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A better and more diverse regulatory framework

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The UAE plays an important role in the world's energy markets, holding almost 10% of the world's proven oil reserves and the world's fifth-largest natural gas reserves. The jurisdiction continues to move aggressively towards diversifying its petroleum-based economy, leading to local growth and expansion. Rapid development in all economic sectors has brought the legislative and regulatory framework into sharp focus, with an acknowledgement of the need for continued reform to provide the foundations for this development.

Property development

Historically, the ownership of land and buildings in the UAE has been essentially restricted to UAE nationals. However, the ruler of Dubai announced in 2002 that ownership of property in designated areas of the emirate was available to all nationalities. This paved the way for a real estate boom in Dubai and thereafter in the other emirates. For the past five years, there has been growth in property development in the UAE.

Although they were eagerly anticipated, no specific laws or regulations reflecting the developments in permitted foreign ownership of property were enacted in the UAE until 2005. Abu Dhabi overhauled its real estate laws with two pieces of legislation in 2005. Shortly after, legislation was enacted in Dubai and some of the other emirates. The emirates' respective regulations have various permitted ownership rights and interests. In certain cases, these rights equate to what are commonly known as freehold rights, but in other instances they are restricted to the ownership of the leasehold rights for 99 years or less.

Despite the enactment of various laws since 2005, various gaps remain and, together with ancillary issues (such as the regulation of developers, real estate brokers and issues relating to inheritance), they need to be addressed to ensure the continuing confidence of investors.

The Companies Law

With the exception of entities established in the free zones, the Companies Law requires a limited liability company (often the most appropriate vehicle for foreign entities wishing to trade in the UAE) to have a minimum of 51% UAE ownership. Also, certain activities, as a matter of licensing practice, require 100% UAE ownership. In 2005, Gulf Cooperation Council nationals became entitled to hold 100% ownership in most types of UAE companies, including limited liability companies.

The profits of these limited liability companies may be apportioned differently and various structures may be in place to protect the minority rights of foreign shareholders. But the minimum UAE ownership requirement is generally seen as an impediment to foreign trade and investment. There have been reports of a proposed amendment to the Companies Law for some years, including a relaxation of the minimum UAE ownership requirements. However, there is no clear indication of the extent of these amendments or when they might be implemented. Furthermore, a so-called Anti-Fronting Law, which may affect arrangements between local and foreign shareholders in limited liability companies, is scheduled to come into effect in November 2007.

Free trade zones

The UAE free trade zones, generally established by each individual emirate, are subject to separate regulation and specific local laws. Over 20 zones in the UAE are collectively home to over 5,000 companies. Many of these free trade zones serve as re-export centres, their chief attraction being that 100% foreign ownership is permitted. However, there are restrictions on the activities of free zone companies within the UAE.

One of the most recently established free trade zones is the Dubai International Financial Centre (DIFC) which is intended to be an international hub for the banking, finance, securities and insurance sectors. Each of the free trade zone projects is innovative and ambitious, but the DIFC goes a step further and in effect creates a jurisdiction within a jurisdiction. The DIFC was officially launched on November 11 2005 and has since gained momentum, attracting many of the world's top banks and investment houses. In March 2007, over 350 entities were operating in the DIFC.

These entities are subject to an independent legal, regulatory and judicial regime, distinct from that outside of the free zone. Since 2004, more than 30 laws have been introduced in the DIFC to create a civil and commercial code to govern the activities, rights and obligations of entities operating in or from (and individuals working and/or living in) the DIFC.

As with any newly created jurisdiction, there is a period of stabilization, but the legal and regulatory system is showing every indication of becoming settled and established, although there are various as yet untested issues relating to jurisdiction and enforcement beyond the DIFC.

Other recent legislative developments

In November 2006 the UAE formally acceded to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. How the UAE courts exercise certain discretionary powers relating to enforcement of foreign awards remains to be seen, but the UAE's accession to the convention is generally expected to enhance the jurisdiction's position regarding enforcement and to increase its importance as a venue for international commercial arbitration.

There has for some time been an increasing acknowledgment of the need to reform the UAE Commercial Agency Law to aid foreign investment and further align the UAE with World Trade Organization policies. The Agency Law has historically protected registered UAE agents in their relationships with foreign principals. Federal Law no 13 of 2006 amended certain provisions of the Agency Law, including amendments to help the foreign principal to terminate the agency relationship (previously recognized as a difficult process and a concern for foreign principals). The amendments also permit the importation of certain goods into the UAE without the need for a locally registered agent, although it does not specify which goods fall within this exemption. The amendments to the Agency Law are generally viewed as a step towards liberalization.

