

Your World First

C/M/S/

Law. Tax

Our global Shariah  
compliant Real Estate  
Finance practice



## Contents

- 3** What is Shariah compliant Real Estate Finance?
- 8** How can CMS help you in the world of Shariah compliant Real Estate Finance?
- 9** What types of Shariah compliant Real Estate Finance transactions have CMS worked on?
- 11** Why choose us?
- 12** Who can you contact to help you?
- 13** CMS facts and figures

# What is Shariah compliant Real Estate Finance?

Shariah compliant Real Estate Finance involves the application of the Shariah (the system of religious law which applies to Muslims) to modern Real Estate Finance.

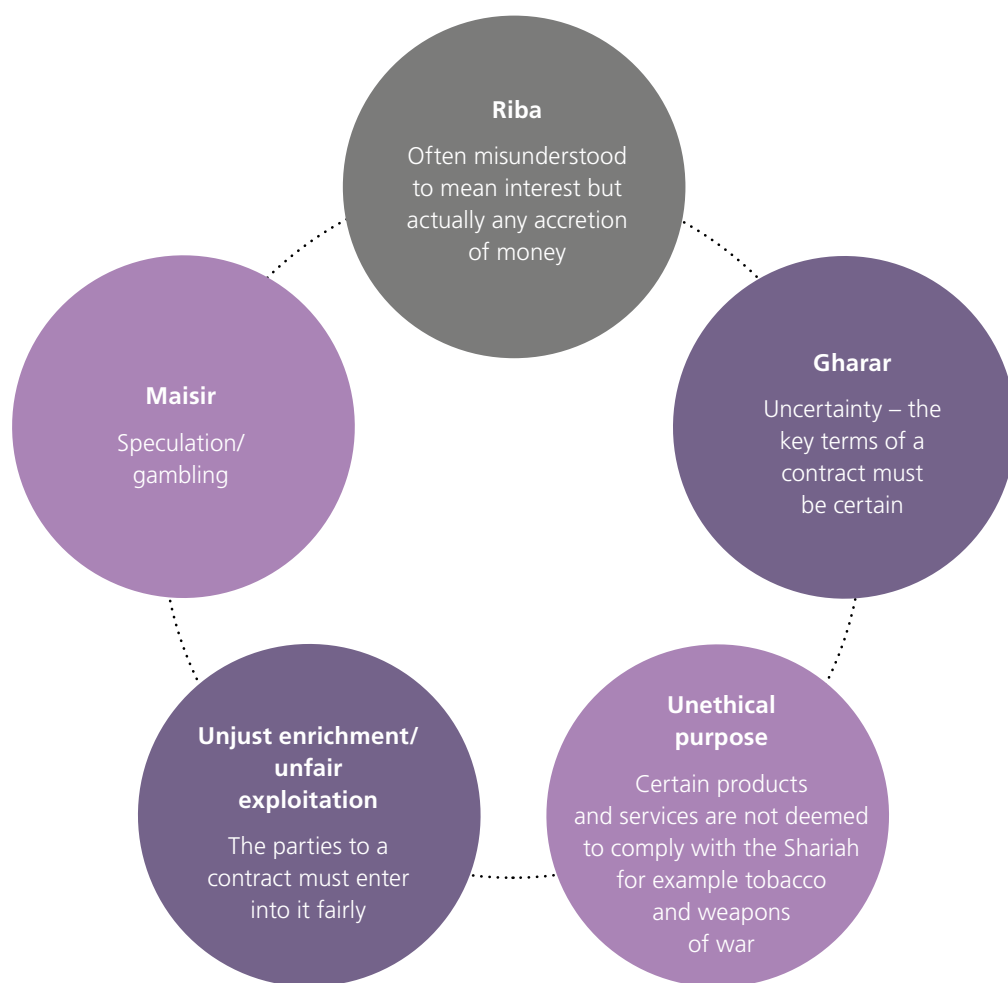
The global Islamic Finance industry which currently has over 1400 active financial institutions participating in it across 67 countries has grown exponentially over the past fifteen years and now has assets of USD 3.5 trillion.

It 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 – and Real Estate Finance transactions are particularly suited to Shariah compliant structures.

Isn't Shariah compliant Real Estate Finance only open to Muslims?



What are the key Shariah prohibitions applicable to Real Estate Finance transactions?

