



Mark Waters
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The GCC Sukuk Market Update

Sukuk Summit, London, June 2008

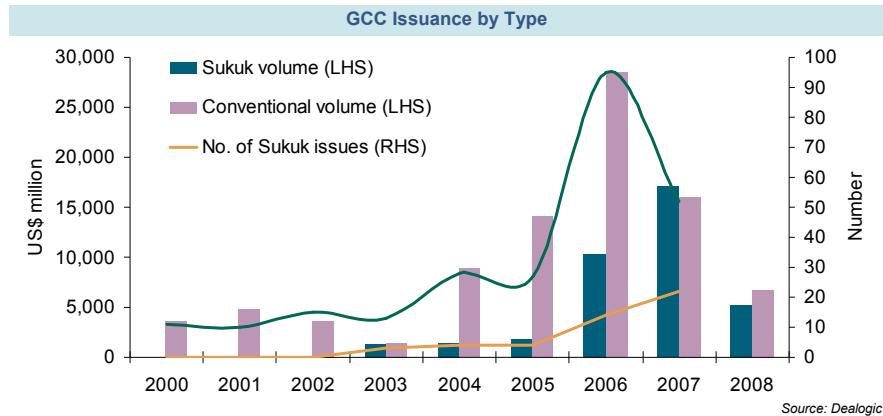


Key Themes

- Sukuks now represent a significant and growing proportion of total debt issuance in the GCC region.
- There is a stronger focus towards GCC based currency issuance.
- Corporate sukuk issuance reached record levels in 2007.
- H1 2008 has witnessed strong sukuk issuance despite the market volatility.....
-resulting in higher pricing levels.
- Strong liquidity from GCC investors with growing interest from Europe and Asia.
- Return of US\$ based issuance within the region?



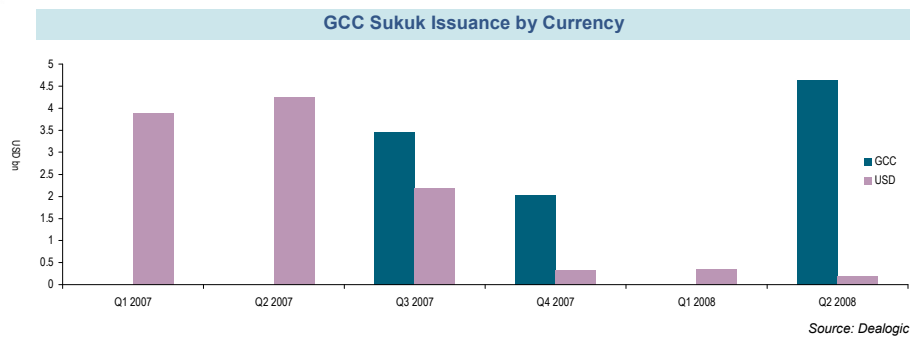
Sukuks Representing a Growing Portion of GCC Issuance



