

Islamic Finance *news* *Awards* Deals of the Year 2009

Perhaps we should all be surprised at how good 2009 turned out to be in the Islamic capital markets. Despite the struggles of Dubai and its real estate market, the Sukuk market showed organic growth at a rational rate, and the overall Islamic financial market reflected the demand for infrastructure, project and trade finance in the key markets of the GCC and Southeast Asia.

Even in Europe, there was important progress. In selecting the Deal of the Year, many factors, and several important firsts, including the Monetary Authority of Singapore, Petronas and GE Capital, had to be taken into account. But in the end, it was the struggle to introduce the right mix of financial concepts and new laws into the civil law context

of Indonesia that prevailed and the IDR and USD issuances of the Republic of Indonesia are awarded jointly as a reflection of this process and its importance to the market as a whole.

On the less happy side, we did contemplate a "Best Restructuring" award but somehow, it just didn't make sense. On the one hand, we only had one relevant submission this year; perhaps there will be more for 2010. On the other hand, we couldn't help but wonder — an award for fixing what you broke? It's something that we need to ponder, for at least a year.

Certain categories stand out above others, notably the Sukuk, Project Finance and Infrastructure, and Ijarah segments drew numerous excellent nominations.

Deal of the Year:	Republic of Indonesia; Perusahaan Penerbit SBSN IDR5.6 Trillion (US\$595 million) Domestic Sukuk
Size:	IDR5.6 Trillion (US\$595 million)
Issuer:	Republic of Indonesia; Perusahaan Penerbit SBSN
Arrangers:	Andalan Artha Advisindo Sekuritas, Anugerah Securindo Indah, Bahana Securities, Bank Internasional Indonesia, Bank Mandiri, Bank Syariah Mandiri, BNI Securities, CIMB Islamic, Citibank, Danareksa Sekuritas, HSBC Amanah Syariah, Reliance Sekuritas, Trimegah Securities
Legal counsel for Issuer:	MMIK Law Firm

Led by Barclays Capital, HSBC and Standard Chartered the US\$650 million transaction closed on the 23rd April 2009, at the exact moment that the global capital markets were declared dead.

This deal, which should have been our winner, heralded the revival of the global Sukuk market and put the global debt markets back on the respirator. Twelve hard years after the Asian Crisis, Indonesia demonstrated strong domestic fundamentals, good domestic economic management, and improved credit in the issuance of their BB rated securities (Fitch).

These five year Ijarah securities applied the new Sukuk and beneficial ownership laws, which have now demonstrated that the economic potential of the Indonesian market may be financed applying Islamic capital market tools from international sources. Structured as a 144A transaction, the Sukuk generated strong interest from US investors among the universe of 230 investors.

But, we have selected another Indonesia deal. In their second domestic issuance within a six month period, the Republic of Indonesia firmly established their new Sukuk

and beneficial rights rules. The IDR 5.6 trillion (US\$595 million) domestic transaction, the Republic of Indonesia achieved broad domestic distribution with 39% of the deal sold to private individuals; 10.9% went to housewives! Whereas the US dollar Republic of Indonesia Sukuk demonstrated Indonesia's economic progress, the domestic Sukuk has deep importance in the establishment of a domestic pricing and credit quality benchmark.

Having pursued a systematic approach to solving complex legal challenges based in the difference of theories underlying common law/Shariah (similar, not the same in problem solving approaches) and civil law, the domestic transaction opens the gates to the development of a robust domestic Islamic capital market.

Honorable mentions for Deal of the Year: These include Monetary Authority of Singapore, GE Capital, and Petronas were among many of the important contributors to the development of the global Islamic market. In another year, they would have stood alone at the top, or jostled together for the lead. But, in 2009, the confidence of Indonesia to enter the global securities markets with a 144A Sukuk Al Ijara offering is the top achievement.

