

PRONOUNCEMENT OF THE *SHARI'A* SUPERVISORY COMMITTEE

*In the name of Allah, the Most Gracious, the Most Merciful
All praise is due to Allah, the Cherisher of the world, and peace and blessing be upon
the Prophet of Allah, on his family and all his companions*

US\$ Private Placement Sukuk issuance for Albaraka Türk Katılım Bankası A.Ş.

The *Shari'a* Supervisory Committee (the "*Shari'a* Board") has reviewed the structure, mechanism and the documentation for the proposed issuance of the *Sukuk* by BEREKET VARLIK KIRALAMA A.Ş. (the "**Issuer**"), established to enter into the transactions contemplated as part of the *Sukuk* issuance for the benefit of Albaraka Türk Katılım Bankası A.Ş ("**Albaraka Türk**").

Except where defined herein, defined terms used in this Pronouncement have the meanings given to them in the Agreements prepared in connection with the *Sukuk*.

I. Structure & Mechanism

We have reviewed the proposed structure and the transactions entered into in respect of the *Sukuk* the principal features of which are as follows:

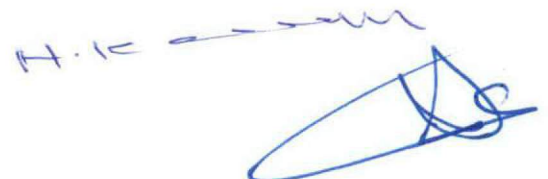
1. BEREKET VARLIK KIRALAMA A.Ş., as the Issuer, is established to enter into the transactions contemplated as part of the *Sukuk* issuance. The Issuer is wholly owned by Albaraka Türk.

The Issuer (acting on its own name and on its own behalf and for the account and benefit of the Certificate holders) will acquire certain assets and hold the rights, benefits, entitlements, and interests in such assets (the "**Lease Certificate Assets**"). The Lease Certificate Assets will comprise:

- (i) the Portfolio Assets, which comprises the Initial Asset Portfolio and any new or substituted assets from time to time as contemplated in the Purchase Undertaking
- (ii) the right to receive the outstanding deferred payment price under the Murabaha Contract;
- (iii) any *Shari'a* Compliant Investments; and
- (iv) amounts standing to the credit of the Principal Collection Account and the Profit Collections Account

The Certificate holders will also appoint an independent representative (the "**Representative**") which will hold the benefit of the covenants given by the Issuer and given to the Representative on trust for the benefit of Certificate holders in accordance with the Representative Agreement.

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2. Pursuant to the Initial Asset Portfolio Sale and Purchase Agreement, Albaraka Türk, in its capacity as seller, will sell the Initial Asset Portfolio to the Issuer for an amount equal to 51% or more of the Sukuk issuance size.

"Initial Asset Portfolio" means all of the interests, rights, benefits and entitlements of the Seller in, to and under:

- (a) certain "Lease Assets" identified in the Initial Asset Portfolio Sale and Purchase Agreement together with all of the interests, rights, benefits and entitlements (other than legal title) of the Seller in, to and under the related Lease Finance Documents from time to time; and
- (b) certain "Investment Sukuk" which are fully based on or backed by underlying tangible assets identified in the Agreement together with all of the interests, rights, benefits and entitlements of the Seller in, to and under the related Investment Sukuk Documents from time to time.
3. Pursuant to a Murabaha Agreement, Albaraka Türk, in its capacity as Purchaser, will purchase certain *Shari'a* compliant commodities from the Issuer on the issue date for immediate delivery and deferred payment on the Deferred Payment Date (the "Murabaha Contract").

The purchase price agreed in the Murabaha Contract will be for an amount no more than 49% of the Sukuk issuance size.

The profit payments due under the Murabaha Contract shall be amounts equal to the periodic distribution amounts due under the Certificates and will be paid by the Purchaser into a common transaction account along with income generated from the Portfolio Assets and *Shari'a* Compliant Investments as contemplated in the Management Agency Agreement.

4. Pursuant to the Management Agency Agreement, the Issuer will appoint Albaraka Türk as the Managing Agent to manage the Portfolio Assets and collect payments under the Lease Certificate Assets and provide certain services. The Managing Agent will be paid a fee of US\$100 for its services.