Finally, the Consumer Protection Law (Federal Law no 24 of 2006) has been welcomed as the first step towards recognizing the increasing need for protection of consumers in the UAE.

Banking and finance

Recommended firms
Tier 1
Allen & Overy
Clifford Chance
Tier 2
Linklaters
Tier 3
Al Tamimi & Company
Denton Wilde Sapte
Norton Rose
Shearman & Sterling
Simmons & Simmons
Tier 4
Afridi & Angell
Al Sayegh Reed Smith Richards Butler
Clyde & Co
Hadef Al Dhahiri & Associates
Lovells
Trowers & Hamlins
Vinson & Elkins

The capital markets in the United Arab Emirates are flourishing. The equity market has been growing steadily, while debt is becoming more sophisticated with convertible bonds hitting the markets and securitizations expected to take off by the end of 2007.

Many of the issuances are *shariah*-compliant, subscribing to generally accepted (and widely interpreted) principles of Islamic law. This is important in the debt markets because of Islamic restrictions on interest-bearing products. *Sukuks* – what one lawyer described as "bonds dressed up Islamically" – are proving particularly popular since they allow for a rate of return without technically charging interest. Companies looking to raise capital are increasingly turning to the debt markets as the preferred source of cash rather than bank loans. "There has been a move from the traditional syndication of loans to convertibles," said one lawyer. "Most of the big borrowing now comprises convertible bonds and *sukuks*."

The real-estate boom in the UAE is being financed through the capital markets, which are also an alternative means for funding projects. "There used to be one project every two years but there have been three in the past six months," commented one lawyer. "But these are not necessarily being funded by project finance. Projects are encouraging the growth of the equity capital markets."

Although the stock exchange witnessed a downturn in the first quarter of 2007, lawyers in the UAE remain positive about the future of capital markets in the jurisdiction. "The equity capital markets are steady," said one lawyer. "There has been a correction because some of the listings were done on the back of an envelope but the International Financial Exchange is better and is achieving Western standards."

Like any exchange, Dubai is not immune to a few dips now and then. But the market looks to be strong and lawyers are expecting equity and debt to remain popular for some time to come.

Allen & Overy

Head of banking Bimal Desai has had a very successful year. Allen & Overy has not been plagued by the mass defections that have hit other firms in the UAE; instead, the firm has gained two new partners and eight new associates. The department is clearly a happy ship and clients have been impressed with the service on offer. "They are responsive, competitive and a solution-driven law firm," said one client. "We use them quite extensively."

Allen & Overy's popularity with clients is evident from its presence on big-ticket deals. The firm has a particularly good relationship with banks and this year acted for a number of international investment banks. When referring to Bimal Desai, one competitor said: "He's a very, very good lawyer. He's very easy to work with and combines commerciality with legality. He has a very good grasp of both. And he is practical. He knows his limits and what he knows and what he doesn't."

In July 2006 Desai advised a consortium of banks comprising Barclays Capital, Citibank, Deutsche Bank and HSBC on a $3 billion revolving facility for Etisalat, a telecoms company. JPMorgan engaged the firm to assist on a $4 billion loan to Saudi Aramco in December 2006, while Deutsche Bank returned, with Goldman Sachs, in that same month to consult with Allen & Overy on a $575 million facility for DIFC (Dubai International Financial Centre) Investments.

Domestic banks are also regular customers of the firm: In July 2006 Emirates Bank and Standard Chartered hired the firm to guide them through a $2.25 billion facility for Dubai Holdings to finance the acquisition of a 30% stake in Tunisie Télécom.

M&A has been driving much of the demand for cash in the UAE over the past few years. But corporate lawyers are equally busy working on transactions generated by the equity capital markets.

This year, Duncan Macnab counselled Abraaj Capital on the proposed placement for a real-estate company. Rising star Khalid Garousha worked on five proposed listings on the Dubai International Financial Exchange (DIFX), and three listings on the Saudi Stock Exchange that are still in the pipeline.

