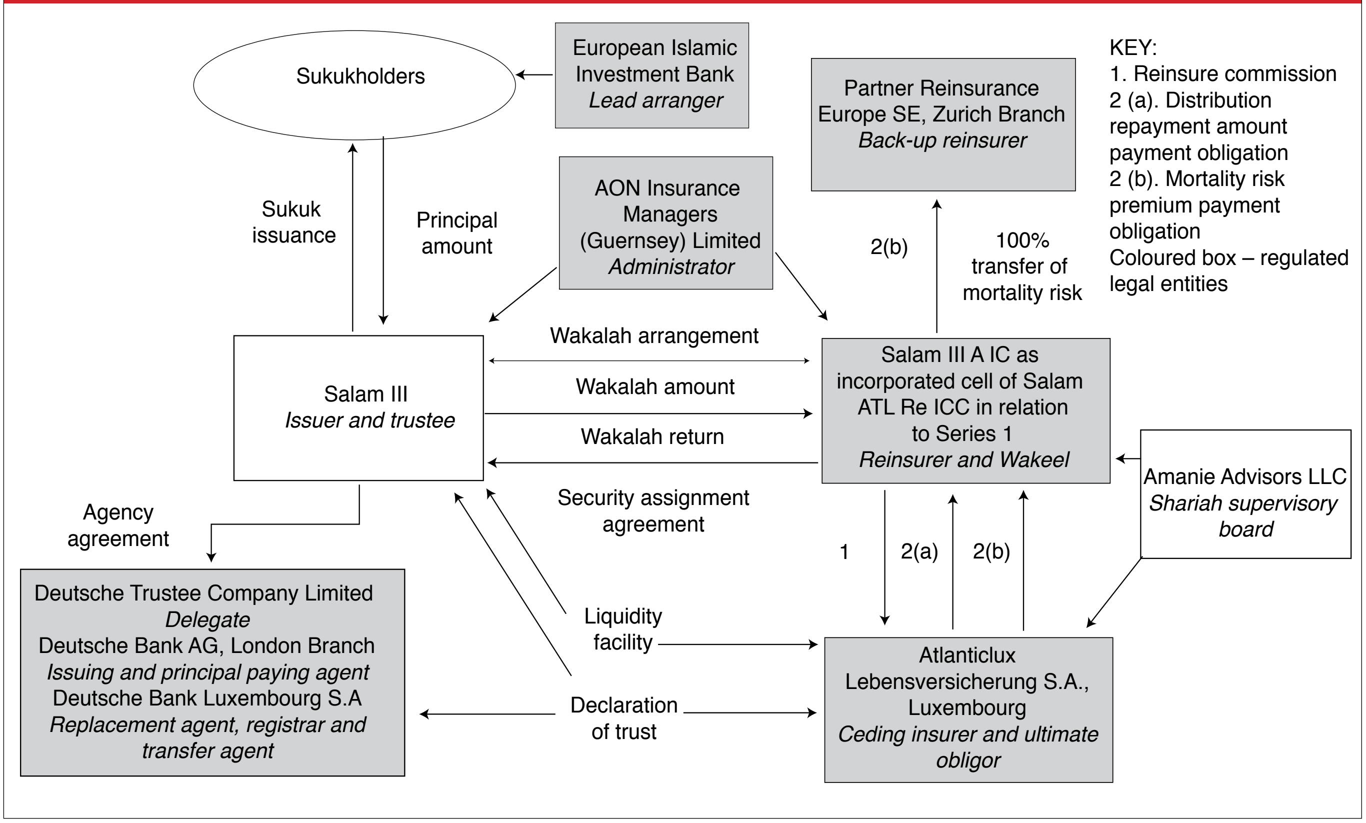
Sukuk are in line with FWU's ongoing initiative to diversify its sources of funding through a balanced-approach to Islamic and conventional financing, as well as identifying a broad range of assets to back up such financings, including blocks of insurance contracts, intellectual property rights and balance-sheet financing. This bodes well with the company's business model which focuses on innovation and creativity, and provides a hedge against market fluctuations particularly when access to funding is limited or restricted.

Summary of terms & conditions	
Method of Issue	Sukuk Wakalah
Issuer and Trustee	Salam III Limited ICC: Salam ATL Re ICC Limited IC: Salam III A IC Limited
Issuer and Trustee Principal Activities	A non-cellular limited liability company incorporated in Guernsey, on 30th August 2013
Issue Size and Pricing	US$100 million programme US$20 million – Series 1 US$40 million (expected) – Series 2
Date of Issue	Series 1 – closed on the 4th October 2013 Series 2 – ongoing
Tenor	Five years
Coupon Rate	7% per annum
Average Life	Approximately 2.5 years
Maturity Date	Series 1st – 4th October 2018
Payment	Quarterly in arrears on a fully amortizing basis
Currency	US dollars
Obligor	Atlanticlux Lebensversicherung S.A. (subsidiary of FWU Group)
Rating	Fitch assigned the Sukuk an investment grade credit rating of BBB-
Subscription	Series 1 was oversubscribed. European Islamic Investment Bank (EIIB) and Rasmala Group (Rasmala) has subscribed to 15% of the total Sukuk issuance
Governing Law	Guernsey
Principal Advisors	EIIB and Rasmala
Lead Arranger	EIIB
Lead Manager	Rasmala
Legal Counsel for Obligor	Morgan, Lewis & Bockius acted as counsel to FWU, and as transaction structuring counsel. Bedell Cristin Guernsey Partnership acted as Guernsey counsel to the Issue and Issuer
Shariah Advisor	Amanie Advisors

Challenges

The transaction was the first time an Islamic bond structure had been deployed on top of a block of pre-determined life insurance contracts. The transaction required careful

Chart: FWU Sukuk Wakalah programme



consideration of Shariah, insurance, tax, accounting and securities law requirements. One of the main challenges was to reflect a structure which would achieve the multiple commercial rationales for the deal whilst ensuring that the deal remained Shariah compliant at all times. Particularly, it proved challenging to structure the ultimate obligor's obligation to the Issuer in a way that would not amount to a guarantee. A close dialogue with, and coordination among, the Shariah advisors, trustees and paying agents led to the successful resolution of this issue.

Other challenges included ensuring the commercial viability of the structure in the context of a heavily regulated legal environment and ensuring the compatibility of common and civil law concepts with each other, and with Shariah.

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Golden Agri-Resources' US$490.95 million Sukuk Murabahah

Indonesia Deal of the Year

Golden Agri-Resources (GAR), a Singapore-listed palm oil plantation company, issued a RM1.5 billion (US$490.95 million) Sukuk Murabahah on the 19th November 2012, as part of a 15-year ringgit-denominated Islamic medium-term notes program of up to RM5 billion (US$1.52 billion).

The issuance is the company's first ringgit-denominated Sukuk offering, with its proceeds to be used for its Shariah compliant general corporate purposes.

The company, touted as the world's second-largest palm oil plantation company, operates 459,500 hectares of plantations in Indonesia, where its primary activities range from cultivating and harvesting oil palm trees, processing fresh fruit bunches into crude palm oil (CPO) and palm kernel; and refining CPO into industrial and consumer products.

It is also present in China, where it operates a deep sea port, oilseed crushing plants; and production capabilities for refined edible oils and food products.

The five-year notes offer a coupon of 4.35%. Additionally, the company said that due to its US dollar-denominated revenues, it has also entered into a cross-currency swap transaction to convert its Sukuk into US dollars.

Summary of terms & conditions	
Size	RM5 billion (US$1.52 billion)
Issuer	Golden Agri-Resources
Arranger	RHB Investment Bank
Legal Counsel for Arranger	Adnan, Sundra & Low
Legal Counsel for Arranger (International Law)	Conyers Dill & Pearman
Legal Counsel for Issuer	Uteem Chambers
Shariah Advisors	Shariah Committee of Securities Commission of Malaysia

Franky O Widjaja, its chairman and CEO, said that: "We believe that the Sukuk will support GAR's strategy by strengthening its balance sheet, extending the overall debt maturity profile, maximizing financial flexibility and enhancing GAR's position to executive internal and external growth plans. "

The issuance also reflects the confidence of the financial market towards GAR's credit profile."

Providing innovative trade finance solutions

Turkey Deal of the Year

The International Islamic Trade Finance Corporation (ITFC) is an autonomous entity within the IDB Group created with the purpose of advancing trade to improve the economic condition and livelihood of people across the Islamic world. ITFC has consolidated all the trade finance businesses that used to be handled by various windows within the IDB Group. It commenced operations in Muharram 1429H (January 2008G). The consolidation of the IDB Group's trade finance activities under a single umbrella increased the corporation's efficiency in service delivery by enabling rapid response to customer needs in a market-driven business environment.

