

Global Sukuk Issuance: 2008 Slowdown Mainly Due to Credit Crisis, But Some Impact from Shari'ah Compliance Issues

Author

Faisal Hijazi
Business Development Manager
Rating Services and Islamic Finance
+9714 401 9530
Faisal.Hijazi@moodys.com

Asia, Middle East and Islamic Finance Additional Contacts

Khalid Howladar
Vice President – Senior Credit Officer
Asset-Backed & Sukuk Finance
+9714 401 9542
Khalid.Howladar@moodys.com

Philipp Lotter
Vice President – Senior Credit Officer
Corporate Finance Group
+9714 401 9539
Philipp.Lotter@moodys.com

Anouar Hassoune
Vice President – Senior Credit Officer
Financial Institutions Group
+33 1 5330 3340
Anouar.Hassoune@moodys.com

Dominique Gribot-Carroz
Vice President
+852 2916 1120
Dominique.Gribot-Carroz@moodys.com

Client Service Desk

London: +44 20 7772-5454
Madrid: +34 91 414-3161
Paris: +33 1 7070-2229
clientservices.emea@moodys.com
New York: +1 212 553-1653

Website

www.moodys.com

Table of Contents

- **Summary**
- **Market Developments in Challenging Times**
- **Sukuk Issuance Analysis**
 - Global Issuance: 2008 decline reverses recent trend
 - Latest Issuance Trends: More local currency and sovereign issues
- **Issue Rating: Sun Finance**
- **Appendix 1: Sukuk Transactions Rated by Moody's**
- **Appendix 2: Glossary of Islamic Finance Terms**
- **Moody's Related Research**

SUMMARY

The Islamic finance industry, particularly the Sukuk market, faced unprecedented challenges in 2008 – namely the global credit crisis, the rising cost of borrowing and lack of investor commitment to capital market securities, as well as debates over the Shari'ah compliance of some Sukuk structures.

By the end of 2008, global Sukuk issuance had declined by more than 50% compared to 2007, a marked reversal of the strong growth trend witnessed in recent years since this market came into being. Globally, credit markets underwent a significant decline in debt issuance, mainly driven by the lack of global economic visibility, pricing issues and a shortage of committed investors. The Gulf Cooperation Council (GCC) and Malaysia have been the hardest hit, experiencing declines in Sukuk issuance of 55% and 59%, respectively.

Over the past year, Ijarah Sukuk has become the dominant Sukuk structure in terms of issuance volume, replacing Mudarabah, which had been the dominant structure in 2007. Early in 2008, AAOIFI¹ made a recommendation to Islamic finance market participants to refrain from issuing Sukuk structures that have a purchase undertaking or guarantee from the Sukuk issuer to repurchase at a future date at a specific price. In AAOIFI's view, this structural mechanism is not compliant with a fundamental principle of Shari'ah, namely profit and risk sharing. However, although AAOIFI standards are widely followed (without obligation) across many countries, they are only adopted by Bahrain, the Dubai International Financial Centre (DIFC) in the UAE, Jordan, Lebanon, Qatar, Sudan and Syria.

Moody's has followed the Sukuk market closely over the past few years and even more closely since the start of the ongoing global crisis. This Special Report presents an overview of key recent developments in the market as it strives to favourably balance the market turmoil and ideological principles.²

¹ Accounting Auditing Organisation for Islamic Financial Institutions.

² See Note on Data.



MARKET DEVELOPMENTS IN CHALLENGING TIMES

Sovereign and local currency Sukuk issuances have recently increased in popularity across the GCC and Asia-Pacific. Speculation has been rising as to whether GCC currencies will de-peg from the US dollar, which was weakened for most of 2008 and which has historically been the most favoured currency for debt issuance in the GCC. As a result, issuers in the region have resorted to issuing Sukuk denominated in Saudi riyals or UAE dirhams. This trend has also been seen in Asia, where the Malaysian ringgit, Pakistani rupee and Indonesian rupiah have been the most common currencies used.

A growing number of institutional and retail investors have been seeking local-currency-denominated Sukuk in a bid to reserve profit yields under the difficult credit market conditions and declining US dollar. The HSBC/DIFX Sukuk index (SKBI)³, representing the weighted-average credit spread over LIBOR of the individual constituents underlying the relevant index, has increased by over three times since the global credit crisis started in August 2007, trading at just over 400 bps. As the crisis deepened further in October 2008, the weighted spread increased to 900 bps.⁴

In 2007/2008, issuers in the GCC and Asia-Pacific announced⁵ over US\$30 billion in Sukuk that were due to close in 2008, accounting for over 88% of globally announced deals. Given the unfavourable credit conditions, the rising cost of borrowing and widening spreads, most of these deals failed to materialise in 2008. Had it not been for the closure of the debt markets and a decreasing investor appetite for debt securities, we estimate that 2008 issuance would have reached US\$45 billion, compared to actual issuance of US\$15.1 billion (see Chart 1).