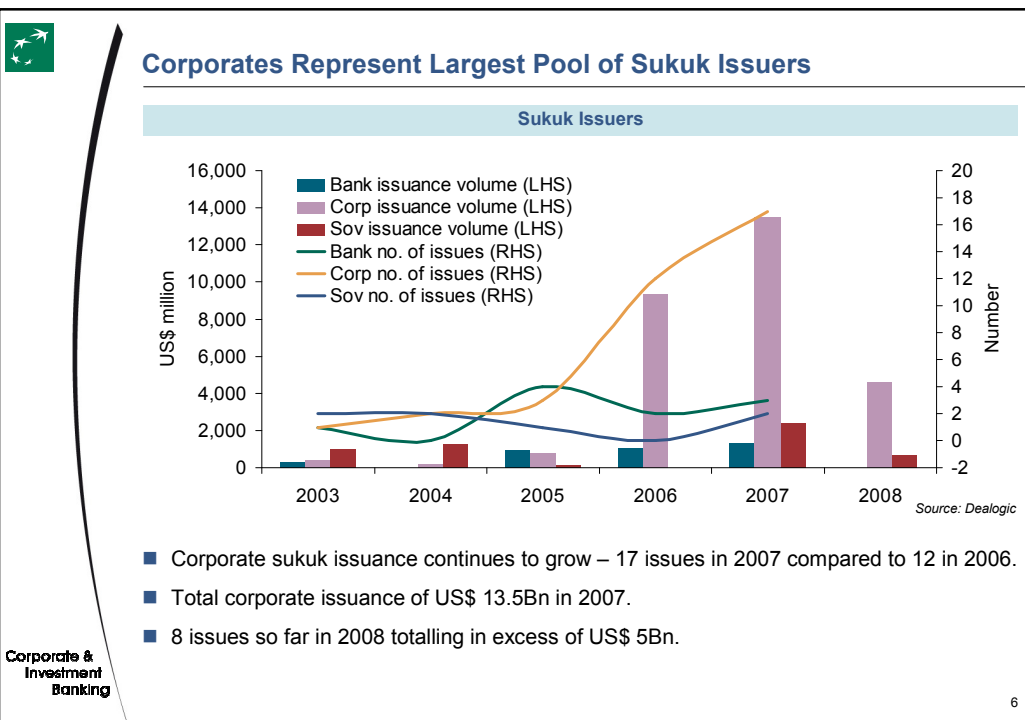
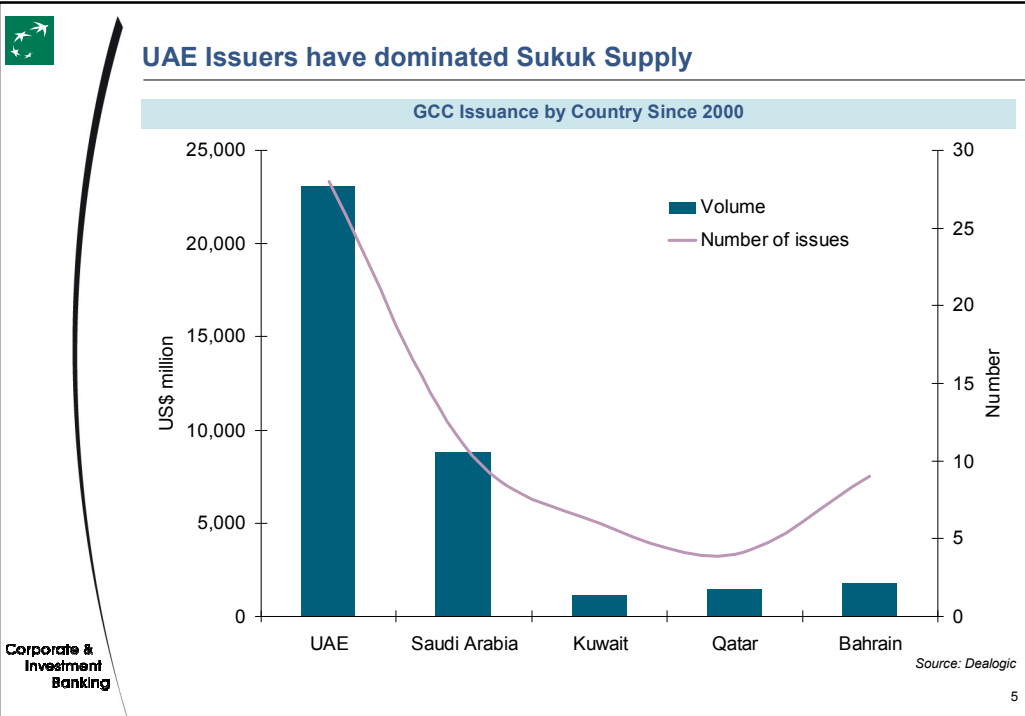
- Within the GCC, sukuk issuance in 2007 represented a growing portion of total issuance.
- Sukuk issuance outpaced conventional bond issuance in 2007.
- Strong sukuk corporate issuance in H1 2008.