Summary of terms & conditions	
Instrument	2-Step Murabahah
Issuer (Borrower)	Turk-Eximbank
Issuer Principal Activities	ECA/Export Financing
Issue Size & Pricing	US$50 million
Date (Approval)	6th March 2013
Issuances (Disbursement)	26th March 2013
Arrangers (Financier)	ITFC
Purpose of Issue	Exports financing of corporation through Eximbank

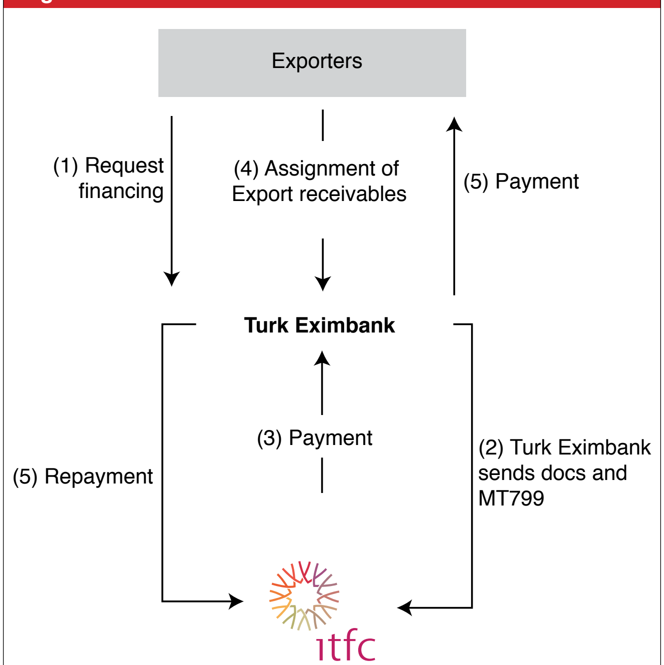
As a leader in Shariah compliant trade finance, ITFC deploys its expertise and funds to businesses and governments in its member countries. Its primary focus is to encourage intra-trade among OIC member countries. As a member of the IDB Group, ITFC has unique access to governments in its member countries and it works as a facilitator to mobilize private and public resources towards achieving its objectives of fostering economic development through trade.

“As a member of the IDB Group, ITFC has unique access to governments in its member countries and it works as a facilitator to mobilize private and public resources towards achieving its objectives of fostering economic development through trade”

The corporation helps businesses in member countries gain better access to trade finance and provides them with the necessary trade-related capacity building tools in order to help them compete successfully in the global market. The first two-step Murabahah export financing line between ITFC and Eximbank

Traditionally, Islamic trade finance lines are inclined to imports due to Shariah compliance issues. In case of import financing, shipping documents are transferred via banking channels and importer's bank can offer Murabahah-based import financing

Figure 1: Schematic flow of the transaction



Transaction process:
(1) Exporters apply to Turk Eximbank for financing;
(2) Turk Eximbank sends copy of export declaration forms and MT799 SWIFT message for requesting payment along with a list of exporters as a bulk;
(3) ITFC pays Turk Eximbank in a lump sum payment;
(4) Turk Eximbank has its contractual arrangement such as assignments of export receivables;
(5) Turk Eximbank pays exporters;
(6) On maturity, Turk Eximbank repays to ITFC.

from another Islamic bank to its client against possession of negotiable Bill of Lading. The Murabahah sale works as the Islamic bank sells the goods financed to importer's bank on differed payment and importer's bank sells the same to the importer.

In the case of export financing, Islamic banks developed certain products, yet, they were subject to criticism due to their resemblance to factoring. In this regard, in 2013 ITFC and Turk Eximbank, have jointly developed the first two-step Murabahah export financing line structure. Before 2013, two-step Murabahah lines of trade financing had been implemented for import financing only. This was the first two-step Murabahah deal for export financing.

The structure of the facility is as follows: ITFC purchases the goods from exporters upon presentation of proof of exports, via export declaration forms, and then sells the same to Turk Eximbank which has its own arrangement with the exporter such as assignment of receivables from exporters.

The facility was approved on 6th March 2013, the legal documentation finalized on the 19th June 2013, and the first disbursement was effected on the 26th June 2013.

The structured deal in a nutshell

The facility is unique as:

1. It complies with Islamic finance law (Shariah) by modified version of two-step Murabahah agreement;
2. It is very efficient as disbursement can be done in the same day of request;
3. There is assignment of export proceeds which enhance risk management;
4. Presentation of export declaration forms assures usage of funds for export financing;
5. The full details of financed transaction (buyer, seller, pricing, etc.) are available since disbursement require presentation of export declaration forms.

This innovative solution is expected to open up a new avenue for the Islamic finance industry in the course of export financing through export credit agencies by providing Shariah compatible and disbursement efficient structure.

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Comeback kid: Dubai hits back with the first sovereign Sukuk of 2013

UAE Deal of the Year

The government of Dubai, via its department of finance, has successfully issued a dual-tranche bond with a Sukuk feature, worth US$1.25 billion. The 10-year US$750 million Sukuk and 30-year conventional notes were priced at a profit rate of 3.8% and 5.25% respectively; reflecting the high levels of liquidity and an improving risk perception on the emirate.

The issuance which was 12 times oversubscribed, came on the back of the announcement by Sheikh Mohammed Rashid Al Maktoum, the vice-president and prime minister of the UAE, and ruler of Dubai, of his intention to make the emirate an Islamic finance hub; on par with market juggernauts such as Malaysia and Saudi Arabia, as well as up and coming jurisdictions such as Qatar.

Dubai Islamic Bank, Emirates NBD, HSBC, the National Bank of Abu Dhabi and Standard Chartered Bank were the joint lead managers and bookrunners for the Sukuk; while Al Hilal Bank, Barwa Bank, Commercial Bank International, the IDB and Sharjah Islamic Bank were the co-lead managers for the issuance.

Summary of terms & conditions	
Size	US$750 million
Issuer	Government of Dubai (Department of Finance)
Joint Lead Managers	Dubai Islamic Bank, Emirates NBD Capital, HSBC, National Bank of Abu Dhabi, Standard Chartered Bank
Co-Lead Managers	Al Hilal Bank, Barwa Bank, Commercial Bank International, Islamic Development Bank, Sharjah Islamic Bank
Legal Counsel for Issuer	Latham & Watkins
Legal Counsel for Arranger	Allen & Overy
Legal Counsel for Issuer (Cayman Law)	Maples & Calder
Shariah Advisors	Dar Al Sharia, HSBC Amanah Central Shariah Committee, the Shariah advisory board of Dubai Islamic Bank and Dar Al Sharia

Overall, the Sukuk feature attracted over 340 orders exceeding US$11 billion; comprising investors from Asia, the Middle East, Europe and the US as well as high quality fixed-income investors, fund managers, insurance companies, development organizations, sovereign wealth funds and international banks. According to co-lead managers Barwa Bank, banks comprised a major percentage of the deal's institutional investors at 46%, followed by funds at 34%, and others at 40%.

> “The government of Dubai, via its department of finance, has successfully issued a dual-tranche bond with a Sukuk feature, worth US$1.25 billion”

"The transaction is a resounding success and has set the tone for upcoming issuances from the region. With a high quality orderbook of approximately US$15 billion and the fact that the government of Dubai was able to successfully print its first ever 30-year issue, this transaction is testimony of global investor confidence in the Dubai credit story and its long-term value proposition," said Salman Ansari, the regional head of debt capital markets, MENA and Pakistan for Standard Chartered Bank.

Islamic Finance *news* Awards

Deals of the Year 2013

Some bankers and analysts were disappointed that 2013 brought a less robust performance in the Sukuk sector than 2012's record-setting year. However, the leading markets continued to cement their strong performance, while new players also emerged on the scene to demonstrate the ever-widening global scope of the Islamic capital market.

The UAE re-emerged as a leading center for Sukuk issuance in 2013. With the new UAE Sukuk rules expected in early 2014 and the ratcheting up of Dubai's plans to become the leading center of the Islamic economy, we should expect Dubai to grow its role as a jurisdiction of choice for Islamic capital market transactions.

As always, Malaysia provided the largest universe of deals to analyze. Keeping their hat in the ring, the number of cross-border deals from Malaysia is also growing as Malaysian financiers supported deals in Indonesia, Saudi Arabia, and Singapore.

Saudi Arabia's strong domestic Sukuk market enjoyed the first ever clear sovereign support for an Islamic capital markets transaction. Turkey, Pakistan and Indonesia continued to make contributions, whilst Egypt, Nigeria and Oman jumped onto the Islamic capital markets scene with notable deals.

The first hint of tapering threw a scare into the Islamic capital markets in mid-2013. Nonetheless, as the slowing of quantitative easing in the US becomes a fact, most of the Islamic financial market players are adapting. As always, the Islamic syndicated finance market filled gaps that the Sukuk markets were not able to cover. A number of private equity, corporate finance and real estate equity deals also drew attention.

In all, you nominated nearly 400 deals (a 33% increase over 2012) in over 30 categories (a 20% increase over 2012). The 2013 Deal of the Year competition soared past the record set in 2012.

