

Al Tamimi& Company leads on the issuance of the first sukuk in Jordan

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Al Tamimi & Company's Jordan and Kuwait offices served as lead counsel in the closing of an 85 million JOD Sukuk Al Ijara Muntahia Bittamlik. The transaction, led by Khaled Saqqaf, partner and head of the Jordan and Iraq offices, and Alex Saleh, partner and head of the Kuwait office, marks the first ever issuance of an Islamic Sukuk in Jordan.

The transaction, which closed on the 1st of March, 2011, took place after the Jordanian Cabinet of Ministers approved a number of tax exemptions for the issuance of Islamic bonds for Al Rajhi Cement / Jordan PSC, a Shari'a compliant company, in October 2010. Al Tamimi & Company was mandated as lead counsel to Capital Investments – the investment arm of Capital Bank, and who acted as Lead Managers of the transaction. Our involvement included structuring, drafting, reviewing and implementing all transaction documentation, in addition to advising on law aspects and security options relevant to the transaction.

The transaction involved the creation of an SPV in the Cayman Islands, with the assistance of Cayman Law counsel, Walkers SPV Ltd, which issued the 7-year JD85,000,000 Sukuk Al-Ijara Muntahia Bittamlik variable rate semi-annual return due 2018, and which held and shall hold the same on trust for the Sukukholders. The Sukuk represents ownership of certain assets purchased by the Issuer from Al Rajhi, and leased back to it by way of a lease-to-own (Ijara Muntahia Bittamlik) pursuant to an Ijara agreement between both parties for a period of 7 years. These Ijara Rentals received from Al Rajhi pursuant to the Ijara Agreement shall be used by the Issuer (in his capacity as Trustee) to make periodic payments to the Sukukholders on each periodic distribution date.