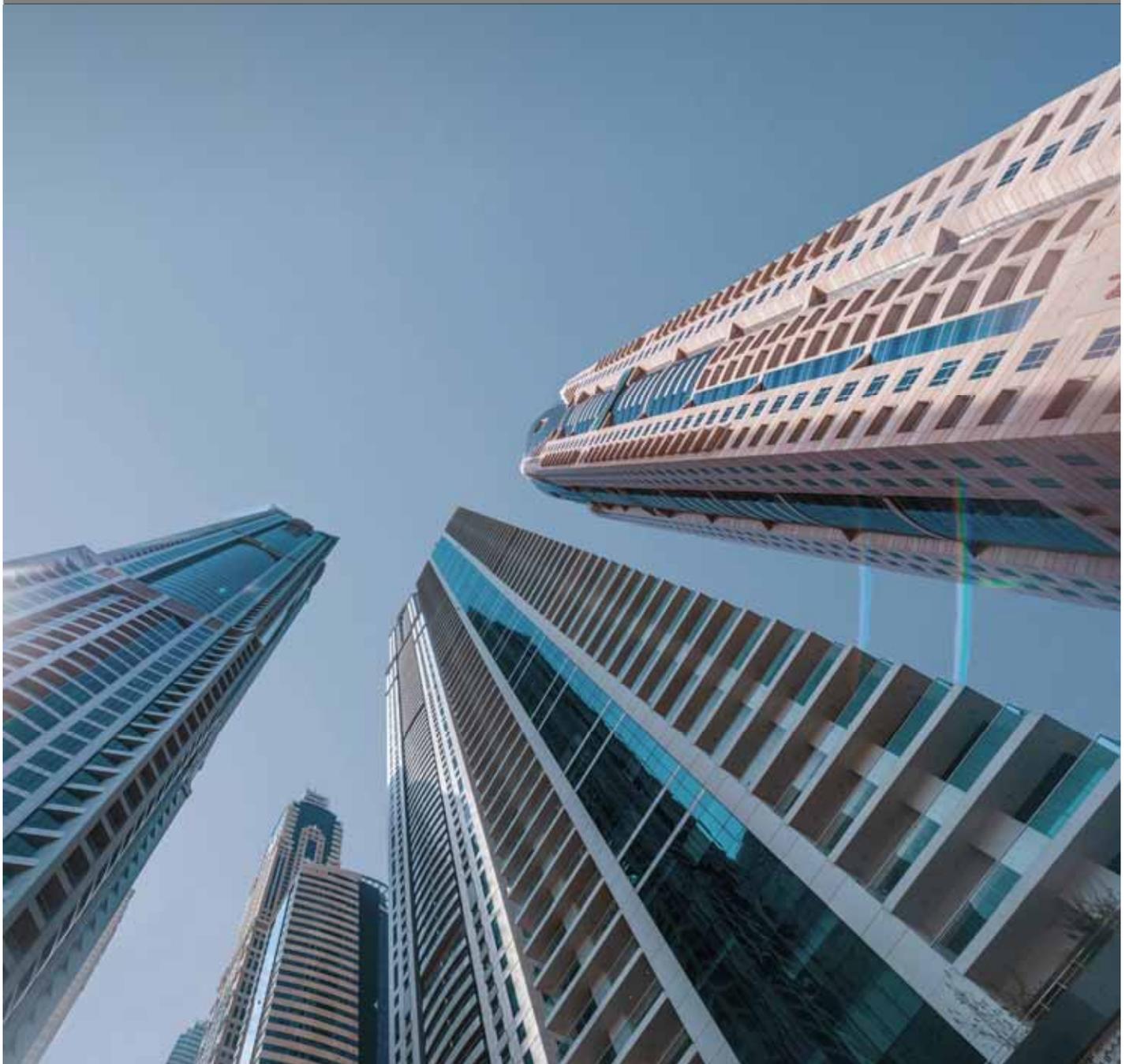


WATSON FARLEY
&
WILLIAMS

ISLAMIC FINANCE



WATSON FARLEY & WILLIAMS: KEY FACTS

140+
PARTNERS

FOUNDED
1982

14
OFFICES

450+
LAWYERS

11
JURISDICTIONS

20+
LANGUAGES
SPOKEN

OUR ISLAMIC FINANCE PRACTICE

Finance is central to our firm's strategy and we are ranked amongst the leading international practices in this area. Islamic finance is a key part of our offering and we are fully conversant in a broad cross-section of Islamic products. We work closely with our clients to ensure that their transactions and structures comply with best practice and all regulatory requirements, as well as adhering to *Shari'a* principles.



