

# Middle East

## Capital markets

### Recommended firms

#### Tier 1

Allen & Overy  
Clifford Chance

#### Tier 2

Linklaters

#### Tier 3

Denton Wilde Sapte  
Lovells

#### Tier 4

Ashurst  
Baker & McKenzie  
Norton Rose  
White & Case

Unsurprisingly, *sukuk* (Islamic bonds) dominate capital markets conversations in the Middle East. The region has bucked the worldwide debt market malaise to produce groundbreaking and innovative deals almost weekly - many with almost incomprehensible valuations. Saudi Arabian Basic Industries Corporation (Sabic)’s two \$2.1 billion *sukuk* issuances were a highlight, as was the \$2 billion sovereign *ijara sukuk* (Islamic capital leasing) offering by the government of the Ras Al Khaimah emirate in the UAE.

The increase in activity in the *sukuk* market has meant that quality Islamic finance teams are highly prized by law firms - any new lateral hire in this practice is followed by a glut of publicity from law firms, even at associate level.

As such, this year has seen an increasing tendency to brand partners as regional Islamic finance specialists. Partners such as Anzal Mohammad (Allen & Overy) and Luma Saqqaf (Linklaters) are held out as UAE Islamic finance specialists and the main contact partners for clients in the region, who can then lean on their London offices for help if necessary. This model has two benefits: on one hand, a firm can say it has an on-the-ground specialist in the Middle East, and on the other hand it sends clients a message that the firm takes Islamic finance seriously.

But critics dismiss the method as just smoke and mirrors, saying that most of the work is done out of London. The more generous view is that global clients are sophisticated enough not to care where the work is done, as long it is done to a high standard.

The impact of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)’s February 2008 clampdown on *sukuk* structures was also a big talking point. Many partners reported that deals were taking longer to structure and required stealthy restructuring to get around AAOIFI’s concerns. The announcement of Villamar Sukuk Company’s *sukuk al-musharaka* (partnership finance bond) in late May 2008 was hailed as a breakthrough in calming AAOIFI’s fears, but it is unclear at this stage whether it will trigger many new issuances.

While the equity capital markets sector was significantly quieter than the debt markets this year, Depa United Group’s breakthrough IPO on the Dubai International Financial Exchange in April 2008 represented the first UAE listing on the fledgling stock exchange.

This has also been a breakout year for the Saudi Stock Exchange. According to a report by Thomson Reuters, the exchange has been the second-busiest IPO market in the world in 2008 so far, behind the New York Stock Exchange. No wonder so many international firms would give almost anything for an office in Riyadh.

### Allen & Overy

Like most UK firms, Allen & Overy’s capital markets practice is split into debt and equity components. The debt practice is led by Anzal Mohammed - who recently made the jump from consultant to partner - while Khalid Garousha leads the equity team.

Allen & Overy’s debt team works very closely with its London office, with Roger Wedderburn-Day prominent on many deals. Peers note that Wedderburn-Day is not technically an Islamic finance specialist, but is very well-respected in the market.

“Roger Wedderburn-Day and Anzal are a very good combination,” says one partner. “Roger especially; he’s a real expert in the market and has been doing emerging-market work for years. He’s always a pleasure to have on the other side.”

One client says that Wedderburn-Day is one of the main reasons they mandate the firm - when he’s available of course. Clients also single out Anzal Mohammed and Julian Johansen as top practitioners.

Allen & Overy’s debt lawyers must have an impressive collection of stamps in their passports given the range of countries they have provided advice in this year. Kuwait was a popular destination, with Mohammed and

Wedderburn-Day advising International Investment Group on its \$200 million debut convertible *sukuk* in July 2007 - the first convertible *sukuk* issue in Kuwait.

The pair followed this up in September 2007 when it acted for a consortium comprising BNP Paribas, Citigroup, National Bank of Kuwait, Standard Chartered Bank and WestLB as arrangers in National Industries Group’s \$1.5 billion *sukuk* programme. The firm also advised the managers on the inaugural issue of \$475 million of trust certificates under the programme, which was the first *sukuk* programme to be established in Kuwait.

Saudi Arabia was another jurisdiction of choice for Allen & Overy, with the firm utilising its new association agreement with Abdulaziz Algasim Law Firm in Riyadh to get a foothold in the Saudi legal market. The office’s highlight saw Riyadh partner Julian Johansen lead a team advising Sabic on its most recent SR5 billion (\$1.33 billion) *sukuk* issue in May 2008.

The firm was also active in the Abu Dhabi market, acting for Tabreed on its Dh1.5 billion (\$408 million) convertible *sukuk* in May 2008.

Khalid Garousha’s equity capital markets team also had a strong year, with the highlight being its work representing Depa United Group on its \$400 million IPO on the DIFX in April 2008 - making Depa United the first UAE company to be listed on the DIFX.

In another notable deal, Garousha led a team advising Saudi International Petrochemical Company (Sipchem) on its \$2 billion rights issue, the largest-ever rights issue in Saudi Arabia.

### Clifford Chance

Clifford Chance’s Middle East capital markets team is universally praised for its quality, breadth and length of service: the firm has had a presence in the Middle East since 1975. In addition, it has a high number of capital markets lawyers based in Dubai, meaning it can do a lot of its work exclusively out of the UAE without assistance from London.

One client notes that the firm was rushed off its feet last year which affected its responsiveness, but it has responded quickly, boosting the number of available lawyers since 2008.

Like Allen & Overy, Clifford Chance’s debt team has seen instructions across a large range of Middle Eastern jurisdictions this year. The firm is a regular on regional *sukuk* issuances, covering countries such as Kuwait,

Saudi Arabia, Qatar and, of course, the UAE. "We've seen them on every debt deal," says a competitor of the firm. "They're very good."

Clifford Chance worked alongside its Saudi associate firm Al Jadaan & Partners to advise HSBC Saudi Arabia as the managers of Sabic's SR8 billion *sukuk* issuance in August 2007 - the largest-ever *sukuk* issuance in Saudi Arabia.

One client is particularly impressed with the quality of Mohammed Al-Jadaan's work: "He's very charming, and his English is impressive. He is helpful and insightful."

In June 2007 a Clifford Chance team in London and Dubai advised lead arranger Barclays Capital on Kuwait-based International Investment Group on its \$200 million *sukuk al-mudaraba* issuance in June 2007 - the first-ever convertible *sukuk* in Kuwait.

The firm showed it could also act for *sukuk* issuers when it advised the Alman Group on its debut dirham-denominated *sukuk* issuance. Client favourite Debashis Dey and Qudeer Latif led the Clifford Chance team on a deal which tapped into a growing regional trend to issue debt in local currency.

Clifford Chance's equity team is led by corporate partner Simon Clinton, and was boosted this year by equity specialist Iain Hunter's transfer from the London office in June 2007.

The team has a particular strength in working on Saudi listings, which is a useful strength to have considering the Saudi Stock Exchange's healthy activity. In one standout deal, Iain Hunter and Mike Taylor led the firm when it acted for the lead underwriter Samba Financial Group on Kingdom Holdings' \$860 million IPO in August 2007. The same team backed up this work to win a role advising the issuer, mobile telecoms company Zain, on its \$1.9 billion IPO in February 2008.

Hunter and Taylor were also involved in some innovative rights issues in Saudi Arabia this year. The pair led when Clifford Chance acted for NCB Capital Company, Riyadh Bank and Morgan Stanley Saudi Arabia as lead managers, underwriters and financial advisors, respectively, on Sipchem's \$2 billion rights issue in February 2008. This was not only the first time the rights issue structure was adopted, but it also allowed qualifying shareholders to bid for additional shares at predetermined prices above the issue price.

The team followed this up in March 2008 when it reprised its role acting for Samba Capital and Investment Management Company on the \$1.2 billion rights issue by Saudi Industrial Investment Group. This was the second rights issue to be launched in Saudi under the same structure.

## Linklaters

Although Linklaters has only had an office in Dubai since February 2006, the firm has hit the ground running. It has quickly built up a well-renowned capital markets practice across the region, which covers everything from investment-grade lending to asset finance.

