Qatar Faculty of Islamic Studies Center For Islamic Economics and Finance



Sukuk from Economic, Legal, Practical and Shariah Prespectives

Sukuk: Why & How to Issue?

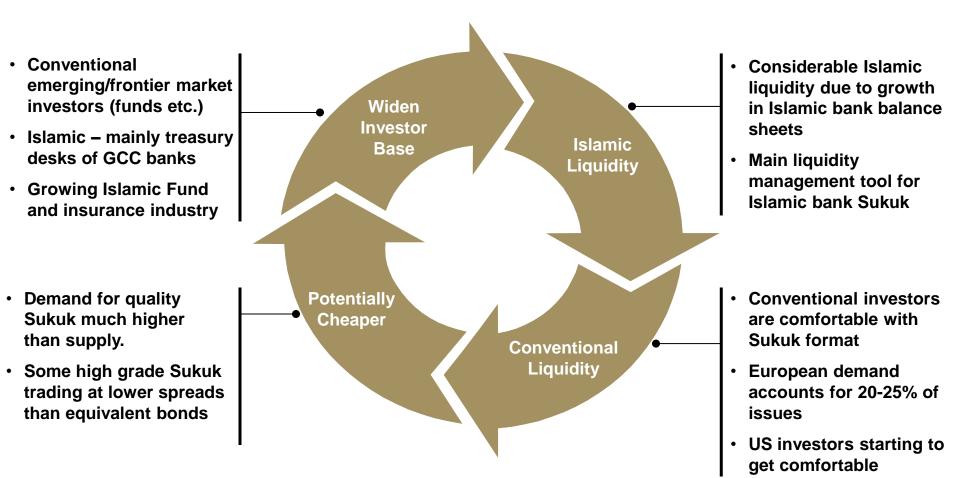
Presentation by Hussain Abdulla, Senior Associate, Debt Capital Markets, QInvest

6 November 2013





Why Issue Sukuk?







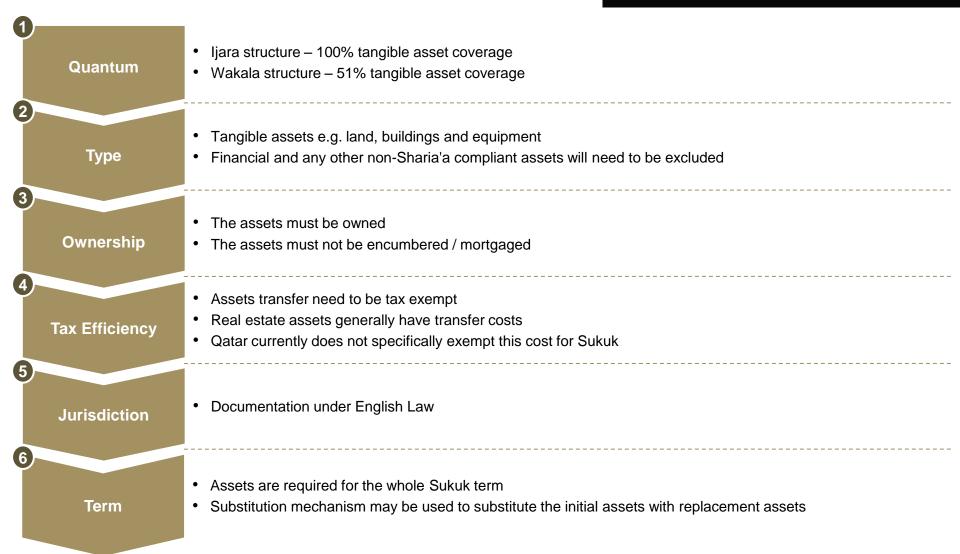
Key Considerations

Asset Identification	Tangible Assets required
Currency	 US\$ – overwhelming choice given global appeal QAR – potentially attractive option to issuers in Qatar, to maximise local name recognition and access local liquidity
Tenor	 Traditionally 5 year tenors. Moving towards longer tenors Local market should mirror 3 and 5 year tenors issued by Qatar Central Bank
SPV Location	 Tax efficiency is key. Cayman has been used due to the tax friendly nature Qatar currently does not have SPV legislation in place





Asset Identification Process







Sukuk Process – Advisor Assistance

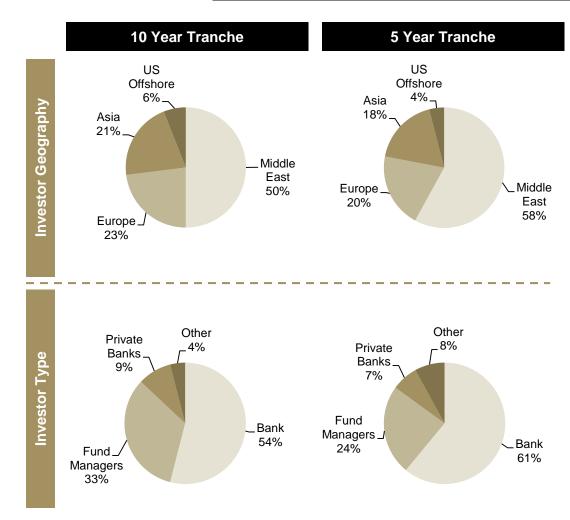
Planning & Preparation	Structuring	Due Diligence	Documentation	Launch, Book-build & Pricing	Closing & Listing
 Appoint consultants Perform high level due diligence 	 Jurisdiction, taxation and legal issues Optimal Islamic structure Asset identification Sharia'a board structure approval Process of transferring the ownership of assets 	 Financial & legal due diligence Auditor comfort letters Legal opinions 	 Offering Circular ("OC") Islamic and Capital Markets documentation Investor presentation Final Sharia'a approval Regulatory / listing authority approvals Rating agencies 	 Conduct roadshows Issue preliminary OC Issue price guidance Build an order book Price the Sukuk 	 Signing Closing Settlement Listing