However, market conditions were not the only difficulty issuers faced in 2008. In February, AAOIFI issued a statement of six guidelines containing advice relating to Sukuk tradability, the corporate responsibility of the Sukuk manager, the purchase of certain Sukuk structures at their net rather than nominal value, and the duty of the Shari'ah Supervisory Board (SSB) to oversee the implementation of funds and investments in a Shari'ah-compliant manner and not to limit their involvement to issuing fatwas⁶ at the time of the Sukuk issuance.

Ijarah Sukuk emerged as the lead structure in 2008 in terms of Sukuk issued; in 2007 Mudarabah had been the most frequently form of issued Sukuk. The increased popularity of Ijarah Sukuk reflects its simple structure and the abundance of tangible assets with which it can be structured.

Against this backdrop, we have also seen Sukuk issued through securitisation becoming a more mainstream financial vehicle. One of the key fundamental objectives of Shari'ah is the sharing of profit and losses. This can be practised through many Sukuk structures including Mudarabah, Musharaka and Investment Partnership. These structures have been proven to be successful and favourably accepted by SSBs when structured around a true sale securitisation. Sukuk holders can and will be able to trade them in accordance with Shari'ah principles if they have ownership rights and obligations for assets, including usufruct or title rights.

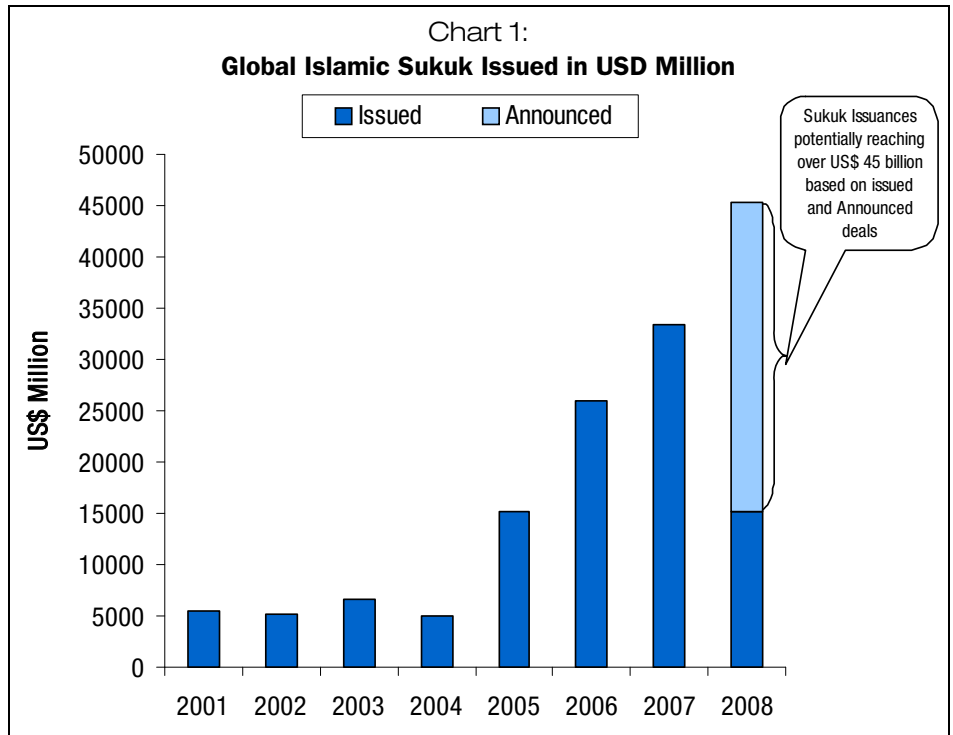
In July 2008, the Abu Dhabi-based Sorouh Real Estate PJSC launched the first Islamic securitisation of land and associated rights to payment from a pool of GCC obligors. These were primarily GCC real estate developers which pay scheduled instalments to purchase land plots, concentrated within two real estate developments – Shams and Saraya within Abu Dhabi, the capital city of the United Arab Emirates (rated **Aa2**). The purchase contracts were originated by Sorouh, one of the three key real estate master developers in Abu Dhabi that has been granted land on preferential terms by the government.

³ HSBC/ DIFX US Dollar Sukuk Index, constituents include 35 globally issued Sukuk. www.hsbcdifxindices.com

⁴ WAL of the constituents is 3.8 years.

⁵ Source: Moody's, Zawya.

⁶ See definition in Appendix 2.

