



SUKUK ISSUANCE – LEADING ARRANGING & STRUCTURING LISTED & UNLISTED ISSUES



A customized Sukuk issuance as an alternative to non-Islamic Financing.
Available to qualifying corporations and institutions.



Private & Confidential
Professional and Qualifying Investors Only

RAISING FUNDS BY SUKUK ISSUANCE IN INTERNATIONAL MARKETS

Introduction

Ametheus Fintech offers qualifying companies and institutions (“QCI”) a customized fund raising through a Sukuk issuance in international markets and a listing of the Sukuk on an international stock exchange. QCI must not be engaged in *haram* or *riba*¹ or agree to terminate or completely exit such activities. Our goal is to provide our clients with a customized, full-service solution.

International Lead Manager

Ametheus Holdings Pvt Ltd acts as the International Lead Manager by way of a contracted Mandate Agreement between it and the QCI. As part of our appointment, we provide our QCI a full-service solution including:

- ★ Structuring Agent
- ★ Shariah Advisors
- ★ Hedging Advisors
- ★ International legal advisers
- ★ Registrar
- ★ Calculation Agent
- ★ Special Purpose Vehicles and Issuer
- ★ International Sukuk Auditor
- ★ International Trustee

Qualifying Clients

Potential QCIs include private and publicly-listed companies that are capable of entering into Shariah-compliant financing structures such as Sukuk, and have businesses or projects that can be structured under a specific Sukuk such as Mudarabah, Murabaha, Ijarah, Istisna, Wakala, or as a hybrid Sukuk.

Preliminary Process

1. Pre-qualification meeting and discussions between Ametheus Fintech and intending issuer of Sukuk
2. Yes/No Decision to proceed
3. Preliminary due diligence
4. Ametheus initiates scope of interest inquiries with Sukuk channel partners
5. QCI executes International Lead Manager and Structuring Agent Agreement
6. Starting date and Target Completion agreed

The time taken to complete the Preliminary Process is dependent on the QCI and its state of preparedness and the commitment to the process.