As the firm only has one office in the Middle East, the majority of the regional work is done in London. But the firm is looking to focus on building its physical presence in the Middle East and will no doubt continue to relocate lawyers from London to give the office enough personnel to compete with the likes of Allen & Overy and Clifford Chance.

The firm's capital markets practice was boosted in September 2008 when partner Richard O'Callaghan was transferred to Dubai to give the practice some extra weight on the ground.

"They're one of the leading players in the region," says a client of Linklaters. "They're certainly strong in Dubai and are proactively ramping up in areas where they are needed."

London partner Andrew Roberts and newly elected Dubai partner Luma Saqqaf head the firm's debt capital markets department, with Saqqaf focusing on Islamic finance.

Roberts comes in for particular praise from one banking client: "He absolutely knows when to be on call and when to be available for clients."

The department had a strong year advising on a number of innovative transactions, particularly on the banks' side, with Barclays, Citigroup and JP Morgan among the firm's regular clients.

One of the firm's highlights was acting for a consortium of banks as joint lead managers in the issue of \$1 billion of exchangeable trust certificates in October 2007 - the first accelerated exchangeable bond in the Middle East and one of the largest convertibles in the region, having been upsized twice. It was also the first *sukuk* with a delayed settlement.

The banks again turned to Linklaters to advise them as joint managers on DP World's issue of a \$1.5 billion *sukuk al-mudaraba* in July 2007, which formed part of the refinancing of the debt incurred by Dubai World in its purchase of P&O in 2005. This was the first Islamic finance product to be sold under Rule 144A for some time, and was the first to be settled and cleared through the Depository Trust Company.

Linklaters backed up this work in January 2008 when it advised Barclays as lead manager and BNY Trustee Services as delegate in Tamweel's \$300 million issue of trust certificates which were listed on the DIFX.

The firm showed it wasn't restricted to acting for lenders when it advised DIFC

Investments on its \$1.25 billion *sukuk al-mudaraba* through an SPV incorporated within the Dubai International Financial Centre (DIFC). The *sukuk* was the first to be issued by a DIFC issuer, the first to be governed exclusively by DIFC law, and the largest straight-debt *sukuk* to date.

Linklaters also acted for Tabreed on its Dr1.7 billion (\$463 million) *sukuk* - the first mandatorily exchangeable *sukuk* issue.

While, as with most firms, the equity work has been a bit slower, Linklaters was still involved in some significant listings. The firm's most notable role was advising the joint global coordinators and underwriters on DP World's \$4.96 billion IPO on the DIFX in November 2007.

Away from Dubai, the firm advised the sole global coordinator, joint bookrunners, stabilisation manager and underwriters on Kuwaiti company Global Investment House's \$1.5 billion offering of GDRs. This was the first GDR offering by a Kuwaiti company and the largest offering of its type in the Gulf region.

The firm also advised Citigroup on Royal Jordanian Airlines' IPO on the Amman Stock Exchange in December 2007.

## Denton Wilde Sapte

Denton Wilde Sapte is still reeling from the walkout of its renowned Islamic finance team to Lovells, according to market commentators. "Denton was decimated when the team walked out the door," says one.

But the firm has made a strong effort to rebuild this year, adding Qatar, Abu Dhabi, Kuwait and Saudi Arabia to its network of offices, meaning it covers every country in the Gulf Co-operation Council except for Bahrain.

One of the firm's highlights this year was advising HSBC as lead manager on Qatar Real Estate Investment Company's \$300 million *sukuk al-mudarabah* - the first rated *sukuk* to be issued by a Qatari corporate.

## Baker & McKenzie

Baker & McKenzie has a different focus in the Middle East, preferring to work on deals in Saudi Arabia, Egypt and Turkey rather than Dubai and Abu Dhabi. "They're not worried about the UAE market," says one rival. But by focusing on these less-developed jurisdictions, the firm has more chance of being on the country's significant deals.

The firm proved this by utilising its strong Riyadh office to advise Kingdom Holdings Company on its \$860 million IPO on the Saudi Stock Exchange in July 2007. The listing, led by partners Tom Philipp and Edward

Bobko, was notable not only for the high profile of the company, but because it was one of the first listings in the region to use an institutional offering and bookbuilding structure.

Baker & McKenzie's Riyadh office acted on another notable deal when Ian Siddell and Nasser Al-Faraj advised Sabic on its \$2.1 billion *sukuk* issuance in August 2007.

The firm's Egypt office was kept busy with capital markets work as well this year, acting for the Egyptian Ministry of Finance on a locally-denominated E£6 billion (\$1.12 billion) note programme and a subsequent E£6 billion secondary bond offering. These were the first Egyptian pound-denominated bonds with a benchmark size offering.

Philipp also led the firm's team when it advised Talaat Mostafa Group Holding Company on its \$700 million IPO on the Cairo and Alexandria Stock Exchange. This was the second-largest IPO in Egypt following that of Telecom Egypt, which Baker & McKenzie also worked on.

Hazim Rizkana advised Arab African International Bank in connection with a \$285 million bond offering by Egyptian construction and real-estate group Golden Pyramids. Mohamad Talaat also won a role acting for Palm Hills Development Company in connection with its E£2 billion IPO of shares and GDRs on the Cairo and Alexandria Stock Exchange.

### White & Case

Unlike most firms in the Middle East, White & Case's capital markets practice is heavily driven by its equity department as opposed to debt. The firm's London office, which acts as the hub of its Middle East practice, was boosted with the promotion and transfer of seven partners in the past year.

The Saudi office was the focus of much of its activity due to the spike in work on the Saudi Stock Exchange. Together with The Law Office of Mohammed Al-Sheikh, the firm's most substantial equity mandate was advising Saudi bank Alinma on its SR10.5 billion IPO - the largest-ever listing on the Saudi Stock Exchange.

Another notable instruction was its work acting for Rabigh Refining & Petrochemical Company on the conversion of its legal status from a limited-liability company to a joint-stock company, and the subsequent offering of 25% of its shares through an IPO.

The firm acted for Bupa Arabia for Cooperative Insurance Company on its offering of 40% of its shares through an IPO. White & Case also utilised its Turkey office to win a role representing Deutsche Bank on Turk Telecom's \$2.1 billion IPO.

That is not to say that the firm neglected the surging debt markets. White & Case managed to win a high-profile role advising a consortium of Middle Eastern banks on Dar Al-Arkan Real Estate Development Company's \$1 billion issuance of *sukuk al-ijara*.

Dar Al-Arkan must have been impressed with White & Case's work as it mandated the firm to advise on the company's subsequent offering of 11% of its shares through an IPO.

### Other notable firms

Lovells' Middle East offering is driven out of Dubai under Shibeer Ahmed. The firm raided much of Denton Wilde's Islamic finance team last year, which has led it to be regarded as one of the region's leaders in the field.

"They're the opposite [of Denton Wilde]," says a client. "They didn't have the Islamic finance capabilities last year but now they're very strong on pure Islamic finance - it's their strength."

Norton Rose has had a presence in the region for a number of years, particularly through its Bahrain practice. The firm opened up a Saudi office (in association with Abdulaziz Al-Assaf) and managed to land some strong equity and debt work this year.

The firm used its Bahrain connections to advise the Kingdom of Bahrain on its \$350 million sovereign *sukuk al-ijara*, which was listed on the London Stock Exchange - the first sovereign *sukuk* to be listed on the exchange.

Norton Rose also acted on two key Middle Eastern IPOs this year. The firm advised Gulf International Services (GIS) and HSBC Qatar on GIS's listing on the Doha Securities Market.

The firm also acted for the National Commercial Bank as underwriter for the Mediterranean and Gulf Co-operative Insurance and Re-insurance Company's SR200 million IPO on the Saudi Stock Exchange.

Clary Gottlieb Steen & Hamilton does not have an office in the Middle East, and according to market commentators is not planning to open one any time soon. "Clary has a fierce internal debate whether to open in Dubai," says a competitor. "At the moment the people against are winning."

But even without an office, the firm has managed to work on some notable mandates in the equity markets. "They did the first DIFX listing, that's their claim to fame," says one partner, who adds: "They did the Royal Air Jordan IPO and two Middle Eastern IPOs which would have been big but they were pulled. Their volume is down but it's high quality work."

