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RED Money Events – IFN 2012 Europe Forum

First Turkish Sukuk

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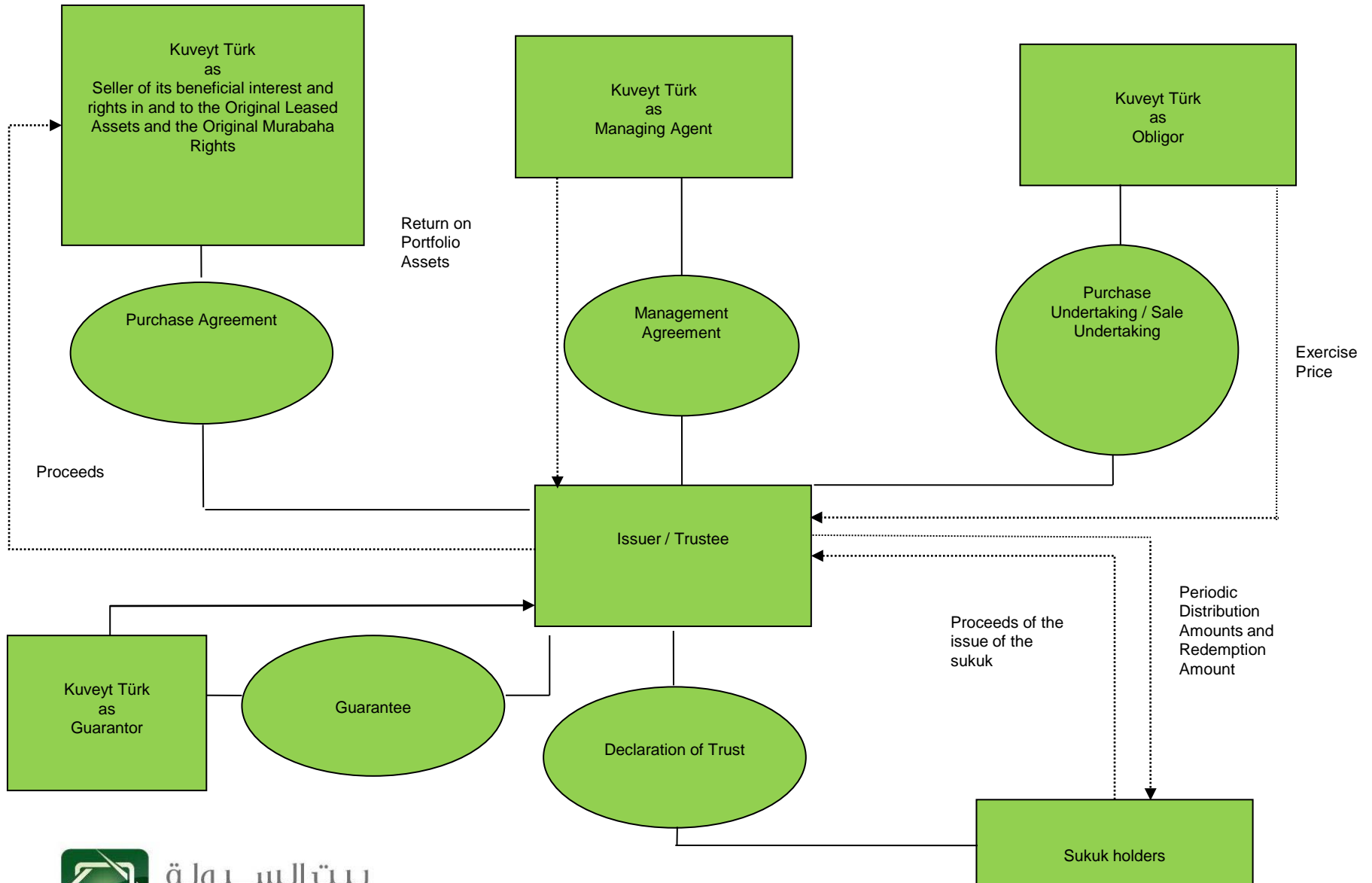
KTPB USD 100 MM & USD 350 MM

SALIENT FEATURES

Salient Feature	USD 100 MM Sukuk	USD 350 MM Sukuk
Issuer	KT Turkey Sukuk Limited (Cayman SPV)	

KTPB USD 100 MM & USD 350 MM

STRUCTURES

USD 100 MM Sukuk

USD 350 MM Sukuk

Kuveyt Türk
as
Seller of the Assets Portfolio

Kuveyt Türk
as
Lessee of the
Real Estate Ijara Assets

Kuveyt Türk
as
Managing Agent

Kuveyt Türk
as
Purchaser of the
Assets Portfolio

Kuveyt Türk
as
Guarantor
of the Murabaha Contract obligations

Proceeds

Purchase
Agreement

Rental[2]

Lease
Agreement

Rental, Portfolio
Revenues and
Non-Real Estate
Ijara Principal
Revenues

Management
Agreement

Exercise
Price

Purchase
Undertaking /
Sale
Undertaking

Guarantee

Sale of
Assets Portfolio[1]

KT Sukuk

Declaration
of Agency

Proceeds of
Certificates

Periodic Distribution
Amounts and Dissolution
Distribution Amounts

Certificate holders

1   The Assets Portfolio will be comprised of Real Estate Ijara Assets, Non-Real Estate Ijara Assets and Murabaha Assets.
2   Rental payable under the Lease Agreement will be paid to the Managing Agent on behalf of SPV as Lessor.