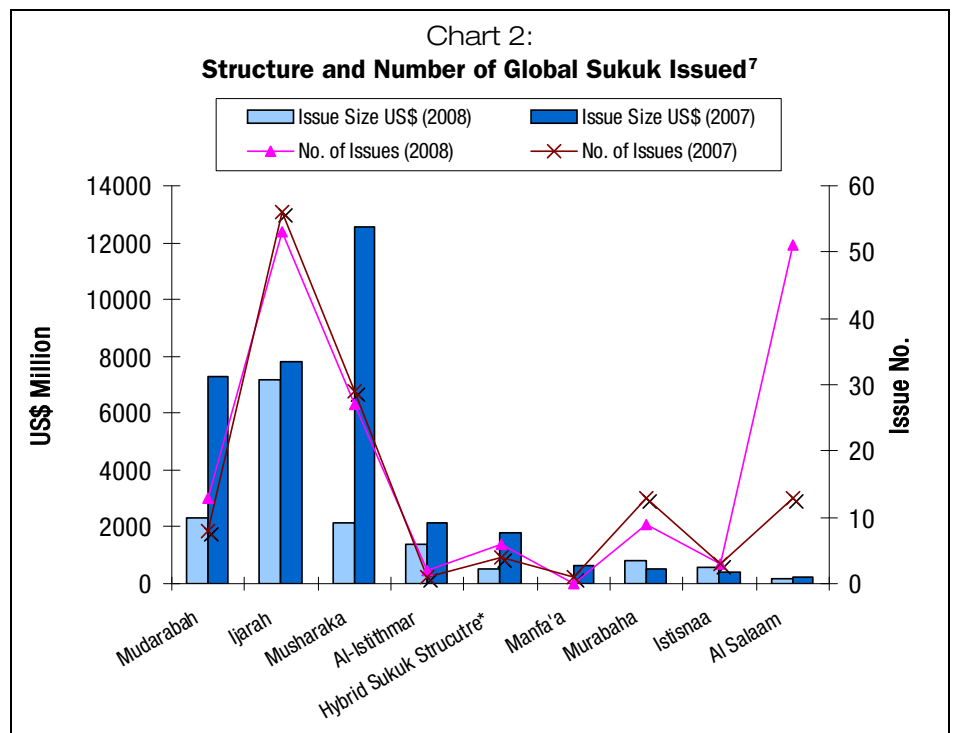


SUKUK ISSUANCE ANALYSIS

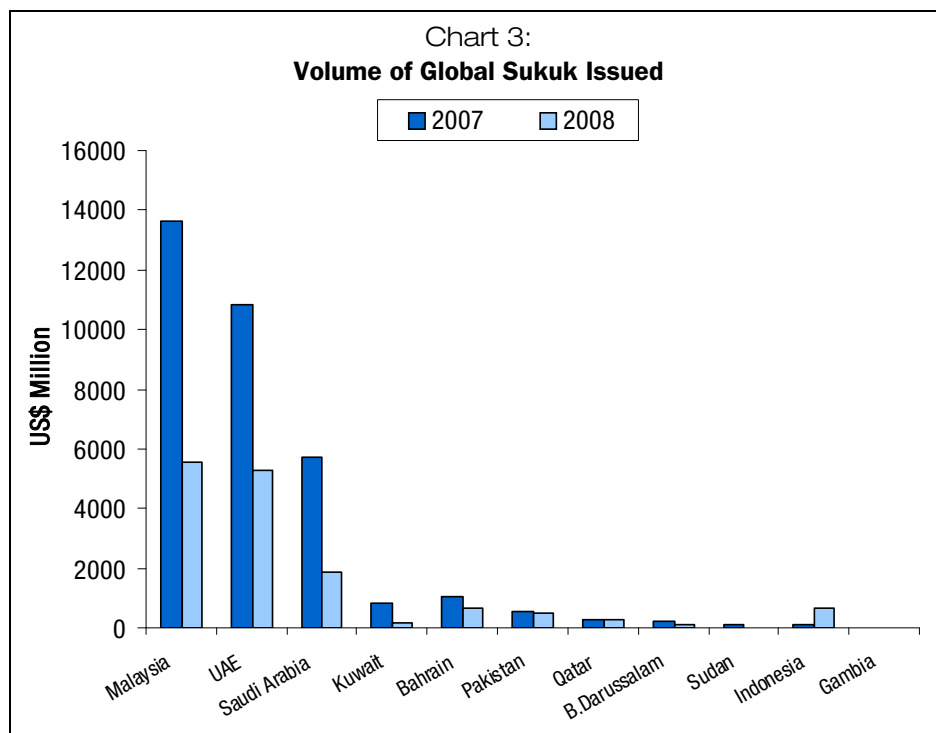
Global Issuance: 2008 Decline Reverses Recent Trend

Strong growth pattern seen in recent years was followed by overall decline of over 50% in 2008

In 2008, global Sukuk issuance decreased by over 50% compared with 2007, reversing the trend seen in recent years. Of the most common Sukuk structures, Murabaha issuance increased by nearly 60%, whilst Ijarah witnessed a moderate decline of 8%, largely due to the global credit environment. However, Musharaka and Mudarabah Sukuk declined by 83% and 68%, respectively. This sizeable decrease was witnessed across many of the key issuance markets, including the GCC and Malaysia.



