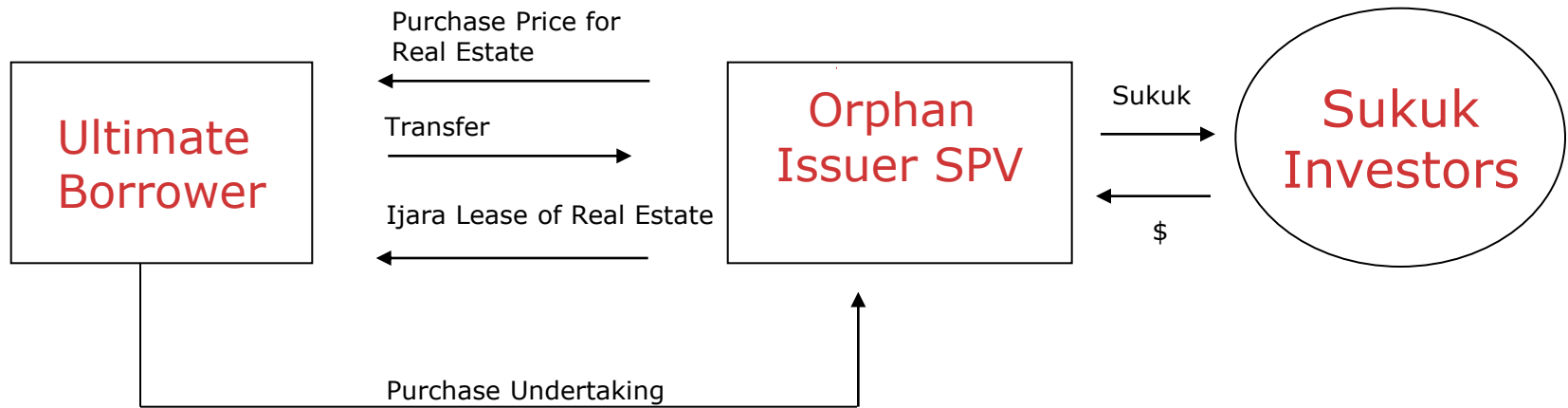


# Select Sukuk Structures

**Abradat Kamalpour, Partner, Global Head of  
Islamic Finance, Co-Head Iran Practice,  
Ashurst LLP**

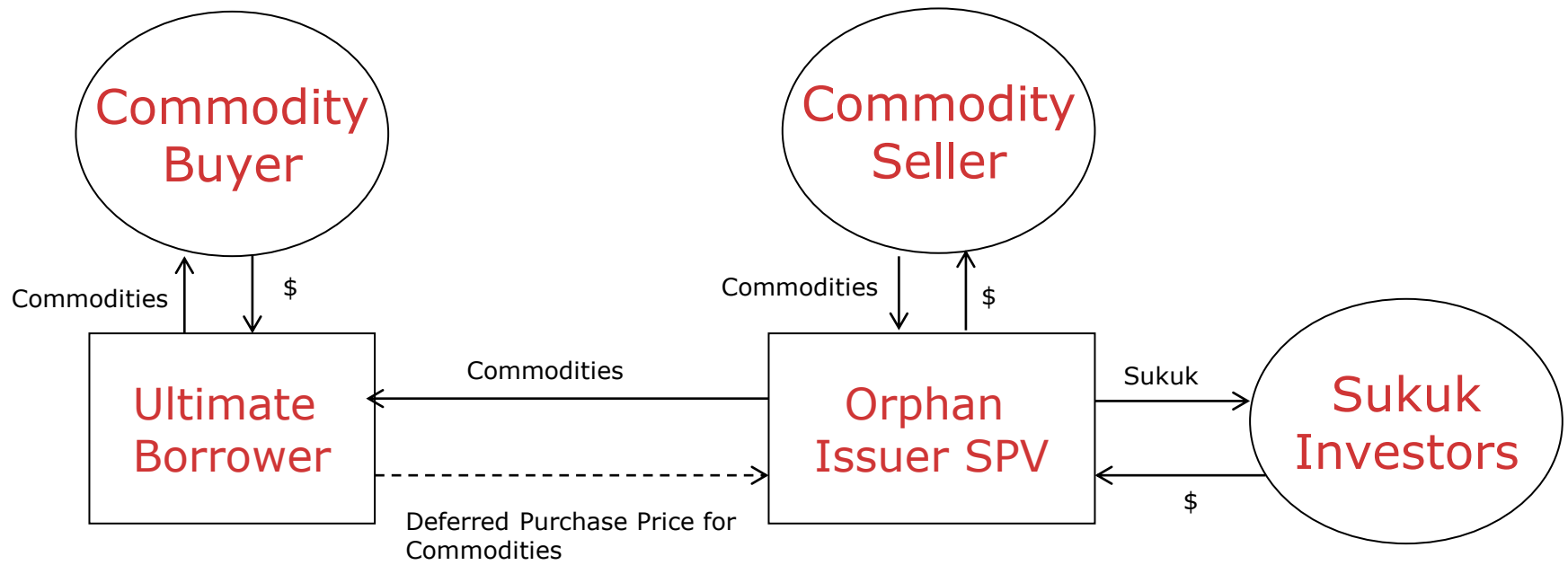


# The Ijara Sukuk

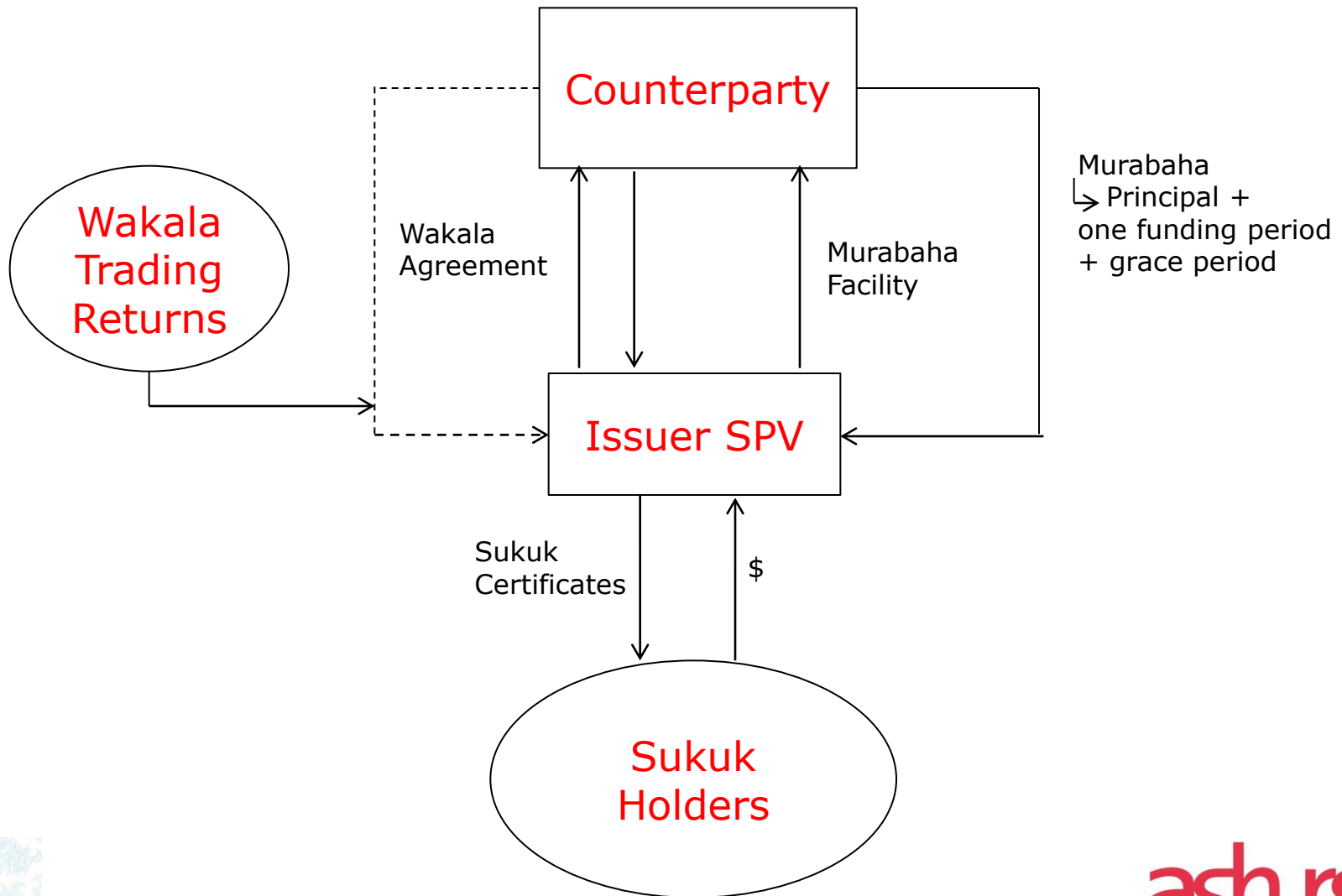


- The first true "international" Sukuk structure and still considered Shari'ah compliant-post the AAOIFI statements
- Issuer issues Sukuk and uses proceeds to buy a leasable asset
- Issuer leases the asset to the Ultimate Borrower. Lease payments under the lease are used to pay Sukuk holders the economic equivalent to "Coupon"
- The Ultimate Borrower enters into a Purchase Undertaking in favour of the Issuer. At Maturity, the Ultimate Borrower purchases the real estate from the Issuer for an amount equal to principal amount outstanding of the Sukuk which is then paid to Sukuk holders