While the firm is not as active as most, some competitors note that they would prefer to have Clary on the other side of the table than some of the lower-ranked firms.

## Banking

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#### Tier 1

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Clifford Chance

#### Tier 2

Linklaters

#### Tier 3

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Denton Wilde Sapte  
Norton Rose  
White & Case

#### Tier 4

Ashurst  
Freshfields Bruckhaus Deringer

While big bank financing deals have all but died out in western Europe and the US in the wake of the credit crisis, the Middle East is alive with economic activity. Mammoth financing deals are now so commonplace that it seems that any deal worth less than \$1 billion hardly warrants a mention.

Saudi Basic Industries Corporation's \$11.6 billion facility for its purchase of the plastics division of General Electric was a highlight, appearing on the highlight deal sheets of a number of firms across Europe. Saudi mobile telecoms company Zain's \$6.2 billion facility for the purchase of a GSM licence was another talking point.

It's not just big beasts like Morgan Stanley and Deutsche Bank pouring funds into the Middle East - this year has seen local banks begin to play a larger role in the market. Saudi Arabian and UAE banks have been lending in local currency to sidestep the declining US dollar and are beginning to syndicate loans across the region. In the words of one lawyer in the Middle East: "Regional financing is going through an evolution."

As banks expand their staff numbers and expertise in Dubai, the breadth and complexity of their legal needs expands at a similar pace. In response, international law firms have been building their presence in the Middle East. Herbert Smith and Latham & Watkins have debuted in the past year, while other firms have expanded from Dubai to open in Abu Dhabi and Riyadh.

While much of the activity on the borrowers' side has concentrated on Dubai - which is home to real-estate developer Nakheel and DP World to name just two key clients - firms are also expanding in order to win favour from more regionally competitive companies such as Abu Dhabi's Mubadala and the Qatar Investment Authority.

But despite the expanding geographical presence of law firms in the region, most of the heavy lifting is still done from London. Allen & Overy and Clifford Chance are recommended by the market as top-tier firms, both of them boasting historically strong links with UK banks and long track records in the region.

While the top of the market is fairly stable, there is still plenty of aggressive competition in the middle tiers over the next couple of years as firms look to open new offices and develop their existing practices.

### Allen & Overy

Allen & Overy stands alongside Clifford Chance as one of the premier firms in the Middle East, and especially so for banking work. The firm is world-renowned for its work in the financial sector, and this is as true in the Middle East as anywhere.

The firm underwent a hiring spree to boost its banking offering this year. The firm raided Simmons & Simmons' Abu Dhabi office for partners François Duquette and Ibrahim Mubaydeen, while Jaspal Gillar moved across from the firm's Singapore office. Clients single out partner Christian Saunders as a hands-on partner who is easy to deal with.

Headed by Bimal Desai, the firm's banking department leans on its strong client base in London to advise large international banks, and uses its long experience in the region to win regular mandates from the likes of Kuwait Finance House and Arab Banking Corporation.

Clients say they are pleased with Allen & Overy's service out of its Dubai office. "I'm perfectly happy with the service I get," says one. "They've got a better understanding of what clients want and need, and they can do it at half the price."

Another client notes that the movement of Shehzaad Sacranie to Saudi Arabia alongside Julian Johansen was a real boost for the fledgling office, but adds that the move took some expertise away from the firm's Dubai office.

Allen & Overy's presence in the top tier is justified by the deals the firm worked on in the past year. In one standout instruction, Dubai-based Bimal Desai advised Abu Dhabi government investment vehicle Mubadala Development Company on its provision of an \$833 million facility for the acquisition of

Pearl Energy. Although it was a plain-vanilla loan, the facility was guaranteed by Mubadala and included no covenants.

The firm is arguably more active working for banks. The firm showed its strong links when it represented a syndicate of bookrunners including ABN Amro, Barclays, BNP Paribas, DBS, Qatar National Bank and RBS in a \$5.5 billion loan for the acquisition of a minority stake in Wataniya in November 2007.

On another mandate, Desai led the firm representing RBS and Qatar National Bank as arrangers and underwriters of a \$600 million facility for Qatar Telecom's purchase of a mobile phone licence in Iraq. Desai also led when the firm acted for Goldman Sachs on a \$500 million facility for the Dubai International Financial Centre, which is to be used for acquisitions and expansion.

The firm was also involved in refinancing work this year, with the highlight being its work advising Oman Refinery Company in a \$1.3 billion facility to refinance the existing debt of its merger target Sohar Refinery Company.

London partner Mike Duncan was also highly active this year, advising Barclays, Dubai Islamic Bank and Millennium Capital on an Islamic financing for Dubai construction company Nakheel in August 2007. Duncan was also mandated by Deutsche Bank on a \$3 billion multi-currency revolving credit facility for DP World in October 2007.

### Clifford Chance

Clifford Chance stands alongside Allen & Overy at the peak of the banking market in the Middle East, and is widely recognised by the market as one of the clear leaders in innovative Islamic and conventional financings.

The firm has not been as active as others in seeking out new office space across the region, instead relying on its substantial Dubai office and its association with Al-Jadaan & Partners in Riyadh. But despite the lower number of offices in the region, the firm still had no problem completing banking deals in countries such as Egypt and Qatar - such is its reputation in the market for high-quality work in the Middle East.

The firm's banking team is co-led by Robin Abraham, Peter Avery and Malcolm Turner, and was boosted this year by the promotion of Mohamed Hamra-Krouha, Qudeer Latif and Richard Parris to partner and the transfer of Richard Ernest from Clifford Chance's Frankfurt office.

Robin Abraham comes in for particular praise from one client: "Robin Abraham is the best partner I've ever worked with. He covers

everything perfectly and is very, very good on transactions."

Clifford Chance's Islamic-finance practice had another great year, with one highlight working for Deutsche Bank on the refinancing of a \$1.41 billion facility for the acquisition of Egyptian Fertilisers Company. Led by Robin Abraham and Qudeer Latif in Dubai, the deal was the largest Islamically financed leveraged facility in the Middle East and North Africa, and the largest-ever Islamic deal in Egypt.

Abraham and Latif again showed the breadth of Clifford Chance's work when the firm advised Qatar development company United Development Company on its provision of a \$300 million *musharaka* (partnership finance) facility and its establishment of a \$300 million real-estate fund.

One headline deal saw the firm advise Kuwaiti bank Investment Dar on a £479 million facility for the acquisition of British car manufacturer Aston Martin in June 2007. This was the first leveraged *tawaruq* (personal loan) and *musharaka* to finance the purchase of a substantial asset in the UK. Clifford Chance also advised Limitless, part of the Dubai World group, on a \$1.2 billion *mudaraba* (investment partnership) facility in March 2008.

In addition, Clifford Chance was active in the conventional acquisition finance market, particularly in Saudi Arabia. The firm acted for Zain (previously Mobile Telecommunications Company) on a \$6.2 billion facility for the purchase of a GSM licence in Saudi Arabia. Clifford Chance's London office lent Dubai a hand when the firm advised Citigroup Global Markets on an \$11.6 billion facility for Saudi Basic Industries Corporation's acquisition of GE Plastics in August 2007.

The firm also advised Deutsche Bank on a \$340 million first- and second-lien facilities agreement to Al Qahtani Investments for its acquisition of Dalma Energy.

### Linklaters

Headed by Tim Ross, Linklaters' Middle East banking practice has the benefit of a very strong London base to lean on, giving it access to clients such as Barclays and RBS. But the firm has also been busy this year picking up mandates from Middle Eastern companies such as Dubai International Capital and Borse Dubai, and clients in countries such as Turkey and Jordan.

Clients praise the firm for the quality of its Middle East setup: "They're very good, very professional. They always come in on time with the delivery - I would recommend them to anyone."



Sovereign wealth fund Dubai International Capital (DIC) was a good source of work for the firm this year. Tim Ross led a team which advised on the debt financing of the acquisition of Almatris, while David Irvine advised DIC on its purchase of Alliance Medical.

