



THE RESULTS ARE NOW OUT

2006 was a year of record mergers and acquisitions (M&A) in all markets. And, what kicked it off? The Ports, Customs & Free Zone Corporation (PCFC) Sukuk (Dubai Ports World) - the funding issue for DP World to acquire The Peninsular and Oriental Steam Navigation Company (P&O)'s international ports contracts. No better way to highlight the growing sophistication and capacity of Islamic finance and the institutions offering it. But the PCFC Sukuk was not the only groundbreaking high profile Sukuk issuance in 2006. As a result, the entire Deals of the Year selection process was tremendously difficult, as too many deals were closely matched in quality, skill, innovation, and market expansion.

The PCFC Sukuk has been selected as the world's Islamic Finance Deal of the Year in an exciting competition. The sub-categories were as competitive as the Deal of the Year. Typically, quantity and quality are not companions, but the 2006 competition is one in which quantity and quality was matched. And, 2006 opened a variety of new markets, expanded forms of innovation and accelerated co-operation between the Gulf Cooperation Council (GCC) and Malaysia on multiple fronts. What does it all mean? Well, 2007 should produce an even more complicated, voluminous, exciting and excellent competition.

Deal of the Year:	Ports, Customs & Free Zone Corporation (PCFC) (DP World)
Size:	US\$3.5 billion Sukuk
Arrangers:	Barclays Capital and Dubai Islamic Bank
Lawyers:	Clifford Chance and Denton Wilde Sapte
Rating:	Unrated
Date Closed:	23 rd January
Shariah Advisors:	Dubai Islamic Bank

The PCFC Sukuk was the world's first convertible Islamic bond; and it marked the first significant participation of Islamic finance in the global M&A market. Part of the funding for the acquisition of P&O, the Sukuk contributed to elevating DP World to the world's 3rd largest ports operator. Innovative structural aspects included the ability for Sukuk holders to exchange their holdings for shares if DP World carries out an IPO within three years of the Sukuk issuance. As the tenor of the Sukuk is only two years, this required careful structuring, which involved the creation of a "look back" mechanism should DP World go to an IPO within the three-year period, but after the tenor of the Sukuk has expired. Important cross-border elements had to be addressed; including demonstrating to UK authorities that the acquirer of a UK listed company had certainty of funds. A Musharakah structure, the PCFC Sukuk tested a number of relationship elements that caused predictability of income to investors, a bonus mechanism for the DP World, and other complex creative features that helped the PCFC Sukuk serve DP World by drawing conventional and global investors into the Islamic structure. PCFC was an excellent example of cooperation between a leading Islamic bank and international bank showing that the Islamic market players are capable of providing cutting edge services in the complex and time focused global M&A market.

(Also the winner of: Deal of the Year in UAE)

Honorable Mention: The first exchangeable Sukuk: Rafflesia (Khazanah), the first Islamic REIT: Al-Aqar: a dynamic GCC-Malaysian deal: Dubai Financial: and significant tier two capital instruments for Abu Dhabi Islamic Bank and Sharjah Islamic Bank.

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Deals of the Year Result *(continued...)*

Corporate Finance:

Kuwait Finance House

Size:	US\$850 million
Lead Arrangers:	BNP Paribas, Gulf International Bank, Calyon, HSBC Amanah, Citigroup, Standard Chartered Bank, Deutsche Bank, West LB
Lawyers:	Clifford Chance and Denton Wilde Sapte
Rating:	Unrated
Date Closed:	March
Shariah Advisors:	Kuwait Finance House

Traditionally, the market views Kuwait Finance House (KFH) as a key source of funds. But, in 2006 KFH accessed the syndication market for funding. In early 2006, KFH executed its debut "debt" market, which was one of the largest Islamic deals in Kuwait of the year. This transaction was selected due to its success in attracting a diverse universe of investors. The largest syndicated Murabahah as of its time for a Kuwaiti corporate, this transaction has opened the door to expanding the Kuwait market space, in terms of deal volume and international investor confidence.