Sovereign:	Republic of Indonesia; Perusahaan Penerbit SBSN Indonesia I US\$650 million Global Sukuk; AND Republic of Indonesia; Perusahaan Penerbit SBSN IDR 5.6 Trillion Domestic Sukuk
Size:	US\$650 million Global Sukuk; IDR 5.6 Trillion Domestic Sukuk
Issuer:	Republic of Indonesia; Perusahaan Penerbit SBSN
Arrangers for Global Sukuk:	Bahana Securities, Barclays Capital, BNI Securities, HSBC Amanah Syariah, Islamic Bank of Asia, Maybank Investment Bank, Standard Chartered
Legal Counsels for Global Sukuk:	Assegaf Hamzah & Partners, Allen & Overy, Hadiputranto, Hadinoto & Partners, Linklaters Allen & Gledhill
Arrangers for the Domestic Sukuk:	Andalan Artha Advisindo Sekuritas, Anugerah Securindo Indah, Bahana Securities, Bank Internasional Indonesia, Bank Mandiri, Bank Syariah Mandiri, BNI Securities, CIMB Islamic, Citibank, Danareksa Sekuritas, HSBC Amanah Syariah, Reliance Sekuritas, Trimegah Securities
Legal counsel for the Domestic Sukuk:	MMIK Law Firm

The joint winners are the two Republic of Indonesia deals: US\$650 million global Sukuk of April 2009 and IDR 5.6 trillion domestic Sukuk of the 25th February 2009. These represent the culmination of domestic reforms allowing the issuance

of Sukuk on a replicable basis. The transactions were the largest Indonesian issuances, and helped to kick off 2009 as well as allowing for the future development of the domestic corporate market in a robust manner.

Most Innovative:	Cagamas RM915 million Medium Term Notes
Size:	RM915 million
Issuer:	Cagamas
Arrangers:	AmlInvestment Bank, Maybank Investment Bank, Standard Chartered Bank
Legal counsel for Arrangers:	Wong & Partners
Legal counsel for Issuer:	Zaid Ibrahim & Co

Generally, these awards have been biased against tawarruq structures. As a rule, these loan equivalents are filled with important challenges that require debate elsewhere. Yet, Cagamas' March 2009 issuance of RM915 million (US\$271 million) of Tawarruq based securities tested the concepts which are now the basis of Bursa Malaysia's Suq Al Sila.

The key element of innovation is a clear Tawarruq process which is transparent and based on a new, previously not widely used commodity, Crude Palm Oil. The structural flow is in a regulated environment, which until now has not been the case for any form of commodity Murabahah transaction.

Cross Border:	IDB Trust Services S\$200 million Investment Sukuk
Size:	S\$200 million
Issuer:	Islamic Development Bank's
Arranger:	Standard Chartered
Legal Counsels:	Clifford Chance, Denton Wilde Sapte, Ogier

The rise of Singapore into its new role as an Islamic finance hub is demonstrated by two transactions, one of which is the Islamic Development Bank's (IDB) S\$200 million (US\$144 million) Sukuk led by Standard Chartered. S\$200 million Trust Certificates were issued under IDB's US\$1.5 billion Trust Certificate Issuance Program. The transaction benefitted from changes introduced by the Monetary Authority of Singapore (MAS) in July 2009.

MAS's new rules expanded the types of securities which financial institutions (subject to MAS' regulation) may hold as part of their minimum liquid assets with the central bank. This

change meant that such financial institutions can now buy and repo Singapore dollar-denominated securities issued by any AAA rated supranational, sovereign or sovereign-guaranteed company with the central bank.

IDB's Sukuk transaction is an important milestone in the development of the Singapore Sukuk market. It is the first Singapore dollar-denominated Sukuk issued by a foreign issuer as well as being the largest Sukuk issue to date in the Singapore market. This AAA rated security helped the IDB to diversify its funding resources. This exercise is an important test drive for the IDB's planned Sterling issuance in 2010.

Awards for Corporate Finance Related Deals

Project & Infrastructure Finance: PAAB Musharakah & Ijarah Program

Size:	RM20 billion (US\$5.92 billion)
Issuer:	Pengurusan Aset Air Berhad
Arranger:	CIMB Islamic
Legal Counsel:	Albar & Partners

This was an extremely tough choice between important transactions including the Saudi Bin Ladin Group's SAR 3.15 billion (US\$840 million) syndicated construction finance, the Rabigh Electricity Company US\$1.9 billion construction facility, Saudi Hollandi Bank's US\$180 million of construction facilities for Arabian Amines, or Al Dur IWPP US\$1.6 billion deal. Standing out in this crowded field was CIMB Islamic's arrangement for Pengurusan Aset Air Berhad (PAAB) of a RM20 billion (US\$5.92 billion) Sukuk issuance. This mega deal

allowed PAAB to finance the acquisition of water assets, rights, liabilities and land from various state operators in Malaysia.