Rapid Increase in Local Currency Issuance

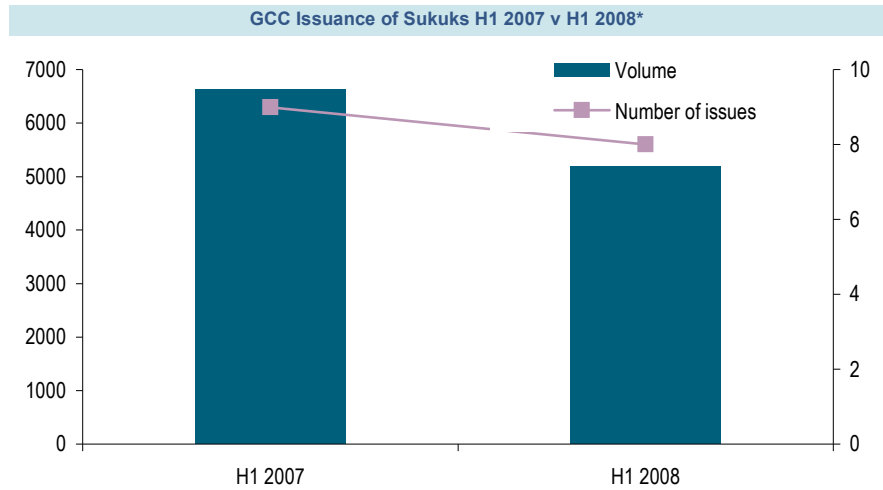


- Speculation continues surrounding GCC currency re-valuation and the de-pegging against the US\$. This has resulted in:-
 - Local investors shunning exposure to US\$ assets
 - Vast liquidity in local currencies
 - Huge demand for investment opportunities in AED, SAR, etc...
 - ...access to primary markets restricted to GCC currencies
 - Relatively tight pricing on offer in these markets





Despite Market Volatility.....Strong Issuance in 2008



GCC Issuance in 2008

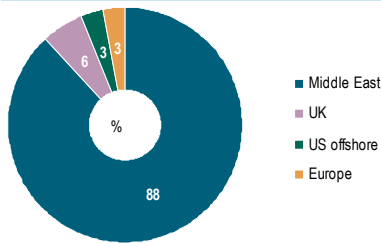
Pricing Date	Issuer	Type	Issuer Type	Moody's	S&P	Rating	Currency	Amount (Currency)	Coupon	Maturity Date
12-Jun-08	Dubai Holdings	conventional	corporate	A1	A+	A1/A+	CHF	250,000,000	5.25%	14-Jul-11
05-Jun-08	Aldar Properties	sukuk	corporate	A3	A-	A3/A-	AED	3,750,000,000	3m Eibor+175bp	17-Jun-13
29-May-08	DEWA	sukuk	corporate	A1	NR	A1/NR	AED	3,200,000,000	6-mth Eibor+125bp	16-Jun-13
20-May-08	Rakia	sukuk	sovereign	A	A	A/A	AED	1,000,000,000	3mEibor+115bp	28-May-13
20-May-08	Sabic	sukuk	corporate	NR	A	NR/A	SAR	5,000,000,000	3mSibor+48	15-May-13
08-May-08	Al Mana	sukuk	corporate	NR	NR	NR/NR	AED	600,000,000	3mEibor+250bp	15-May-13
28-Apr-08	Nakheel	sukuk	corporate	NR	NR	NR/NR	AED	3,600,000,000	6mEibor+225bp	13-May-10
24-Apr-08	HSBC ME	conventional	bank	Aa2	AA-	Aa2/AA-	AED	2,250,000,000	6mEibor+65bp	30-Apr-13
18-Apr-08	Villamar Sukuk	sukuk	corporate	NR	NR	NR/NR	USD	190,000,000	3m\$L+275p	29-Apr-13
15-Apr-08	Dubai	conventional	sovereign	NR	NR	NR/NR	AED	4,000,000,000	3mEibor+50bp	23-Apr-13
15-Apr-08	Dubai	conventional	sovereign	NR	NR	NR/NR	AED	2,500,000,000	4.25%	23-Apr-13
26-Mar-08	Emirates Bank	conventional	bank	A1	NR	A1/NR	AED	1,000,000,000	6mEibor	10-Jan-09
26-Mar-08	Emirates Bank	conventional	bank	A1	A	A1/A	AED	1,000,000,000	3mEibor+325bp	26-Mar-18
13-Mar-08	Emirates Bank	conventional	bank	A1	A	A1/A	AED	1,000,000,000	3mEibor+325	26-Mar-18
13-Mar-08	Emirates Bank	conventional	bank	A1	A	A1/A	USD	50,000,000	6mLibor+10	22-Mar-13
13-Mar-08	Emirates Bank	conventional	bank	A1	A	A1/A	AED	1,000,000,000	6mEibor	01-Oct-09
06-Mar-08	Emirates Bank	conventional	bank	A1	A	A1/A	AED	1,100,000,000	3mEibor+85bp	12-Mar-13
06-Mar-08	Central Bank Bahrain	sukuk	sovereign	NR	A	NR/A	USD	350,000,000	6m\$L+75	18-Mar-13
06-Mar-08	Emirates Bank	conventional	bank	A2	A-	A2/A-	AED	440,000,000	3mEibor+325	13-Mar-18
27-Feb-08	Emirates Bank	conventional	bank	NR	NR	NR/NR	AED	365,000,000	Eibor+30bp	03-Mar-09
07-Feb-08	ADCB	conventional	bank	Aa3	A	Aa3/A	AED	1,300,000,000	Eibor+8bp	04-Mar-09
24-Jan-08	Gulf Investment Corp	conventional	bank	A2	A-	A2/A-	MYR	400,000,000	4.52%	05-Feb-23
24-Jan-08	Gulf Investment Corp	conventional	bank	NR	NR	NR/NR	MYR	600,000,000	3.98%	05-Feb-13

