



**Nakheel
Development
Limited -
Transaction Case
Study**

By Qudeer Latif
Head of Islamic Finance Group,
Dubai
Clifford Chance LLP

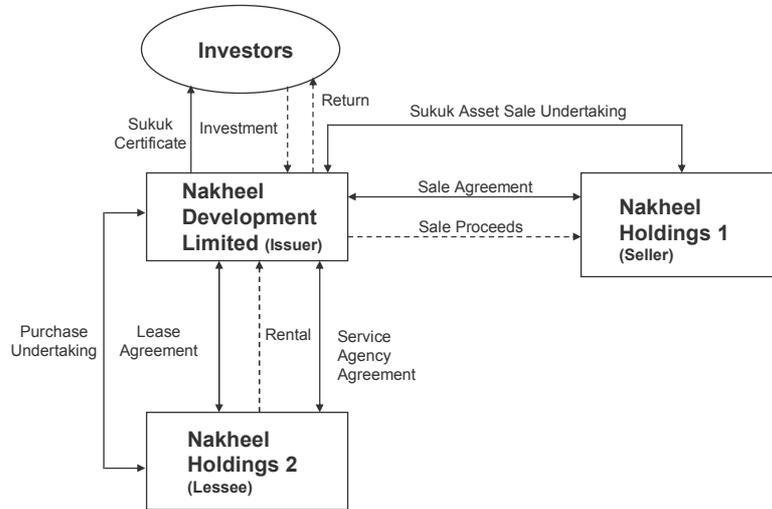
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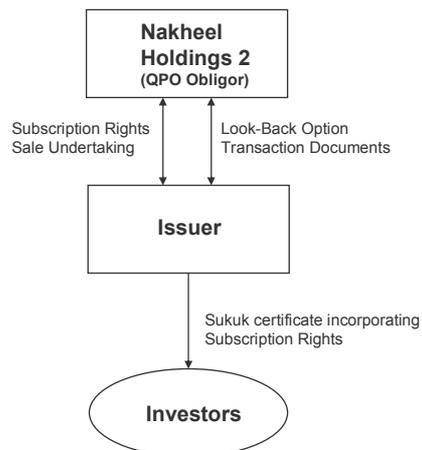
Background to Sukuk

- US\$3.52 billion pre-IPO convertible Sukuk-al-Ijara
- Foreign Land Ownership - “Designated Areas”
- Foreign Equity Ownership - “Share Ownership”

Sukuk Structure I – The Ijara Structure



Sukuk Structure II – The Convertible Structure



Nakheel IPO

- Upon each Qualifying Public Offering occurring prior to redemption of the Sukuk, holders of the Sukuk shall be attributed rights to subscribe up to 30% of the shares offered in the QPO at a discount of 5% to the QPO Price (such rights to subscribe in the aggregate of the QPOs being limited to an aggregate of 25% of the Sukuk Issue Amount)
- Same principle applies to each QPO in the Look-Back Period

Sukuk documentation

- Sale Agreement
- Ijara Agreement
- Service Agency Agreement
- Purchase Undertaking
- Asset Sale Undertaking
- "Bond" documents
- Transaction Administration Deed
- Offering Circular

Other Sukuk Features

- Listed on Dubai International Financial Exchange (DIFX)
- Investor upside (up to a maximum of 2%) if no QPO or aggregate QPO's is less than a certain value

Clifford Chance - Recent Sukuk Experience

- 2006
 - US\$3.5 billion PCFC/DP World Sukuk-al-Musharaka
 - US\$800 million Sabic Sukuk-al-Istithmar
 - US\$270 million QREIC Sukuk-al-Musharaka
 - US\$750 million Khazanah Sukuk
- 2005
 - US\$600 million Government of Pakistan Sukuk-al-Ijara
 - US\$1 billion IDB Sukuk programme



Speaker contact
details:

Qudeer Latif
+971 4 3620 675
qudeer.latif@cliffordchance.com

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www.cliffordchance.com

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