The transaction combines Ijarah and Musharakah to facilitate the different status of acquisition arrangements. The Ijarah is applied to existing assets whereas the Musharakah is applied to future acquisitions and prospective construction.

Sukuk: GE Capital Sukuk

Size:	US\$500 million
Issuer:	GE Capital
Arrangers:	Citigroup, Goldman Sachs International, Liquidity Management House, National Bank of Abu Dhabi, Standard Chartered Bank, Bank Islam Brunei Darussalam
Legal counsel for Issuer:	Allen & Overy
Legal counsel for Arrangers:	Clifford Chance
Legal counsel for Arrangers (Cayman Law):	Conyers, Dill & Pearman

Indonesia, the Islamic Development Bank, Monetary Authority of Singapore, Petronas, Khazanah Nasional, 1Malaysia Development, Tourism Development and Investment Company all entered the Sukuk market with dynamic offerings in 2009. Indeed, the Sukuk market was surprisingly active. In honor of this, we have selected GE Capital's US\$500 million Regulation S International Sukuk as the top Sukuk apart from Indonesia. GE Capital is the first high grade US corporate issuer to enter the Sukuk market. This five-year Sukuk al Ijarah was coordinated globally by Citibank and Goldman Sachs, with Liquidity House and National Bank of Abu Dhabi as joint bookrunners, Bank

Islam Brunei as joint lead manager and Standard Chartered as co-manager. The transaction was listed on the London Stock Exchange and Bursa Malaysia with a secondary listing on NASDAQ Dubai.

The deal is based on aircraft as the underlying leased assets. Distribution was strong in the GCC (82%), East Asia (27%) and Europe (11%). Although GE Capital is no stranger to the GCC and East Asian markets, this represents a major step forward for American corporates, showing that the Islamic capital market is free from politics and focused on asset quality and credit metrics.

Wakalah: IFC Hilal Sukuk al-Istithmar

Size:	US\$100 million
Issuer:	Hilal Sukuk Company
Arrangers:	Dubai Islamic Bank, HSBC Amanah, Kuwait Finance House Bahrain, Liquidity Management House
Legal Counsels:	Lovells, Maples and Calder

Hilal Sukuk Company, the inaugural issuance of the International Finance Corp, was managed by KFH-Bahrain and co-led by HSBC, Dubai Islamic Bank and Liquidity Management House. The issuing vehicle mandates the IFC

to invest in emerging markets with Islamic tools. This US\$100 million issuance was oversubscribed. The transaction was the first debt security to be cleared and settled through NASDAQ Dubai's Clearance and Settlement Depository.

Corporate Finance: Petronas US\$1.5 billion Global Sukuk**Size:** US\$1.5 billion**Issuer:** Petronas**Arrangers:** Morgan Stanley, Citibank, CIMB Islamic**Legal Counsels:** Cleary Gottlieb Steen & Hamilton, Kadir Andri & Partners, Millbank, Tweed, Hadley & McCloy, Lovells, Zul Rafique & Partners

With GE Capital entering the Sukuk market, Zain KSA securing a US\$2.6 billion in a syndicated Tawarruq, selecting a winner in this category was very challenging.

Nonetheless, Petronas' US\$1.5 billion landmark entry into the Islamic bond market is the winner as the Corporate Finance Deal of the Year. Launched by Morgan Stanley as global coordinator and with CIMB and Citibank as joint bookrunners, this 12th August 2009 deal signaled the de-coupling of

the Islamic credit markets from the western markets and sparked a strong finish for the 2009 Sukuk market.

This was the largest Asian bond deal outside of Japan. A universe of diverse underliers were sold to the Sukuk issuer and structured to be substituted by the originator over the life of the Sukuk.

Ijarah: Qatar Airways Syndicated Islamic Finance Facility**Size:** US\$150 million**Issuer:** Qatar Airways**Arrangers:** Standard Chartered, Bank Islam Malaysia, DBS Bank Ltd, Masraf Al Rayan, Maybank Investment Bank, Sumitomo Mitsui Bank Corporation Europe Ltd, The Islamic Bank of Asia Limited**Legal Counsel for Issuer:** Denton Wilde Sapte**Legal Counsel for Arrangers:** Norton Rose

On the one hand, Ijarah has become the safe tool for Islamic finance during the recession. This provides a clear safe method of delivering credit whilst controlling the asset that represents the credit vehicle.