⁷ Hybrid Sukuk structures include mixed Mudarabah and Musharaka structures.



AAOIFI released comments on Sukuk structure interpretation

Ijarah and Murabaha have clearly emerged as the most popular Sukuk structures for both investors and issuers. This is likely due to their simple contractual terms and the comfort of Shari'ah scholars in approving their compliance. Musharaka, Mudarabah and Wakalah for Investment Sukuk tend to be more complex and involve a form of partnership (Mudarib), joint venture (Sharik) or investment partnership (Wakil Istithmar) between Sukuk holders and the Sukuk manager.

AAOIFI has argued that Musharaka, Mudarabah and Istithmar Sukuk are profit- and loss-sharing partnerships that in economic upturns lead to profit-sharing and in downturns may lead to loss-sharing. In the statements it released in early 2008, it therefore stressed the importance of the profit- and loss-sharing aspects of Sukuk and advised that the purchase undertaking commitment by the Sukuk manager/issuer at its nominal value should be dismissed, as this commitment represents a form of guarantee that does not adhere to the principles of Shari'ah⁸, regardless of whether the manager is a *Mudarib*, *Sharik* or *Wakil* for investments.⁹

Despite this, Diminishing Musharaka has emerged as an accepted structure, incorporating both Shari'ah compliance consistency and a profit- and loss-sharing partnership.¹⁰

Malaysian Sukuk issuance declined by 59%

The Malaysian market, a key issuer of corporate, financial institution and sovereign Sukuk, experienced a decline in issuance of 59% compared with 2007. One could argue that, as Malaysian issuers have not formally adopted AAOIFI standards¹¹, the issuance decline should have not been that severe, especially if we include local currency Sukuk, which would still be favoured and issued in the local ringgit market. This raises again the question of how much this slowdown is a function of global credit market conditions and how much is due to issues of Shariah compliance. Bahrain and UAE Sukuk issuances (represented by those issued out of the DIFC) also declined, by 36% and 51%, respectively.

⁸ However, AAOIFI argues that a Sukuk manager is a guarantor of the capital, at its nominal value, in case of his negligent acts or omissions or his non-compliance with the investor's conditions.

⁹ AAOIFI Shari'ah standard (5). Articles (2/2/1) and (2/2/2).

¹⁰ AAOIFI Shari'ah Standard (12), Article (3/1/6/2)

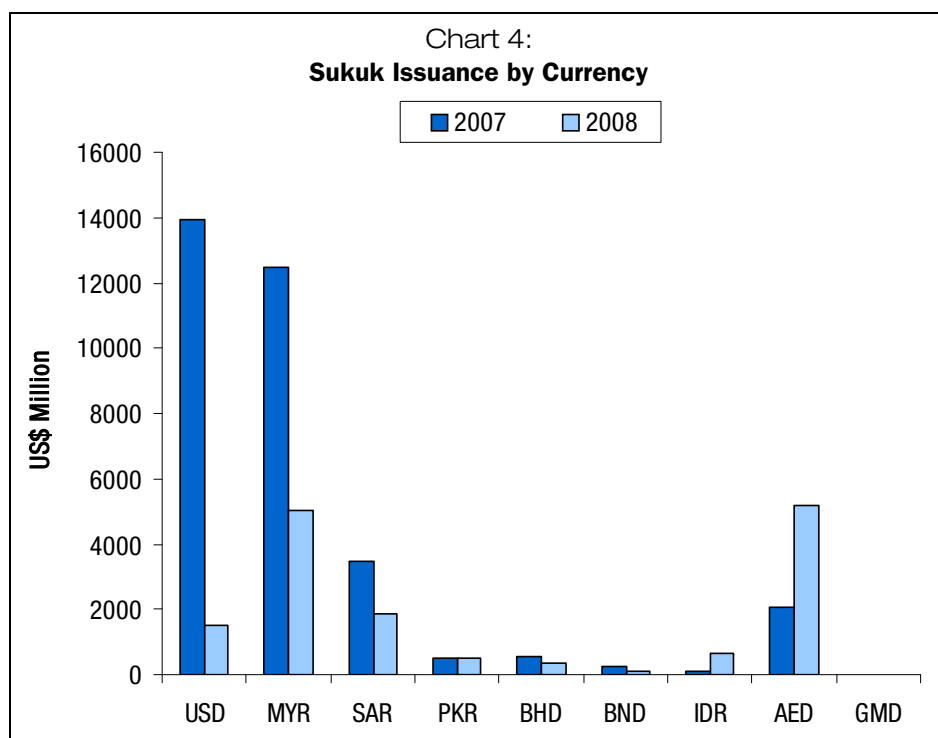
¹¹ Although a number of Malaysian issuers have done so on a voluntary basis

Latest Issuance Trends: More Local Currency and Sovereign Issues

An increase in local currency issues

As the US dollar has historically been the most favoured currency for debt issuance in the GCC, its weakening over most of 2008 has meant that issuers in this region have resorted to issuing Sukuk denominated in local currencies, mainly in UAE dirhams (AED) and Saudi Arabian riyals (SAR). With speculation increasing throughout 2008 on the prospect of a de-pegging of GCC currencies from the US dollar, the outlook for local currency issuances has become increasingly significant.