Honorable Mention: The Emaar Sukuk issuance, the Dubai Financial funding for acquisition of BIMB, and the MTC syndicated Murabahah all gave close competition to KFH. Preference was given to KFH due the initial launch at a large volume.

Cross Border:

Dubai Financial

Size:	US\$330 million Syndication Facility
Lead Arranger:	Citigroup
Lawyer:	Denton Wilde Sapte
Rating:	Unrated
Date Closed:	October
Shariah Advisors:	Citi Islamic Investment Bank

This transaction cements the growing co-operation between the GCC and Malaysia, turning the talk about harmonization into a business reality and allowing for greater synergy in Islamic finance. The transaction was a complex blend of bridge funding for Dubai Investment Group's acquisition of 40% of BIMB, the founding Malaysian Islamic bank, and an important capital contribution to bank's capital base and its capacity to grow its domestic business as well as to expand cross-border. The transaction embedded a US dollar Malaysian ringgit Shariah compliant swap. Some cross-border deals were more complex by their components, but Dubai Financial earns precedence for its successful merging of GCC interests with the Malaysian market in a direct investment in an established institution. This investment required a GCC entity to buy into a Malaysian entity with distinct operating methods; and the Malaysian institution to adapt to the GCC style in a way that does not disturb the bank's effectiveness in the local market. But, despite similar home currency pegs to the dollar, the inbound investment was in US dollars and required a five year Shariah compliant hedge, given the next investment in local currency.

Honorable Mention: The Albaraka IPO and PCFC were strong contenders in this same category.

Innovative:

Rafflesia Capital (Khazanah Nasional)

Size:	US\$750 million Exchangeable Sukuk
Joint Managers:	CIMB Islamic, UBS and HSBC Amanah
Lawyers:	Allen & Gledhill, Clifford Chance and Linklaters
Rating:	Unrated
Date Closed:	27 th September
Shariah Advisors:	CIMB Islamic

In a year of widespread innovation, Khazanah Nasional's debut global Islamic bond wins over impressive competition. The deal represents the world's first Shariah compliant exchangeable bond based on the ownership concept of the underlying

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Deals of the Year Result *(continued...)*

shares, whilst preserving a typical feature of an exchangeable bond. The transaction generated funds for Khazanah whilst creating an opportunity for investors to convert their bond units into shares of an underlying Khazanah controlled company – Telekom Malaysia. The deal creates unique business elements allowing investors to participate in a flagship company, and prospectively to convert into that company's shares, whilst having a direct obligation of Khazanah, yet preserving Khazanah's capacity to buyout the position of the investors. This was not only a highly creative transaction in its own right, but it was the largest exchangeable instrument issued in Asia in 2006. Given the diverse universe of government-linked entities in the Islamic world, this deal established a useful role model for both funding, and government-linked entity risk and portfolio management.

(Also the winner of: Sovereign Deal of the Year & Deal of the Year in Malaysia)

Honorable Mention: The PCFC Sukuk, Dubai Financial, and Abu Dhabi Investment House structured trade Mudarabah by Abu Dhabi Commercial Bank all represented significant and important innovations in the field.

Equity:

Abu Dhabi Islamic Bank

Size:	US\$ 5 billion with US\$800 million issued Sukuk program
Lead Manager:	HSBC Amanah
Lawyers:	Allen & Overy, Maples & Calder and Norton Rose
Rating:	A2 Moody's and A Fitch
Date Closed:	December
Shariah Advisors:	HSBC Amanah and Abu Dhabi Islamic Bank

Traditional banks have long supplemented their tier one capital with tier two issuances via trust certificates. Recent experimentation with Musharakah forms has allowed the development of this Islamic equity model in a manner that is consistent with western-style trust certificate programs. The Abu Dhabi Islamic Bank Sukuk Program for US\$5 billion of trust certificates issued the first US\$800 million in December 2006. The second program launched by an Islamic financial institution, this program is the largest in scope and the first program to be listed on the London Stock Exchange with investment grade rated certificates. The deal has built-in flexibility to allow redrawing on a periodic basis over the life of the transaction up to the maximum volume of certificates authorized. The scope and structure of this issuance allows for a significant growth of the Islamic market by increasing the capital access of Islamic banks.