Tim Ross again led the firm on its work advising Barclays and RBS as mandated lead arrangers of a \$1.8 billion facility for Qatar National Bank for general corporate purposes and also to expand into the Jordanian banking market.

Linklaters was also active in asset finance this year, with aircraft finance a particular focus. The firm's highlight was acting for DAE Capital, a division of Dubai Aerospace Enterprise, on a \$1 billion facility for the purchase of 21 aircraft. Robert Fugard led the deal, which involved Linklaters lawyers from three continents.

The firm also advised Citigroup on two shipping finance deals - a \$38.8 million facility for Fal Oil Shipping Group's acquisition of two crude-oil tankers and a further \$102 million facility for Fal Oil's acquisition of a further two tankers.

### **Baker & McKenzie**

Led by Ian Siddell, Baker & McKenzie's banking practice appears in the third tier on the strength of its offering in Saudi Arabia and Bahrain. The firm is without a doubt one of the leading firms in both markets, and with Saudi Arabia in particular providing a seemingly endless stream of legal mandates, that's not a bad position to be in.

Baker & McKenzie's Riyadh office works jointly with its Manama practice, sharing resources and staff, and was boosted this year by the transfer of partner Caroline Long from the firm's London office.

The firm has had a presence in Saudi Arabia since 1979, which has given it ample time to develop links with the local banks. Julie Alexander leveraged these relationships to win mandates on two notable Islamic financing structures this year. In one deal, Alexander advised a syndicate of banks led by Gulf International Bank on a SR3.2 billion (\$853 million) multi-option Islamic and trade finance facility for the Saudi Bin Ladin Group for the construction of accommodation for King Abdullah University. Alexander also represented the National Commercial Bank on a SR350 million facility structured as a purchase and leaseback.

In Baker & McKenzie's other stronghold - Bahrain - Ian Siddell represented Gulf International Bank on a \$600 million *murabaha* (deferred sale) facility for Qatar developer Barwa Real Estate Company. Michael Foundethakis of the firm's Frankfurt

office also advised the Bahrain branch of the Industrial Development Bank of Turkey on the provision of a \$40 million term loan from a syndicate led by Raiffeisen Zentralbank Österreich in Turkey.

Although some commentators suggest Baker & McKenzie is too focused on its traditional markets, the strength of its Cairo office is building year on year. Hazim Rizkana was particularly active this year, leading the firm when it advised Ezz Group Egypt on its provision of a \$225 million syndicated loan from Citibank, National Bank of Abu Dhabi, Bank Audi and Citibank International.

Rizkana led another Baker & McKenzie team which advised Citibank and Morgan Stanley as lead arrangers in a \$200 million secured senior term loan facility to Citadel Capital in May 2008.

### **Norton Rose**

Norton Rose's Middle East banking practice is run by the very well-regarded Dominic Harvey, who is based in Bahrain. The firm's long experience in the Middle East gives it a wide range of clients across a range of industries.

The firm added to its banking practice this year with the transfer of partner Anthony Pallett from the London office in May 2007. Pallett wasted no time, landing a role advising the lead arrangers on a \$2.4 billion *shariah*-compliant financing package for Project Blue (a joint venture between Qatari Diar and the Candy brothers) to finance the acquisition of the Chelsea Barracks in London from the UK's Ministry of Defence.

Pallett also represented the banks in another of the firm's standout mandates - a \$1.2 billion syndicated *murabaha* facility to Zain Kuwait. Pallett also acted for the arrangers in a \$300 million syndicated *murabaha* facility to Kuwait's Investment Dar.

Dominic Harvey showed the benefit of long regional experience when he landed a role advising the Bahrain Government in connection with a \$350 million multi-currency term loan facility from Calyon Crédit Agricole CIB.

Harvey also led a team acting for Gulf Industrial Bank on two aircraft financing facilities, and advised Calyon on a \$96 million financing for Topaz Energy & Marine and Nico Middle East for the acquisition of shares in Doha Marine Services.

### **White & Case**

White & Case's main strengths in the Middle East lie in its Saudi Arabian and Turkish offices. Through its association agreements with well-regarded firms such as Dören Akol

Avukatlik Burosu (Istanbul) and Cakmak Avukatlik Bürosu (Ankara) in Turkey, and The Law Office of Mohammed Al-Sheikh in Riyadh, the firm is among the leading practices in both jurisdictions.

White & Case grabbed the headlines in December 2007 when it launched an office in Abu Dhabi. Many saw this as an interesting move as the firm had not traditionally been involved in many UAE deals, although the office will provide valuable support to White & Case's Riyadh operation.

The firm's Saudi association firm The Law Office of Mohammed Al-Sheikh was extremely busy this year, particularly in the telecoms sector. The firm managed to win a role advising the banks on a \$7 billion financing for Mada Leletisalat - a joint venture comprising Saudi shareholders and Mobile Telecommunications Company. The facility consisted of a guarantee facility of up to \$5 billion and a \$2.5 billion *murabaha* facility.

White & Case followed this up by advising Saudi telecoms provider Mobily on its \$2.88 billion syndicated Islamic finance facility - the largest syndicated Islamic deal to date. The facility allows Mobily to sell minutes of airtime to financiers, and then subsequently become agent to these banks to sell the minutes for a profit.

Mobily again turned to White & Case for advice on the company's SR1.5 billion *murabaha* facility for the acquisition of Bayanat Al Oula.

Away from the telecoms sector, White & Case landed a role advising Arabian Centres on a SR4.3 billion *murabaha* facility. The facility comprised two tranches; one to partially repay Arabian Centres' existing facilities, and another to fund future constructions of retail malls.

White & Case's Turkey office was busy this year, with its highlight advising Turkish business conglomerate Cukurova Holding on a \$1.5 billion facility to refinance its debt to Alfa Group, a financial services company.

The firm also advised Egyptian telecoms company Orascom Telecom Holding on its securing of a \$2.5 billion facility for general corporate purposes.

### **Other notable firms**

**Denton Wilde Sapte** has been on the offensive this year, opening an office in Qatar and poaching Bryan Cave's Kuwait office in early June 2008. Peers say that despite the firm's heavily publicised loss of much of its Dubai Islamic finance team to Lovells in May last year, it still has the capability to do work across the region. "They have a strong asset finance practice in Abu Dhabi and do a com-

mendable amount of traditional finance work in Dubai,” says one partner.

## Mergers and acquisitions

### Recommended firms

#### Tier 1

Allen & Overy  
Clifford Chance  
Linklaters

#### Tier 2

Freshfields Bruckhaus Deringer

#### Tier 3

Denton Wilde Sapte  
Norton Rose

#### Tier 4

Baker & McKenzie  
Clyde & Co  
DLA Piper  
Herbert Smith  
Latham & Watkins  
Trowers & Hamblins  
White & Case

With the oil price pushing \$140 a barrel in 2008, liquidity in the Gulf is at an all-time high. The region's relatively plentiful oil supply has filled the coffers of the region's sovereign wealth funds (SWFs), which have been bullish about making large-scale acquisitions in the Middle East and across the world. This stands in contrast with M&A deals in western Europe and the US, which have been plagued with liquidity shortages since October.

But despite negative publicity from the west about the motives of SWFs, law firms have been happy to put business over politics to compete to represent these sources of lucrative mandates. In fact, the Abu Dhabi rush this year is motivated almost completely by the SWFs' demand for representation in their emirate, as opposed to being serviced remotely from Dubai. Mubadala, the SWF of Abu Dhabi, showed the strength of sovereign funds in the region this year when it paid \$833 million for Pearl Energy.

But while many of the SWF transactions are confidential, commentators note that the relatively small in-house teams at funds such as Abu Dhabi Investment Authority mean there is a significant amount of work for private-practice lawyers.

SWFs are not driving all the activity in the Gulf - corporate consolidations have also been a very strong area of work for law firms. “No mid-market companies are immune from

GCC investment or acquisition,” says one partner in the region.

Emirates Bank International's merger with National Bank of Dubai in October 2007 was a particular highlight, creating a new institution with combined assets of \$47.1 billion - the largest bank in the region. Although this hasn't been followed by the predicted wave of banking-sector consolidations, there have been a number of multi-million-dollar acquisitions of partial stakes in banks across the region.