Although 2013 showed more execution of well-tested ideas than innovation and despite local political unrest in several key countries and global markets as well as the dismay over tapering, 2013 remained a good year for the Islamic capital markets.

The top nominees for Deal of the Year included Saudi Arabian General Authority of Civil Aviation (GACA), Malaysia Building Society (MBSB), East Delta Electricity Production Company and Emirates Airlines. Each of these deals represented an important landmark in the industry, or a new development of benefit to the market. With GACA as the largest MENA Sukuk issuance ever; East Delta delivering a new product during difficult times; and the MBSB and Emirates deals demonstrating new concepts that may be replicated throughout the markets, no choice was easy.

Nearly three years in the making, the International Islamic Liquidity Management Corporation (IILM) issued its first Sukuk in 2013. Designed to support the Basel III-driven needs of Islamic banks to have access to high-grade, easily traded securities, the transaction was well received. Finally stepping into its role to support the Islamic financial services industry, the inaugural Sukuk of the IILM won the Islamic Finance *news* Deal of the Year for 2013.

(The IFN DOTY Awards Board)

DEAL OF THE YEAR: International Islamic Liquidity Management Corporation (IILM) US$490 million Sukuk	
Size	US$490 million
Issuer	International Islamic Liquidity Management Corporation (IILM)
Primary Dealers	Abu Dhabi Islamic Bank, AlBaraka Turk, CIMB Islamic, KBL Private Bankers, Kuwait Finance House, Maybank Islamic, National Bank of Abu Dhabi, Qatar National Bank, Standard Chartered Bank
Legal Counsel (Malaysia)	Adnan, Sundra & Low
Legal Counsel for Issuer	Allen & Overy
Legal Counsel for Dealers	Freshfields Bruckhaus Deringer
Shariah Advisor	Shariah Committee of Issuer

The Islamic Liquidity Management Corporation (IILM) is an international institution established by central banks, monetary authorities and multilateral organizations in 2010 to create and issue short-term Shariah compliant financial instruments to facilitate effective cross-border Islamic liquidity management. The IILM issued its first Sukuk from a US$2 billion short-term Sukuk program. Rated by S&P, the issuer is a Luxembourg incorporated securitization vehicle. One reason for the difficulty in launching was how to acquire access to government-sponsored assets in sponsor state jurisdictions. The deal also had to reconcile Shariah principles with Luxembourg civil law. Underlying the deal are a number of Sukuk issues which were privately purchased by IILM Holding 2. The Sukuk were issued by sovereign-related entities and were issued in Ijarah and Murabahah format. In order to ensure the Sukuk achieved the rating requirements for the short-term Sukuk program, collateral and credit enhancement features were incorporated into the deal.

1. The Sukuk are tradable US dollar-denominated short-term financial instruments with maturities of up to one year;
2. The Sukuk qualify as money-market instruments backed by sovereign assets; and
3. The Sukuk are tradable globally via a multi-jurisdictional primary-dealer network.

As a result, the IILM's Sukuk have strong global support as they represent a unique collaboration between several central banks and a multilateral development bank. Apart from meeting the market demand for highly rated short-term Shariah compliant cross-border liquidity instruments, the IILM short-term Sukuk complement the intermediate and long-term Sukuk currently available in the market. The US dollar short-term cross-border Sukuk should address the challenges that Islamic financial institutions face in managing their liquidity more effectively and efficiently.

Honorable Mention for Deal of the Year included GACA; Malaysia Building Society; East Delta Electricity Production Company; and Emirates Airlines.

MOST INNOVATIVE: Telekom Malaysia RM200 million Sukuk Wakalah Program	
Size	RM200 million (US$60.84 million)
Issuer	Telekom Malaysia
Arrangers	CIMB Investment Bank, Maybank Investment Bank
Legal Counsel for Issuer	Adnan Sundra & Low
Legal Counsel for Arrangers	Zaid Ibrahim & Co
Shariah Advisor	The Shariah Committee of Maybank Islamic Bank

Innovation was not a hallmark of 2013. Two airlines came to market with seat voucher deals (Emirates and Pakistan International Airlines). Barwa's The First Investor secured Istisnah financing for a major project in the US. and DanaInfra launched the first Malaysian retail Sukuk, albeit using tried and true methods. Telekom Malaysia's Islamic commercial paper (ICP) program and Islamic medium-term notes (IMTN) program have a total combined limit of up to RM3 billion (US$912.57 millon) in nominal value applying the concept of Sukuk Wakalah. Telekom Malaysia's seven-year Sukuk is the first to utilize broadband units as an underlying asset. Returns on the Sukuk come from a share of the profit generated by the issuer's broadband services as represented by a specific number of broadband units which Telekom Malaysia sells to customers on behalf of the Sukukholders.

Airtime, toll vouchers and seat vouchers have already qualified as underliers for Islamic transactions. The application of broadband units are a unique addition to the universe of intangible assets and facilitate Telekom's speed to market on future issuances by not requiring the company to deal in complex sales and lease back transactions involving land, buildings, or switching stations. This method is a logical extension into the intangible asset base of most telecommunications companies and one may expect to see the method expand globally.

Honorable Mention: CityCentreDC; Emirates Airlines; Pakistan International Airlines; and DanaInfra Nasional

SOVEREIGN: Saudi Arabian General Authority of Civil Aviation (GACA) SAR15.2 billion	
Size	SAR15.2 billion (US$4.05 billion)
Issuer	Saudi Arabian General Authority of Civil Aviation (GACA)
Joint Lead Managers	HSBC Saudi Arabia, NCB Capital Company
Co-Lead Manager	Standard Chartered Bank
Legal Counsel for Issuer	Al Jadaan & Partners, Clifford Chance
Legal Counsel for Arranger	Allen & Overy
Shariah Advisors	The Shariah Committee of the Arrangers

2013 was the year of sovereigns doing over. Structures and methods were almost universally repeated from prior year deals. In a thicket of similar deals, GACA just barely pips the rest. Due in 2023, GACA's second issuance by GACA was oversubscribed and represented the largest ever issuance in the Kingdom of Saudi Arabia and the GCC. The hybrid Sukuk released funds to finance the redevelopment of the King Abdulaziz Airport, Jeddah and King Khalid International Airport in Riyadh. One wing of the finance was invested in a Murabahah to create certainty of payment and redemption. The second wing was invested in the purchase of benefits owed to GACA, which entitles GACA to charge and collect fees from airlines landing and parking aircraft at airports in the Kingdom. The second wing, essentially a Mudarabah, established the basis for the deal being tradable. This form of hybrid has become widely used in the past three years.

Honorable Mention: Government of Pakistan; Khazanah Nasional; Government of Dubai; Republic of Indonesia; and Republic of Turkey.

CORPORATE FINANCE: Sime Darby Global US$800 million Dual Tranche Sukuk	
Size	US$800 million
Issuer	Sime Darby Global
Joint Arrangers	Citigroup, HSBC Amanah Malaysia, Maybank, Standard Chartered Bank
Legal Counsel for Arrangers (English Law)	Allen & Overy
Legal Counsel for Arrangers (Malaysian Law)	Zaid Ibrahim & Co
Legal Counsel for Issuer (English Law)	Linklaters
Legal Counsel for Issuer (Malaysian Law)	Zul Rafique & Partners
Shariah Advisors	The Shariah Committee of HSBC Amanah Malaysia, Shariah Committee of Maybank Islamic , Shariah Board of Citi Islamic Investment Bank and the Shariah Supervisory Committee of Standard Chartered Bank

In 2013, there was an active corporate finance market with a number of landmark mergers and acquisitions, syndications, and a number of creative deals. Sime Darby's Reg S program is Asia's first internationally rated multi-currency Sukuk program based on an Ijarah structure. The issuer, Sime Darby Global, is an SPV which operates a multi-currency Islamic securities program by acquiring the beneficial ownership of assets from Sime Darby. The asset purchases resulting from each issuance are to be applied by Sime Darby to finance its own or its subsidiaries' working capital requirements, to finance future investments, capital expenditure, and/or to refinance debt obligations of the parent or any subsidiaries. Each issue of Sukuk has a different group of plantation assets underlying the issue; the assets themselves may reside in various subsidiaries of Sime Darby. Complexities in the deal related to asset jurisdiction, matching back-to-back lease arrangements, and ease of determining the execution of transfer of beneficial ownership.

Honorable Mention: BIMB Holdings; Gulf Marine Services; SP Setia; and Dabbagh acquisition of stake in Petromin.