Source: Dealogic

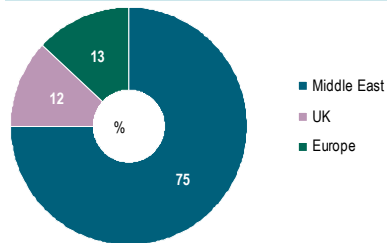


GCC Remains the Key Investor Base

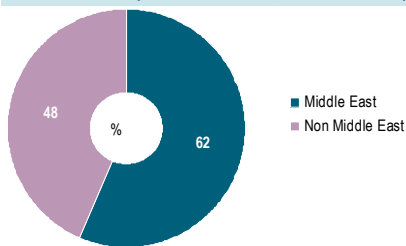
Nakheel Sukuk (AED 3.6bn, 2Y, due May 2010)



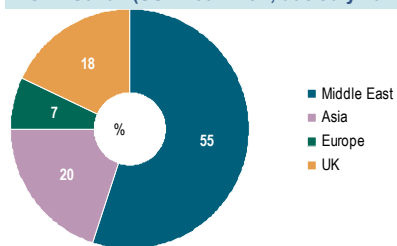
Rakia Sukuk (USD 325mn, 5Y, due Dec 2012)



JAFZ Sukuk (AED 7.5bn 10Y, due Nov 2017)

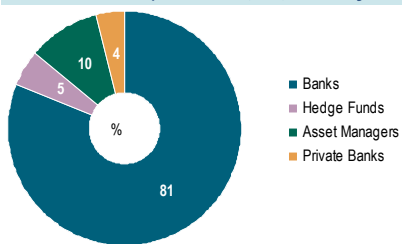


GFH Sukuk (USD 200mn 5Y, due July 2012)

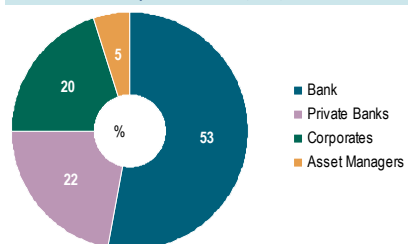


The Main Sukuk Investors

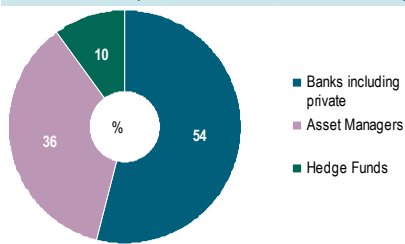
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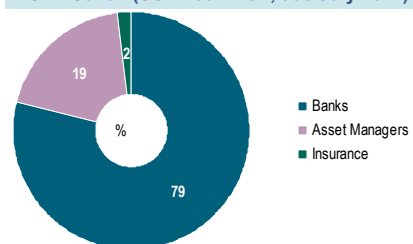
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The Way Ahead

- Possible investor fatigue for AED issuance?
- Return of US\$ issuance?
- Two tier pricing: Dubai/Real Estate Sector and rest of the GCC.
- Growing focus on external ratings.
- Less reliance on the loan market and greater focus on bond issuance.
- Continued growth in sukuk issuance on the back of an increasing focus towards Islamic financing.



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