On the other hand, the proliferation of Ijarah deals has made the method become standardized and mundane. This is not a bad thing, but makes it more difficult to define a standout winner. In this environment, the Qatar Airways acquisition of a Boeing 777-200LR worth US\$150 million

is notable. Foremost, the deal pulled together a diverse syndicate led by Standard Chartered Bank.

The cross border universe of participating banks was impressive: Bank Islam Malaysia, DBS Bank, Masraf Al Rayan, Maybank Investment Bank, Sumitomo Mitsui Bank Corporation Europe and the Islamic Bank of Asia. In addition to the pure lease element, this deal included a Tawarruq cash facility allowing collateralized liquidity for the airline.

Murabahah & Trade Finance: PT Angels Products Structured Murabahah Trade Finance**Size:** US\$25 million**Issuer:** PT Angels Products**Arranger:** International Islamic Trade Finance Corp.

Year in and year out, the top nominees for true trade finance reflect dynamic markets in Turkey and Indonesia. This year's runner up is Turkey's Ozkan Demir Celik, but Angels was the runaway winner, thanks to The International Islamic Trade Finance Corp (ITFC) performing its role of leading the way in market and structure development.

The ITFC, an arm of the Islamic Development Bank, arranged this October 2009 trade finance facility for the import of raw sugar to Indonesia. The US\$25 million facility is a three-month

revolving warehouse facility. This Murabahah to Purchase Order process allows Angels to take delivery of small quantities of sugar on a spot basis whereas ITFC buys in bulk.

An important element of this transaction is that ITFC provides a well structured Murabahah credit process to Angels, but does so within traditional collateral management rules, and is managed to meet Angels actual consumption needs.

Structured Finance: Zain KSA US\$2.6 billion Murabahah Refinancing**Size:** US\$2.6 billion**Issuer:** Zain KSA**Arrangers:** Al Rajhi Banking and Investment Corporation, Arab National Bank, Banque Saudi Fransi, Calyon, Gulf Bank, National Bank of Kuwait, The Saudi British Bank, Standard Bank**Legal Counsels:** Al Jadaan & Partners Law Firm, Clifford Chance, White & Case

In a year of many highly structured deals, Zain KSA's Wa'ad Profit Rate Swap arranged by Banque Saudi Fransi and Calyon is the winner. The transaction applies an auction of exposures relating to the notional amount, and covers the risk for US\$2.2 billion of exposure. This is believed to be

the largest Profit Rate Swap in 2009. The fledgling Islamic derivatives field has often lacked the capacity to provide for the management of large exposures. The Zain Profit Rate Swap demonstrates substantial capacity despite a difficult market.

Syndicated: Saudi Bin Ladin Group Multi-Purpose Islamic Credit Facility**Size:** SAR3.15 billion (US\$840 million)**Issuer:** Saudi bin Ladin Group**Mandated lead arranger, sole bookrunner, investment agent, Shariah advisor & security agent:** Dubai Islamic Bank**Participating Banks:** Mashreqbank, Emirates NBD, Abu Dhabi Commercial Bank**Legal Counsel:** Simmons & Simmons

Even as the Sukuk markets demonstrated their resilience, the syndicated markets were dynamic in 2009. Important deals were syndicated for Al-'Aqar KPJ REIT, Kulim and Mumtalakat. But the Saudi Bin Ladin Group's (SBL) SAR3.15 billion (US\$840 million) syndicated deal represents an important achievement at the onset of 2009. This complex syndication demonstrated that the GCC financial markets were not dead. The multi-structure syndicated facility allowed SBL to initiate the fast track construction of the Girls'

University Campus Project for King Saud University.

The syndication covers multiple guarantee and cash facilities on a Shariah compliant basis, which collectively give SBL the certainty of funding for a project of critical importance to the Kingdom of Saudi Arabia. Dubai Islamic Bank was the mandated lead arranger, sole bookrunner, investment agent, Shariah advisor & security agent of this complex deal.

Tawarruq: Cagamas RM915 million Medium Term Notes**Size:** RM915 million**Issuer:** Cagamas**Arrangers:** AmlInvestment Bank, Maybank Investment Bank, Standard Chartered Bank**Legal counsel for Arrangers:** Wong & Partners**Legal counsel for Issuer:** Zaid Ibrahim & Co

In a number of environments, Tawarruq is a preferred financing tool due to a lack of regulation for other Islamic methods. In Malaysia, the broadening of the Islamic tool kit has allowed Tawarruq to become another business choice.