Honorable Mention: The Albaraka IPO and the Sharjah Islamic Bank trust certificates also were top drawer equity transactions.

Ijarah:

Nakheel Development

Size:	US\$3.52 billion Sukuk Ijarah
Arrangers:	Barclays Capital and Dubai Islamic Bank
Lawyers:	Clifford Chance and Denton Wilde Sapte
Rating:	Unrated
Date Closed:	December
Shariah Advisors:	Dubai Islamic Bank

Not only is Nakheel an excellent example of a structured Ijarah transaction, it is the largest ever Sukuk issuance to date. Proceeds are being used to fund Nakheel's landmark real estate projects throughout the UAE. But the Nakheel Sukuk builds on the PCFC Sukuk convertibility model. The Sukuk permits investors to have the option of taking part in any Nakheel IPO, acquiring shares at a preferential price, and allowing investors the option to hold onto the bond. This is an evolutionary step beyond the PCFC Sukuk model. The largest ever Sukuk issuance, and one of the ten largest convertible bond issuances ever globally, Nakheel demonstrates the relative attraction of GCC assets and GCC government-linked companies to global investors, including investment in the GCC real estate sector. The underlying leasehold estate structure gives investors a secure means of participating in Nakheel's core business whilst achieving a predictable, attractive current income.

(Also the winner of: Real Estate Deal of the Year)

Honorable Mention: Were the Nakheel Sukuk not so filled with unique features appended to the lease relationship, a classic aircraft lease deal like Etihad Airways would have stood out.

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Deals of the Year Result *(continued...)*

I-REIT:

Size:	RM179.25million (US\$48.72 million)
Total Market Capital:	RM333.2 million (US\$90.57 million)
Managing Underwriter:	AmlInvestment Bank
Lawyer:	Abdul Rahman Saad
Rating:	Unrated
Issuance Date:	July
Issuance Date:	August
Shariah Advisors:	Hadi Noohdin Gadot, Hj Md Hashim b. Hj Md Yahya, and Prof. Madya Dr. Ab. Halim Muhammad and complies with Securities Commission Islamic REIT standards

AI-Aqar KPJ REIT

After a great deal of talk and many broken promises by bankers, KPJ Healthcare (KPJ) broke through and offered units in the first Islamic REIT. Playing on its existing market position as the largest private healthcare group in Malaysia, KPJ first covered many milestones: first Asian healthcare REIT, first listed Islamic REIT globally, first REIT launched and listed in Malaysia under the Securities Commission's guidelines for Islamic REITs. Generating cash for KPJ's expansion, the REIT allowed KPJ to maintain healthcare management roles as well as to retain its brand. The six properties acquired by the REIT will distribute up to 99% of income to investors for the financial years ending 2006 to 2009. KPJ REIT has a solid expansion plan as it is given a first right of refusal to acquire existing local or overseas hospitals managed by the KPJ Group with yield enhancing prospects. Low risk stable rental income streams proven by leading profitable hospital operators based on long-term lease agreements with the KPJ Group for 15 years with an option to renew for another 15 years. In the lease agreements, all the future maintenance costs will be borne by the KPJ Group. With the volume of parties owned by KPJ Group, the REIT may be expanded. This transaction sets a new benchmark and paves the way for future Islamic REITs. At the same time, the successful launch of an Islamic REIT model establishes a platform for regional, international growth for KPJ.