There was also considerable media interest surrounding Borse Dubai's complex \$4.8 billion bid for Scandinavian stock exchange OMX, which involved the purchase of substantial stakes in Nasdaq and the London Stock Exchange.

### Allen & Overy

Allen & Overy's Middle East corporate practice has grown rapidly this year, doubling in number compared to 2007 figures. The firm also added Simmons & Simmons partners François Duquette and Ibrahim Mubaydeen in mid-2007 to provide general corporate advice.

The lawyers join the very well-regarded Pervez Akhtar, who heads Allen & Overy's corporate team. The firm is strongest acting for buyers, with one highlight seeing Akhtar work alongside Simon Roderick to advise Abu Dhabi fund Mubadala on its \$833 million purchase of Pearl Energy from Aabar Energy in May 2008.

“Pervez Akhtar is my main private-equity point of contact, and the team he leads is very good,” says one client.

Clients appreciate that the firm has London-standard talent in the Middle East, not only for ease of communication but for price reasons. “I'm very happy with Allen & Overy, they're effectively the main law firm we use,” says one prominent in-house counsel. “They've got the London base, quality talent here [in the Middle East] and a deep bench of people.”

Allen & Overy was mandated by Dubai Group on two significant acquisitions. In May 2007 Akhtar led a team which advised Dubai Group subsidiary Dubai Financial on its Dh314 million (\$85.5 million) purchase of a 35% stake in Oman National Investment Corporation.

Dubai Group again turned to Allen & Overy for advice in November 2007 when it acquired, through its holding company Dubai Financial Group, a 24.6% stake in Egyptian investment bank EFG-Hermes from Abraaj Capital for \$1.1 billion in November 2007. The deal made Dubai Financial Group the largest shareholder in EFG-Hermes.

Akhtar must have impressed Abraaj Capital from across the table, as two months later the private-equity house mandated him to advise on its acquisition of a \$465 million stake in Turkish private hospital operator Acibadem Healthcare. The deal involved a mandatory public offer on the Istanbul Stock Exchange.

Akhtar also advised Dnata, part of the Emirates Group, in relation to the acquisition of Swiss company Jet Aviation Handling in November 2007.

Duncan McNabb led a team advising Energy Arabia, a consortium of JD Capital, Malakoff and Consolidated Contractors Company, on its majority purchase of Jordanian state-owned power company Central Electricity Generating Company in September 2007. The \$120 million purchase, which involved settling more than \$200 million of the company's debts, was the first-ever energy privatisation in Jordan.

In addition, Allen & Overy represented National Bank of Dubai on its much-discussed merger with Emirates Bank, which created a bank with combined assets of \$47.1 billion.

The firm also advised Gulf Investment Corporation, a financial institution owned by six GCC states, on a \$400 million joint venture with US insurance company Arch Capital Group to establish a reinsurance company at the DIFC and throughout the Middle East.

### Clifford Chance

Virtually everyone in the Middle East market agrees that Clifford Chance outfit is one of the standout firms in the region. The firm has brought over a large number of lawyers from its London office to improve its Dubai capacity, including partner Iain Hunter in June 2007.

Clifford Chance's corporate department is led by Simon Clinton, who is repeatedly singled out as one of the region's top corporate lawyers.

One client points out that in the Middle East the firm's focus used to be on M&A rather than private equity, but this is changing. “They are very reliable and have a good transactional team,” the client says.

On one of the firm's standout deals, Clinton led a team which acted for private-equity house Abraaj Capital on its \$1.41 billion acquisition of Egyptian Fertilizers Company in June 2007 - the largest private-equity transaction in the Middle East and North Africa to date.

Clinton is also working on a number of deals in Saudi Arabia. He is leading a Clifford Chance team advising Saudi Arabian Airlines

Corporation on its privatisation programme, which involves the sale of the state-owned airline's catering, sky sales and cargo businesses to private investors in separate stages.

Clinton is also acting for Prudential Corporation in its proposed \$70 million acquisition of a 39% stake in the Takaful life insurance business of Bank Aljazira in Saudi Arabia, and is also involved in Prudential's proposed purchase of a stake in the bank's fund management business.

Iain Hunter hit the ground running when he led a team advising Dubai Financial Group, a subsidiary of Dubai Group, on its \$600 million acquisition of a 15% stake in the Bank of Muscat in Oman in November 2007. This was the largest-ever cross-border bank investment in the GCC.

Hunter backed this up in January 2008 when he advised UBS on its joint venture with Mohammed Aldhoheyan, MerchantBridge Holdings and other strategic investors to establish UBS Saudi Arabia.

Clifford Chance is also advising Istithmar PJSC, part of Dubai World, on its acquisition of a 9.91% stake in Hans Energy Company, and also Istithmar's investment in Djiboutian airline Daallo Airlines.

### Linklaters

Led by the respected Ewan Cameron, Linklaters' corporate team has won some impressive mandates since the launch of its UAE office in 2006. Prior to the launch, Cameron had over a decade of experience working on deals in Dubai, which meant that winning roles was never going to be a difficult prospect. Cameron is backed up by Scott Campbell, who also receives praise for commentators for his strong work.

Managing associate Hardeep Plahe is praised by clients for his quality and efficiency: "He's a very good individual and I highly recommend him," says one client.

Clients also comment that the firm is very efficient, its responses are very quick and the firms' lawyers are always available. "The quality of advice is always very good and I never see something done the wrong way," says one.

While some in the market suggest the firm needs to boost its numbers to compete, others have nothing but praise for the practice. "They've worked on a lot of good deals. They are a good team and I've heard clients say good things," says one rival.

While the firm isn't involved in the same number of deals as its rivals, it has a strong track record in advising on big-ticket deals.

Linklaters' highest-profile deal this year was its role advising Borse Dubai on its complex bid for Scandinavian stock market operator OMX. The firm was involved in Borse

Dubai's initial bid for OMX, and also in its subsequent £800 million purchase of a 28% stake in the London Stock Exchange from Nasdaq and the \$4.2 billion purchase of a 19.9% stake in Nasdaq. Linklaters' team involved lawyers from its London, Dubai and Stockholm offices.

Cameron and Campbell led the firm on its other big-ticket mandate for the year - Emirates Bank's merger with National Bank of Dubai. Linklaters advised Emirates Bank on the deal, which creates a bank with combined assets of \$47.1 billion and was the first merger by tender offer in the Middle East.

Linklaters did not let the absence of a Saudi office hold back its regional aspirations, with the firm winning a role advising Saudi Oger and its subsidiary Oger Telecom Saudi Arabia on its sale of up to 35% of Oger Telecom to Saudi Telecom Company. The Linklaters team, led by Scott Campbell and Nick Garland, also advised on the subsequent shareholders' agreement between Saudi Oger and Said Telecom Company.

Saudi Oger again turned to Campbell when the company later sold a 10.4% stake in Oger Telecom to Telecom Italia for £248 million.

In another notable mandate, Campbell teamed up with London corporate partners Ian Bagshaw and Richard Youle to advise Dubai International Capital, a subsidiary of Dubai Holding, on its £600 million purchase of UK diagnostic imaging company Alliance Medical Holdings.

Campbell again showed the firm's ability to advise outside the UAE when he acted for National Bank of Kuwait on its acquisition of a minority stake in Turkish Bank.

### Freshfields Bruckhaus Deringer

Freshfields' Middle East M&A practice is co-headed by Bruce Embley and Ian Poynton - the latter having been transferred from London to Dubai this year. While a relative newcomer in terms of experience on the ground, Freshfields has certainly made its presence felt, dominating the *International Financial Law Review's* Middle East awards by winning the magazine's awards in 2006 and 2007 for the regional M&A team of the year.

Although the firm has historically been under-resourced compared to some of its rivals, Freshfields has this year undergone an aggressive period of expansion, launching offices in Abu Dhabi, Bahrain and Riyadh (in association with Fares Al-Hejailan) and transferring partner Ian Poynton from London to Dubai.

