

Your World First

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Law . Tax

Our global Islamic Finance practice

2018

What is Islamic Finance?

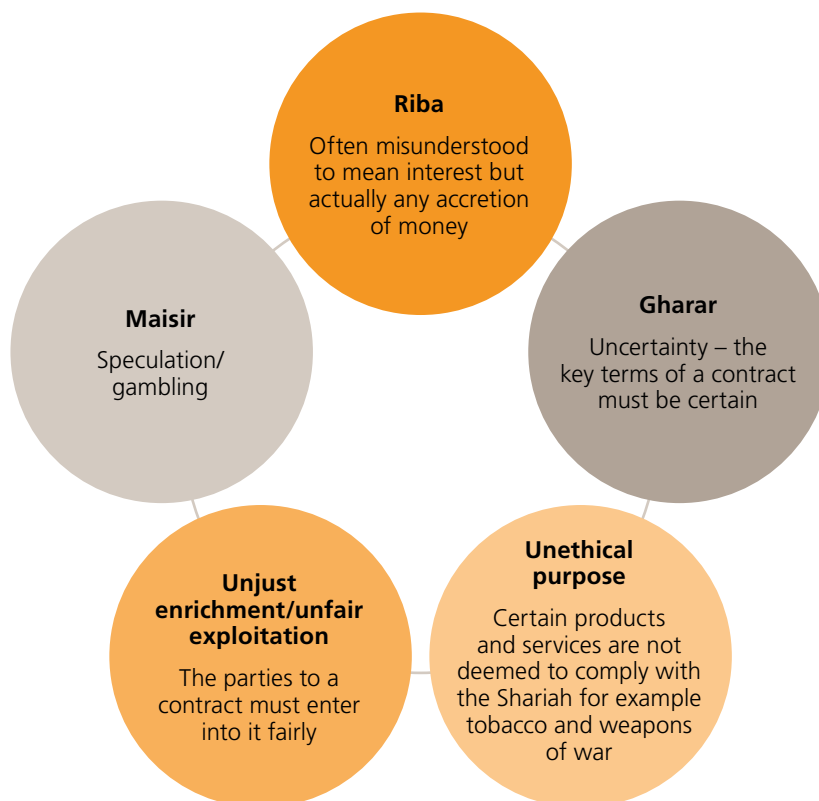
Islamic Finance involves the application of the Shariah (the system of religious law which applies to Muslims) to modern banking and finance.

The global Islamic Finance industry which currently has over 1400 active financial institutions participating in it across 67 countries has grown exponentially over the past fifteen years and now has assets of USD 3.5 trillion.

Although initially very much asset based, the Islamic Finance industry has evolved such that almost anything which can be offered on a conventional interest based basis can now also be offered on a Shariah compliant basis.

Shariah compliant products range from debt based loans to finance for example real estate, assets and projects to equity structures involving partnerships. They also comprise funds, debt capital markets instruments, derivatives, structured products and insurance.

What are the key Shariah prohibitions?



What are the key Shariah compliant structures and products?



Isn't Islamic Finance only open to Muslims?





According to the latest projections of the Islamic Development Bank and Thomson Reuters, Shariah compliant assets are expected to grow 9.5% per year on average through to 2022.

How can CMS help you in the world of Islamic Finance?



What types of Shariah compliant financings have CMS worked on?

Our global Islamic Finance practice has experience of acting on behalf of clients in all areas of Islamic Finance. Some recent examples of the types of work that members of our team have worked on are set out below.

Corporate Lending

- A major property developer on a USD 1.5bn unsecured syndicated re-financing structured using a Tawarruq.
- The borrower on a USD 1.035bn Shariah compliant syndicated financing comprised of a Murabaha and an Ijara tranche.
- Two large South East Asian corporates on financings totalling in excess of USD 250m structured using a unique Manafa'a voucher purchase and distribution structure.
- A UAE bank in relation to an AED 1bn Ijara facility made available to a large multinational corporate.
- A Kuwaiti bank on a USD 20m secured Tawarruq facility to a major car rental company.
- A UAE bank on a proposed financing to a schools operator.
- A leading construction material manufacturer on a Shariah compliant facility extended by a syndicate of Islamic banks.
- A UK bank on various Tawarruq facilities provided to Turkish corporate customers.