RESTRUCTURING: A'ayan Leasing and Investment Co. US$1.3 billion Debt Restructuring	
Size	US$1.3 billion
Issuer	A'ayan Leasing & Investment Co
Arrangers	Steering Commitee
Legal Counsel for Arrangers	Allen & Overy
Legal Counsel for Arrangers (Kuwait Law)	ASAR Al Ruwayeh & Partners
Legal Counsel for Issuer	DLA Piper

The problems of the financial crisis are slowly fading away in the GCC. In 2013, there were many high profile restructurings. A'ayan was one of the standouts as it was the first Shariah compliant restructuring under application of the financial stability law in Kuwait (Decree No. 2 of 2009). As a Shariah compliant company, the defaulted structures included Murabahah and other Islamic instruments. The ultimate restructuring involved a number of innovative restructuring techniques including 'haircut' arrangements, debt-for-equity and debt-for-asset swaps. Many of these were first applied in the Kuwaiti legal and regulatory context.

Honorable Mention: Arcapita; Dana Gas; Noor Hospitals; and DEWA.

CROSS BORDER: International Bank of Azerbaijan US$120.5 million Murabahah Syndicated Facility	
Size	US$120.5 million
Issuer	International Bank of Azerbaijan
Arrangers	Barwa Bank, Emirates NBD Capital, JP Morgan Chase, Noor Bank
Legal Counsel for Arrangers (English Law)	Norton Rose Fulbright
Legal Counsel for Arrangers (Azerbaijan Law)	Omni Law Firm
Shariah Advisor	Dar Al Sharia, The Shariah Committee of Noor Bank

The nominated high quality cross-border deals in 2013 was diverse and exciting. The top nominees opened new markets, found innovative ways to raise capital, and posed a challenge for us to make decisions. Maran Nakilat brought Qatari funds to a new market in Greece. Al Noor Hospitals Group raised equity and listed on the London Stock Exchange (LSE), applying the proceeds to its healthcare business in the UAE. Mobily brought in the largest joint Scandinavian export credit agency (ECA) financing to the MENA region and introduced Finland's ECA to the Islamic market. Kuwait's Al Kharafi Group secured its guarantees for the modernization and expansion of the Kuwait International Airport form Dubai Islamic Bank. Atlanticlux Lebensversicherung generated funding for FWU's Takaful operations. Abu Dhabi Equity Partners opened the Brazil market with a novel trading platform. And Arcapita famously reorganized their debts in New York bankruptcy court.

The International Bank of Azerbaijan stands out as the opening of a new Islamic finance destination for GCC and American banks. The cross-border Islamic syndicated financing transaction was the first Islamic facility raised for an Azerbaijani bank. Among the key obstacles to the deal was the fact that a substantial number of banks in the GCC have no country limits for Azerbaijan. When the deal was being pulled together, the syndicate had to overcome internal differences about how to execute the Tawarruq structure. The bank itself is conventional with an Islamic window, as Islamic finance is still in its infancy in Azerbaijan. On the one hand, the deal contributes to building this market. On the other hand, the size of the market means that opportunities are limited.

Honorable Mention: Maran Nakilat; Al Noor Hospitals Group; Mobily; Al Kharafi Group; Atlanticlux Lebensversicherung; Abu Dhabi Equity Partners; and Arcapita.

SYNDICATED: Gulf Marine Services US$340 million Ijarah Facility	
Size	US$340 million
Issuer	Gulf Marina Services
Lead Arrangers	Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, Mashreq, First Gulf Bank
Arrangers	Ajman Bank, Al Hilal Bank, Mubadala GE Capital, Noor Bank, Qatar Islamic Bank, United Arab Bank
Legal Counsel for Issuer	Gibson, Dunn & Crutcher
Legal Counsel for Arranger	White & Case
Shariah Advisor	The Shariah Committee of ADIB

The 2013 syndication market was active with a number of mega deals across markets as well as well-targeted smaller syndications in local markets. Although the CityCentreDC deal represents the opening of a new market, the method is the tried and true Istisnah. Astra Sedaya Finance was remarkable as the first Wakalah syndication for Indonesia. The Saudi ARAMCO Mobile Refinery relied on Tawarruq.

The Gulf Marine Services deal is structured to provide a flexible secured facility to the company and to provide for future cash needs, an uncommon feature in Murabahah deals. Gulf Marine Services is a regional leader in the provision of services requiring self elevated support vessels and anchor handling tug supply vessels. Generally, the asset-heavy company serves the oil, gas and renewable energy sectors. In addition to vessels, the company offers offshore accommodation, well maintenance, project management, construction and installation services.

The complex Ijarah transaction allowed Gulf Marine Services to re-profile of existing debt into a multi tranche facility, fund a US$80 million dividend, finance expansion, and meet ongoing working capital requirements. The deal is secured with an assignment of contracts, mortgage over vessels, with a low investment-to-value ratio. The deal has covenants and credit enhancements which include a cash sweep. The Ijarah is structured to facilitate an uncommitted line to future capital expenditures and business expansion.

Honorable Mention: CityCentreDC; Astra Sedaya Finance; and Saudi ARAMCO Mobile Refinery.

SUKUK: International Islamic Liquidity Management Corporation (IILM) US$490 million Sukuk	
Size	US$490 million
Issuer	International Islamic Liquidity Management Corporation (IILM)
Primary Dealers	Abu Dhabi Islamic Bank, AlBaraka Turk, CIMB Islamic, KBL Private Bankers, Kuwait Finance House, Maybank Islamic, National Bank of Abu Dhabi, Qatar National Bank, Standard Chartered Bank
Legal Counsel (Malaysia)	Adnan, Sundra & Low
Legal Counsel for Issuer	Allen & Overy
Legal Counsel for Dealers	Freshfields Bruckhaus Deringer
Shariah Advisor	Shariah Committee of Issuer

Many interesting Sukuk deals were delivered to the market in 2013: DanaInfra with the first retail Sukuk in Malaysia; Malaysia Building Society; Saudi Electricity Company; Osun Sukuk; Bank Asya; Ooredoo; Sadara; and Sime Darby all represent important landmarks in the Sukuk market either on the global or national level. But, the long-awaited International Islamic Liquidity Management Corporation (IILM) Sukuk program offering investment grade tradable Sukuk is the Sukuk deal of the year. IILM delivers instruments which facilitate effective cross-border Islamic liquidity management and qualify as high quality investments for Basel III purposes.

Honorable Mention: DanaInfra Nasional, Malaysia Building Society; Saudi Electricity Company; Osun Sukuk; Bank Asya; Ooredoo; Sadara; and Sime Darby.

EQUITY: BIMB Holdings: Rights issue of 426.72 million ordinary shares with free detachable warrants to raise RM1.81 billion (US$551.75 million) to part finance the acquisition of an aggregate of 49% equity interest in Bank Islam Malaysia	
Size	RM1.81 billion (US$551.75 million)
Issuer	BIMB Holdings
Lead Arranger	Bank Islam Malaysia
Legal Counsel for Issuer & Arranger	Wong & Partners
Shariah Advisor	Shariah Supervisory Council of Bank Islam

Several private equity deals were nominated including Alkhabeer's Express Publishing & Investment which demonstrates the emergence of generational change in many UAE businesses founded by South Asian entrepreneurs; and RHB Investment Bank's Weststar Aviation Services which brought Kohlberg Kravis & Roberts (KKR) into the Islamic ambit for a Malaysian deal. Al Noor Hospital's London Stock Exchange (LSE) listing was also notable. But, BIMB Holding's is perhaps notable for its strategic achievement.

BIMB Holdings supplemented the Rights and Warrants issues with a 10-year Tawarruq securities issuance of RM1.66 billion (US$505.04 million) (nominal value). The proceeds of the issuances were applied to allow BIMB Holdings to acquire the remaining 49% of issued and paid-up share capital of Bank Islam from Dubai Financial Group (30.47% of the issued and paid-up share capital of Bank Islam for a cash consideration of US$550 million and from Lembaga Tabung Haji (18.53% of the issued and paid-up share capital of Bank Islam) for a cash consideration equivalent to US$334.6 million (payment was in Malaysian ringgit). The remaining funds covered the cost of executing the transactions and provided additional working capital requirements for BIMB Holdings.

The overall structure was designed to optimize the capital structure of BIMB Holdings and achieve the correct combination of equity and debt. The transaction is structured with covenants to ensure transparency and protection of investor's rights.

This deal was the largest fund raising exercise via Rights Issue with Warrants in the Malaysian financial sector in 2013. The deal was also the largest such transaction for a publically listed company in Malaysia. The key outcome of the deal is the independence of Bank Islam.

Honorable Mention: Al Noor Hospitals Group; Express Publishing & Investment; and Weststar Aviation Services.

IJARAH: Siemens Pakistan Engineering Company PKR200 million Off-Balance Sheet Lease Facility	
Size	PKR200 million (US$1.87 million)
Issuer	Siemens Pakistan Engineering Company
Lead Arranger	Meezan Bank

Some deals of the year are notable for size, others for sound execution of the basics. Certainly, Saudi Electricity Company, Kimanis Power and Telekom Malaysia all had mega deals in the market. Both Tilal Development Company (Modern Sukuk Company) and Osun Sukuk represented the opening of new markets. Meezan Bank, however, often sticks to the simple and clear application of basic principles to serve their customers.