On the debt side, the firm's work has been dominated by innovative Islamic issuances. In December 2006 Anzal Mohammed advised HSBC on Abu Dhabi Islamic Bank's $5 billion *sukuk* (Islamic bond) programme, the first in the UAE. Mohammed followed up with the March 2007 representation of a consortium of banks on Dubai Islamic Bank's debut issuance of *sukuk*s, which were also the first to be listed on the DIFX and on the London Stock Exchange.

But the firm is not dependent on the banks for business. This year its project finance team represented the sponsors and project companies on a number of deals, particularly in the energy sector.

In January 2007 Allen & Overy assisted the sponsors on a $1.5 billion integrated petrochemicals facility (the Jubail Acetyls Complex project). The firm is also helping the project company on a $4.5 billion financing of an ethylene plant that is also to be built at Jubail in Saudi Arabia.

Leading lawyers

Bimal Desai
Duncan Macnab

Clifford Chance

The telecoms industry has dominated Clifford Chance's banking work this year. The firm has acted on several telecoms acquisition financings and organized a *shariah*-compliant refinancing in the wake of a takeover.

In July 2006 Robin Abraham assisted Dubai Holdings on obtaining a $2.2 billion loan to finance its acquisition of Tunisie

Télécom. The firm helped its client Otel obtain a March 2007 loan to cover the company's $2 billion takeover of Wataniya Telecom in Kuwait. The firm also organized a $1.2 billion refinancing of an existing *murabaha* facility for Mobile Telecommunications Company (MTC) of Kuwait, as well as its augmentation to allow for any future purchases. A *murabaha* is the most common *shariah* tool – the bank buys an asset on behalf of a borrower, who pays the bank the price plus an agreed-upon profit on a deferred basis. To be *shariah*-compliant, the buying and selling parts of the transactions must be separate and distinct.

Robin Abraham has a particularly good reputation for his banking work. One rival said: "He's particularly active on the part of the borrowers and has done a significant amount of work. He's a good chap and is the biggest name at the other firms." Rivals also commended the work of fellow department heads Malcolm Turner and Peter Avery.

The firm has a respectable regulatory practice, advising the Qatar Financial Centre Regulatory Authority and the Abu Dhabi Securities Market among others. Clients appreciate the cooperation between the two parts of the banking team. "Clifford Chance was particularly effective in communicating legal concepts to local regulatory and listing authorities," said one client. "They were able to bring an international and global set of concepts to the market which helped our venture grow."

In capital markets work, the firm has been active on both debt and equity issuances. In August 2006 Clifford Chance assisted a consortium of banks arranging a $2.7 million issuance of trust certificates by Qatar Real Estate Investment Company. The firm helped regular client Dubai Holdings on a $5 billion debt-issuance programme that was listed on the DIFX in January 2007.

Clifford Chance is also well regarded in the petrochemicals industry and has acted on a number of equity deals within the industry this year. In January 2007 partner Simon Clinton advised Advanced Polypropylene Company on its $220 million initial public offering (IPO) on the Saudi Stock Exchange; he also assisted Saudi Kayan Petrochemical Company in May 2007 for the company's $1.8 billion listing.

The banks and project sponsors have taken note of this experience and have employed Clifford Chance on a number of petrochemical projects over the past year. In June 2006 Malcolm Turner represented the arrangers, ABN Amro and Saudi Hollandi Bank, and the Italian and British export credit agencies on the $3.5 billion financing on Yansab, an integrated petrochemical plant in Saudi Arabia. The financing involved the largest Islamic facility of any multi-sourced project closed to date. In other Islamic project work in the industry, Robin Abraham counselled petrochemical companies Basell and Sahara as joint-venture sponsors for the $526 million Islamic financing of a plant for Al Waha Petrochemicals in Jubail, Saudi Arabia.

One client commented: "They are a law firm that we enjoy working with. They have a very good understanding of the legal issues and know their limitations." On the basis of this year's work, it seems these limitations are very few.

Leading lawyers

Robin Abraham
Peter Avery

Linklaters

Linklaters moves up into its own tier this year following repeated praise from the market. The firm has already earned itself an excellent reputation, particularly for its work on conventional and Islamic debt issuances, despite only setting up in Dubai since February 2006. Some competitors believe the firm will soon be challenging the position of its fellow magic-circle firms at the top of the market. A rival commented: "They've been doing very well, have been seen in several transactions and will soon deserve to be in tier one."