With the launch of the new commodities house in Malaysia, Cagamas tested the applicable concepts through the issuance of RM915 million (US\$270 million) of securities. The March 2009 transaction applied methods which now apply to the Suq al Sila at Bursa Malaysia and demonstrated the efficacy of using alternative markets and commodities (crude palm oil in this case) for Tawarruq transactions. The

securities are issued and traded on the same basis as the Sukuk al Dayn under domestic Securities Commission rules in Malaysia.

Honorable mention: This goes to Sarawak Energy's RM1.6 billion (US\$473 million) arranged by AmlInvestment Bank, CIMB Investment Bank, RHB Islamic Bank, KFH-Malaysia and Maybank Islamic; and Mobily which raised SAR1.5 billion (US\$400 million) with Riyad Bank, SAMBA, HSBC Saudi Arabia, and the National Commercial Bank as lead arrangers.

Awards for Equity & Related Transactions

IPO:	MAXIS
Size:	
Issuer:	Maxis
Global co-ordinator:	CIMB Islamic
Joint Global Co-ordinators and Joint Bookrunners:	Goldman Sachs (Singapore), Credit Suisse (Singapore)
Joint bookrunner:	UBS, Nomura International, JP Morgan Securities
Joint Managing Underwriter:	RHB Investment Bank, Maybank Investment Bank, AmInvestment Bank
Legal counsel for Company (Malaysian Law):	Kadir Andri & Partners
Legal counsel for Promoter and Selling Shareholder (Malaysian Law):	Zul Rafique & Partners
Legal counsel for Joint Managing Underwriters, Joint Global Co-ordinators, Joint Bookrunners and Lead Managers (Malaysian Law):	Adnan Sundra & Low
Legal counsel for Joint Global Co-ordinators, Joint Bookrunners and Lead Managers (United States and English Law):	Linklaters Allen & Gledhill
Legal counsel for company, promoter & selling shareholder:	Clifford Chance

In a year that saw most investors trying to recover their funds and move them to safe havens, the Islamic IPO space was notably quiet. But on the 19th November 2009, Maxis offered 20% of its paid up capital or 2.25 billion shares. The US\$3.3 billion transaction was the largest IPO in Malaysia and Southeast Asia in 2009. Advised by CIMB Islamic, which was also joint global coordinator/bookrunner/managing underwriter, the transaction achieved broad global distribution and achieved a diverse investor base.

M&A:	MMC Corporation
Size:	RM1.85 billion (US\$557.89 million)
Issuer:	MMC Corporation
Arranger:	Maybank Investment Bank
Legal Counsels:	Albar & Partners, Messrs Pakhruddin & Partners

Perhaps the clear leader advising mergers and acquisitions in 2009's Islamic financial space was Maybank Investment Bank. Its advisory for the MMC Corp acquisition was the best transaction for 2009. Maybank IB advised MMC's acquisition of Senai Airport Terminal Services and Aliran Ihsan Resources. The MMC Group benefits from the SATS Acquisition as it can leverage on SATS to capitalize on the growth potential of Iskandar Malaysia as SATS operates in the State of Johor.

Musharakah:	Sunway Platinum Success Musharakah Financing
Size:	RM132 million (US\$39 million)
Issuer:	Sunway Platinum
Arranger:	Maybank Islamic
Legal Counsel:	Albar & Partners

The submissions for Musharakah ranged from the mega deal in the form of Danga Capital Sukuk and Pengurusan Aset Air deal, to the right sized. Maybank Islamic Bank's RM132 million (US\$39 million) Musharakah Mutanaqisah term financing for Sunway Platinum Success is the winner. This property financing assisted the obligor in refinancing conventional debt at the Monash University Sunway Campus. Widely applied for property, this declining balance partnership represents an excellent example of the concept at work as a replacement of traditional debt.