Meezan structured the operating finance lease to enable Siemens Pakistan to continue enjoying the benefit of the leased assets. Simultaneously, the transaction took the assets off of Siemens Pakistan's balance sheet in the local reporting of financial statements done in accordance with IFAS, and to keep both assets and related financing off balance sheet under International Accounting Standards followed by the company for its group reporting purposes. As a result, Siemens Pakistan unlocked cash without increasing financial leverage on its balance sheet.

Honorable Mention: Tilal Development Company through Modern Sukuk Company; Telekom Malaysia; Kimanis Power; Osun Sukuk; and Saudi Electricity Company.

PROJECT FINANCE & INFRASTRUCTURE: Sadara Basic Services Co SAR7.5 billion Project Sukuk	
Size	SAR7.5 billion (US$1.99 billion)
Issuer	Sadara Basic Services Company
Lead Arrangers	AlBilad Investment Company, Alinma Investment Company, Deutsche Securities Saudi Arabia, Riyad Capital
Legal Counsel for Issuer	The Law Offices of Dr Waleed N Al-Nuwaiser in association with White and Case, White & Case
Legal Counsel for Arrangers (Saudi Arabia Law)	Allen & Overy
Legal Counsel for Arrangers (to the Dow Chemical Company)	Hatem Abbas Ghazzawi & Co, Shearman & Sterling (London)
Legal Counsel for Arrangers (International Law)	Milbank, Tweed, Hadley & McCloy
Shariah Advisor	The Joint Shariah Committee of Alinma Investment Company, AlBilad Investment Company, Deutsche Bank and Riyad Capital

As expected the project finance and infrastructure markets are extremely important in the Islamic finance field. CityCentreDC, Kimanis Power, and Deyar Al Balad were all very important and distinct projects. The first represented the largest ever Istisnah construction financing in the US. The second is a major Malaysian Ijarah-based project financing. And Deyar Al Balad is a smaller Saudi public private partnership real estate development in Makkah. The Sadara Basic Services Company Sukuk forms part of a US$20 billion multi-source project financing for the construction of a chemical facility in Saudi Arabia. The project, when constructed, will be one of the world's largest integrated chemical facilities. It will be the largest ever built in a single phase. Sadara incorporates complex inter-financier issues, ECA issues, and validation of the newly promulgated, but not yet, in force Saudi Arabian Sukuk rules.

Listed on Tadawul, the Saudi Arabian Stock Exchange, Sadara is only the second Sukuk to be approved under new rules. The structure is declining Musharakah with a project Istisnah and Ijarah for pre and post-occupation of the Islamic assets. The profit and principal payable under the Sukuk are funded by the underlying forward lease rentals during construction and actual lease rentals post-construction of the project assets. The Musharakah ensures that the Sukuk are tradable even during the construction period.

The transaction is particularly notable as the sponsors (Saudi Aramco and Dow Chemical) wanted to issue the project Sukuk reasonably early on in the overall financing timeline — in particular, the Sukuk was to be issued prior to the signing of the wider financing, which presented some unique challenges. A regime was required that would allow the Sukuk to be issued, yet also allow certain aspects of the inter-creditor arrangements to continue to be negotiated with the ECAs and the lenders, without having to consult the holders of the Sukuk. The consent regime needed to be robust enough to keep the Sukukholders comfortable, but flexible enough to accommodate the continuing discussions with the conventional lenders and the ECAs. The transaction also saw a number of enhancements to the structure used on the preceding Saudi Arabian project Sukuk for SATORP. Foremost among these was the introduction of a new special purpose entity to act as an 'authorized agent' on behalf of Sadara in its various capacities as lessee and procurement contractor.

Honorable Mention: CityCentreDC; Kimanis Power; and Deyar Al Balad.

IPO: Al Noor Hospitals Group GBP221 million Initial Public Offering	
Size	GBP221 million (US$362.78 million)
Arrangers	Deutsche Bank, Goldman Sachs International
Issuer	Al Noor Hospitals Group
Legal Counsel for Arrangers	Clifford Chance
Legal Counsel for Issuer	King & Spalding, Linklaters
Legal Counsel (offshore)	Maples & Calder

This was a light year for IPO nominations. UMW Oil & Gas Corporation was a major transaction in Malaysia resulting in a new Islamic stock offering under the Securities Commission's new criteria. DAMAC was also a significant event in the UAE. Noor Hospitals, however, brings a unique flavor to the IPO segment.

Al Noor Hospitals Group took advantage of its GBP221 million IPO to restructure its Abu Dhabi operations. Proceeds of the IPO funded the acquisition of a specialty center and a group of medical centers for US$50 million; the expansion of existing facilities at Khalifa Hospital and the continued development of new medical centers in Abu Dhabi; and to support the group's entry into other key emirates.

An eye-catching reality is that Al Noor listed, not in the UAE or MENA region, not in Malaysia, but on the LSE. The shareholding structure involves a Mudarabah arrangement which allows UK investors to acquire an interest in the Issuer's principal limited liability company, incorporated in the UAE, in a manner that maximizes foreign control in such company while, at the same time, respecting the fundamental UAE laws relating to (a) foreign ownership; and (b) anti-fronting. The Mudarabah structure incorporates complex shareholder arrangements to ensure that close to 100% of the economic benefits in the issuer's local UAE company indirectly revert to the issuer. The structure was rigorously tested by the UK Listing Authority before it was approved for purposes of the IPO. The structure may be replicable to allow UAE companies to seek international liquidity by listing on a foreign exchange.

Honorable Mention: UMW Oil & Gas Corporation and DAMAC Real Estate Development.

MUDARABAH: East Delta Electricity Production Co. US$110 million Restricted Mudarabah Finance Facility	
Size	US$110 million
Issuer	East Delta Electricity Production Co
Arranger	Abu Dhabi Islamic Bank (Egypt)
Co-Arranger	Banque Misr
Legal Counsel for Issuer & Arranger	In-House Council of ADIB Egypt & Banque Misr
Shariah Advisor	The Shariah Committee of ADIB Egypt

2013 saw many mega Mudarabah deals including Dana Gas; GEMS Education; Dubai Islamic Bank; and Arcapita Investment Holdings restructuring. Abu Dhabi Islamic Bank — Egypt (ADIB Egypt) was not the largest, but it was executed in difficult circumstances and applied a novel structure to purpose for which conventional banks are often quick to act with fine pricing.

The ADIB Egypt structure relates to the issuance of letters of credit and their prospective refinance through restricted a Mudarabah finance facility. The deal was executed for sight and usuance letters of credit up to US$110 million in favor of East Delta Electricity Production Company for the importation of spare parts for the production facility stations. The facility covers a five-year base stock supply. The Mudarabah facilities were priced at profit sharing ratio reflecting a pre-agreed margin above the mid-corridor rate as announced by the Central Bank of Egypt. The Mudarabah facility has a term of four years and funds in Egyptian pounds up to 85% of goods under the letter of credit documents. The deal is guaranteed by the Egyptian Electricity Holding Company.

The transaction is the first corporate finance Mudarabah of its type deal in Egypt, and the first Shariah compliant syndication for a major Egyptian public energy sector entity. In addition to its Islamic finance benefits, the financing supported a strategic sector at a time where power outages were frequently affecting the industrial and commercial sectors and the daily life of every Egyptian. The financing prospectively helps the obligor to provide electricity in seven strategic governorates.

Honorable Mention: Dana Gas; GEMS Education; Dubai Islamic Bank; and Arcapita Investment Holdings.

MURABAHAH: Etihad Etisalat Company (Mobily) US$645 million ECA Financing	
Size	US$645.85 million
Issuer	Etihad Etisalat Co (Mobily)
Arrangers	Crédit Agricole Corporate and Investment Bank, Deutsche Bank
Legal Counsel for Issuer	Latham & Watkins
Legal Counsel for Arranger	Allen & Overy

Normally, our Murabahah class does not encompass Tawarruq as we wish for the category to reflect the true movement of goods between parties. This year, many of the true trade finance deals incorporated Tawarruq. The Mobily US$645 million deal with northern Europe ECAs highlights the importance of cross-border trade with non-Muslim countries. This transaction follows SEK's prior deal for Saudi Telecom's Indonesian subsidiary. The Mobily deal was disbursed in two tranches backed by the Swedish and Finnish export agencies. The first of US$320.85 million was a Murabahah facility with the support of Sweden's Exportkreditnämnden for the purchase of eligible goods and services from Ericsson AB. The second was a US$325 million Murabahah facility with the support of Finnvera, for the purchase of eligible goods and services from Nokia Siemens Tietoliikenne Oy. Each deal provides long-term low cost fixed rate financing to Mobily on terms which cannot be found in commercial banking market. The proceeds help fund Mobily's capex development plan. Although Mobily could have been contemplated as a true trade Murabahah, the counterparties preferred the flexibilities that Tawarruq would provide including the facilitating of multiple tranches.