The firm has certainly been involved in some big transactions. In February 2007 it assisted JPMorgan and HSBC on a $5 billion issuance of bonds in three tranches by Dubai Holding Commercial Operations. This was the largest issue under a debt programme to date by a Middle Eastern corporation. The firm also assisted a syndicate including Goldman Sachs, Abu Dhabi Commercial Bank and National Bank of Abu Dhabi on the largest Eurobond issue by a Middle Eastern company – $3.5 billion – for Abu Dhabi National Energy.

But it is on *shariah*-compliant debt that Linklaters really shines. Luma Saqqaf is a full-time practitioner of Islamic finance and is gaining a good name in the market for her work. This year she assisted on a number of groundbreaking *shariah* issuances.

Linklaters advised underwriting managers Barclays Capital, Citigroup, Deutsche Bank and Dubai Islamic Bank on the largest-ever corporate *sukuk,* for $1.5 billion by DP World. Saqqaf also led the team counselling DIFC Investments on a $1.25 billion *sukuk* in the form of floating-rate trust certificates issued through a special-purpose vehicle – the first *sukuk* by a DIFC issuer.

The firm's expertise is such that the Dubai office's Islamic finance team is often consulted on *shariah* issuances in other jurisdictions. This year the firm advised a consortium of banks – including UBS, HSBC and CIMB – on the first exchangeable *sukuk*, a $750 million issuance of convertible trust certificates issued by the Malaysian government. Although the deal was led out of Singapore, Luma Saqqaf worked as part of a multi-jurisdictional team.

Linklaters has an excellent relationship with the banks, but the firm has also advised a number of companies on their debt programmes. In July 2006 the firm helped National Central Cooling issue $220 million trust certificates to fund a construction project. Standard & Poor's gave the certificates a BBB rating, the first corporate *sukuk* to be rated in the Middle East.

Islamic project financing is also a growing trend in the Gulf. Linklaters was involved in obtaining a $1.4 billion facility for Kuwait Paraxylene Production Company that included a $375 million Islamic tranche. The only doubts about Linklaters are whether the firm can also attract the big conventional financing deals.

The firm is helping to bring a number of strategic IPOs for listing on the Saudi Stock Exchange. Scott Campbell advised HSBC on a $700 million flotation by Emaar Economic City to raise funds, and counselled Saudi petrochemicals manufacturer Sipchemon its $660 million offering.

Leading lawyers

Ewan Cameron
Jonathan Inman
Luma Saqqaf

Al Tamimi & Company

"If we need a local law firm we automatically choose Al Tamimi," said one client. "They are very good at working the local system for us and ensuring we comply."

Al Tamimi & Company is the largest independent law firm in the UAE and is thus in great demand to act as local counsel on deals. Al Tamimi has long-established relationships with the domestic banks, allowing the firm a high degree of experience and expertise to offer its clients.

This year the firm consistently showed its ability to work with the lenders with repeated engagements from banks. In May 2006 the firm advised Abu Dhabi Commercial Bank on a Dh300 million ($81.7 million) facility to finance the construction of a large hotel and apartment complex in Dubai.

Real-estate development is very active in the UAE, so it is unsurprising that Al Tamimi is invited to participate in construction financing facilities. In addition to the aforementioned hotel deal, the firm has also counselled banks on industrial development projects. This year Al Tamimi assisted Bank of Baroda on a Dh368 million syndicated term loan facility to an industrial cooling company in the UAE, and then guided Barclays Bank through the establishment of a Dh145 million loan to help the borrower set up a porcelain tile plant in Abu Dhabi.

Al Tamimi has also advised its bank clients on debt issuance programmes. Leading lawyer Husam Hourani worked on several such transactions. He helped National Bank of Abu Dhabi on a $2.5 billion medium-term and euro medium-term note programme. He also advised National Bank of Ras Al-Khaimah on a $500 million medium-term note issuance.

But the firm is also a hit with corporate clients. In December 2006 Al Tamimi worked for Tamweel on its $550 million IPO. The firm is also advising Air Arabia on a $2.57 million listing, and real-estate company Deyaar on a $3.18 billion listing.

One client said: "They are responsive and understand our business and are business-minded as well, as opposed to always giving negative answers." Al Tamimi's transactions this year show that it is more than capable of holding its own in a legal market that is gaining new international participants on a regular basis.