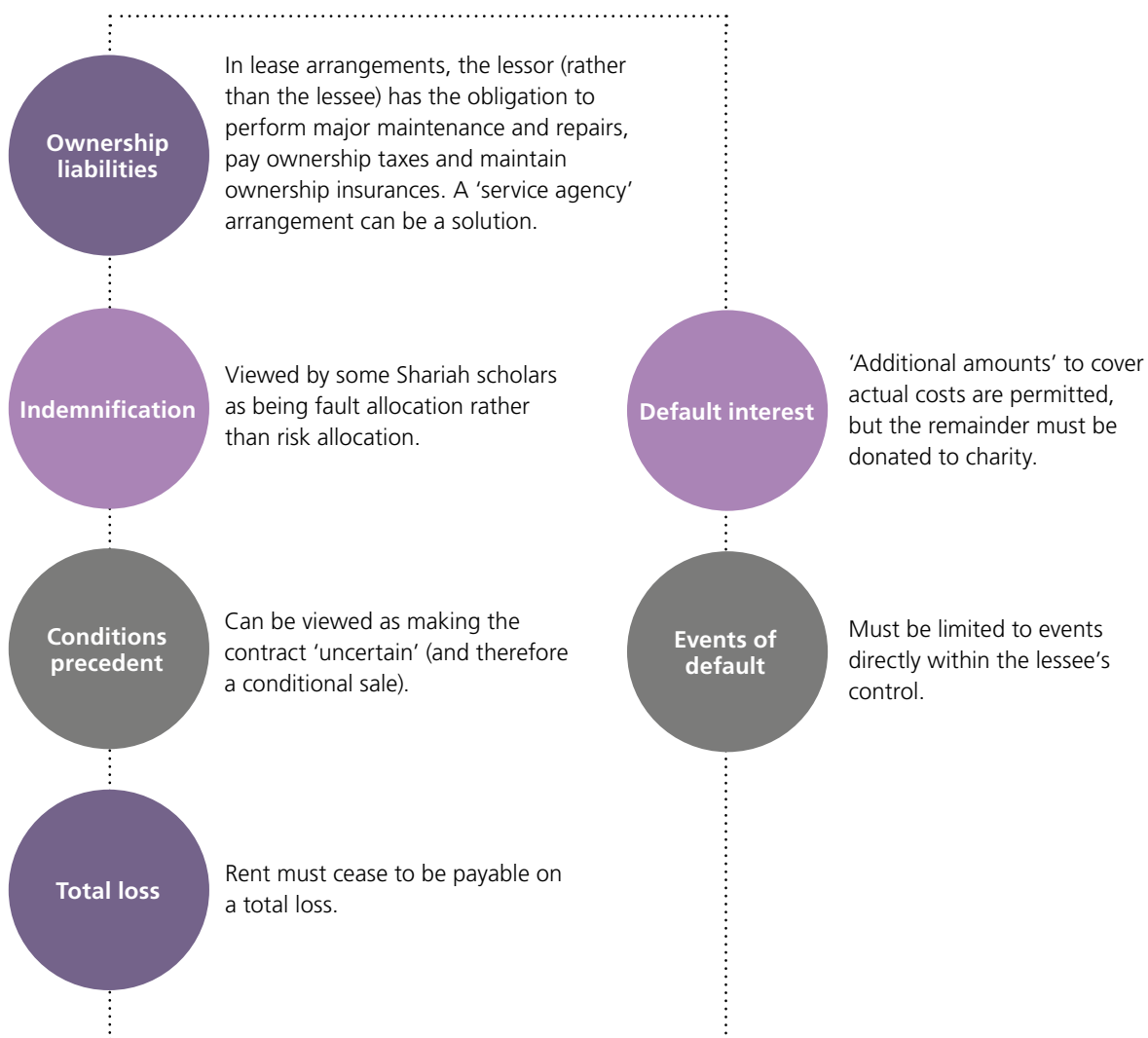


What are the key Shariah compliant structures and products for Real Estate Finance transactions?



## How is a Shariah compliant Real Estate Finance transaction different to a conventional Real Estate Finance transaction?

A Shariah compliant Real Estate Finance transaction and the documentation involved is broadly similar to a conventional Real Estate Finance transaction. The key differences are:



It is also possible to combine a Shariah compliant financing structure with a conventional financing structure and this is increasingly being used in larger Real Estate Finance transactions.





The development of London landmarks the Shard, Battersea Power Station and the 2012 Olympics athletes' village were all financed (at least in part) using Shariah compliant structures and products.



# How can CMS help you in the world of Shariah compliant Real Estate Finance?





# What types of Shariah compliant Real Estate Finance transactions have CMS worked on?

Our global Islamic Finance practice has experience of acting on behalf of clients in all areas of Shariah compliant Real Estate Finance including bifurcated conventional and Islamic structures. Some recent examples of the types of work that members of our team have worked on are set out below.