For Finnvera the deal represented a number of firsts: its first Islamic deal, its largest deal ever in Saudi Arabia and its largest ever deal in the Middle East.

Honorable Mention: Trading Corporation of Pakistan; Turk-Eximbank; Abu Dhabi Equity Partners; and Bahra Advanced Cable Manufacturing Co.

MUSHARAKAH: SP Setia RM700 million Sukuk Musharakah Program	
Size	RM700 million (US$212.97 million)
Issuer	SP Setia
Joint Lead Managers	CIMB Investment Bank, Hong Leong Investment Bank, RHB Investment Bank
Legal Counsel for Joint Lead Managers	Albar & Partners
Shariah Advisor	The Shariah Committee of RHB Islamic Bank and CIMB Islamic Bank

The Musharakah category was also hotly contested with the competition spilling into the perpetual category. Each of Malaysia Airports Holdings, UMW Holdings, Pandu Logistics, and Sadara Chemical Company had an offering with strong merits.

SP Setia is a public-listed company and a prominent property developer. The company is constantly increasing its land bank as well as developing townships. Given the nature of the real estate business, SP Setia requires long-term funding. As a public company, SP Setia has to consider the issues relating to dilution if it issued new shares.

Given the lack of favor that real estate is currently suffering, and the Basel III impact on long-term project financing, SP Setia's Sukuk Musharakah program addresses the key issues facing the company and helps it to stand out in a large crowd.

This Sukuk Musharakah is a perpetual Sukuk, combining Musharakah and Musawwamah, to be issued by a Malaysian public-listed company in the property sector. The issuance has no fixed tenure or maturity date, but it does incorporate a step up feature after the fifth year. The Sukuk Musharakah was structured to be classified as equity in the financial statements of the issuer while having common features of a fixed income instrument such as a periodic distribution to investors thanks to the Musawwamah element.

The net proceeds arising from the issuance of the deal will be utilized towards the deal expenses, purchase of lands, buildings and property; and development and construction costs and working capital of existing and future projects; as well as the issuer's working capital. The issuance allows SP Setia to tap a large pool of funds without increasing its debt to equity ratio. As a result, the company preserves financing capacity in the broader market.

The securities are not convertible to any class of the Issuer's ordinary shares avoiding dilution of the existing shareholders of the Issuer.

Honorable Mention: Malaysia Airports Holdings; UMW Holdings; Pandu Logistics; and Sadara.

PERPETUAL: SP Setia RM609 million Sukuk Musharakah (First Issuance)	
Size	RM609 million
Issuer	SP Setia
Arrangers	CIMB Investment Bank, Hong Leong Investment Bank, RHB Investment Bank
Legal Counsel for Issuer	Albar & Partners
Shariah Advisor	The Shariah Committee of RHB Investment Bank & CIMB Investment Bank

Perpetuals became the flavor of the year in 2013 with the form moving into the corporate, education, and real estate sectors. Al Marai Company as the largest integrated dairy company in the MENA region issued, as did GEMS Education, one of the largest education firms in the GCC. But, property is the most challenging business segment in which to attract funding. Given the success of publically listed real estate developer SP Setia to launch its RM700 million program allows them to top the very well-noted competition.

Honorable Mention: GEMS Education; Al Marai Company; and Dubai Islamic Bank.

REAL ESTATE: CityCenterDC US$390 million Financing	
Size	US$390 million
Issuer	CityCenterDC
Arranger	JP Morgan Chase
Project Sponsor	TFI US Real Estate Fund
Legal Counsel for Arranger	King & Spalding
Shariah Advisor	The First Investor

As always, real estate is a deeply desired investment for Muslim investors. This year's nominations included a number of interesting deals. Deyar Al Balad was proposed a Makkan public private partnership for real estate development. The SAR4.3 billion (US$1.14 billion) Arabian Centers Company was the largest financing for a private sector company in Saudi Arabia. DLA Piper nominated Alkhabeer's Park 10 US acquisition, which applied the well-tried master sub-lease structure for real estate acquisition. CityCentreDC, however, is a landmark. It is the largest ever domestic US Islamic real estate financing for GCC investors.It is one thing to build on Key Bank's 2002 authorization to use Istisnah and another to craft suitable tax-friendly documentation. The process took nearly 18 months after selection of JPMorgan Chase to lead the financing syndicate which including many leading US banks. The project itself is a major urban redevelopment project in the US capital. Composed of multiple office and residential buildings, the project is a short walk from the Capitol Building, sporting arenas, and the convention center.

Honorable Mention: Deyar Al Balad; Arabian Centers Company; and Park 10.

TAWARRUQ: Maran Nakilat Co. US$662.4 million Revolving Commodity Murabahah Facility	
Size	US$662.4 million
Issuer	Maran Nakilat Company
Arrangers	Barwa Bank, Qatar Islamic Bank
Legal Counsel for Issuer	Latham & Watkins
Legal Counsel for Arrangers	Allen & Overy
Shariah Advisor	The Shariah Committee of Qatar Islamic Bank & Barwa Bank

Tawarruq, often termed commodity Murabahah, is the process of generating cash or financing from a series of sales transactions, typically involving four counter-parties. Albaraka Turk Participation Bank used the structure to issue non-tradable Sukuk as part of its regulatory capital structure. BIMB Holdings incorporated Tawarruq into its shareholder buyout. Malaysia's Cagamas and Perbadanan Tabung Pendidikan Tinggi Nasional also achieved successful large-scale Tawarruq transactions. Maran Nakilat jumps ahead of the crew for its various characteristics. The transaction finances two LNG which are contracted to for Ras Gas and British Gas through its own vessels. Maran Nakilat is the first ever Islamic vessel financing transaction for a Greek company (co-owned by Qatar's Nakilat). The five-year deal has an extension option for a further five years which also allows for re-sizing of the facility. One reason that Tawarruq is often preferred for shipping finance is that it facilitates the use of shipping mortgages which are well understood in the global market, and it allows financing without ownership risk. In the hydrocarbon sector, ownership risk often extends to carrying the liability for pollution.

Honorable Mention: Albaraka Turk Participation Bank; BIMB Holdings; Cagamas; and Perbadanan Tabung Pendidikan Tinggi Nasional.

STRUCTURED FINANCE: MBSB RM495 million Covered Sukuk Commodity Murabahah (First Tranche)	
Size	RM495 million (US$150.59 million)
Issuer	Malaysian Building Society
Sole Lead Arranger	RHB Investment Bank
Legal Counsel for Arranger	Kadir, Andri & Partners
Shariah Advisor	Amanie Advisors

Although a number of clever structures were nominated for the Structured Finance Deal of the Year, the MBSB deal is the first covered Sukuk transaction in the Islamic housing finance sector. Tamweel and others have issued asset-backed securities. But, with the growing Basel III challenges, many Islamic banks operate in jurisdictions in which securitization is not easy, not possible. Leave it to the Malaysians to pioneer a model for which is replicable and may be adjusted to other markets. A key distinction in this deal is that unlike many covered deals in the MENA region, the investors are legally able to access the 'cover' to satisfy their claims. Most earlier deals in the MENA region are asset-light and the Sukukholders cannot make claims on the underliers.

MBSB is a key provider of personal financing facilities for civil servants in Malaysia. The institution is seen as very secure as almost all repayments (99%) collected through salary-deduction schemes. Funding in this deal is provided through Tawarruq creating a direct claim against MBSB. The pool of receivables transferred to the guarantor SPV give a second avenue to cover the financial claims of the Sukukholders from a dedicated pool of identified Islamic personal financing receivables which are ring fenced in the bankruptcy remote SPV.

Honorable Mention: International Islamic Liquidity Management Corporation; Univers Acier; Telekom Malaysia; and KDU University College.

TRADE FINANCE: Etihad Etisalat Company (Mobily) US$645 million ECA Financing	
Size	US$645.85 million
Issuer	Etihad Etisalat Co (Mobily)
Arrangers	Crédit Agricole Corporate and Investment Bank, Deutsche Bank
Legal Counsel for Issuer	Latham & Watkins
Legal Counsel for Arranger	Allen & Overy

Refer to explanation under Murabahah Deal of the Year on page 9.
Honorable Mention: Trading Corporation of Pakistan; Turk-Eximbank; Abu Dhabi Equity Partners; and Bahra Advanced Cable Manufacturing Co.