Mudarabah:

Size:	RM300 million (US\$81.20 million)
Lead Manager:	Aseambankers and AmlInvestment Bank
Lawyer:	Zaid Ibrahim & Co.
Rating:	MARC-1ID, A+ ID
Date Closed:	October
Shariah Advisors:	Aseambankers

KNM Capital

KNM's transaction is the first of its kind where a combination of Murabahah and Mudharabah principles were used to facilitate an Islamic Commercial Papers/Medium Term Notes program. The ICP of up to RM150 million (US\$40.56 million) issued under the ICP/MTN program are underwritten whilst the MTN are not. This seven-year deal was structured to allow a shelf structure whereby the subsequent tranches are issued without a new prospectus. The proceeds raised from the issuance of the ICP/MTN may be applied by KNMC, KNM's funding entity, to KNM and/or its other subsidiaries for the redemption of existing facilities, to make new industrial investments in China, to make new capital investments, and for general KNM working capital. This transaction applies a blend of the older Malaysian innovations and the latest developments from the Malaysian Islamic bond market.

Honorable Mention: Aabar was an excellent runner up serving for the corporate expansion of Aabar Petroleum in the ASEAN region.

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Deals of the Year Result *(continued...)*

Musharakah:	Qatar Real Estate Investment Company (QREIC)
Size:	US\$270 million Sukuk
Lead Manager:	Qatar National Bank Al Islami, Dubai Islamic Bank, Gulf International Bank, and Standard Chartered Bank
Lawyers:	Clifford Chance and Denton Wilde Sapte
Rating:	Unrated
Date Closed:	August
Shariah Advisors:	Qatar National Bank Al Islami, Dubai Islamic Bank and Standard Chartered Bank.

The QREIC Sukuk was the first corporate Sukuk in Qatar and the first transaction to be issued by a special purpose vehicle (SPV) domiciled in the Qatar Financial Centre. Unlike the Qatar Global Sukuk, the QREIC issuance benefited from the drafting of specific regulations/exemptions (including a tax letter) to ensure that the SPV had a similar status to issuers located in other offshore jurisdictions. This creates a replicable role model for the Qatar market that meets international standards. In addition to using a procurement agreement to appoint QREIC to construct the project (which is a relatively new concept in Islamic finance), a second purchase undertaking was required in respect of the forward lease agreement, enabling the lessor to sell the leased assets to the lessee on a continuing event of default.. Whilst purchase undertakings in respect of the Musharakah are more common, the concept of a 'lease' purchase undertaking (and any second purchase undertaking) is novel development in this declining Musharakah transaction. The Musharakah is structured to fund in stages, reflecting the needs of the underlying obligor QREIC to fund according to its project needs. The first 10-year issuance in the GCC, the deal enjoys a high degree of security given the control of the properties by the Musharakah.

This issuance is a significant development in the opening of the Qatar market for domestic corporate issuances as well as signaling the formal opening of the Qatar Financial Centre for domestic and global Sukuk.

(Also the winner of: Deal of the Year in Qatar)

Honorable Mention: East Cameron Gas Company represents a very strong competitor, but covers other unique territory for which it is acknowledged below.

Murabahah:	Mobile Telecommunications Company International (MTC)
Size:	US\$1.2 billion Syndicated Murabahah Facility
Lead Arrangers:	ABC Islamic Bank, Arab Bank, Calyon, Gulf International Bank, Kuwait Finance House and National Bank of Abu Dhabi
Lawyers:	Clifford Chance and Norton Rose
Rating:	Unrated
Date:	December
Shariah Advisors:	Kuwait Finance House

A traditional participant in the interest markets, Mobile Telecommunications Company (MTC) returned to the Islamic market for the second time. Two important reasons for this were MTC's discovery that Islamic providers can be efficient and deliver on pricing competitively to traditional banks. One of the largest Islamic facilities in the market, the deal was syndicated prior to financial close, demonstrating the attractiveness of the obligor, the Kuwait market, and the Islamic alternatives. The use of Murabahah to access funds from serial sales of commodities and their deferred purchase payment by the obligor is the tried and true method of Islamic finance. When well-executed, it is an excellent tool to draw world class companies like MTC to expand its tapping of the Islamic market space.