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







Real Estate Finance transactions are well suited to Shariah compliant structures, particularly Ijara (lease), because they satisfy the Shariah requirement that the subject matter is a valuable, identifiable and quantifiable asset with utility. The taking of security (to guard against breach of contract) is approved and encouraged in Islam and as such financiers can be protected in a Shariah compliant financing.



# 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, and the Real Estate Finance market, which they may not otherwise have. CMS' client centric approach combined with our deep knowledge of Islamic Finance and Real Estate Finance means we are uniquely placed to be able to offer such insights.

CMS' Real Estate Finance team is made up of specialists in the commercial property sector, having leading expertise in a wide range of commercial and residential portfolios, ground rent investments, hotels, healthcare assets, theatres, logistics portfolios, shopping centres, house building, the private rental sector and supermarket developments.

As the largest firm in Europe and through our day-to-day cross-border transactional experience, we benefit from strong working relationships between all our offices. This is particularly important given the sophisticated real estate structures and the cross-border real estate portfolios involved in many of CMS' transactions.

## '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.

# 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 Real Estate Finance 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

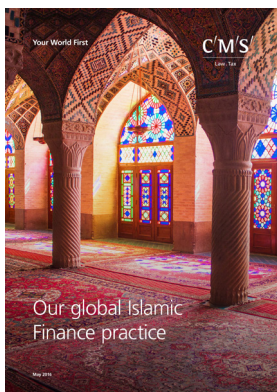
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I am passionate about Islamic Finance and advising clients on Shariah compliant Real Estate Finance transactions. No matter how small or large the matter, please do not hesitate to contact me should you need assistance.



CMS also has considerable experience of other Shariah compliant transactions and products including Corporate Lending, Asset Finance, Project Finance, Trade Finance, Product Development/General Advisory and Sukuk/Debt Capital Markets Instruments. For more information, please see our brochure entitled '**Our global Islamic Finance practice**'.



# CMS facts and figures

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



**Top rankings  
in 2017**  
M&A League Tables  
(by deal count)

**#1 Germany,  
CEE, Poland,  
DACH region**  
(Mergermarket)

**#1 Europe,  
Germany,  
Switzerland**  
(Thomson Reuters)

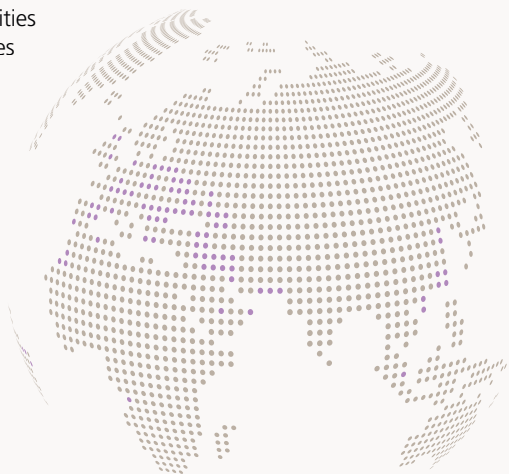
**Top 20  
Acritas**  
Global Elite  
Brand Index

> 7,500 staff

> 4,500 lawyers

> 1,000 partners

Operating in 68 cities  
across 42 countries



**EUR 1.3bn**  
turnover for 2017

19 practice  
and sector  
groups working  
across offices

Ranked  
**3rd**  
most global  
law firm  
in the Am Law 2017  
Global Top 100

# Where to find us





## Europe

Aberdeen  
Amsterdam  
Antwerp  
Barcelona  
Belgrade

Berlin  
Bratislava  
Bristol  
Brussels  
Bucharest

Budapest  
Cologne  
Duesseldorf  
Edinburgh  
Frankfurt

Funchal  
Geneva  
Glasgow  
Hamburg  
Kyiv  
Leipzig  
Lisbon  
Ljubljana  
London

Luxembourg  
Lyon  
Madrid  
Manchester  
Milan  
Monaco  
Moscow  
Munich  
Paris

Podgorica  
Poznan  
Prague  
Reading  
Rome  
Sarajevo  
Seville  
Sheffield  
Skopje

Sofia  
Strasbourg  
Stuttgart  
Tirana  
Utrecht  
Vienna  
Warsaw  
Zagreb  
Zurich

Dubai  
Istanbul  
Muscat  
Riyadh

## Middle East

Beijing  
Hong Kong  
Shanghai  
Singapore

## Asia-Pacific



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