WAKALAH: Astra Sedaya Finance US$50 million Wakalah Syndicated Financing	
Size	US$50 million
Issuer	Astra Sedaya Finance
Participants	Bank of Tokyo-Mitsubishi UFJ (Malaysia), BNP Paribas Malaysia, CIMB Islamic, HSBC Amanah Malaysia, Standard Chartered Saadiq
Legal Counsel for Issuer (English Law)	Linklaters
Legal Counsel for Issuer (Indonesian Law)	Mochtar Karuwin Komar
Legal Counsel for Arrangers (English Law)	Bakers & McKenzie Wong & Leow
Legal Counsel for Arrangers (Indonesian Law)	Hadiputranto, Hadinoto & Partners

Although there were many large and well publicized Wakalah deals, the Astra Sedaya Finance transaction was an intriguing cross-border deal allowing 3.5-year tenors (inclusive of six months of availability period). The deal, availed in US dollars, was the first syndicated Wakalah financing in Indonesia. Supporting the auto finance business of Astra Internasional, the deal provides a means for participation in the underlying installment sales and leasing contracts of Astra Sedaya Finance.

Honorable Mention: Abu Dhabi Equity Partners; Al-Mourjan For Electricity Production Company (Rabigh 2 IPP); Emirates Airlines; Ooredoo; and PIA.

AFRICA: Government of Osun NGN11.4 billion Sukuk	
Size	NGN11.4 billion (US$72.15 million)
Issuer	Government of Osun
Lead Arranger	Lotus Capital
Co-Arrangers	Chapel Hill Advisory Partners, FBN Capital, FCMB Capital Markets, Fidelity Securities Limited, Greenwich Trust, Lead Capital, Marina Securities, Oceanic Capital Co, Pan African Capital, Phoenix Global Capital Market, Skye Financial Services , Stanbic IBTC Capital, Sterling Capital Markets, Uni Capital, Union Capital Markets, Zenith Securities
Legal Counsel for Issuer	FO Fagbohungbe & Co, Kola Awodein & Co
Legal Counsel for Trustee	Tope Adebayo
Shariah Advisors	Professor Dr Monzer Kahf and Professor Muhammad Bashar

Fulfillment of the African promise is slow. In 2013, only a few African nominees emerged. ITFC structured a revolving trade facility for Morocco's Univers Acier, freeing cash during the trade cycle for the Moroccan steel maker. The winner of the Mudarabah Deal of the Year, East Delta Electricity Production Company pulled together an innovative syndication during difficult times. But, in Nigeria, Lotus Capital pulled together the first sub-sovereign issuance applying the new Nigerian 'non-interest' capital markets framework. This is also the first sub-Saharan sub-state sovereign deal. Based on the strength of the product and the opening of the market, Osun Sukuk is the African Deal of the Year.

The 14.75% fixed return Sukuk Ijarah due in 2020 supports the construction of 23 high schools, two middle schools and two elementary schools across Osun State. The Sukuk are guaranteed by the government of Osun State. The deal won widespread support from the full Nigerian financial market community with almost all domestic investment banks acting as co-underwriters and almost all banks, conventional and non-interest buying the Sukuk. As the first sub-sovereign Sukuk in sub-Saharan Africa the deal went well despite the challenging regulatory and legal framework environment. The Sukuk were oversubscribed notwithstanding their novelty. Lotus Capital rightly takes pride that the deal was completed successfully and efficiently with Nigerian talent doing the heavy lifting and no international underwriters or structuring agents.

Honorable Mention: East Delta Electricity Production Company (Egypt) and Univers Acier (Morocco).

EUROPE: FWU Salam III Sukuk Wakalah Program	
Deal Size	US$100 million; the first tranche of the program, US$20 million, has already closed
Issuer	FWU
Arrangers	European Islamic Investment Bank, Rasmala Group
Legal Counsel for Issuer	Bedell Cristin Guernsey Partnership
Legal Counsel for Arranger	Morgan, Lewis and Bockius
Shariah Advisors	Amanie Advisors

In a year of ongoing European malaise and anemic UK growth, the deals of the year flow was light for the UK and Europe in general. BLME continued their niche real estate business with new competition. LTH deserves merit for facilitating Tabung Haji's leveraging of UK real estate.

Up until now the theme has been real estate and Tawarruq. As a result, the FWU-sponsored Sukuk Wakalah Salam III stood out as innovative. The investment-grade sponsor delivered the Sukuk through its subsidiary Atlanticlux, Luxembourg.

The first of three tranches was US$20 million and closed in October 2013. Two more tranches are planned. The Sukuk appoint the issuer to invest in the re-Takaful business and its permissible activities. This frees cash for the sponsor to pay commissions to its agents. The deal is highly collateralized by the sponsor's underlying Shariah compliant cash flows.

The US$100 million Murabahah facility from AK BARS Bank represents an exciting new step in the continuing development of the Islamic finance industry in Russia. The geographic diversity of investors demonstrates the high level of global interest in this nascent market; and the significant oversubscription establishes AK BARS Bank as a leading proponent of Shariah compliant finance in the CIS region.

Honorable Mention: Somerset Place, LTH and AK Bars

INDONESIA: Golden Agri-Resources RM5 billion Islamic MTN Program	
Size	RM5 billion (US$1.52 billion)
Issuer	Golden Agri-Resources
Arranger	RHB Investment Bank
Legal Counsel for Arranger	Adnan, Sundra & Low
Legal Counsel for Arranger (International Law)	Conyers Dill & Pearman
Legal Counsel for Issuer	Uteem Chambers
Shariah Advisors	Shariah Committee of Securities Commission of Malaysia

Indonesia had a limited number of nominations for 2013. Golden Agri was the largest Malaysian ringgit-denominated issue by a foreign issuer in the Malaysian debt market. Golden Agri is the world's second-largest palm oil plantation company and the largest in Indonesia. The Sukuk program gives Golden Agri access to US dollar funding at competitive pricing through cross-currency swaps in a volatile environment.

Honorable Mention: Astra Sedaya and Pandu Logistics

KUWAIT: Kharafi Group (Mohammed Abdul Mohsin Al Kharafi & Sons Co.) US$172 million Financing	
Size	US$172 million
Issuer	Kharafi Group (Mohammed Abdul Mohsin Al Kharafi & Sons Co)
Financier	Dubai Islamic Bank
Shariah Advisors	Dar Al Sharia

Kuwait is only now fully emerging from the financial crisis. Many investment companies are refocusing their businesses, which is the essence of Noor Investment Bank's exit from its investment in Pakistan's Meezan Bank. Others like A'ayan Leasing and Investment Company have restructured. Al Kharafi won the project from the Directorate General of Civil Aviation for the Kuwait International Airport Expansion project (Phase II). In this project, Al Kharafi will be working on the administration building, car park and fire station. Dubai Islamic Bank, fronted by a Kuwaiti bank, is providing performance cover for Al Kharafi during the nine-month project period. The guarantees are covered by 'escrowing' of payments from the Directorate General of Civil Aviation Al Kharafi with a local bank in Kuwait; Notice of Assignment to transfer project proceeds to Dubai Islamic Bank (Amanat/collection account) from the project account with the Kuwaiti bank only in case of any outstanding claims under letter of guarantees and/ or due payments under letter of credit and acceptances or any due payments under funded exposure; and acknowledgement, consent and undertaking on the Notice of Assignment from the Kuwaiti bank. Documenting and validating the security package was complicated.

Honorable Mention: Noor Investment Bank sale of shares in Meezan and A'ayan Leasing and Investment Company.

MALAYSIA: DanaInfra Nasional RM300 million Exchange Traded Sukuk (First Tranche)	
Size	RM300 million (US$91.27 million) first tranche
Issuer	DanaInfra Nasional
Arrangers	AmInvestment Bank, CIMB Investment Bank, Maybank Investment Bank, RHB Investment Bank
Legal Counsel for Issuer	Adnan Sundra & Low
Legal Counsel for Arranger	Mohamed Ridza & Co
Shariah Advisor	The Shariah Committee of CIMB Islamic Bank

The Malaysian Sukuk market is the most vibrant and active Sukuk market. As a result, selecting Malaysia's deal of the year is never easy. With deals like BIMB Holdings, Malaysia Building Society, S P Setia, and Malaysia Airports Holdings, the competition was crowded at the top. As always, Malaysia breaks new ground, despite the achievements of the other deals, DanaInfra's first ever exchange traded Sukuk successfully created a new asset class for retail investors. By reaching beyond institutional investors, high net worth individuals, and financial institutions, DanaInfra's retail Sukuk promises to bring greater liquidity to the Islamic capital markets by tapping the deeper pool of national savings. In light of this achievement, DanaInfra is the Malaysian Deal of the Year.

Honorable Mention: BIMB Holdings; Malaysia Building Society; S P Setia; and Malaysia Airports Holdings.

PAKISTAN: Government of Pakistan PKR43.018 billion Ijarah Sukuk	
Size	PKR43.018 billion (US$402.41 million)
Issuer	Government of Pakistan
Joint Financial Advisors	Dubai Islamic Bank Pakistan, Meezan Bank, Standard Chartered Bank Pakistan

Many sovereign deals in 2013 were repeats of the same structures used by the same issuers. Little new ground was broken. Meezan Bank, Standard Chartered Bank Pakistan and Dubai Islamic Bank Pakistan provided advisory services to the Government of Pakistan (GoP) to enable it to raise funds in a Shariah compliant manner. The resultant Sukuk Ijarah issuances help to allow the establishment of a domestic benchmark. The transaction, which uses Pakistan's M1 motorway as underlying asset, also serves the needs of the Islamic banking industry by enabling them to effectively manage their liquidity with a high quality liquid instruments. The Sukuk are issued through State Bank of Pakistan auctions.