This new talent was put to use when Freshfields won a role representing the Chevron Phillips Chemical Company on its

joint venture with Saudi Industrial Investments Group in March 2008, which was in connection with the creation of the biggest polyethylene plant in the world. The deal was almost entirely led out of the Middle East, with Embley and Al-Hejailan leading.

In March 2008 Embley also led a team containing Dubai and London associates to advise Saudi Telecom on its \$2.65 billion acquisition of a 35% interest in Oger Telecom, which contained interests in Turkey and South Africa.

Prior to the firm's expansion of resources, the firm's big deals were led by Embley but mostly staffed by London associates. One example is the firm's big-ticket role advising Goldman Sachs as financial adviser on the \$11.3 billion merger between Emirates Bank and the National Bank of Dubai in October 2007.

The same month, the firm utilised its new Bahrain office to act for Hewlett-Packard on its acquisition of Atos Origin Middle East, which has operations in Saudi Arabia, UAE, Qatar, Libya and Bahrain.

### Norton Rose

Campbell Steedman heads up Norton Rose's M&A department, which frequently works alongside both corporates and private-equity houses. The firm benefits from its long experience in the region and its strong banking department to work for a number of prominent clients in the region, although some clients feel the firm has been surpassed by its rivals over the last few years.

"Norton Rose is historically the longest-serving legal provider, but in reality now they're a tier-two firm," says one client. "Now it really depends on who you get."

Nevertheless, the firm still has the clout to win the likes of DP World as a client. Norton Rose represented DP World on its \$670 million acquisition of the Sokhna Port in Egypt. Also in Egypt, the firm acted for Abraaj Capital on its \$505 million acquisition of a 25% stake in Egyptian investment bank EFG-Hermes.

Bahrain is the firm's stronghold, and this office recently advised Batelco on its \$158 million acquisition of 20% of Sabafon, as well as acting for Yamato Kogyo on its \$1 billion joint venture with the Gulf Industrial Investment Company.

### White & Case

White & Case's M&A department has a strong focus on Saudi Arabia and Turkey, acting on some notable deals this year.

The firm added five partners to its Istanbul and Ankara offices in January 2008 to

improve its already well-regarded offering in Turkey. The firm's highlight was advising Kohlberg Kravis Roberts on its \$1.3 billion acquisition of Turkish freight company UN Ro-Ro Isletmeleri - the largest-ever private-equity acquisition of a Turkish company.

White & Case backed this up by acting for Verbund in its \$410 million purchase of 49.9% of the shares in power generator EnerjiSA, a subsidiary of Sabanci Holding. The firm also acted for Intergum on its \$450 million sale to Cadbury-Schweppes, and provided Turkish advice on Siemens' acquisition of Bayer's *in vitro* medical devices business in 2007.

White & Case also had a plentiful year in its other stronghold: Saudi Arabia. The firm utilised its long-term relationship with Saudi Aramco to advise it on its sale of Saudi Arabian Lubricating Oil Company.

The firm acted for Mobily on its SR1.5 billion (\$401 million) acquisition of Saudi data service provider Bayanat Al Oula, and also acted for Carter Holt Harvey and Evergreen Packaging in its acquisition of the Beverage Packaging division of Saudi-based International Paper Company.

White & Case also advised Orascom on its \$1.2 billion sale of Iraqna Company for Mobile Services to MTC-Atheer - the Iraqi subsidiary of Mobile Telecommunications Company.

### Other notable firms

**Baker & McKenzie** won a number of significant deals in the Egyptian market this year. The firm acted for Orascom Construction Industries in connection with Egypt's Sokhana Port Development's \$744 million sale of 90% of its share capital to DP World.

The firm again used its Cairo office to act for El Sewedy Cables on its \$53.7 million acquisition of Iskraemeco, a Slovenian energy measuring company. Baker & McKenzie is also advising Tarek Nour Holding Group on the sale of 49% of its equity by tender.

Finally, the firm advised Saudi Industrial Investment Group on the development of a large-scale petrochemicals complex at Jubail, Saudi Arabia - the third significant project on which Baker & McKenzie has acted for the group.

**Herbert Smith** has launched an office in Abu Dhabi and an associated office Riyadh in the past year. Headed by Neil Brimson, the firm has landed some strong corporate deals over the past 12 months.

The firm has a strong connection with Etisalat, and recently advised the telecoms company on its bids to acquire mobile operator licences in Qatar, Kuwait, Iraq and Nigeria.

**Herbert Smith** advised Bahrain's Growthgate Capital on its acquisition of a stake in Gama Aviation, and has acted for Corecap and EFG-Hermes on acquisitions in the Middle East.

Although **Latham & Watkins** only launched its Qatar, Dubai and Abu Dhabi offices in April 2008, the firm has a long history of high-quality work in the region, especially in Qatar.

London partner Nick Cline benefited from the firm's close relationship with the Qatar Investment Authority (QIA) to advise it on its purchase of a 20% stake in the London Stock Exchange in 2007. Cline followed this up in 2008 by acting for the QIA on its investment into the Delta Two Limited Fund, which failed in its attempt to purchase the J Sainsbury supermarket group.

The firm also won two mandates from the Abu Dhabi National Energy Company - the \$2 billion acquisition of Northrock Resources from Pogo Producing Company, and the \$540 million purchase of Pioneer Natural Resources Canada.

The firm also acted for Taqa North, a subsidiary of Abu Dhabi National Energy Company, on its \$5 billion purchase of Primewest Energy Trust, and acted for The Carlyle Group on its \$1.8 billion sale of Standard Aero and Landmark Aviation to Dubai Aerospace Enterprise.

the efforts of firms to win over sovereign wealth funds, project finance lawyers are just as hasty to get to the capital of the UAE. There are a number of mandates to be won in the emirate, not only under Abu Dhabi's 2030 development plan, but also on projects throughout the region.

Saudi Arabia has been an extremely strong source of work for firms this year, with an almost unprecedented amount of activity coming out of the country. The Jeddah Islamic port and the King Abdullah Economic City provided strong mandates for firms this year, while a number of other projects valued at around \$1 billion are due to close in the next six months.

PPP structures have been on the rise this year, particularly for infrastructure projects. Pockets of private-sector investment have appeared in a number of non-upstream deals of late, and lawyers in the region expect this to become more prevalent as time goes on.

Project finance is one area where firms don't necessarily need an office in the region in order to have a good practice, allowing firms such as Milbank Tweed Hadley & McCloy to develop respected project finance practices.

But the market sees Allen & Overy and Clifford Chance, as in many areas, almost automatic selections for the top tier. "There's a big gap between Allen & Overy and Clifford Chance and the rest," admits one competitor.

### Allen & Overy

Allen & Overy's project finance team is part of its banking and finance department, which is headed by Bimal Desai. Competitors are generous in their praise of the firm, insisting that Allen & Overy has, without a doubt, one of the leading project finance practices in the Middle East.

The firm's capabilities in this practice area received a significant boost with the launch of offices in Abu Dhabi and Riyadh in 2007. In addition, the firm's battalion of associates means it can handle a large volume of deals simultaneously, giving these lawyers experience on larger and more complex deals.

One partner of an independent firm says Allen & Overy's work out of its London office is stronger than in Dubai due to its UK resources, but still finds the firm's local quality to be very good: "We're generally pleased how they perform their work. They're very competent, and I enjoy working with them."

The firm has a strong track record advising sponsors. One of its most innovative deals was advising Mubadala on a \$476 million PPP financing for the development of a new university campus at Al-Ain in June 2007. Led by Desai, the deal was completed on a build-

## Project finance

### Recommended firms

#### Tier 1

Allen & Overy  
Clifford Chance

#### Tier 2

Ashurst  
Linklaters  
Norton Rose  
Shearman & Sterling

#### Tier 3

Baker & McKenzie  
Denton Wilde Sapte  
Milbank Tweed Hadley & McCloy  
Trowers & Hamblins  
Latham & Watkins  
White & Case

The project finance market in the Middle East has been firing on all cylinders in recent years, particularly with the construction of independent water and power plants. While the great rush up the Sheikh Zayed road (which joins Dubai and Abu Dhabi) has largely focused on



own-operate-transfer (BOOT) basis and was the first PPP in the UAE.