"THEY ARE SPECIALISTS AND THEY ARE GOOD AT WHAT THEY DO."

CHAMBERS UK 2016

Our approach

Our Islamic finance team comprises lawyers who are experienced in traditional forms of finance as well as understanding the *Shari'a* principles governing Islamic finance and financing techniques.

Shari'a-compliant products and services are diverse and broad-ranging. Our Islamic finance team draws upon experienced lawyers across our international network and combines expertise in numerous disciplines, including projects, finance, corporate and private equity, real estate, construction and tax.

Our Islamic finance team represents both Islamic and non-Islamic banks and financial institutions, private equity firms, funds, asset managers, and other intermediaries and advisors on a broad cross-section of Islamic products.

Overall experience

Members of the team have represented a number of Islamic and non-Islamic financial institutions in the structuring of Islamic financial products and the application of *Shari'a* principles to the financing of:

- REAL ESTATE, CONSTRUCTION AND DEVELOPMENT
- COMMODITIES AND TRADE FINANCE
- PROJECTS AND INFRASTRUCTURE
- SHIPS, AIRCRAFT AND OTHER 'BIG TICKET' ASSETS
- OFFSHORE OIL & GAS ASSETS
- STRUCTURED PRODUCTS AND DERIVATIVES.

Real estate

Real estate has been one of the most popular asset classes of the Islamic finance industry for the last 20 years or more, serving as the base for a multitude of transactions of varying sizes and degrees of complexity.

Our team advises financiers, investors, sovereign funds, family offices, owners, developers, lessees, landlords and tenants. Working alongside colleagues on a multi-disciplinary basis, the team draws upon significant experience in real estate, planning, corporate, tax, commercial and construction law, as well as capabilities in dispute resolution and restructuring.

We have worked on transactions in multiple jurisdictions and on transactions ranging from simple acquisitions of assets for investment purposes, to the construction of large multi-use development projects, where we need to address the commercial objectives of different groups of investors and other stakeholders and project participants.



Projects and infrastructure

With a focus on construction, development and subsequent use, and the exploitation and operation of revenue-generating tangible assets, Islamic finance is a natural fit with the projects and infrastructure sector.

Over the last 15-20 years, it has become increasingly common to see the use of a *Shari'a*-compliant tranche of financing alongside conventional and other financing sources on large-ticket project finance deals and indeed, some projects which are financed on a wholly *Shari'a*-compliant basis. The growing popularity and flexibility of *Sukuk* (so-called Islamic bonds) is likely to lead to a further growth in the use of *Shari'a*-compliant finance techniques and instruments in this space.

Our Islamic finance team has extensive experience of working on transactions of this type across a range of sectors including power and water, oil & gas, roads, housing, schools and universities, and hotels and other leisure facilities. In particular, we understand how to structure deals to address the complex intercreditor voting and asset and revenue sharing issues which typically arise and how to ensure the basic principle of equality between financing groups.

Funds and corporate

The firm has been involved in advising a wide range of Islamic banks, conventional banks and other financial institutions, companies, fund managers and other entities in relation to establishing *Shari'a*-compliant funds, including the use of parallel fund structures where conventional and Islamic investors are able to invest or co-invest in the same assets or asset classes.

We also have experience of structuring and completing mergers & acquisitions, private equity and venture capital transactions – including investments and disposals – both for funds as part of overall portfolios or as standalone deals.

Tax

We regularly advise on the interpretation and application of the alternative finance arrangements in the United Kingdom which were introduced principally to ensure a level playing field for the tax treatment of *Shari'a*-compliant transactions and contracts.

Post-contract care and dispute resolution

In addition to structuring Islamic finance products, we also advise on these structures (and related documentation) once they are operational. Our dispute resolution lawyers, for example, are experienced in dealing with disputes where the transaction has been structured in accordance with Islamic finance principles.

Restructuring and workouts

The Islamic finance sector, being a global phenomenon, was not immune from the effects of the financial crisis and inevitably remains susceptible to 'shocks', be they geographical, counterparty or sector specific, or simply part of a broader market downturn.

We have extensive expertise in, not only the corporate, banking and insolvency laws and regulations in the many jurisdictions in which we operate but equally importantly, how such concepts can be made to operate effectively, for debtors and creditors alike, in a manner which is *Shari'a* compliant. In many instances, we have been able successfully to restructure and reschedule *Shari'a* transactions to avoid insolvency and to preserve asset and deal value, pending economic recovery.