As global US dollar issuance declined to less than US\$2 billion from over US\$14 billion in the same period of 2007, local currency issuance increased in the UAE to nearly AED19 billion¹² in 2008, an increase of over 150% from 2007.



Corporate issuers cautious, new sovereign issuers upbeat

A corporate issuer's decision to tap the Sukuk market is usually dependent on its ability to achieve favourable pricing and on the robustness of the capital market environment. These two factors were missing for most of 2008, leading many Sukuk issuers to postpone announced issues awaiting better credit and market conditions. We estimate that over US\$30 billion¹³ of Sukuk value had been announced in 2007/2008 for issuances in 2008 that did not materialise in 2008. If we incorporate both announced and closed Sukuk issuances, the total volume would have risen to US\$45 billion, healthy growth of 35% over 2007¹⁴.

By contrast, sovereigns and supranational institutions are less likely to slow down their issuance. On the contrary, in periods of slower growth and uncertain credit and capital market conditions, governments will need to increase their borrowings to compensate for revenue shortfalls from taxes and other sources of income, including lower oil and natural resource prices. Indonesia, Bahrain and Gambia¹⁵ have all seen an increase in their sovereign Sukuk issued.

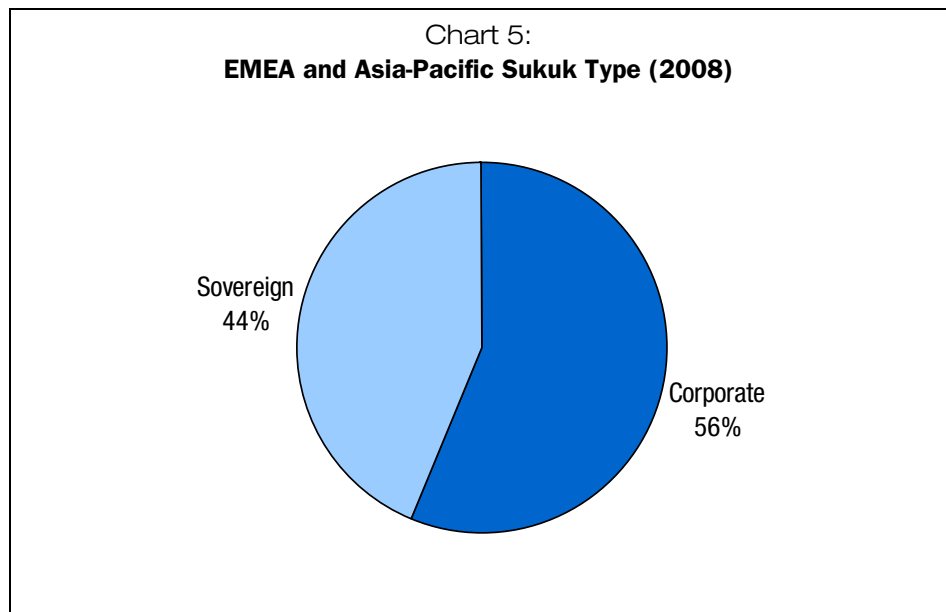
In 2008, the number of sovereign Sukuk deals issued increased to 72, representing over 44% of total deals issued and an increase from 23 in 2007. In addition, previously planned and announced Sukuk issues by Kuwait, Turkey, Japan and Thailand are likely to tap the market once there is some stability on the credit and capital markets.

¹² 1US\$1 = AED 3.67

¹³ Excluding the US\$ 15.16 billion issued.

¹⁴ Moody's February - 2008 estimate: Islamic Finance: 2007 Review, 2008 Outlook.

¹⁵ The first African Sub-Saharan country to issue short-term Sukuk



SUKUK ISSUE RATING

Sun Finance Limited / Sorouh PJSC

In the second half of 2008, Moody's assigned several investment-grade ratings to three classes of Sukuk certificates issued by Sun Finance Limited. This transaction is not only the largest public 'Islamic' securitisation, but also the first EMEA securitisation of land and associated rights to purchase payments from a pool of local real estate developers. The deal was originated by Sorouh Real Estate PJSC, one of the three real estate developers in Abu Dhabi that have been granted land by the government to deliver its 2030 urban plan. The total value of the rated Sukuk certificates was over AED4 billion (US\$1.1 billion). Ratings assigned were **Aa3/A3/Baa3/NR** at 55/5/20/20% of the capital structure, respectively.