Real Estate Finance

- A major UK bank on Shariah compliant real estate acquisitions, refinancings and developments with an aggregate value exceeding GBP 1bn.
- A Middle Eastern private equity house on the acquisition of a portfolio of properties in the United States structured on a bifurcated basis with conventional debt and Shariah compliant equity.
- The real estate subsidiary of a leading American insurance company on the USD 120m Shariah compliant financing of an office tower.
- Two Turkish banks on the EUR 150m financing of a shopping mall in Turkey involving an Istisna'a and an Ijara-wa-Iktina.
- A major French bank on the Shariah compliant acquisition of properties in Germany.
- A GCC financial institution in structuring non-Tawarruq tax efficient financings to be utilised for purchasing UK real estate.
- A pan-European Shariah compliant real estate fund on implementing an Ijara for the acquisition of real estate in Germany.
- A leading Saudi Arabian bank on a Shariah compliant real estate investment in Turkey.
- A Luxembourg domiciled Shariah compliant fund in structuring its pan-European real estate investments and associated financings.
- A UK based Islamic bank on the investment financing of student accommodation in the Midlands
- A leading Islamic bank on the financing of commercial real estate in Aberdeen using a commodity murabaha structure

Asset Finance

- A major international bank on a proposed USD300m financing to a large shipping conglomerate structured using a Tawarruq.
- An international airline on the financing of two Airbus A380 aircraft using an Ijara structure.
- A Bahraini bank on the financing of an LNG tanker.
- A Shariah compliant bank on the financing of two Boeing 767-300ER aircraft.

Project Finance

- The borrowers in connection with the Gold Line, Doha Metro project.
- A development bank on the USD 120m Shariah compliant financing of a power project in Iraq.
- A Bahraini bank in connection with the structuring and financing of a USD 150m power plant.
- A major development bank on a proposed infrastructure project in Pakistan to be structured on a Shariah compliant basis.

Trade Finance

- A major international bank on the use of Murabaha and Musawama to finance commodities in Indonesia.
- A private equity house headquartered in the GCC on an Istizra'a Agreement.
- A GCC financial institution on negotiating Shariah compliant Wakala agreements with suppliers of foodstuffs.
- A Bahraini bank on Wakala agreements to be entered into with European brokers sourcing goods for corporate customers in the Middle East.

Product Development / General Advisory

- A central bank on introducing Islamic Finance legislation.
- An international bank on producing a suite of precedent Shariah compliant documents to be used for sovereign and private sector financings.
- A major UK bank on creating a Shariah compliant overdraft facility for corporate customers.
- A Swiss bank on structuring its standard form Mudaraba, Musharaka and Ijara documentation.

Sukuk / Debt Capital Markets Instruments

- A sovereign issuer on a USD 1bn Sukuk issuance.
- A UAE bank on a note programme targeted at high net worth clients and structured to invest in various Shariah compliant options.
- A branch office of a financial institution based in the Middle East on a Tier 1 Sukuk issuance.
- The issuer on a USD 1bn asset backed Sukuk.

Why choose us?

A defining feature of the exponential growth of Islamic Finance in the past 40 years has been its constant evolution both to meet market demand and also to compete with conventional banking and finance.

In order to leverage off the opportunities which Islamic Finance presents, it is imperative that clients appoint legal counsel who are not only able to advise them of what is legally possible but who understand their business and can offer them insights into the Islamic Finance market which they may not otherwise have. CMS' client centric approach combined with our deep knowledge of Islamic Finance means we are uniquely placed to be able to offer such insights.

'Your World First'

- Your world comes first. You are always our number one priority.
- We understand the details of your business and the environment you work in.
- We build on deep local roots, forming an international organisation.
- We work together in cross-border teams to give you the full picture.

Sector knowledge

- We were one of the first international firms to organise our business along sector group lines.
- Our eight sector groups provide you with integrated services combined with leading edge industry sector capability.
- We bring together individuals from all practice areas to focus on a particular sector, allowing us to pinpoint the commercial issues and risks on a transaction.