"EXTREMELY HARD-WORKING, PROACTIVE, RESPONSIVE TEAM – WE WERE QUITE IMPRESSED WITH THE WAY THEY HANDLED THE FILES."

CHAMBERS GLOBAL 2015

SELECTED EXPERIENCE

BAHRAINI BANK AND KUWAITI BANK

Advising a Bahraini bank and a Kuwaiti bank on funding for the development and subsequent use of land and buildings in Kuwait pursuant to a forward lease agreement (*Ijara*).

NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (BAHRI)

Advising Bahri on a US\$437.8m *Murabaha* financing for six very large crude carriers (VLCCs).

ARCAPITA BANK

Advising Arcapita (as part of an advisory team) on possible insolvency and bankruptcy protection options, including UK and Bahrain-based schemes of arrangement, administration under the CBB Law and Chapter 11 proceedings under the US Bankruptcy Code.

STUDENT ACCOMMODATION FINANCING

Advising on the financing of student accommodation in Bristol, UK, using a commodity *Murabaha* of circa £17m.

BRUNEI GAS CARRIERS (BGC)

Advising BGC on the delivery of the liquid natural gas (LNG) carrier m.v. "Amani". The vessel is the fourth "A" class LNG carrier vessel to be added to BGC's fleet. We also advised BGC on the financing of the "Amani", which was arranged through a long-term Islamic financing centred on an *Istisna-Ijara* structure. The US\$170m facility was provided by a syndicate of financiers consisting of Bank Islam Brunei Darussalam Berhad, Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad, HSBC and Sumitomo Mitsui Banking Corporation Europe Limited.

US MEDICAL FACILITY FINANCING

Advising on the financing of a US medical facility using a commodity *Murabaha* of circa US\$45m.

MIDDLE EASTERN SHIPPING COMPANY

Advising a Middle Eastern shipping company on a *Shari'a*-compliant credit facility and profit rate hedging arrangements.

UK-REGULATED ISLAMIC BANK

Advising a UK-regulated Islamic bank on trade related *Murabaha* facilities for the purchase of steel and the refinancing of existing borrowings.



GLOBAL PROCESS SYSTEMS

Advising Global Process Systems on a fundraising for a project involving a mobile offshore production unit (MOPU). Funding was injected by a two-tiered *Ijara* leasing structure integrated into the existing leasing chain. A *Mudaraba* agreement was also built into the structure as part of the cashflow mechanics.

ISLAMIC BANK

Advising an Islamic bank on an innovative structure for the provision of letters of credit and *Murabaha* funding in connection with trade finance services to be provided by the other party to its clients.

LONDON-BASED BANK

Advising a *Shari'a*-compliant London-based bank on a US\$6m revolving *Murabaha* facility to finance the export of smelting by-products to the Middle East.

ISLAMIC BANK

Acting for an Islamic bank in connection with its purchase of a lease of containers to a Middle Eastern shipping group and subsequent sale down of the investment into the Islamic investment market through a *Shari'a*-compliant investment agency agreement.

SAPURAKENCANA

Acting for SapuraKencana as issuer in respect of their MYR7bn 30-year *Murabaha Sukuk* programme including advising on the integration of the *Sukuk* programme with SapuraKencana's existing Islamic facility and conventional facility and advising on related intercreditor arrangements.

BIDDER ON SEA CONTAINERS HOUSE

Advising a bidder on the acquisition and financing of Sea Containers House, London.

SHOIABA/SHUQAIQ IWPPS

Acting for the sponsors on the Islamic tranches of both the US\$2bn Shoiaba and US\$1.9bn Shuqaiq independent water & power projects (IWPPs) project financings in Saudi Arabia.

PACSTAR

Advising Pacstar on the first Islamic shipping bond. The Al Safeena *Sukuk* is the first time that a ship has been financed using Islamic bonds. The US\$26m *Sukuk* was part of a larger refinancing of a VLCC.

BORROWER

Acting for a borrower in connection with a financing by way of co-ownership (*shirkat al mulk*) of a Panamanian-flagged asset with purchase deed and declaration of trust, purchase undertaking, sale undertaking and management agreement.

AFRICAN EXPORT-IMPORT BANK (AFREXIM)

Advising Afrexim on an Islamic financing for an Arabic gum producer.





INSTRATA CAPITAL

Acting for Instrata Capital, a Bahraini-based investment firm, in connection with the establishment of “Bunyah”, a US\$450m GCC and MENA focused *Shari'a*-compliant infrastructure fund.