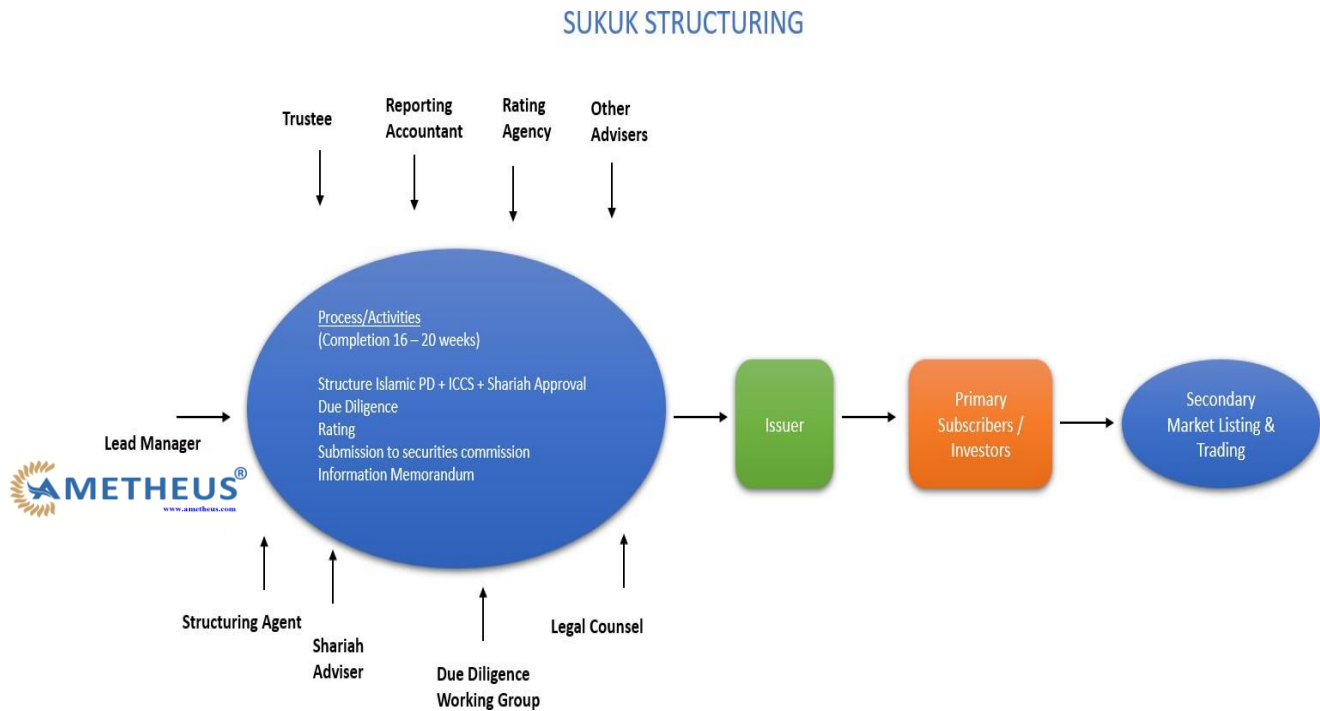
Sukuk Issuance Fees

The issuance of a Sukuk in international market is a demanding process. It can also be highly beneficial to the QCI. Sukuk financing is the fastest growing financial product in the world. QCIs must be prepared and have the capacity to fund the services one requires to raise substantial funds on international markets (\$100m to \$500m for corporations and \$500m to +\$1b for government institutions and sovereign issuers).

Ametheus will provide an estimate of the Services Fees and the Success Fees.

¹ Prospective Sukuk clients cannot engage in non-Shariah compliant activities such as alcohol, pork, or *Riba* activities.

Summary of Sukuk Structuring and Process



The figure above summarises the key parties involved in the structuring of a Sukuk and the process. The completion time is presently more challenging for international issuance because of the challenges of conducting cross-border due diligence and online roadshows replacing traditional face-to-face presentations. The principal legal documents for Sukuk include Shariah Approval (Fatwa), Subscription Agreement, Agency Agreement, Sale Agreement, Lease Agreement, Service Agency Agreement, Purchase Undertaking

Investors in Sukuk

On average, the GCC account for around 46% of investors in Sukuk issuance, Asian countries 25%. Europe around 18% and USA 10% and ROW 1%². Investors range from sovereign funds, institutional investors, specialist funds, and family offices.

Listing Sukuk on International Stock Exchange

It is a feature of Sukuk, and indeed corporate bonds, that as financial instrument and whilst albeit different, can be listed on stock exchanges and be traded in the *Secondary Markets* as shares and commodities may be so traded. Shariah Scholars and Shariah Minds and the AAOIFI all agree that, except for certain Sukuk types, Sukuk can be traded between parties as can be seen in the table below on Sukuk Tradability.

Raising Funds by Sukuk

Funds raised by issuance of Sukuk must be used for Shariah compliant activities (*halal*) and may be used for finance needed tangible assets. Specificity of assets is important, since Sukuk unlike conventional bonds cannot be used for general financial needs of the issuer. Income received by Sukuk-holders (investors) must

² S&P Financial Services 2018 report.

be derived from the cashflows generated by the underlying business and/or assets. Sukuk-holders have a right to the ownership of the underlying assets and cashflows, and there must be clear and transparent specification of the rights and obligations of all parties to the transaction, in particular, the originator and Sukuk-holders.

Sukuk and Conventional Bonds

Whilst many publications compare, or mistake, Sukuk with conventional bonds the two are not the same because a bond attracts an interest or coupon rate for the bondholders, and this is clearly *haram*. A bond is a contractual debt obligation, whereas a Sukuk is a certificated investment. The differences between Sukuk and Bonds is summarised in the table below.

Sukuk and Bonds Compared

Sukuk

- Investment certificate
- Ownership in a real or financial assets
- Right to share in the revenues & realized proceeds of Sukuk assets
- The underlying business arrangement must be Shariah compliant
- Expected earnings should not be guaranteed by the issuer
- The issuer shall not undertake to repurchase the assets for its nominal value (except in Ijara Sukuk)
- Sukuk holders can't extend financing to issuer in order to enable repurchase of assets.

Bonds

- Contractual Debt obligation
- The issuer is obliged to pay regular interest on specific dates
- The amount of interest is determined as % of capital
- The Principal is guaranteed at maturity
- Don't give voting rights in the company,
- Give right to interest before distribution of profits to shareholders

Further Information

To find out more on raising funds via Sukuk, please contact us as per below to arrange a confidential presentation and initial assessment of qualification.

Email : info@ametheus.com