(Also the winner of: Deal of the Year in Kuwait)

Honorable Mention: Pertamina US\$200 million Syndicated Murabahah.

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Deals of the Year Result *(continued...)*

IPO:	Albaraka Banking Group
Size:	US\$572 million
Lead Arranger:	Gulf International Bank
Lawyers:	Norton Rose and various domestic counsel in more than ten countries.
Rating:	Unrated
Date:	September
Shariah Advisors:	Albaraka

Once one of the founders of the modern Islamic banking movement, the Albaraka Banking Group (ABG) was traditionally a closely held entity with a broad mandate in many Islamic countries. The 2006 private placement of US\$450 million and IPO of US\$572 million represent both the first true opportunity for the broad Muslim public to participate in the success of this important market participant, and the first dual listing of shares on the Bahrain Stock Exchange and the Dubai International Financial Exchange.

(Also the winner of: Deal of the Year in Bahrain)

Project Finance:	Al-Waha Petrochemical Project
Size:	\$1 billion wholly-Islamically financed project
Lead Arrangers:	ABC Islamic Bank, Arab Banking Corporation, Bank Al Jazira, Banque Saudi Fransi, Gulf International Bank, Saudi Hollandi Bank and Saudi British Bank
Lawyers:	Clifford Chance (Sponsors) and Norton Rose (Banks)
Rating:	Unrated
Date:	November
Shariah Advisors:	HSBC Amanah

Al Waha, despite many very good entries, was well ahead of the pack. This is believed to be the first limited recourse greenfield project in Saudi Arabia to be financed without any interest bearing commercial bank debt, relying on funding from the shareholders and Saudi government agencies, as well as the Islamic facility. In itself, the Islamic structure is based on co-ownership of certain project assets. Traditionally, project finance structures have required a conventional loan tranche, and have never enjoyed a completely Shariah compliant fund and security package. Moreover, instead of applying Istisnah or a forward lease, a Musharakah method was used, which may recreate more deal flexibility over the long term.

Honorable Mention: Aabar was an excellent runner up serving for the corporate expansion of Aabar Petroleum in the ASEAN region.

Real Estate:	Nakheel Development
Size:	US\$3.52 billion Sukuk Ijarah
Arrangers:	Barclays Capital and Dubai Islamic Bank
Lawyers:	Clifford Chance and Denton Wilde Sapte
Rating:	Unrated
Date:	December
Shariah Advisors:	Dubai Islamic Bank

There were many entries for this category, but, the sheer scale of Nakheel demonstrates that investors voted with the dollars in the Nakheel company, its UAE real estate vision and its expansion plans. There is an old saying, "money talks, you know what walks." Nakheel is the best real estate deal.

(Also the winner of: Ijarah Deal of the Year)

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Deals of the Year Result *(continued...)*

Sovereign:	Rafflesia Capital (Khazanah Nasional)
Size:	US\$750 million Exchangeable Sukuk
Joint Managers:	CIMB Islamic, UBS and HSBC Amanah
Lawyers:	Allen & Gledhill, Clifford Chance and Linklaters
Rating:	Unrated
Date Closed:	27 th September
Shariah Advisors:	CIMB Islamic

There were no true Sovereign issuances in the submissions for this competition, but there were many government-linked entries, including the various Dubai transactions and the Malaysian secondary market buyer of mortgages Cagamas. But Khazanah Nasional, with its unique structure and breadth of investor appeal into North Asia through the ASEAN region into the GCC and Europe makes this the strongest sovereign linked deal of the competition. The transaction is also a tribute to the leadership of the issuers' management team in defining creative alternatives to managing the capital structures and exit strategies of the constituent companies controlled by Khazanah.