Later that month Desai led a team which advised the sponsor, Saudi Polyolefins Company, on the \$575 million Islamic refinancing and additional financing for its polypropylene project in Al-Jubail Industrial City in Saudi Arabia. The deal required consent from the Saudi Industrial Development Fund, which had initially granted a SR400 million (\$107 million) facility to the sponsor.

Fiona Fitzgerald of Allen & Overy's London office took the lead to advise the sponsors and a consortium of projects companies on the development and financing of the \$1.4 billion EAgrum ammonia and urea manufacturing project in Egypt in September 2007. At the time, the deal was one of Egypt's largest first-time project financings.

Bimal Desai was again active in November 2007 when he advised Salalah Methanol Company on the development of a \$560 million methanol plant in Salalah, Oman in November 2007. Desai also acted for Oman Refinery Company on a \$1.37 billion credit facility to Sohar Refinery Company to refinance Sohar's debt after its 2006 merger to create the Oman Refining and Petroleum Company.

Allen & Overy again acted for the sponsors when it won a role advising National Chevron Phillips on its \$3.5 billion project financing for the development of a \$5 billion petrochemicals plant in Saudi Arabia in April 2008.

Like many top firms, Allen & Overy conducts its inbound Africa work from Dubai. Desai showed the advantage of this when he won a role advising a joint venture between DP World and the Djiboutian state-owned port company Port Autonome Internationale de Djibouti on the financing of the construction of a cereal terminal in the port of Djibouti. The deal was the first time the Multilateral Investment Guarantee Agency had guaranteed a *shariah*-compliant project financing.

The firm was not limited to working on the sponsors' side. Allen & Overy used its Tokyo and London offices in May 2007 to act for Japan Bank for International Cooperation on the \$2.4 billion financing of the Mesaieed gas-fired independent power project in Qatar. The project is not only the largest power project in Qatar to date, but is also the first project finance loan by JBIC into Qatar.

### Clifford Chance

When asking market commentators to name the top project finance firms in the Middle East, Clifford Chance is invariably one of the first names mentioned. Commentators note

that the firm's projects practice benefits from a combination of a well-staffed Dubai office and a very strong London base.

Saudi Arabia was a particularly strong area for work for the firm this year. In one outstanding deal, Dubai partner Malcolm Turner led a team which advised Export-Import Bank of the US and the commercial lenders on a \$3.5 billion co-financing of a greenfield petrochemicals plant in Saudi Arabia under the National Chevron Phillips Project.

Turner also advised Saudi Arabia's Water and Electricity Company as awardee and off-taker on the the \$235 million expansion of the desalination capacity of the Shuaibah independent water and power plant (IWPP) in July 2007. Advanced Polypropylene Company also turned to Turner in August 2007 for advice on its development of a \$780 million polypropylene plant in Jubail, Saudi Arabia.

Clifford Chance showed its prowess in *shariah*-complaint project finance work when it acted for Arab Banking Corporation on the \$575 million refinancing of Saudi Polyolefins Company. This involved a \$400 million *ijarah* and a \$175 million *murabaha* financing facility.

Peter Avery proved the firm's skills in Islamic financing again when he worked alongside newly promoted partner Mohamed Hamra-Krouha to represent Saudi European Petrochemical Company in an \$855 million *murabaha* facility in connection with a petrochemicals project in Saudi Arabia.

Clifford Chance's focus isn't solely on Saudi Arabia though - with the help of the London office, the firm has reached out to cover a range of countries in the GCC.

The firm landed a role representing the 10 mandated lead arrangers on the \$1 billion financing of the EAgrum ammonia and urea scheme. The facility, which is placed with international and local banks, was done without export agency or European Investment Bank help.

The London office was again involved when it advised Qatar Petroleum on a sale-and-purchase agreement with an affiliate of Royal Dutch Shell for the production of liquefied natural gas (LNG) from the Qatargas 4 project.

Clifford Chance also advised RBS and Société Générale as mandated lead arrangers on the acquisition of an existing water project in Sur, Oman. The mandate also involved the development of a new desalination plant in Sur.

### Linklaters

Despite being a relatively new addition to the market, Linklaters' projects team has pulled in

a number of strong mandates this year. The firm was boosted by the transfer of managing associate David Charlier, who has extensive experience in the Middle East.

Jonathan Inman is the most active project finance partner in the firm's Dubai office, and was involved in virtually every prominent Linklaters mandate for the year.

Although it does not yet have any offices in Saudi Arabia, the firm was particularly visible on deals in the jurisdiction, acting alongside local counsel. In one of the firm's standout deals, Jonathan Inman led a team advising Red Sea Gateway Terminal Company as sponsor in the financing of the SR1.7 billion Jeddah Islamic Port in January 2008.

The firm must have impressed, as it was mandated in two further Saudi project financings. In one, Linklaters is representing Saudi Railways Organisation on the Saudi Landbridge project, which involves the privatisation and the build-operate-transfer contract for a freight railway network which will connect Jeddah, Dammam and Jubail.

In the other, Inman is acting for DP World in relation to a joint venture with UAE developer Emaar to develop and operate a seaport in the King Abdullah Economic City.

The UAE was another regular source of mandates for the firm this year. In May 2007, Inman acted for Mashreqbank and Standard Chartered Bank on their \$50 million financing of Ras Al Khaimah Gas Commission for the construction of a new undersea gas pipeline from Umm al Quwain and Ras Al Khaimah.

Inman is also leading a team advising UAE University on a PPP deal for the development of Al Ain University, and is acting for International Power and Sumitomo on its bid to the Abu Dhabi Water and Electricity Authority for the mandate to develop the Shuweihat 2 independent power and water desalination project in Abu Dhabi.

Outside of the Middle East's two biggest markets, Linklaters acted for Kuwait Petrochemical Production Company on the multi-sourced financing of a \$2.1 billion aromatics plant in Kuwait in July 2007. This was the first project financing by sponsor Petrochemical Industries Company without a foreign joint venture partner.

The firm is also acting for a consortium consisting of Serco Group and Bahwan Contracting Company on the \$250 million financing of its bid to develop and operate a military engineering college in Oman.

### Norton Rose

Dominic Harvey heads up Norton Rose's project finance department, and was active on all of its prominent deals in the Middle East this

year. The firm's strong banking department translates into an ability to win key deals on the lenders' side.

While some peers note that much of the firm's work is done out of London, Norton Rose wins a lot of praise from peers for the quality of its work in the region: "Norton Rose is a player, primarily through Bahrain," says one competitor. "They do a lot of work out of London, but they do it well."

The competitor adds: "They have a respected and powerful CV, especially for IWPPs."

One of the firm's highlights was advising Saudi British Bank and HSBC Saudi Arabia on the commercial refinancing for the \$1.86 billion Sipchem joint acetyls complex in Jubail, Saudi Arabia. The project was initially financed in December 2006 by a consortium of major GCC banks, and is now being refinanced and solely underwritten by The Saudi British Bank, a subsidiary of HSBC.

Kuwait Finance House turned to Harvey for advice on a \$1.4 billion conventional, commercial and Islamic facility to the Kuwait Paraxylene Petrochemical Company for the construction of an aromatics plant in Kuwait. Harvey also acted for the lenders in a \$540 million project finance facility for Gulf Industrial Investment Company to fund the expansion of its iron ore plant operations in Hidd, Bahrain.

But the firm was not limited to acting solely for lenders - Harvey landed a role advising the project sponsors in the *shariah*-compliant financing from Al-Salam Bank for a biodiesel project in Hong Kong.

### Shearman & Sterling

One of the few US firms to have an office in the Middle East, Shearman & Sterling has developed a very strong reputation in the region for its project finance work. The firm's opened its office in Abu Dhabi in 1975 and is well positioned to take advantage of the spike in activity in the emirate.

"Shearman are very strong through Abu Dhabi and pick up a lot of good mandates through Saudi Arabia," says one competitor.

The firm was given a boost this year when it hired Mathew Kidwell from Fulbright & Jaworski in August 2007 and the transfer of newly promoted partner Ben Shorten from London.