Honorable Mention: Qasim International Container Terminal; Pakistan International Airlines; Siemens Pakistan Engineering Company; and Pakistan Mobile Telecommunications.

QATAR: Ooredoo US$1.25 billion Reg S five-year Sukuk	
Size	US$1.25 billion
Issuer	Ooredoo
Joint Lead Managers	DBS Bank, Deutsche Bank, HSBC, QInvest, QNB Capital
Legal Counsel for Issuer	Latham & Watkins
Legal Counsel for Issuer (Cayman Law)	Maples & Calder
Legal Counsel for Arranger	Clifford Chance
Shariah Advisor	The Shariah Committee of the Joint Arrangers

Ooredoo is the security that many hope will generate more enthusiasm for state-linked and corporate Sukuk in the Qatari market. The Reg S deal is listed on the Irish Stock Exchange and was very well received, being oversubscribed four times. The Sukuk program utilizes airtime as the underlying asset. This inaugural issuance was through Ooredoo Tamweel, a Cayman Islands SPV wholly-owned by Ooredoo (the trustee), of US$1.25 billion trust certificates due 2018. The program utilizes a Manafae structure, conferring on the certificateholders the right to receive income arising from the sale by Ooredoo to the trustee of minutes of airtime on Ooredoo's mobile telecommunications network and the distribution thereof by Ooredoo to its customers. The use of the telecom airtime minutes instead of property assets, for example, to underpin the Sukuk, provides Ooredoo the opportunity to use a much larger pool of available assets and thus issue on a regular basis in future. The development of the Sukuk structure also required the cooperation and interaction with the Qatari telecommunications regulator because sale of airtime is a regulated activity in Qatar. The deal was Ooredoo's first time issuing in the Islamic capital market. Previously, Ooredee had been a frequent conventional issuer.

Honorable Mention: Qatar Islamic Bank and Maran Nakilat Co.

SAUDI ARABIA: Sadara Basic Services Co SAR7.5 billion Project Sukuk	
Size	SAR7.5 billion (US$1.99 billion)
Issuer	Sadara Basic Services Company
Lead Arrangers	AlBilad Investment Company, Alinma Investment Company, Deutsche Securities Saudi Arabia, Riyad Capital
Legal Counsel for Issuer	The Law Offices of Dr Waleed N Al-Nuwaiser in association with White and Case, White & Case
Legal Counsel for Arrangers (Saudi Arabia Law)	Allen & Overy
Legal Counsel for Arrangers (to the Dow Chemical Company)	Hatem Abbas Ghazzawi & Co
Legal Counsel for Arrangers (International Law)	Milbank, Tweed, Hadley & McCloy
Legal Counsel for Arrangers (to the Dow Chemical Company)	Shearman & Sterling (London)
Shariah Advisor	The Joint Shariah Committee of Alinma Investment Company, AlBilad Investment Company, Deutsche Bank and Riyad Capital

Saudi Arabia is increasingly a sprint to compete with Malaysia in volume and variety in Islamic capital market transactions. In 2013, the volumes of syndicated deals and Islamic securities deals were also robust. Mobily's Tawarruq facilities from the Finnish ECA, Finnvera, and the Swedish ECA, Exportkreditnämnden, GACA, Kemya, and Al Marai all provide strong claims for being the Saudi Arabian deal of the year. But, Sadara grabs the lead by refining the SATORP structure and applying the anticipated new Sukuk rules. With the help of the Sadara Basic Services Company Sukuk, more structure is delivered to the Saudi Arabian market, and a template for asset-rich corporates and real estate companies is defined. Sadara also must do so while managing complex inter-financier issues and export credit agency requirements for the overall project. The tradable Sukuk are listed on Tadawul.

Honorable Mention: GACA; Kemya; Mobily; and Al Marai Company

TURKEY: Turk-Eximbank US$50 million Two-Step Murabahah Financing	
Size	US$50 million
Issuer	Turk-Eximbank
Arranger	International Islamic Trade Finance Corporation

The Turkish market performed well again in 2013. The participation banks improved their regulatory capital, and the republic returned to the market with a successful offering. A key part of the Turkish success story over the past 10 years has been trade finance. The ITFC has been playing an important role in the expansion of Islamic trade finance tools. The ITFC has successfully delivered its two-step Murabahah products throughout the IDB's footprint. The tool has generally been used for import finance. With the Turk-Eximbank, the ITFC applied the concept for export finance. Under the export structure, the ITFC purchases the goods from exporters upon presentation of proof of exports, via export declaration forms. The ITFC then sells the goods on to Turk-Eximbank which has assignment of the ITFC's receivables from exporters.

Honorable Mention: Albaraka Türk Katılım Bankası; and Bank Asya.

UAE Deal of the Year: Dubai DOF US$750 million Sukuk	
Size	US$750 million
Issuer	Government of Dubai (Department of Finance)
Joint Lead Managers	Dubai Islamic Bank, Emirates NBD Capital, HSBC, National Bank of Abu Dhabi, Standard Chartered Bank
Co-Lead Managers	Al Hilal Bank, Barwa Bank, Commercial Bank International, Islamic Development Bank, Sharjah Islamic Bank
Legal Counsel for Issuer	Latham & Watkins
Legal Counsel for Arranger	Allen & Overy
Legal Counsel for Issuer (Cayman Law)	Maples & Calder
Shariah Advisors	Dar Al Sharia, HSBC Amanah Central Shariah Committee, the Shariah advisory board of Dubai Islamic Bank and Dar Al Sharia

The markets ended 2012 feeling that something extraordinary was happening in Dubai. Business indicators showed more than recovery. Yet, concerns remained about the emirate itself: would it be able to reposition itself into an ever better position? For the government of Dubai, other issues were at stake including the establishment of its yield curve and a benchmark of investor confidence. The deal was executed swiftly, delivering attractive pricing on the unrated 10-year Reg S Sukuk. This buoyed and continues to support growing confidence in the emirate. The transaction was over subscribed by 12 times, a clearly supportive voice from the market, and a very good way to start the campaign to establish Dubai as a capital of the Islamic economy.

Honorable Mention: Al Noor Hospitals; Dubai Islamic Bank; Gulf Marine Services; GEMS Eductaion; and Emirates Airlines.

UK: LTH Property GBP225 million Commodity Murabaha Term Financing Facility	
Size	GBP225 million (US$369.34 million)
Issuer	Lembaga Tabung Haji
Arrangers	Maybank Islamic, OCBC Al-Amin, Standard Chartered Saadiq
Legal Counsel for Issuer	Towers & Hamlins
Legal Counsel for Arrangers	Bakers & McKenzie Wong & Leow
Legal Counsel for Arrangers (Jersey Law)	Walkers
Legal Counsel for Arrangers (Malaysian Law)	Wong & Partners
Shariah Advisor	The Shariah Committee of the Arrangers

For a number of years, Bank of London and The Middle East (BLME) held up the Union Jack flag. They return with the Somerset Place deal which is the first redevelopment of an entire Georgian Grade I listed property. On the continent, FWU also led the charge with the second-ever European Sukuk in 2012. In 2013, FWU delivered more innovation to the market with market with a premium linked Sukuk product. On the one hand, the innovation will require more market investigation of the concepts applied. On the other hand, the Tabung Haji as sponsor of LTH Property Holdings used a tried and true method to overcome challenges relating to tax and jurisdiction.

In order to leverage two central London properties, LTH Property Holdings applied Tawarruq to fund clients' investment in two central London properties. The facility involves multiple jurisdictions including Malaysia, Jersey (Channel Islands) and the UK.

Honorable Mention: Somerset Place and Atlanticlux Lebensversicherung.


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Deal of the Year & Sukuk Deal of the Year

Islamic Finance news Awards

Deals of the Year 2013

The Awards Dinner

19th & 24th February 2014
Shangri-La Kuala Lumpur &
Ritz Carlton Dubai

Saudi Arabia and Project Finance & Infrastructure Deal of the Year

Turkey Deal of the Year

Africa Deal of the Year

Pakistan Deal of the Year

Mudarabah Deal of the Year

Qatar Deal of the Year

UAE Deal of the Year

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Deals of the Year 2013

The Awards Dinner

19th & 24th February 2014
Shangri-La Kuala Lumpur &
Ritz Carlton Dubai

Restructuring Deal of the Year

Kuwait Deal of the Year

Europe Deal of the Year

Syndicated Deal of the Year

Tawarruq Deal of the Year

Real Estate Deal of the Year

Sovereign Deal of the Year

Cross Border Deal of the Year

Murabahah Deal of the Year

IPO Deal of the Year