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STRUCTURES COMPARISON

Regulation	Special exemption from the Ministry of Finance, Turkey	Issued under New Regulation, Rental Certificate Communiqué issued by the Capital Market Board
Sukuk Assets	Murahbaha & Ijara Receivables	Real Estate Ijara, Ijara Receivables & Murabaha Receivables
SPV Establishment	Off Shore SPV	On shore SPV
Mode of Sale	Transfer of beneficial interest and rights of Sukuk Assets	Transfer of both title (in case of Head Office property) and beneficial interest and rights for Non-Real Estate Assets and Murabaha Receivables
Source of Periodic Payments	Out of both Ijara and Murabaha receivables	Out of Real Estate Ijara rentals
Creation of Trust	Declaration of Trust: as customary for an offshore SPV	Declaration of Agency , since Laws in <u>Turkey does not permit creation of Trust</u> including for an on shore SPV

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TRANSACTION DOCUMENTS

Transaction Documents

USD 100 MM Issuance

- Purchase Agreement

- Purchase Undertaking

- Sale Undertaking

- Management Agreement

- Guarantee,

- Declaration of Trust

- Agency Agreement

- Costs Undertaking

- Certificates.

USD 350 MM Issuance

- Purchase Agreement

- Purchase Undertaking,

- Sale Undertaking

- Management Agreement,

- **Murabaha Guarantee (**to exclude the guarantee of lease assets)

- **Declaration of Agency** (As there is no Trust Law)

- **Lease Agreement** (for the lease of head office building).

- Agency Agreement

- Costs Undertaking

- Certificates.

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TIME & COST

Time & Costs of the Issues

USD 100 MM Issuance

- Discussion started way back in late 2008 and Mandate Letter was signed during May 2009. Obtained approval from MOF in January 2010 with respect to tax clearance. Sukuk was Closed on 24 August 2010

- Transaction costs (excluding fees to lead managers) was approximately USD 250,000

USD 350 MM Issuance

- The Rental Certificate Communiqué was Gazetted on 1st April 2010. Appointed other JLMs and JLMs signed the mandate letter with the Client on 18 May 2011. The Sukuk was Closed on 31 October 2011

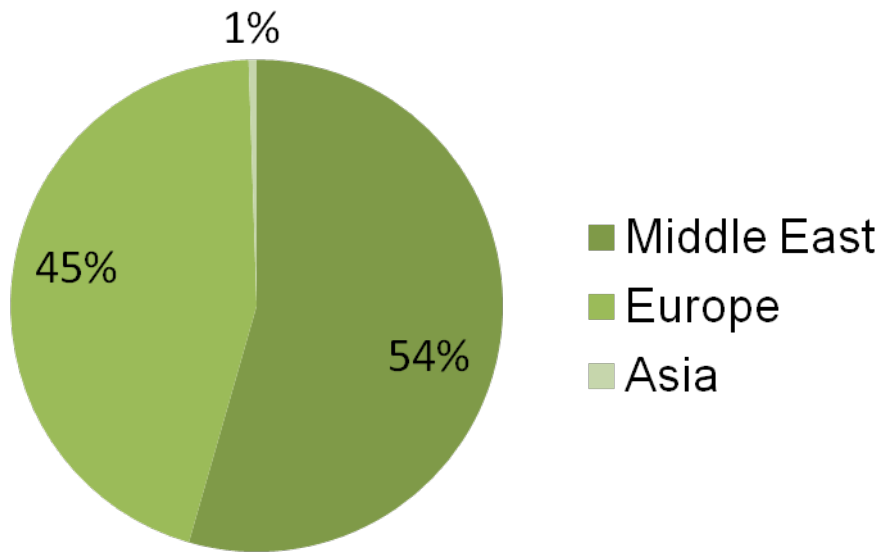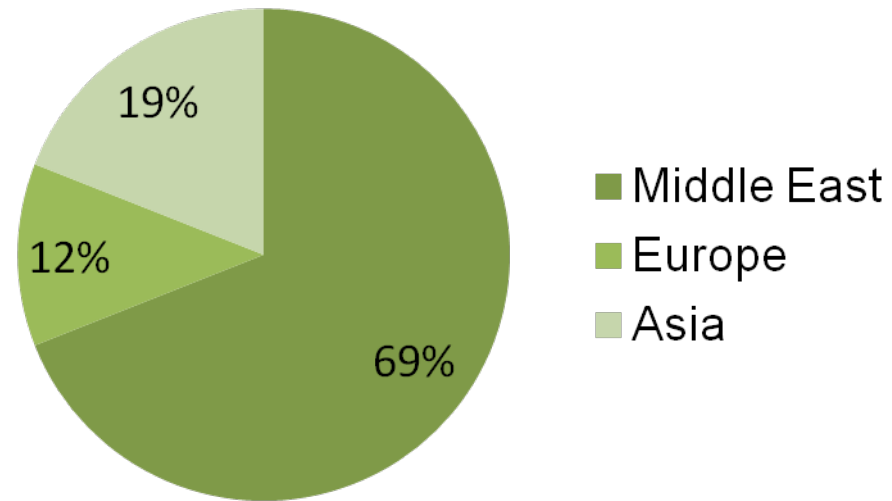- Transaction costs (excluding fees to lead managers) was approximately USD 375,000