One of the firm's most notable deals was acting for Dolphin Energy on the tender documents for the development of the \$212 million project to construct a gas pipeline between Taweelah and Fujairah - one of the longest and largest overland pipelines in the UAE.

Shearman & Sterling is also acting for Kazemir Aktau Development - a consortium of Abu Dhabi and Kazakh investors - on the design, development and financing of a \$40 billion city on the Kazakhstan's Caspian Coast.

The firm was also able to capture numerous significant mandates outside of Abu Dhabi. Partner Tim Pick led the firm when it advised Qatar Electricity & Water Co on a \$450 million conventional and Islamic facility for the development and construction of the Ras Abu Fontas water desalination project in Qatar. The firm advised on the development, construction, financing and ownership of the plant on a build-own-operate basis.

Shearman & Sterling also showed it could act on the lender side of project finance transactions, advising a consortium of banks including National Bank of Egypt, Standard Chartered Bank and European Investment Bank in the \$948 million financing of the EMethanex methanol plant in Egypt.

This was the first project in Egypt to source its gas from domestic supplies on the Egyptian national grid; the first in Egypt to use a principal deferral mechanism to mitigate the risk of price volatility; the first in Egypt where the shareholders have limited their support to a capped amount; and the longest tenor for a petrochemicals or oil-and-gas project financing in Egypt.

### Baker & McKenzie

Led by Ian Siddell, Baker & McKenzie's projects team is seen as particularly strong through Saudi Arabia, Bahrain and Egypt. While commentators note the firm's strength in these jurisdictions, they point out that the firm isn't often seen outside these three countries.

Nevertheless, the firm did some very strong work in Saudi Arabia this year. On one of its standout deals, the firm advised Saudi European Petrochemical Company on its \$855 million *murabaha* financing of its expansion projects in Jubail. George Sayen and Amelia Jalleh were also mandated in November 2007 to advise a bidder for the \$5 billion Landbridge rail project in Saudi Arabia.

Baker & McKenzie followed this up by advising Saudi Arabian Mining Company on the \$4.5 billion facility for the development of a phosphates mine and chemicals plant. The company turned to Baker & McKenzie again when it mandated the firm on a \$7 billion facility for the redevelopment of a bauxite mine, alumina refinery and aluminium smelter.

Baker & McKenzie is also acting for Saudi Arabian Mining Company in a multi-tranche

project financing for a \$5.5 billion phosphate mine and beneficiation plant at Al Jalamid, Saudi Arabia, and a fertiliser production complex at Ras Az Zawr.

Another Saudi deal saw the firm advise Saudi Industrial Investment Group, the Saudi Arabian joint venture partner in the NCP project, on the development of a petrochemicals complex at Jubail, Saudi Arabia.

Away from Saudi Arabia, Baker & McKenzie was busy advising on Egyptian projects. For example, the firm advised the lenders and guarantor banks on the \$1 billion non-recourse financing of Spanish-Egyptian Gas Company's LNG plant in Egypt. The firm also acted for Egyptian Agrium Nitrogen Products Company as the sponsor's local counsel in the \$950 million ammonia and urea petrochemicals complex in Egypt.

In another standout deal, the firm advised Korean Export-Import Bank in connection with the construction of a \$2.2 billion refinery by the Egyptian Refinery Company.

### Latham & Watkins

Latham & Watkins' assault on the Middle Eastern market will be watched closely by both clients and rivals, given the firm's very strong reputation in the project finance market. The firm's launch in Qatar was noted by competitors as especially significant, since the firm has enjoyed strong links with a number of Qatari sponsors.

Dennis Nordstrom and Kenneth Schuhmacher head Latham & Watkins' Middle East projects department, which works closely with its London and US offices. The firm was particularly active in the financing of LNG tankers this year, with one high-light advising Qatar Gas Transport Company in a \$7.3 billion debt programme for the purchase of LNG vessels to transport LNG from Qatar's northern export field. The facility - the largest LNG ship financing deal ever - was provided by the Export-Import Bank of Korea and the Korea Export Insurance Corporation.

Latham & Watkins also represented a joint venture, whose participants include Qatar Petroleum and Qatar Electricity and Water Corporation, in the development, financing, construction and ownership of a combined-cycle gas-fired power plant and a desalination plant, with a total value of \$3.4 billion.

The firm boasts strong links with the government of Jordan, and this year advised it in relation to the restructuring and privatisation of the country's downstream project finance sector. The firm also advised Standard Bank on a \$63 million financing facility for the acquisition of hydrocarbon reserves in Egypt and Yemen.

### **Milbank Tweed Hadley & McCloy**

Milbank Tweed Hadley & McCloy has been very active over the years in the Middle East projects market, particularly in the power and water sectors. The firm does not have an office in the Middle East, opting to do the work from its London office. But this has not prevented the firm from attracting notable mandates in a number of countries across the region, particularly Oman, Saudi Arabia and the UAE.

Commentators note that the firm is trying harder to get a foothold in the market, and singled out partner John Dewar as the firm's best lawyer for petrochemicals projects. Dewar led the firm when it advised the lenders in the \$340 million refinancing of the Salalah power station in Oman.

Cathy Marsh took the lead when the firm advised Sohar on the \$455 million refinancing of debt facilities for its power generation and desalination facilities. Marsh followed this by acting for the sponsors on the headline-grabbing implementation of the \$800 million Barka 2 IWPP and the related acquisition of the Rusail independent power project.

Saudi Arabia was another steady source of mandates for Milbank. Dewar led the firm when it advised the commercial bank lenders and Islamic banks in the \$4.1 billion Marafiq IWPP in Jubail - the world's largest IWPP. The financing included a \$600 million financing *shariah*-compliant tranche, which was the largest Islamic financing in the power-and-water sector to date. Partner Phillip Fletcher also represented the lenders in the \$231 million expansion of the Shuaibah 3 power generation and desalination plant.

In the UAE, Dewar again led the firm on when it acted for International Power and Marubeni Corporation on a \$2.8 billion project to build the Fujairah F2 power-and-water plant - the world's second-largest IWPP. Dewar was also assisted by Marsh when Milbank Tweed Hadley & McCloy advised the lenders in the \$435 million financing for the development, design, ownership and operation of the Emirates cement plant.

The firm also advised four export credit agencies and commercial bank lenders in relation to the financing of a \$5 billion LNG project in Yemen.

### **White & Case**

While most of White & Case's mandates for general corporate and commercial work are centred around Saudi Arabia and Turkey, the firm has also been active in countries such as Qatar and Egypt.

The firm promoted three lawyers to the partnership in its Middle East projects team

this year: Nicholas Collins (following his relocation to Abu Dhabi), Christopher Langdon (following his relocation to Riyadh), and Mehtap Yildirim Ozturk (of the firm's Ankara office).

Although the Middle Eastern offices play a significant role in all of the firm's regional deals, most instructions are led by partners from the firm's regional hub, London.

White & Case completed some impressive work in Qatar this year, with London partners Philip Stopford and David Baker advising Qatar Petroleum and Shell on the financing of the \$5 billion Qatargas 4 project - the first time that sponsors have financed the whole LNG chain.

Stopford was active again when he and Craig Nethercott acted for Qatar Petroleum and Hydro Aluminium on the \$2.6 billion financing for the construction of an aluminium plant in Mesaieed Industrial City, Qatar.

London partner Jason Kerr acted for the sponsors Abu Dhabi Water and Electricity Authority on the financing for the Fujairah 2 IWPP project in December 2007. Craig Nethercott and Glen Ireland followed this to advise the lead arrangers of the \$4.67 billion financing for the construction of the world's biggest aluminium smelter by Emal - a joint venture between Mubadala and Dubai Aluminium.

Kerr also worked alongside Ellis Baker to advise EnerjiSA, a joint venture between Verbund and Sabanci, for the development of a \$6 billion portfolio of power assets in Turkey. This was the first financing in Turkey's deregulated power sector and will be funded entirely on a merchant basis.

Stopford and Kerr were also mandated by Spanish Egyptian Gas Company on the refinancing of the \$1.02 billion Damietta LNG plant in Egypt.