State of Qatar Sukuk

- State of Qatar issued US\$ 4bn Sukuk split between 5year and 10 year
- The largest ever international Sukuk
- The largest order book for an international Sukuk (US\$25.4bn)
- The lowest 5 year and 10 year fixed coupon by any GCC issuer to-date in the US\$ market (July 2012)
- New liquid benchmark for other domestic and regional issuers
- 6.4x oversubscribed from c.750 accounts
- Oversubscription enabled Qatar to price at a discount to its bond curve

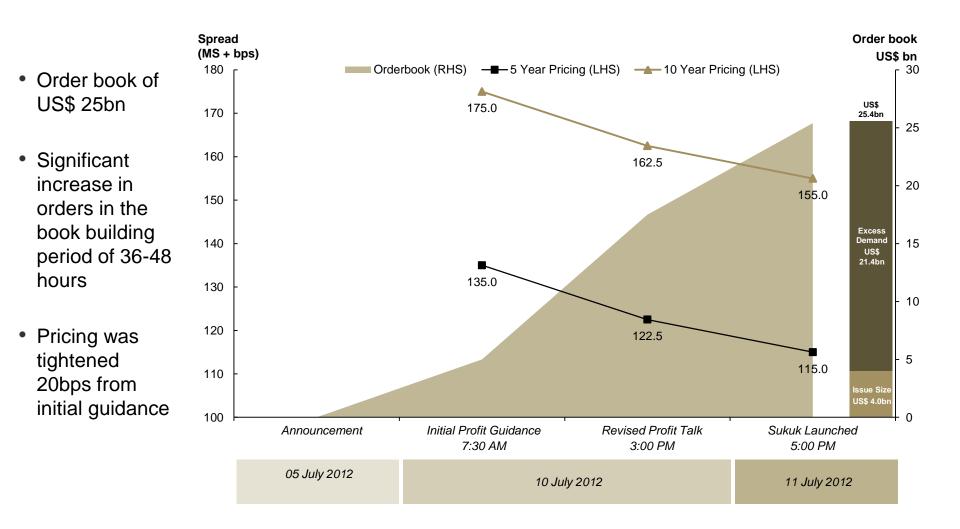


QInvest acted as JLM / Bookrunner and led the structuring exercise





State of Qatar Sukuk



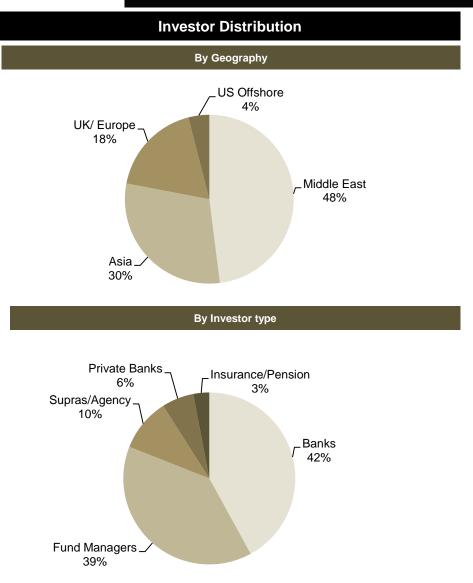
The largest ever Sukuk offering in the international debt capital markets





Qatar Islamic Bank Sukuk

- QIB issued US\$ 750m Sukuk, its second Sukuk transaction
- QInvest led the structuring of the sukuk and acted as a Joint Bookrunner on the transaction
- 8.5x oversubscribed order book represented the largest order book for a GCC financial institution for a 5-year offering
- Allowed QIB to price the Sukuk 15bps tighter than initial price thoughts
- QIB priced the deal substantially tighter than conventional bonds from other regional financial institutions
- The fixed rate coupon on the transaction was at the time the lowest coupon from any non-sovereign issuer in the GCC

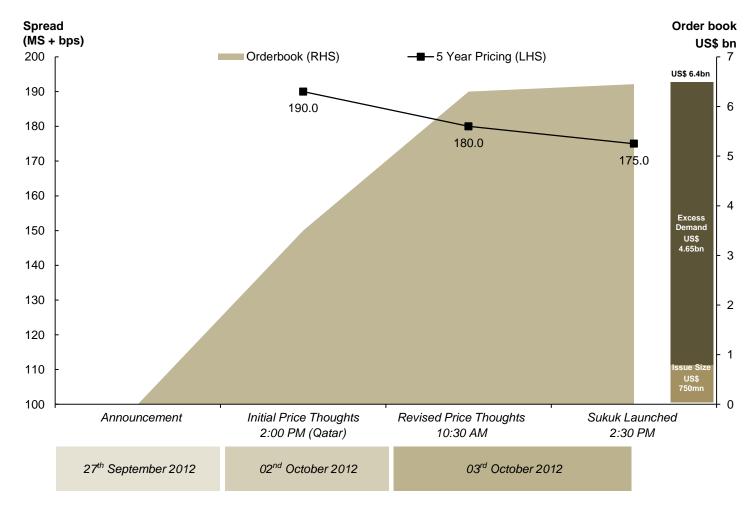






Qatar Islamic Bank Sukuk

- Order book of US\$ 6.4bn
- Order book grew significantly after the release of the initial price thoughts
- Pricing was tightened by 15bps from initial price thoughts



Success was as a result of strong demand for Qatar and QIB