Equity: Gulf Finance House Convertible Tawarruq Facility

Size:	US\$100 million
Issuer:	Gulf Finance House
Arranger:	Deutsche Bank
Legal Counsel:	Allen & Overy

The 2009 markets were quiet for "Islamic" equity deals. Privately placed funds were the most active segment. The most notable deals hit in November with the Maxis IPO, ADIB perpetual, and Gulf Finance House of Bahrain's (GFH) quasi equity offering. Following a difficult year, GFH shored up its liquidity and capital through a series of rights issues and equity placements. Management was proactive in assuring that

the investment bank would build strong links with important capital partners like Macquarie and Deutsche Bank. A key step in this exercise was the completion of a convertible Tawarruq structure. Deutsche Bank arranged the US\$100 million transaction which was placed with a Luxembourg structured investment vehicle, Sonata Securities.

Mudarabah: Abu Dhabi Islamic Bank Tier 1 Mudarabah Certificates

Size:	AED2 billion (US\$545 million)
Issuer:	Abu Dhabi Islamic Bank
Arrangers:	Government of Abu Dhabi, JP Morgan
Legal Counsels:	Clifford Chance, White & Case

JP Morgan advised Abu Dhabi Islamic Bank on the issuance of Tier 1 AED2 billion (US\$545 million) Mudarabah notes.

These notes were issued in response to the Government of Abu Dhabi's initiative to inject additional capital into the financial system. The Sukuk are expected to pay an

annualized return of 6% per annum. The five-year Sukuk represent non-voting, non-cumulative perpetual securities and are callable subject to certain conditions.

Honorable mention: This goes to Saudi Hollandi's SAR275 million (US\$73 million) Sukuk.

Real Estate: TDIC Sukuk Limited

Size:	US\$1 billion
Issuer:	Tourism Development & Investment Company
Arrangers:	Abu Dhabi Commercial Bank, HSBC Bank, Standard Chartered Bank
Legal Counsels:	Clifford Chance, Linklaters, Maples and Calder

Tourism Development & Investment Company of Abu Dhabi made an important entrance into the market with a US\$1 billion issuance led by Abu Dhabi Commercial Bank, HSBC and Standard Chartered Bank. The transaction underliers represent participation in the beneficial rights of the property under development. In a manner akin to a more

traditional declining balance partnership, the structure is a diminishing muslaha and represents an innovation that allows one to manage certain risks associated with clarity of property title, and eases the cost of re-titling property during the life of a deal.

Awards for Country Deals

Pakistan: Pakistan International Airline Corporation Domestic Sukuk Ijarah

Size:	PKR6.8 billion (US\$80.9 million)
Issuer:	Pakistan International Airline Corporation
Arrangers:	Standard Chartered, National Bank of Pakistan, Habib Bank Limited, United Bank Limited, Meezan Bank Limited
Legal Counsel:	Mandviwalla & Zafar

Although Dubai Islamic Bank Pakistan's financing of Pakistan Mobile Communications was an important transaction, Standard Chartered Saadiq's arrangement of Pakistan International Airlines' first domestic Sukuk wins. PIA was able

to raise five-year PKR6.8 billion (US\$80 million) funding via an adjustable Ijarah deal. National Bank of Pakistan, Habib Bank, United Bank and Meezan joined Saadiq in arranging the deal.

Yemen: SABAFON ECA-backed Asset Murabahah Financing

Size:	US\$5.7 million
Issuer:	SABAFON
Arranger:	HSBC Bank Middle East Limited
Legal Counsel for Arranger:	Norton Rose

In a deal arranged by HSBC, SABAFON secured US\$5.7 million of ECA-supported Murabahah credit for the import of telecommunications equipment from Nokia Siemens in Germany and Finland.

Bahrain: Al Dur IWPP Ijarah Islamic Financing Facility

Size:	US\$1.6 billion
Issuer:	Al Dur IWPP
Arrangers:	Al Rajhi Bank, Banque Saudi Fransi, Calyon, Islamic Bank of Asia
Legal Counsels:	Shearman & Sterling, Milbank, Tweed, Hadley & McCloy

With the Central Bank of Bahrain returning to the global market with its CBB International Sukuk Company (No. 2) issuance of US\$750 million Ijarah Sukuk and the sovereign wealth fund Mumtalakat's syndicated aircraft lease in support of Gulf Air, our Bahrain choice was indeed very difficult. But Al Dur IWPP's US\$1.6 billion independent water and power project stood out.

Under development by GDF Suez and GIC, the transaction required re-evaluation following the collapse of the financial markets in September 2008.