Leading lawyers
Husam Hourani

Norton Rose

Norton Rose maintains its position in tier three this year despite a tough 12 months. The firm has been rattled by the departures of several partners including the defection of banking leader Nadim Khan, to rival firm Herbert Smith. But Norton Rose has brought in a new team and is trying to re-energize its image. The firm has every chance of bouncing back, thanks to a solid portfolio of work featuring a number of standout transactions.

This year the firm advised regular client Etisalat in obtaining a $3 billion revolving credit facility arranged by Barclays Capital, Citibank, Deutsche Bank and HSBC. It is in Islamic finance, however, where the firm has found its niche. In December 2006 the firm assisted the arrangers of a $1.2 billion syndicated *murabaha* facility for Kuwaiti mobile operator MTC, and then guided Dana Gas through a $470 million syndicated structured Islamic loan from Citi Islamic Investment Bank to help finance Dana's Centurion Energy acquisition.

The firm has also put its experience in *shariah*-compliant instruments to work on a number of project financings. The firm represented the lenders, led by Saudi British Bank, on the financing for a $1 billion project to design and build a polypropylene plant and a propane dehydrogenation plant in Jubail, Saudi Arabia.

Norton Rose's expertise meant it was sought after by Abraaj Capital, Deutsche Bank and Ithmaar Bank to set up a $2 billion Islamic private-equity fund. The firm helped Albaraka Banking Group in several Islamic corporate-related instructions: a $450 million private placement, and a $580 million IPO that was listed in Bahrain and Dubai. In the debt markets, the firm advised Abu Dhabi Islamic Bank on a $5 billion *sukuk* programme in December 2006, the largest to be launched in the UAE at the time of issuance.

The loss of Nadim Khan will certainly be a damaging blow to the firm, but clients are convinced that Norton Rose's quality goes deeper than its individual partners. "I was impressed with the professionalism," said one client. "They were available 24 hours a day, seven days a week – I never felt inhibited to ring." Norton Rose will need all its dedication and commitment over the coming year to rebuild its team.

Shearman & Sterling

Shearman & Sterling moves down a tier this year following comments from the market that the firm has not recently pulled off transactions of the same calibre as the Dolphin Energy project in April 2006.

The firm focuses its finance team almost completely on project work, and at least in this category Shearman & Sterling is a leader. "They have a very high calibre of people," commented one client, "and their advisers are always very sharp and give good advice. The attitude of the people is excellent."

This year the firm advised both the banks and the borrowers on a number of significant transactions. In June 2006 partner Tim Pick assisted the Qatar Electricity & Water Company on the $486 million financing of a power generation and water desalination facility in Qatar. Then in April 2007, Pick was engaged by a consortium of arranging banks on a $411 million petrochemical project to build a propylene and polypropylene plant in Saudi Arabia.

Pick was singled out for praise by both competitors and clients. "He's a good projects man," said one rival. "He certainly knows his way around a finance document and is perfectly solid."

Natural gas venture Egyptian LNG and its sponsors – BG Group, Petronas, EGPC and EGAS – hired Pick to assist on a $900 million project to develop gas reserves and build a liquefied natural gas (LNG) liquefaction plant in Egypt. Pick and managing partner Philip Dundas are now also working on a $5.4 billion aluminium smelter project for mining heavyweights Rio Tinto.

Clients were also impressed with the quality of expertise offered by Shearman & Sterling. "Many lawyers make a lot of blah-blah-blah to get their fee," said a client, "providing volume, not quality. Sterling & Shearman provides quality, not volume."

Leading lawyers
Philip Dundas
Tim Pick

Simmons & Simmons

Capital markets provide the focus for Simmons & Simmons's finance practice. This year the firm has advised on conventional bond issuances, *sukuk*s and one of the first securitizations in the UAE.

In October 2006 the firm assisted Abu Dhabi National Energy Company on a $3.5 billion bond issue that was listed on the London Stock Exchange. This was the largest capital markets offering – and also the biggest Eurobond and long-dollar issue – by a Middle Eastern company. In March 2007 Simmons also guided Aldar Funding through a $2.53 billion pre-IPO convertible *sukuk al mudarabah*.

The arrival of Muneer Kahn in October 2006 from Norton Rose boosted the Simmons & Simmons Islamic finance team; by October 2007, the team will have four dedicated members. The market has clearly noticed the firm's increasing specialization, sending *sukuk*s and other transactions requiring *shariah*-compliant instruments to Simmons & Simmons. One highlight has been the firm's enlistment by a confidential client to establish a $5 billion shariah-compliant fund of funds.