The 61 obligors will pay in scheduled instalments over the next four years to purchase undeveloped land which is concentrated within two real estate developments – Shams and Saraya – in Abu Dhabi.

Local real estate markets in the Middle East are still faring relatively well – albeit with a notable decline – and regional demand for residential and commercial property has allowed the local phenomenon of pre-selling of land and property often years in advance of actual delivery date. While this model shifts the immediate speculative construction risk from Sorouh (originator/master developer) to the underlying sub-developers, it does not eliminate the ultimate exposure to price volatility or decline in the local property markets.

Sun Finance Limited, a special purpose vehicle (SPV) incorporated under the laws of Jersey (UK), will issue the three classes of Moody's-rated AED-denominated notes to fund the purchase of the assets.

Because of the Islamic nature of the transaction, and unlike typical ABS transactions, there will be a transfer and registration of the freehold title of the land. This registered transfer, as well as the assignment of the purchase payment rights, is governed by local Abu Dhabi and Federal UAE law, while the remaining security documents are governed by English law.

The notes are priced at AED200/250/350 respectively in an environment that has also started to see a thinning of local currency liquidity. All the notes were placed in the region.

Note on Data:

- This report aims to capture the volumes of Islamic finance issuance in EMEA and Asia-Pacific, mainly Shari’ah-compliant securities (Sukuk). The volumes reported include all publicly rated and unrated transactions that closed or launched between 1 January and 31 December 2008¹⁶, compared to volumes launched between 1 January and 31 December 2007.
- For issued Sukuk, a number of resources were used to account for total issued volume in 2007/2008 and accumulated issued sizes since inception. Sources include Moody’s, the Malaysian Securities Commission, Bloomberg and Zawya.
- Moody’s is aware of other sources of information related to Sukuk in the market domain that can be different from those quoted in this report. Every effort has been made to include and quote the majority of data sources that are accessible to Moody’s.
- All currencies have been converted into US dollars to facilitate easy comparison. The exchange rate was taken at the time of the transaction closing.
- Moody’s is aware of the different schools of law – or Fiqh (Islamic jurisprudence) – among different countries across the Middle East and Asia-Pacific. Hence, these schools differ in the Fiqh methodology and the acceptance of certain Sukuk structures. Furthermore, Moody’s review of Sukuk transactions has been made on the basis of their legal binding and contractual features that affect the creditworthiness of the Sukuk, without opining on their compliance with Shari’ah law.

¹⁶ Appendix 1 includes all Sukuk issues rated by Moody’s Investors Service since inception.

APPENDIX 1: SUKUK TRANSACTIONS RATED BY MOODY'S

Country	Issuer	Originator Name	Issuance Amount (US\$ Million)	Issue Rating/ Rating of Senior Notes
UAE	ADIB Sukuk Co. Ltd.	Abu Dhabi Islamic Bank	5,000	A2
UAE	DIB Sukuk Co. Ltd.	Dubai Islamic Bank PJSC	750	A1
UAE	DP World Sukuk Ltd.	DP World	1,500	A1
UAE	Dubai Sukuk Center Ltd.	DIFC Investments LLC	1,250	A1
UAE	EIB Sukuk Co. Ltd. Programme	Emirates Islamic Bank PJSC	1,000	A1
UAE	JAFZ Sukuk Ltd.	Jebel Ali Free Zone FZE	2,043	A1
UAE	Tamweel Sukuk Ltd	Tamweel PJSC	272	A3
UAE	Tamweel Residential ABS CI (1) Ltd.	Tamweel PJSC	210	Aa2
UAE	DB Sukuk Ltd	Dubai Bank PJSC	5,000	A3
UAE	Sun Finance Ltd.	Sorouh Real Estate	1,009	Aa3
Saudi Arabia	Golden Belt 1 B.S.C.	Saad Trading Contracting & Financial Services Co	650	Baa1
Malaysia	Malaysia Global Sukuk Inc.	Government of Malaysia	600	A3
Malaysia	Sarawak Corporate Sukuk Inc.	State of Sarawak	350	Baa1
Malaysia	MBB Sukuk Inc. (Subordinated)	Maybank	300	A3
Kuwait	NIG Sukuk Ltd.	National Industries Group Holding S.A.K.	475	Baa2
Qatar	Qatar Alaqaria Sukuk Co.	Qatar Real Estate Investment Co	300	A2
Total amount of Sukuk issuances rated by Moody's:			20,709	

APPENDIX 2: GLOSSARY OF ISLAMIC FINANCE TERMS

al adl: a trusted and honourable person, selected by both parties to a transaction. Somewhat analogous to a trustee.

al Maqasid al Shari'ah: the objective of Shari'ah.

amana/amanah: literally means reliability, trustworthiness, loyalty and honesty, and is an important value of Islamic society in mutual dealings. It also refers to deposits in trust, sometimes on a contractual basis.

bai/bay: contract of sale, sale and purchase.

bai al-salam: advance payment for goods. While normally the goods need to exist before a sale can be completed, in this case the goods are defined (such as quantity, quality, workmanship) and the date of delivery fixed. Usually applied in the agricultural sector where money is advanced for inputs to receive a share in the crop.