The Managing Agent shall undertake to provide certain services which include, but are not limited to the following:

- (a) do all acts and things necessary or desirable to ensure the compliance by each counterparty under each lease finance document and each investment Sukuk document relating to the Portfolio Assets with its obligations under such agreements in accordance with applicable law and the terms of such agreements;
- (b) discharge all of its obligations in its corporate capacity as a party to any lease finance documents or investment Sukuk documents relating to any Portfolio Asset from time to time;
- (c) ensure the timely receipt of all revenues generated by the Portfolio Assets, *Shari'a* Compliant Investments and the Murabaha Contract;
- (d) use all reasonable endeavours to ensure that at all times the total outstanding principal value of the Portfolio Assets is not less than fifty one per cent. (51%) of the aggregate face amount of the Certificates outstanding at the relevant time;
- (e) ensure that the Lease Assets are insured at all times against total loss and expropriation in an amount at least equal to the Outstanding Principal Value of

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that lease asset (the "Insurance Coverage Amount") and that such insurance policies are maintained with reputable insurers in good financial standing; and

- (f) in the event of a total loss or expropriation of any of the lease assets, the insurance policies relating to such lease assets provide for an amount at least equal to the Insurance Coverage Amount of the relevant Lease Asset to be paid to the Managing Agent in US Dollars by no later than close of business on the date falling thirty (30) days after the occurrence of such total loss or expropriation

Any excess between the income generated by the Portfolio Assets, the *Shari'a* Compliant Investments and the Murabaha Contract (together, the "Portfolio Income Revenues") and the periodic distribution amount payable to the Certificate holders will be retained in the Profit Collection Account and shall be applied to cover any shortfall in future periodic distribution amounts.

Following redemption in full of all of the Certificates, the Managing Agent shall be entitled to retain any amounts standing to the credit of the Profit Collection Account for its own account as an incentive payment for acting as Managing Agent.

5. Pursuant to a Purchase Undertaking, Albaraka Türk undertakes to purchase the Portfolio Assets upon the occurrence of the following events:

- (a) Maturity Date,
(b) a Dissolution Event has occurred and is continuing at any time prior to Maturity Date
(c) a Change of Control event

Albaraka Türk will purchase the Portfolio Assets from the Issuer at the relevant exercise price which will be equal to:

- (a) the Outstanding Principal Value of each Portfolio Asset on the Maturity Date, Dissolution Date or a Change of Control event;
(b) without duplication or double counting, an amount equal to any accrued but unpaid Management Costs on the Maturity Date or Dissolution Date;
(c) without duplication or double-counting, an amount representing any prior ranking claims on the Maturity Date or Dissolution Date.

Albaraka Türk also grants the Issuer the right to require Albaraka Türk to transfer certain eligible assets to the Issuer in exchange for impaired Portfolio Assets and to sell and transfer additional Portfolio Assets to the Issuer from time to time against the additional Portfolio Assets purchase price.

6. The Issuer shall grant to Albaraka Türk the right to oblige the Issuer to sell the Portfolio Assets (the "Substituted Assets") in exchange for delivery to the Issuer of certain new assets (the "New Assets") on an "as is" basis provided that the New Assets are of a value which is equal to or greater than the value of the Substituted Assets.

The Issuer shall also grant to Albaraka Türk the right to oblige the Issuer to sell the Portfolio Assets for the relevant exercise price upon the occurrence of a Tax Event or a Change of Control event.

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II. Transaction Documentation:

1. Terms and Conditions;
2. Subscription Agreement;
3. Representative Agreement;
4. Paying Agency Agreement;
5. Costs Undertaking;
6. Initial Asset Portfolio Sale and Purchase Agreement;
7. Management Agency Agreement;
8. Purchase Undertaking;
9. Sale Undertaking;
10. Murabaha Agreement;
11. Netting Deed;
12. Commodity Sale Letter of Understanding; and
13. Commodity Purchase Letter of Understanding.

III. Approval

The Advisory Board, having reviewed the structure, mechanism, and documentation as set out above, hereby rules that the structure and documentation is in compliance with the principles of Shariah and interest-free banking principles. The Sukuk may be purchased by any interested party.



Dr. Abdul Sattar Abu Ghuddah
Chairman of Albaraka Turk PB



Prof. Hayrettin Karaman
Vice Chairman



Dr. Ahmed Mohieldin
Member



Prof. Hamdi Döndüren
Member

Prospective Certificate holders should not rely on the Pronouncement above in deciding to make an investment in the Trust Certificates and should consult their own *Shari'a* advisers to assess the *Shari'a* compliance of the *Sukuk*.