The delays resulted in a creative multi-source financing which contended for Project & Infrastructure Finance winner. In this deal, there is a blend of conventional and Islamic funding, with US\$90 million provided as a Wakalah-Ijarah facility and US\$200 million provided as an Istisna-Ijarah facility.

Financed against a 25-year offtake, Al Dur is a long term financing provided by Al Rajhi, Saudi Fransi, Calyon and The Islamic Bank of Asia.

Malaysia: PAAB Musharakah & Ijarah Program

Size:	RM20 billion (US\$5.92 billion)
Issuer:	Pengurusan Aset Air Berhad
Arranger:	CIMB Islamic
Legal Counsel:	Albar & Partners

As the richest Islamic capital market, Malaysia is a tough market from which to choose a winner: Petronas, Khazanah Nasional and so many other deals rank as market leaders. Yet, it is the mega deal — Pengurusan Aset Air Berhad's RM20 billion Sukuk issuance — that edges ahead of the

pack. This important financing supports the consolidation and modernization of the national water industry in Malaysia using a unique combination of Ijarah and Musharakah to facilitate the different acquisition elements.

Kuwait: Burgan Company for Well Drilling Trading & Maintenance Syndicated Ijarah Facility

Size:	US\$125 million
Issuer:	Burgan Company for Well Drilling Trading & Maintenance
Arrangers:	Liquidity Management House, Gatehouse Bank, BNP Paribas
Legal Counsel for Arrangers:	Herbert Smith
Legal Counsel for Issuer:	Clifford Chance

It was a thin year for Kuwait as the domestic banks and investment companies worked through their challenges. This created a unique opportunity for Liquidity Management House, BNP Paribas and Kuwait-controlled UK bank

Gatehouse Bank to lead a US\$125 million syndicated lease facility for Burgan Company for Well Drilling. This program provided four new drilling rigs which are used for the lessee's business with Kuwait Oil Company.

Qatar:	Qatar Airways Syndicated Islamic Financing Facility
Size:	US\$150 million
Issuer:	Qatar Airways
Arrangers:	Standard Chartered, Bank Islam Malaysia, DBS Bank Ltd, Masraf Al Rayan, Maybank Investment Bank, Sumitomo Mitsui Bank Corporation Europe Ltd, The Islamic Bank of Asia Limited
Legal Counsel for Issuer:	Denton Wilde Sapte
Legal Counsel for Arrangers:	Norton Rose

Like Kuwait, Qatar was less active than many expected in 2009. The GBI Submarina shares placement by Masraf Al Rayan was a good contender. But the Qatar Airways acquisition of a Boeing 777-200LR in a US\$150 million lease deal led by Standard Chartered Bank is the winner.

Standard Chartered was able to build a multi-continental syndicate including Bank Islam Malaysia, DBS Bank, Masraf Al Rayan, Maybank Investment Bank, Sumitomo Mitsui Bank Corporation Europe and the Islamic Bank of Asia.

Indonesia:	Republic of Indonesia; Perusahaan Penerbit SBSN Indonesia I US\$650 million Global Sukuk; AND Republic of Indonesia; Perusahaan Penerbit SBSN IDR 5.6 Trillion Domestic Sukuk
Size:	US\$650 million Global Sukuk; IDR 5.6 Trillion Domestic Sukuk
Issuer:	Republic of Indonesia; Perusahaan Penerbit SBSN Indonesia
Arrangers for Global Sukuk:	Bahana Securities, Barclays Capital, BNI Securities, HSBC Amanah Syariah, Islamic Bank of Asia, Maybank Investment Bank, Standard Chartered
Legal Counsel for Global Sukuk:	Assegaf Hamzah & Partners, Allen & Overy, Hadiputranto, Hadinoto & Partners, Linklaters Allen & Gledhill
Arrangers for the Domestic Sukuk:	Andalan Artha Advisindo Sekuritas, Anugerah Securindo Indah, Bahana Securities, Bank Internasional Indonesia, Bank Mandiri, Bank Syariah Mandiri, BNI Securities, CIMB Islamic, Citibank, Danareksa Sekuritas, HSBC Amanah Syariah, Reliance Sekuritas, Trimegah Securities
Legal counsel for the Domestic Sukuk:	MMIK Law Firm

In the IDR5.6 trillion (US\$955 million) domestic transaction, the Republic of Indonesia achieved broad domestic distribution with 39% of the deal sold to private individuals — 10.9% of the deal went to housewives! Whereas the US dollar Republic of Indonesia Sukuk demonstrated Indonesia's economic progress, the domestic Sukuk has deep importance in the establishment of a domestic pricing and credit quality

benchmark. Having pursued a systematic approach to solving complex legal challenges based on the difference of theories underlying common law/Shariah (similar, not the same in problem solving approaches) and civil law, the domestic transaction opens the gates to the development of a robust domestic Islamic capital market.