(Also the winner of: Most Innovative Deal of the Year & Deal of the Year in Malaysia)

Structured Finance:	East Cameron Gas Company (ECP)
Size:	US\$165.67
Lead Managers:	BSEC S.A. and Merrill Lynch
Lawyers:	Vinson & Elkins and Walkers
Rating:	CCC+ Standard & Poor's
Date:	July
Shariah Advisors:	Sh. Nizam Yaquby and Sh. Yusuf DeLorenzo

This structured deal has everything: a formerly bankrupt obligor, a complicated capital structure to replace, a participation in oil and gas production and the first approval of a traditional hedge for gas prices. It is also the first significant US Sukuk to be issued globally, and to be heavily acquired in the US market. East Cameron is a tribute to the structuring skills of BSEC S.A. and its ability to partner with a global brand to produce a highly structured deal with attractive outcomes for the obligor and the investors.

(Also the winner of: Deal of the Year in US)

Sukuk:	SABIC
Size:	US\$800 million Sukuk
Lead Managers:	HSBC Amanah and SABB Amanah
Lawyers:	Al-Jadaan, Clifford Chance and Torki Al-Shabaiki in association with Baker & McKenzie (local)
Rating:	Unrated
Date:	July
Shariah Advisors:	SABB Amanah

This was the first ever Sukuk in Saudi Arabia, and has set the benchmark for subsequent Sukuk issuances. SABIC, despite many really good entries, stands out as the deal that opens Saudi Arabia, the largest GCC country. Prior to SABIC's Sukuk issuance, there were no public non-equity capital market issuances by any issuer other than the Central Bank Saudi Arabia Monetary Agency (SAMA). SABIC's decision to issue Sukuk instead of borrowing conventionally related to a desire to diversify financial sources, deepen the Saudi Arabian market and promote Islamic finance in the Kingdom. As the first tradable public issuance of Sukuk in Saudi Arabia, the SABIC deal has defined the challenges to forming an efficient market, as well for the opportunities of issuing Islamic securities for Saudi Arabian corporates.

(Also the winner of: Deal of the Year in Saudi Arabia)

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Deals of the Year Result *(continued...)*

Trade Finance:

Pertamina (Persero)

Size:	US\$200 million Murabahah Syndication
Lead Manager:	HSBC Amanah
Lawyer:	Clifford Chance
Rating:	Unrated
Date:	January
Shariah Advisors:	HSBC Amanah

Pertamina (Persero), the state-owned oil company, is the first Indonesian company to tap the overseas Islamic finance investor base. Its second syndication attracted participation from several existing banks in the first syndication as well as new participants, representing both Islamic and conventional banks. Competitively priced, the financing for oil imports during a period of high oil prices eased the cash flow burdens of the buyer, and further reinforced interest from the offshore Islamic investor base in Indonesia.

(Also the winner of: Deal of the Year in Indonesia)

Country Deals:

Bahrain:

Albaraka Banking Group

Size:	US\$572 million
Lead Arranger:	Gulf International Bank
Lawyers:	Norton Rose and various domestic counsel in more than ten countries.
Rating:	Unrated
Date:	September
Shariah Advisors:	Albaraka

Bahrain is truly one of the most important centres for Islamic banking. The Albaraka Banking Group IPO stands out by increasing our opportunities to participate in this market through acquisition of listed shares.

(Also the winner of: IPO Deal of the Year)

Indonesia:

Pertamina (Persero)

Size:	US\$200 million Murabahah Syndication
Lead Manager:	HSBC Amanah
Lawyer:	Clifford Chance
Rating:	Unrated
Date:	January
Shariah Advisors:	HSBC Amanah

The Indonesian market is newly opening to Islamic finance. The credit worthy state oil company could easily borrow conventionally or issue traditional bonds. But, Pertamina lent credibility to the Islamic market and its tools by choosing to purchase oil by using syndicated Islamic sales transactions. In 2007, Indonesia expects to tap the global Sukuk market with a debut offering. Certainly, Pertamina helped the cause by demonstrating capabilities and efficiency of Islamic banking syndicates, and leading structurers of Islamic deals like HSBC Amanah.