Diminishing Musharaka: a form of partnership that ends with the complete ownership of a partner who purchases the share of another partner in that project by a redeeming mechanism agreed between both of them.

fatwa (pl. al fatawa): an authoritative legal opinion based on the Shari'ah.

fiqh: practical Islamic jurisprudence. Can be regarded as the jurists' understanding of the Shari'ah. There are four Islamic jurisprudence, including al-Shaifi, al-Hanifi, al-Maliki and al-Hanbali.

gharar: uncertainty in a contract or sale in which the goods may or may not be available or exist (e.g. the bird in the air or the fish in the water). Also, ambiguity in the consideration or terms of a contract – as such, the contract would not be valid.

hadith: the narrative record of the sayings, doings and implicit approval or disapproval of the Prophet.

halal: permissible, allowed, lawful. In Islam, there are activities, professions, contracts and transactions that are explicitly prohibited (haram) by the Qur'an or the Sunnah. Barring these, all others are halal. An activity may be economically sound but may not be allowed in Islamic society if it is not permitted by the Shari'ah.

haram: unlawful, forbidden (see halal). Describes activities, professions, contracts and transactions that are explicitly prohibited by the Qur'an or the Sunnah.

hawala: bill of exchange, promissory note, cheque or draft. A debtor passes on the responsibility of payment of his debt to a third party who owes the former a debt. Thus, the responsibility of payment is ultimately shifted to a third party. Hawala is used in developing countries as a mechanism for settling international transactions by book transfers.

ijarah/ijara: lease, hire or the transfer of ownership of a service for a specified period for an agreed lawful consideration. This is an arrangement under which an Islamic bank leases equipment, a building or other facility to a client for an agreed rental.

ijarah wa iqtina/ijarah muntahla bittamleek: a leasing contract used by Islamic financial institutions that includes a promise by the lessor to transfer the ownership of the leased property to the lessee, either at the end of the lease or by stages during the term of the contract.

ijtihad: literally effort, exertion, industry, diligence. As a legal term, it means the effort of a qualified Islamic jurist to interpret or reinterpret sources of Islamic law in cases where no clear directives exist.

istisna'a/istisna: a contract of sale of specified goods to be manufactured with an obligation on the manufacturer to deliver them on completion. It is a condition in istisna that the seller provides either the raw material or the cost of manufacturing the goods.

maisir/maysir: the forbidden act of gambling or playing games of chance with the intention of making an easy or unearned profit.

manfa'a: a form of contract in which one party gains the right to use or benefit from the use of an asset.

mudaraba/mudarabah: a form of contract in which one party (the rab-al-maal) brings capital and the other (the mudarib) personal effort. The proportionate share in profit is determined by mutual consent, but the loss, if any, is borne by the owner of the capital, unless the loss has been caused by negligence or violation of the terms of the contract by the mudarib. A mudaraba is typically conducted between an Islamic financial institution or fund as mudarib and investment account holders as providers of funds.

mudarib: the managing partner or entrepreneur in a mudaraba contract (see above), see also *rab almal*.

murabaha: a contract of sale with an agreed profit mark-up on the cost. There are two types of murabaha sale: in the first type, the Islamic bank purchases the goods and makes them available for sale without any prior promise from a customer to purchase them, and this is termed a normal or spot murabaha; the second type involves a promise from a customer to purchase the item from the bank, and this is called murabaha to the purchase order. In this latter case, there is a pre-agreed selling price that includes the pre-agreed profit mark-up. Normally, it involves the bank granting the customer a murabaha credit facility with deferred payment terms, but this is not an essential element.

musharaka/musharakah: an agreement under which the Islamic bank provides funds that are mingled with the funds of the business enterprise and possibly others. All providers of capital are entitled to participate in management, but are not necessarily obliged to do so. The profit is distributed among the partners in a pre-determined manner, but the losses, if any, are borne by the partners in proportion to their capital contribution. It is not permitted to stipulate otherwise.

qard al hasan/qard hassan: a virtuous loan in which there is no interest or mark-up. The borrower must return the principal sum in the future without any increase.

rab-al-maal: the investor or owner of capital in a mudaraba contract (see above).

rahn: a mortgage or pledge.

riba: interest. Sometimes equated with usury, but its meaning is broader. The literal meaning is an excess or increase, and its prohibition is meant to distinguish between an unlawful exchange in which there is a clear advantage to one party in contrast to a mutually beneficial and lawful exchange.

riba al-buyu: a sale transaction in which a commodity is exchanged for the same commodity but unequal in amount or quality, or the excess over what is justified by the counter-value in an exchange/business transaction.

sadaqa: voluntary charity.

salam: a contract for the purchase of a commodity for deferred delivery in exchange for immediate payment.