Securitizations are set to rocket by the beginning of 2008 and Simmons & Simmons is at the forefront of this area. In another innovative transaction, the firm counselled Fitch Ratings on Tamweel's $220 million asset-backed securitization, one of the first Islamic securitizations of its type in the world. Simmons has since counselled Fitch Ratings again, on Tecom's $67 million commercial mortgage-backed securitization (CMBS), the first CMBS involving Dubai properties.

Other notable firms

Denton Wilde Sapte drops a tier this year following the loss of its Islamic finance team to Lovells. One rival commented: "Their Islamic finance capability has been devastated." The market has yet to see the results of the firm's reconstruction but the firm is looking to hire. Managing partner Neil Cuthbert is a respected practitioner. One competitor said: "Neil is more of a projects man but he's very easy to deal with, makes sensible points and takes up sensible issues. He's got quite a good rep." Clients will hope that Cuthbert is able to get Denton Wilde Sapte back on track.

Entering the rankings after only four months in Dubai, **Lovells** merits a position in tier three this year. Lovells burst into the market in May 2007, controversially poaching Denton's Islamic finance team. Head of Islamic finance Rahail Ali has a superb name in the market. "He's pretty sensible and knows Islamic finance work very well," said one peer. "He's approachable, not arrogant and very down-to-earth." Clients agree: "Rahail Ali is one on the pre-eminent Islamic finance lawyers in the market. He does so many deals that he has a good feel of the market, picks up on changes, and he has the ears of the *shariah* scholars." The firm hasn't had much time to establish itself but with a stellar team to act on transactions, Lovells looks set to make a sizeable impact.

Local firm **Hadef Al Dhahiri & Associates** has a strong banking team led by Alan Rogers. This year the firm acted on several project financings, representing sponsors Emirates Sembcorp Water & Power in a November 2006 financing of $1.5 billion for Fujeirah 1 independent water and power project (IWPP). The firm is now counselling one of the bidders, Marubeni and International Power, for the $2.5 billion-plus Fujeirah 2 IWPP. One client commented: "They are fairly good with respect to knowledge of local rules and regulations." The firm put this experience to use advising Etisalat on a $3 billion revolving credit facility and assisting National Bank of Abu Dhabi on the Dh1.3 billion long-term financing of Pearl Azure and the acquisition of three existing hotel assets. This was one of the largest acquisition financings in the hotel sector in the UAE.

Vinson & Elkins is developing an impressive portfolio of shariah-compliant transactions. In July 2006 the firm worked on a deal which won Euromoney's award for the most innovative Islamic finance deal of the year, advising Merrill Lynch and BSEC-BEMO Securitization on a $167 million sukuk backed by an overriding royalty interest in gas and oil assets. The firm has since counselled Liquidity Management Centre, the arrangers of a $200 million sukuk to finance the Lagoon City real-estate development in Kuwait. Chris Strong was singled out for praise by clients for "his straight-forward honesty, rapid response, and the easiness of working with him". Another commended the firm as a whole, calling Vinson & Elkins "the most professional law firm I've dealt with".

Mergers and acquisitions

Recommended firms
Tier 1
Allen & Overy
Clifford Chance
Tier 2
Linklaters
Shearman & Sterling
Tier 3
Al Sayegh Reed Smith Richards Butler
Al Tamimi & Company
Ashurst
Clyde & Co
Denton Wilde Sapte
DLA Piper
Hadef Al Dhahiri & Associates
Herbert Smith
Norton Rose
Simmons & Simmons
Towers & Hamlins
Vinson & Elkins

Private equity has arrived in the United Arab Emirates and is making its presence felt. Not only is the UAE witnessing an increased interest by private-equity houses in the region, but Middle Eastern investors are also pumping money out of the Gulf and into Europe.

The emergence of private-equity into the region has long been heralded but lawyers are now finally beginning to see deals actually happen. This year Abraaj Capital made the largest acquisition by a private-equity house in the region to date. The market has demanded increased specialization in this area, and financial law firms have responded in kind by increasingly offering such services.

However, others urge caution. The private-equity market is still very young, and most investment is being done by local players. "The vast majority of private-equity isn't," said one partner. "It's actually venture capital and it will be a bit of time before American and European private-equity houses get involved."