(Also the winner of: Trade Finance Deal of the Year)

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Deals of the Year Result *(continued...)*

Kuwait:

Size:	US\$1.2 billion Syndicated Murabahah Facility
Lead Arrangers:	ABC Islamic Bank, Arab Bank, Calyon, Gulf International Bank, Kuwait Finance House and National Bank of Abu Dhabi
Lawyers:	Clifford Chance and Norton Rose
Rating:	Unrated
Date:	December
Shariah Advisors:	Kuwait Finance House

(Also the winner of: Murabahah Deal of the Year)

Malaysia:

Size:	US\$750 million Exchangeable Sukuk
Joint Managers:	CIMB Islamic, UBS and HSBC Amanah
Lawyers:	Allen & Gledhill, Clifford Chance and Linklaters
Rating:	Unrated
Date Closed:	27 th September
Shariah Advisors:	CIMB Islamic

The maturity of the Malaysian market means that the depth and variety of deals truly makes it a difficult one in which to determine the best and brightest deal in 2006. Rafflesia and Al Aqar stood out above the rest. But, Al Aqar is a fulfillment of the long awaited promise of an Islamic REIT, and a top deal at that. After close consideration, Khazanah's innovation, exchangeable feature, and wide distribution propel it to the top spot.

(Also the winner of: Most Innovative Deal of the Year & Sovereign Deal of the Year)

Oman:

Size:	US\$260 million Islamic Tranche of US\$1 billion project financing
Lead Manager:	Citigroup
Lawyer:	White & Case
Date:	November
Rating:	Unrated
Shariah Advisors:	Citi Islamic Investment Bank

Sohar is the first Omani obligor to take the Islamic market in a significant way. Oman has long been considered to be the most difficult market for Islamic financial institutions to penetrate. This high profile deal in the local market led by Citibank should provide clear evidence of the benefits of Islamic finance to local corporates.

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Deals of the Year Result (continued...)

Pakistan:

Sitara Chemical Industries

Size:	PKR1.1 billion (US\$16.63 million) Sukuk
Lead Manager:	Standard Chartered Bank
Lawyer:	Mohsin Tayebaly & Co.
Date:	June
Rating:	Unrated
Shariah Advisors:	Standard Chartered Bank

This is the first local currency Sukuk issued by a local corporate in Pakistan and the first Sukuk issue for Standard Chartered in the Pakistan market. This privately placed Sukuk issue is structured on the basis of co-ownership of assets ("Shirkat-ul-milk"), whereby Sitara Chemical Industries (SCI) and the Sukuk holders will jointly own the fixed assets relating to SCI's caustic soda plant. SCI will be appointed as managing co-owner on behalf of the Musharakah, pursuant to the management agreement. Further, SCI will use the Sukuk holders' portion of the Musharakah assets in return for periodic rental payments linked to a known benchmark and agreed threshold level of production, as per the payment agreement.

Honorable Mention: Tuwairqi, WAPDA

Qatar:

Qatar Real Estate Investment Company (QREIC)

Size:	US\$270 million Sukuk
Lead Managers:	Qatar National Bank Al Islami, Dubai Islamic Bank, Gulf International Bank, and Standard Chartered Bank
Lawyers:	Clifford Chance and Denton Wilde Sapte
Rating:	Unrated
Date:	August
Shariah Advisors:	Qatar National Bank Al Islami, Dubai Islamic Bank and Standard Chartered Bank.

The Qatar Real Estate Investment Company (QREIC) Sukuk represents the debut of both the corporate sector in Qatar and the Qatar Financial Centre. These developments are welcome and the market looks forward to progressive expansion of these two developments as the Qatari corporate and hydrocarbon markets expand, and enjoy cross border investment from multi-nationals and GCC business partners.