Shari'a/Shariah/Shari'ah: in legal terms, the law as extracted from the sources of law (the Qur'an and the Sunnah). However, Shari'ah rules do not always function as rules of law as they incorporate "obligations, duties and moral considerations that serve to foster obedience to the Almighty".

shirkat al-aqad: a joint-venture partnership.

shirkat al-milk: a co-ownership partnership.

saak: participation securities, coupons, investment certificates. Plural *sukuk*.

Sunnah: the way of the Prophet Mohammed including his sayings, deeds, approvals and disapprovals as preserved in the hadith literature. It is the second source of revelation after the Qur'an.

Takaful: a Shari'ah-compliant system of insurance based on the principle of mutual support. The company's role is limited to managing the operations and investing the contributions.

tawarruq: literally monetisation. The term is used to describe a mode of financing, where the commodity sold is not required by the borrower but is bought on deferred terms and then sold to a third party for a lower amount of cash, so becoming "monetised". The reverse of murabaha.

ummah: the community or nation. Used to refer to the worldwide community of Muslims.

urf: the customs of a community.

wa'd: a promise or unilateral undertaking.

wadiyah: a deposit.

wakala: agency, an agency contract that generally includes in its terms a fee for the agent.

wakeel al-Istithamr: an investment agent.

waqf: a charitable endowment.

zakah/zakat: a tax that is prescribed by Islam on all persons having wealth above an exemption limit at a rate fixed by the Shari'ah. Its objective is to collect a portion of the wealth of the well-to-do and distribute it to the needy. The way it is distributed is set out in the Qur'an. It may be collected by the state, but otherwise it is down to each individual to distribute the zakat.

MOODY'S RELATED RESEARCH

For a more detailed explanation of Moody's approach to this type of transaction, as well as similar transactions, please refer to the following reports:

Rating Methodologies:

- Securitisation in New Markets: Moody's Perspective, September 2006 (SF74362)
- Moody's Approach to Rating RMBS in Emerging Securitisation Markets – EMEA, June 2007 (SF97186)

Special Comments:

- Securitisation in the Middle East, November 2008 (SF147632)
- Asian Sukuk: Review and Introduction to Moody's Rating Approach, August 2007 (104446 / SF105769)
- Risk Issues at Islamic Financial Institutions, January 2008 (107175)
- Understanding Moody's Approach to Unsecured Corporate Sukuk, August 2007 (103919)
- Shari'ah and Sukuk: A Moody's Primer, May 2006 (SF74488)
- A Guide to Rating Islamic Financial Institutions, April 2006 (97226)
- Moody's Involvement in Rating Islamic Financial Institutions, April 2006 (97113)

Transaction Reports:

- Sun Finance Limited, July 2008 (SF136098)
- Tamweel Residential ABS CI (1) Ltd, June 2007 (SF101479)
- Tamweel PJSC, November 2007 (105926)
- UAE CMBS Vehicle No. 1 Limited, June 2007 (SF101325)
- Dubai Electricity and Water Authority, November 2007 (105503)
- Jebel Ali Free Zone FZE, November 2007 (105696)
- Qatar Real Estate Investment Company, July 2007 (103653)
- DP World, June 2007 (102891)
- Saad Trading Contracting & Financial Services Company, May 2007 (102659)
- DIFC Investments LLC, May 2007 (103068)
- National Industries Group Holding NIG, April 2007 (102600)
- Malaysia Global Sukuk Inc. US\$ 600,000,000 Trust Certificates Due 2007, July 2002 (SF15069)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

SF149211isf

CREDIT RATINGS ARE MIS'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

© Copyright 2009, Moody's Investors Service, Inc. and/or its licensors and affiliates including Moody's Assurance Company, Inc. (together, "MOODY'S"). All rights reserved. **ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY COPYRIGHT LAW AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.** All information contained herein is obtained by **MOODY'S** from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and **MOODY'S**, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall **MOODY'S** have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of **MOODY'S** or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if **MOODY'S** is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings and financial reporting analysis observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. **NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.** Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling.

MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by **MOODY'S** have, prior to assignment of any rating, agreed to pay to **MOODY'S** for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,400,000. Moody's Corporation (MCO) and its wholly-owned credit rating agency subsidiary, Moody's Investors Service (MIS), also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually on Moody's website at www.moody's.com under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."