A spate of banking acquisitions will keep lawyers busy until then. Italian bank UniCredit has been making purchases in the Middle East this year, and Emirates Bank International is in talks with National Bank of Dubai regarding a $13 billion merger. Lawyers are optimistic that this trend for bank consolidation will continue; 2008 looks set to be a busy year.

Allen & Overy

Since joining Allen & Overy's Dubai team in May 2006, head of corporate Pervez Akhtar has been making a name for himself. Akhtar has impressed competitors he has worked with and even those who have yet to see him in action. One lawyer said: "He's a bright guy, with a very nice personality and he's commercial. He's a pleasure to work with." Another commented: "I've heard lots of good things about him."

This year Akhtar led Allen & Overy through several large transactions for two high-profile clients. UniCredit engaged the firm for advice on a couple of acquisitions in February 2007, as the Italian bank looks to expand and consolidate its business. Allen & Overy advised the bank on the Middle Eastern aspects of a $2 billion acquisition of International Moscow Bank, and on UniCredit's $424 million purchase of Russian investment bank Aton.

Dubai Investment Group has also been investing in banks. In May 2006 Allen & Overy advised the investment company on the purchase of a stake in Marfin Bank, and on the RM828 million ($237 million) acquisition of a 40% share of Bank Islam.

Despite his considerable absence from the banking area this year, partner Duncan Macnab was also singled out by competitors: "He's very personable and very professional," said one peer.

Leading lawyers

Pervez Akhtar
Khalid Garousha
Duncan Macnab
Simon Roderick

Clifford Chance

Private-equity investors have provided Clifford Chance with some its most notable work this year. The firm has developed a good relationship with investment houses in the region and this year reaped the benefits.

Istithmar, the UAE investment company, chose the firm for advice on two noteworthy transactions. In October 2006 the firm's head of M&A, Simon Clinton, assisted Istithmar on a $1 billion acquisition of a 2.7% stake in Standard Chartered Bank. Then the firm advised Istithmar in the $1 billion acquisition in Cape Town, South Africa of the Victoria & Alfred Waterfront.

In another notable private-equity cross-border acquisition, Clifford Chance represented Abraaj Capital on the $1.4 billion purchase of Egyptian Fertilizers, the largest private-equity transaction in the region to date. Clinton led a team of seven Clifford Chance lawyers along with five Egyptian lawyers on this notable deal. Rival partners commending Clinton said: "Simon is good with clients. He's quite sensible as well and I certainly think as an individual he's a good lawyer."

Clinton also worked on some public transactions this year. In February 2007 he assisted Wataniya Telecom on a $120 million joint venture in the telecoms sector with Sprint Nextel Holdings and National Advanced Systems Company. The firm also represented the shareholders of The Capital Group during the sale of a majority interest to Morgan Stanley in March 2007.

Leading lawyers
Simon Clinton

Linklaters

Private equity has also brought in a significant amount of work for Linklaters this year. The firm has been active advising Middle Eastern investors on their acquisitions in central and eastern Europe. Managing director Ewan Cameron advised a consortium of Al-Bateen Investment Company, Lehman Brothers Private Equity and Mid Europa Partners on their high-profile acquisition of Ceské Radiokomunikace, the national provider of TV and radio in the Czech Republic. The interest was purchased from Bivideon, Radiokomunikace's holding company, in the largest-ever Czech private-equity deal. Cameron also counselled a consortium of Dubai Aerospace Enterprise, Istithmar and LDC on their $1.3 billion takeover of SRT, an aircraft engine maintainer.

But perhaps the most-talked-about deal of the year in the UAE is a public transaction on which Linklaters has a prime mandate. The firm has been engaged to assist Emirates Bank International on its $13 billion merger with National Bank of Dubai which will create one of the largest banking groups in the Middle East.

Cameron and Scott Campbell worked together on this deal. Campbell received special commendation from the market. One partner said: "He's more junior but has had good training, understands the issues and is a good lawyer." Another lawyer commented: "I've repeatedly seen him and have been impressed. He is a good blend as he can be quite technical and also practical. He's very personable and has a bright future."

Leading lawyers
Scott Campbell

Shearman & Sterling

Shearman & Sterling moves up a tier this year following excellent feedback. "It is a very good firm that I really look at with admiration," said one rival.