(Also the winner of: Musharakah Deal of the Year)

Saudi Arabia:

SABIC

Size:	US\$800 million Sukuk
Lead Managers:	HSBC Amanah and SABB Amanah
Lawyers:	Clifford Chance, Torki Al-Shabaiki in association with Baker & McKenzie (local) and Al-Jadaan Law Firm
Rating:	Unrated
Date:	July
Shariah Advisors:	SABB Amanah

This was a particularly tough decision given the important project finance deals executed in Saudi Arabia, and the innovation achieved with Al Waha. However, the significant contribution represented in generating the first domestic traded Sukuk, causes SABIC to seize the honor. The SABIC Sukuk demonstrated how the new Capital Markets Authority regulations may be used for the structuring and issuance of Islamic instruments. It also highlights the strong domestic demand for Islamic income oriented instruments. SABIC has paved the way for Sukuk and other publicly issued asset oriented securities to become mainstream tools of corporate finance in Saudi Arabia. Such a development bodes well for the expansion of the domestic economy.

(Also winner of: Sukuk Deal of the Year)

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Deals of the Year Result *(continued...)*

South Africa:

Absa

Size:	Rand 100 million (US\$13.9 million) Murabahah Equity
Lead Managers:	Absa Capital and Absa Islamic Banking
Date:	December
Rating:	Unrated
Shariah Advisors:	Moulana Shoayb Joosub

Absa Islamic Banking, in partnership with Absa Capital, has signed a R100m (US\$13.9 million) Murabahah Equity conduit deposit with a new business banking customer to the Absa Group. This is one of the largest Shariah compliant business banking investments in the business banking market in South Africa to date. The transaction allowed a client to make a unique Islamic deposit and achieve a successful placement of funds on a short term basis.

Turkey:

Garanti Leasing

Size:	US\$41.5 million Syndicated Murabahah
Lead Manager:	Citigroup
Lawyer:	Norton Rose
Date:	September
Rating:	Unrated
Shariah Advisors:	Citi Islamic Investment Bank

Turkey has long been viewed as an important market for Islamic finance and many important Islamic investors have long standing projects in the Turkish market. But, convincing leading Turkish finance houses and corporates to seek finance structured on Islamic principals has been challenging. Citibank's arrangement of a corporate financing based on Murabahah for Garanti Leasing is a significant success in this line. Garanti is one of the country's most important financial groups, and their agreement to tap the Islamic market is hoped to be a stepping stone for more widespread Islamic corporate finance in Turkey.

UAE:

Ports, Customs & Free Zone Corporation (PCFC) (DP World)

Size:	US\$3.5 billion Sukuk
Arrangers:	Barclays Capital and Dubai Islamic Bank
Lawyers:	Clifford Chance and Denton Wilde Sapte
Rating:	Unrated
Date Closed:	23 rd January
Shariah Advisors:	Dubai Islamic Bank

The UAE with its growing issuances of government linked entities provides one of the most challenging markets in which to make a decision. But, the creative structuring of the Ports, Customs & Free Zone Corporation (PCFC) Sukuk and fitting this deal into the modern global M&A framework has to give PCFC Sukuk the lead. With Abu Dhabi and Sharjah based entities joining the fray, one can imagine that the 2007 UAE deal of the year will be even more difficult to select!

(Also the winner of: Deal of the Year)

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Deals of the Year Result *(continued...)*

USA:

East Cameron Gas Company (ECP)

Size:	US\$165.67
Lead Managers:	BSEC S.A. and Merrill Lynch
Lawyers:	Vinson & Elkins and Walkers
Rating:	CCC+ Standard & Poor's
Date:	July
Shariah Advisors:	Sh. Nizam Yaquby and Sh. Yusuf DeLorenzo

BEMO Securitization, without any branches, was able to rely upon business relationships to originate a niche US market transaction. It then co-operated with Merrill Lynch to refine the structure and achieve a global distribution for the complex transaction. Not only was the transaction a landmark for the service rendered to a niche US corporate, but for its successful distribution to US investors. The East Cameron Gas Company (ECP) deal demonstrates that the US regulatory framework works for the issuance of Sukuk, domestically and cross border: A fact that should open the way for more Sukuk from both traditional American companies as well as the nascent Islamic banking industry in the US.

(Also the winner of: Structured Finance Deal of the Year)