QATAR NATIONAL CEMENT COMPANY

Advising Qatar National Cement Company on a *Shari'a*-compliant US\$45m master commodity *Murabaha* agreement and associated security documentation entered into with The Islamic Bank of Asia Limited.

HAJJ TERMINALS COMPLEX, JEDDAH

Acting for the Saudi Binladin Group in connection with the US\$205m limited recourse project financing, on an *istisna'a* and forward lease (*ijara fil thimma*) basis, of the Hajj Terminal Complex at King Abdulaziz International Airport in Jeddah, Saudi Arabia. The deal was wholly Islamically financed and utilised a novel structure, involving the sale and leaseback of concession rights and other intangible assets.

BAHRAINI BANK

Advising a Bahraini bank and drafting two syndicated *Murabaha* facilities for a Kuwaiti company totalling US\$150m.

ITHMAAR BANK

Advising Ithmaar Bank, the Bahrain-based investment bank, in connection with its US\$300m *sukuk al wakala* transaction, including advising on the structuring of the transaction from a *Shari'a*-compliance perspective and negotiating and drafting the offering document and supporting transaction documents. (Aborted at point of market launch).

NATIONAL CHEMICAL CARRIERS (BAHRI CHEMICALS)

Advising Bahri Chemicals on its SAR391m facility provided by a syndicate of Saudi Arabian banks to finance the purchase of one, plus one optional, large chemical tankers to be built by DSME. The facility is a secured *Murabaha* facility to finance the newbuildings on a pre- and post-delivery basis.

INVESTORS

Advising the Islamic and non-Islamic investors and the lenders on the set-up and structuring of a joint venture investment vehicle, which combines standard structured debt finance arrangements with *Shari'a*-compliant investment arrangements.



"[NOTED FOR] EXPERTISE IN ISLAMIC
FINANCE... 'TECHNICALLY STRONG
AND SOLUTION-ORIENTED'."

CHAMBERS UK 2014

REPUTATION

"...EXPERTISE IN MIDDLE EAST-RELATED TRANSACTIONS IS PARTICULARLY NOTABLE."

CHAMBERS UK 2014

"CLIENTS SAY: 'IT NOT ONLY KNOWS THE LETTER OF THE LAW, BUT MORE IMPORTANTLY KNOWS THE PRACTICAL SIDE OF HOW IT WORKS'."

CHAMBERS UK 2015

"THE SPEED AND QUALITY OF ADVICE IS EXCELLENT, AND THE LAWYERS ARE DILIGENT AND PROFESSIONAL AT ALL TIMES."

CHAMBERS EUROPE 2015

"CLIENTS SAY: 'THEY ARE BRILLIANT LAWYERS – VERY RESPONSIVE, CLIENT-ORIENTED AND ALWAYS LOOKING FOR SOLUTIONS'."

CHAMBERS GLOBAL 2015



"CLIENTS SAY: 'A VERY STRONG TEAM AND INTERNATIONAL NETWORK, ABLE TO COVER ALL ASPECTS OF OUR BUSINESS'."

CHAMBERS ASIA PACIFIC 2015

"[WFW'S] 'GLOBAL COVERAGE' AND 'HIGHLY EXPERIENCED SENIOR PARTNERS' MAKE IT AN ATTRACTIVE PACKAGE."

LEGAL 500 ASIA PACIFIC 2015

"DILIGENT AND FAST LAWYERS WHO PROVIDE THE RIGHT ANSWERS TO OUR QUESTIONS AND OFFER A BUSINESS-MINDED AND PRAGMATIC APPROACH."

CHAMBERS EUROPE 2015

"[WFW] STANDS OUT FOR ITS 'KNOWLEDGE OF MARKET PRACTICES' AND 'ABILITY TO HANDLE HIGHLY DOCUMENTED SYNDICATED FINANCE TRANSACTIONS IN VARIOUS JURISDICTIONS'."

LEGAL 500 EMEA 2015

"AN EXCELLENT FIRM, IT IS AMONG THE VERY BEST. IT IS VERY DEDICATED TO ITS CLIENTS AND UNDERSTANDS THEIR BUSINESS AND COMMERCIAL POSITIONS VERY WELL."

CHAMBERS ASIA PACIFIC 2015



"THEY DID A PERFECT JOB ON THE DEAL. ALL OF THE PARTICIPANTS WERE VERY SATISFIED WITH THEIR PERFORMANCE AND ATTITUDE."

LEGAL 500 ASIA PACIFIC 2015

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