United Arab Emirates:	TDIC Sukuk Limited Trust Certificates
Size:	US\$1 billion
Issuer:	TDIC Sukuk Limited
Arrangers:	Abu Dhabi Commercial Bank, HSBC Bank, Standard Chartered Bank
Legal Counsels:	Clifford Chance, Linklaters, Maples and Calder

Abu Dhabi Islamic Bank, DIB Sukuk Company and Al Ghurair Centre were all important UAE deals. In fact, the UAE space was much more active, and Dubai more positive than the press might indicate. In this competitive environment, Tourism Development & Investment Company of Abu Dhabi wins with its creative US\$1 billion issuance. Led by Abu Dhabi

Commercial Bank, HSBC and Standard Chartered Bank, this transaction represents the opening of the Abu Dhabi market and a unique approach to financing real estate development through the issuance of securities based on diminishing muslaha.

United Kingdom: Scottish Coal GBP 12.5 million Ijarah Financing

Size:	GBP 12.5 million (US\$20.2 million)
Issuer:	Scottish Coal
Arranger:	Bank of London and The Middle East
Legal Counsel for Arranger:	Addleshaw Goddard

The Bank of London and the Middle East (BLME) showed the way forward for the relatively small UK-based Islamic banks with its focused corporate finance business. BLME arranged GBP12.5 million (US\$20.2 million) in a lease financing for

Scottish Coal in a deal that allows for periodic funding throughout 2009. Unlike the gargantuan structured leases of 2008, this is believed to be the UK's largest Shariah compliant leasing deal in 2009.

Turkey: Ozkan Demir Celik Structured Murabahah Financing Facility

Size:	US\$40 million
Issuer:	Ozkan Demir Celik
Arranger:	Citibank
Legal Counsel for Arranger:	Norton Rose

The clear winner for Turkish deal of the year is Citibank's arrangement of trade facilities for Ozkan Demir Celik. This syndicated US\$40 million syndicated raw material

Murabahah import facility represented the entrance of a middle market Turkish firm into the Islamic financing space.

Saudi Arabia: Saudi Electricity Corporation Sukuk

Size:	SAR7 billion (US\$1.9 billion)
Issuer:	Saudi Electricity Corporation
Arrangers:	HSBC Saudi Arabia, SAMBA Capital
Legal Counsel for Issuer:	Abdulaziz AlGasim Law Firm in association with Allen & Overy
Legal Counsel for Arrangers:	Law Office of Mohammed A Al-Sheikh in association with White & Case

Saudi Bin Ladin, Arabian Amines, Zain KSA and Rabigh Electricity all generated strong competition for the best Saudi Arabian deal of 2009. But Saudi Electricity Corp's (SCECO) SAR7 billion (US\$1.9 billion) Sukuk is the stand out. This transaction came immediately after the Capital Markets Authority made it easy to list Sukuk on the Saudi Arabian exchange Tadawul. The early listing of SCECO is a clear

encouragement to the domestic Sukuk market. The SCECO transaction kept alive the global Sukuk market momentum established in the first half with its June 2009 issuance. The transaction is based on the acquisition of service, levy and charge rights. HSBC and SAMBA Capital were the lead arrangers on this AA- rated deal (Fitch).

Singapore: Monetary Authority of Singapore Sukuk Ijarah Program

Size:	SG\$200 million (US\$143 million)
Issuer:	Monetary Authority of Singapore
Arrangers:	Standard Chartered, Islamic Bank of Asia
Legal Counsel for Arrangers:	Allen & Gledhill

The Islamic Development Bank's Singapore dollar deal is important, but impossible without the Monetary Authority of Singapore's (MAS) inaugural SG\$200 million issuance. This ranks as one of the first and most important deals of 2009, coming in January. The Islamic Trust Certificate program

was jointly arranged by Standard Chartered and the Islamic Bank of Asia and executed on a reverse inquiry basis. A novel feature of the Ijarah certificates is that they represent forward lease contracts.