Above and beyond

- We go above and beyond for our clients and endeavour to ensure that their expectations are always exceeded.
- We speak on your behalf when new laws are made and act proactively to alert you to issues which your business may face in the future.
- We provide services that add real value, such as Law Now 2.0 – our market leading online knowledge portal that covers 75 areas of law.



The demand for Islamic Finance has grown significantly beyond its traditional homes in the Middle East and Malaysia. By way of illustration, sovereign Sukuk issuances have been issued in the recent past by amongst others the United Kingdom, Luxembourg, Senegal, South Africa and Hong Kong whilst Ireland has become a global hub for Shariah compliant aviation financing.

Who can you contact to help you?

The global Islamic Finance practice at CMS is led by Shakeel Adli. Shakeel has over ten years of experience in Islamic Finance, is well versed in all Shariah compliant structures and products and can guide you through the nuances of Islamic Finance wherever you may be based.

We encourage you to get in touch with Shakeel (or your normal CMS contact if you prefer) to discover what we can do for you.



Shakeel Adli

Partner, Head of Islamic Finance

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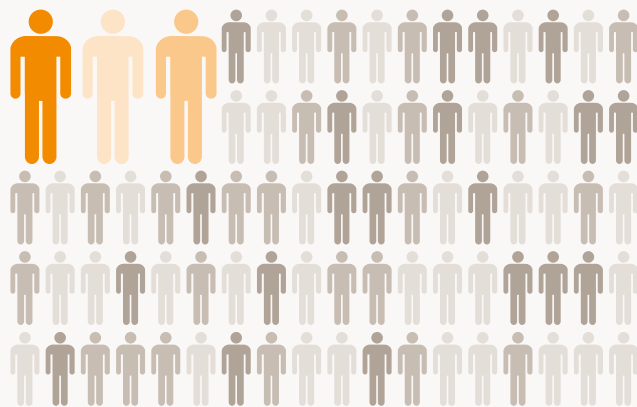
E shakeel.adli@cms-cmno.com



I am passionate about Islamic Finance and advising clients on Shariah compliant transactions. No matter how small or large the matter, please do not hesitate to contact me should you need assistance on any aspect of Islamic Finance.

CMS facts and figures

48 new partners in 2017, taking the total to over 1,000



**Top rankings
in 2016**
M&A League Tables
(by deal count)

#1 Europe
(Bloomberg)

#3 Global
(Bloomberg
up to USD 500m)

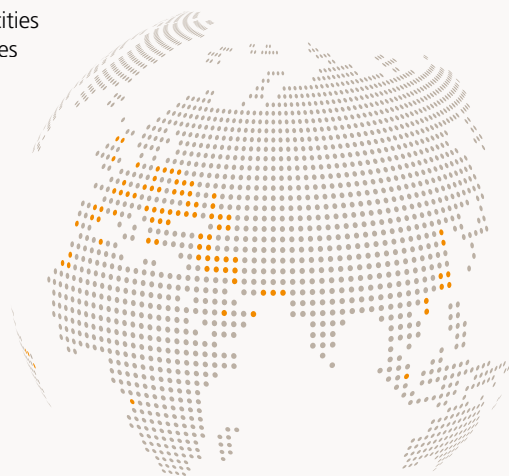
**Acritas
Sharplegal
Top 20
Global Brand
Ranking**

> 7,500 staff

> 4,500 lawyers

> 1,000 partners

Operating in 68 cities
across 42 countries



EUR 1.05bn
turnover for 2016*

* when currency
fluctuation is removed

19 practice
and sector
groups working
across offices

Ranked
3rd
most global
law firm
in the Am Law 2016
Global Top 100

Where to find us



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Aberdeen
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Antwerp
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Belgrade

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Bratislava
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Funchal
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Kyiv
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Lisbon
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London

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Madrid
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Monaco
Moscow
Munich
Paris

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Poznan
Prague
Reading
Rome
Sarajevo
Seville
Sheffield
Skopje

Sofia
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