Oil is one of the mainstays of the UAE's economy. Shearman & Sterling has cultivated a very positive reputation in this sector and receives a lot of work as a result. In 2006 the firm advised International Petroleum Investment Company (IPIC) on the acquisition of an additional 20% interest in Hyundai Oil Bank Company. Shearman was again engaged by IPIC to advise on the purchase of a controlling interest in plastics maker Borealis.

Abu Dhabi National Oil Company is another regular client. This year the firm has assisted on three divestitures as the company sold its stake in two gas fields and its interest in the Upper Zakum Oil field in Abu Dhabi.

The firm was also rewarded for its oil expertise by other governments. Shearman & Sterling picked up work this year from the Kazakh state, which wished to acquire part of a production sharing agreement for exploration and production activities in the north Caspian Sea.

In other non-energy related deals, Shearman & Sterling was employed by Mubadala Development to buy a significant interest in Leaseplan from Volkswagen and organize the related financing structure.

Other notable firms

Al Tamimi & Company has spent many years earning a good reputation as a competent domestic law firm. But the market is beginning to note that the firm has greater potential. One partner said: "Al Tamimi has been crossing the divide between local and international a bit, and it has a presence in all the Emirates." This year the firm used its capabilities across the UAE, advising Tomkins Finance on a $30 million acquisition of three companies in Dubai, the Jebel Ali Free Zone and Abu Dhabi, respectively.

Freshfields Bruckhaus Deringer is a relatively new presence in the region and as such does not make it into this year's rankings. Competitors, however, were quick to highlight the firm's potential. "They are very low down the order at the moment," said one lawyer, "but they will be one to watch." In September 2006 leading corporate partner Bruce Embley relocated to Dubai from the London office and has since led the team on a number of notable transactions. In one standout deal from June 2006, the firm assisted MTN Group on its $5.53 billion acquisition of Dubai's mobile phone company Investcom. A year later in June 2007, the firm showed that it was equally popular with domestic investors, helping Dubai Capital Group on its role in the $1.4 billion acquisition of Egyptian Fertilizer. Freshfields looks unlikely to remain outside the rankings for long.

Hadef Al Dhahiri & Associates is a local firm with a particularly good name for its corporate and commercial work, particularly in the energy sector. This year the firm acted on a number of big-ticket deals. In one highlight transaction from November 2006, Michael Webb advised SembCorp Utilities on the takeover of the Fujairah independent water and power plant for $1.3 billion. This was followed the next month with the $60 million purchase of a 20% stake in Oman Polypropylene by client IPIC.

The energy sector also provided **Simmons & Simmons** with one of its most notable deals of the year. In March 2007 the firm represented Abu Dhabi National Energy Company on its $1.4 billion acquisition of CMS Generation. Meanwhile in May 2007 **Vinson & Elkins** received a slice of the power-related action, advising Vitol on the oil company's takeover of 90% of the Fujairah Refinery.

Trowers & Hamlins moves down a tier this year following a market perception that "they have a couple of good individuals but the market has moved ahead of them". The firm has a large presence in the region with two offices in the UAE alone, in Dubai and Abu Dhabi. This year the firm has advised on several joint ventures. The firm assisted Air Products on a joint venture in the UAE, and then counselled the National Corporation for Tourism & Hotels on a joint venture agreement with Aldar Properties to develop a luxury hotel and 120 high-end villas. Despite its drop in the rankings, lawyers who have worked with the firm still think highly of Trowers & Hamlins. "I use them as local counsel and have been pleased with responsiveness and quality of work," said one lawyer. "I like to work with them." Many clients also rate the firm; one engineering client said: "They do very good work – they're responsive, professional and are good folks to deal with."

Norton Rose has had a troubled year at best, losing partners from both the banking and corporate departments. Leading lawyers Zubair Mir and Graeme Muir, and Tahir Ahmed have left to either follow different careers or to bolster the burgeoning corporate practices at other newly formed Dubai offices. Campbell Steadman has been brought in to shore up the firm and return it to its former status. Despite the controversy, the firm has been involved in some significant transactions this year. Etisalat is a regular client and this year engaged Norton Rose on a successful $2.89 billion bid for Egypt's third mobile licence, as well as a bid for Tunisie Télécom. Further displaying the firm's telecoms expertise, Norton Rose counselled Batelco on its $158 million takeover of a 20% stake in Sabafon, a Yemeni mobile telecoms company.