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KTPB USD 100 MM & USD 350 MM

DISTRIBUTION

Geographical Distribution

USD 100 MM Sukuk

- Middle East — 54%
- Europe — 45%
- Asia — 1%

USD 350 MM Sukuk

- Middle East — 69%
- Europe — 12%
- Asia — 19%

Distribution by Investor Type

USD 100 MM Sukuk

- Banks — 79%
- Pvt Banks — 8%
- Others — 13%
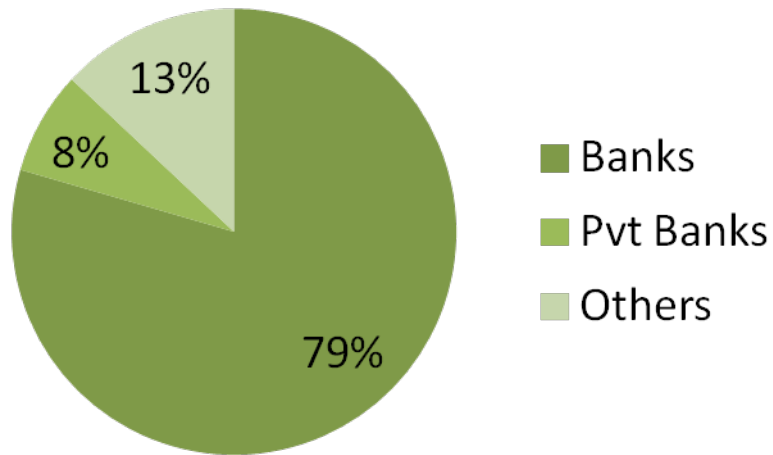
Representing 19 institutions

USD 350 MM Sukuk

- Banks — 81%
- Fund Manager / Insurance — 8%
- Sovereign & Agency — 10%
- Private Banks — 1%
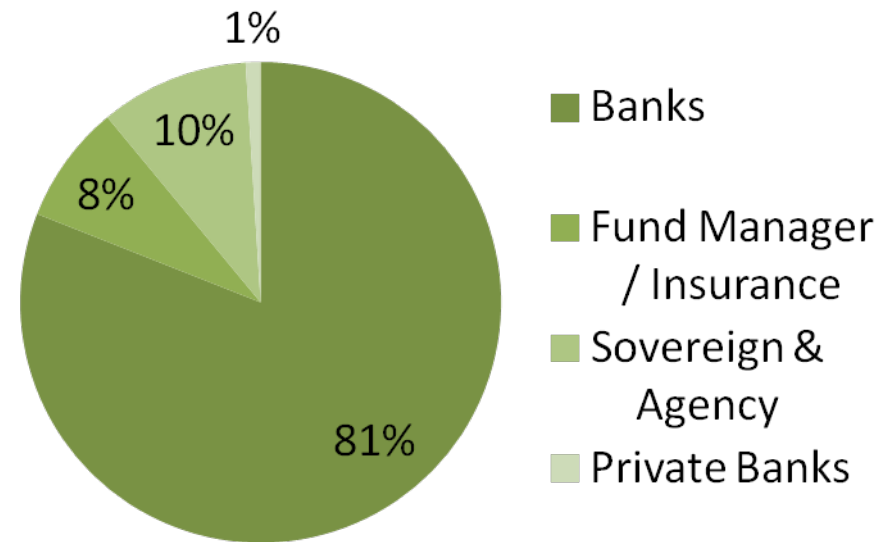
Representing 52 institutions

LIQUIDITY HOUSE

OVERVIEW

Liquidity House Overview

- Started operations in 2009

- Wholly owned subsidiary of Kuwait Finance House, Kuwait

- Licensed by the Central Bank of Kuwait and the Capital Market Authorities (Kuwait)

- Operates under the guidance and supervision of the KFH Sharia Board

- Specialized in Sharia compliant Debt Capital Market and Structured Finance

- Succeeded in introducing sukuk structures for first time players in different jurisdictions of the World

- Have been internationally recognized and awarded for its pioneering and landmark transactions

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