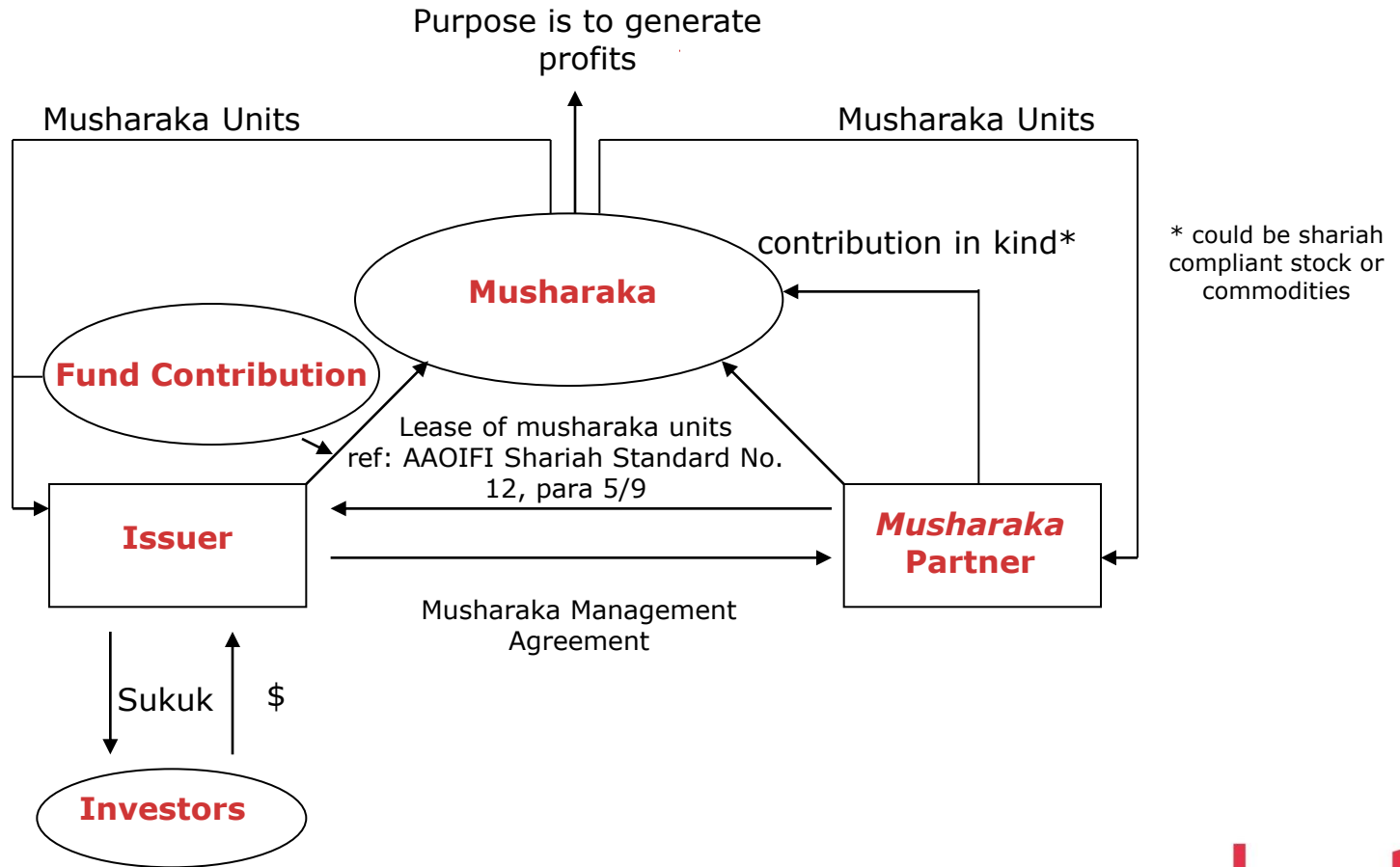
# The Murabaha Sukuk



# Wakala and Murabaha Sukuk



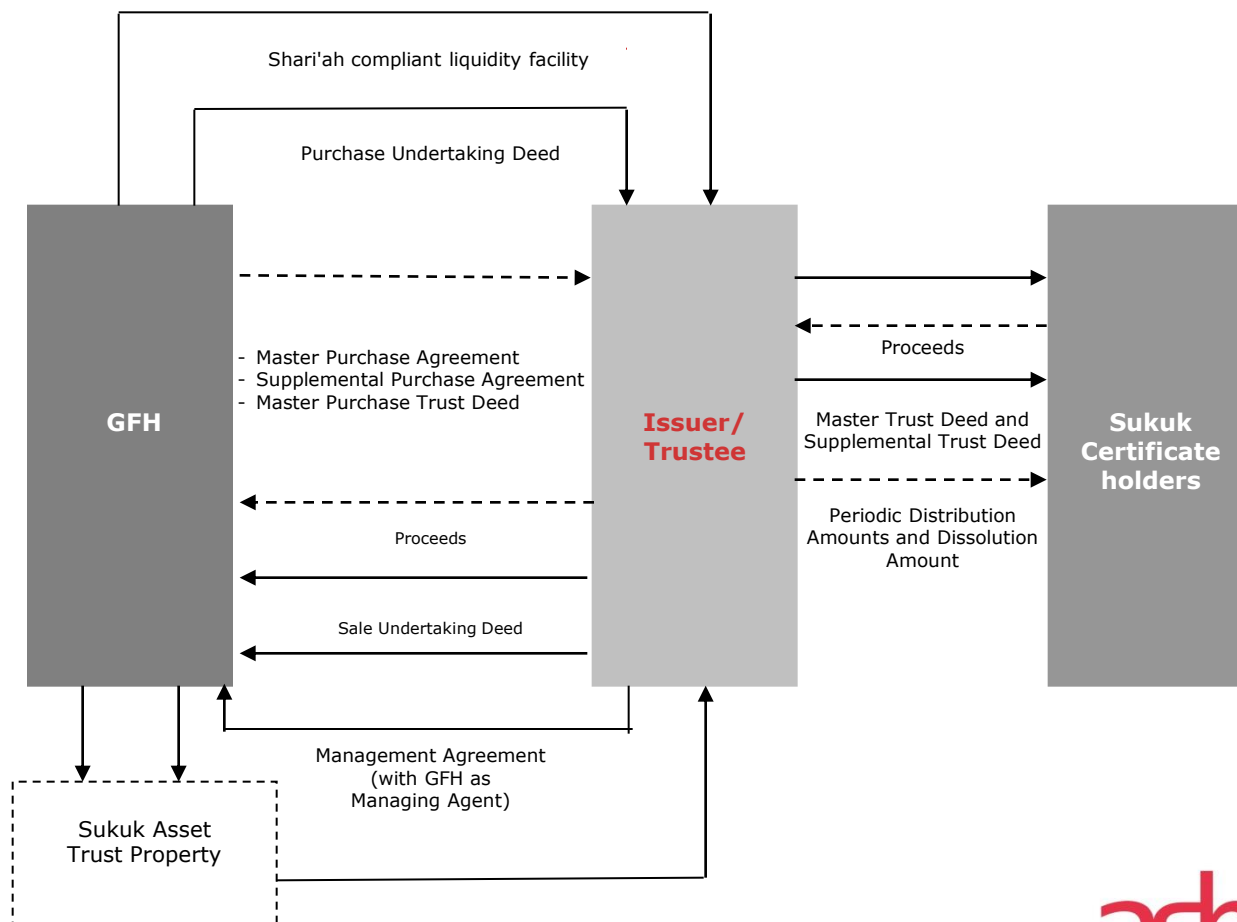
# The Musharaka Sukuk



# Musharaka Sukuk

- Issuer issues Sukuk
- Issuer and Musharaka Partner (Ultimate Borrower) enter into a “Musharaka” Joint venture arrangement
- The Issuer contributes the proceeds of the Sukuk to the Musharaka
- The Musharaka Partner makes an “in kind” contribution to the Musharaka
- To achieve “guaranteed” returns, the Musharaka Partner undertakes under a Purchase Undertaking to purchase the Issuer’s interest in the Musharaka over time at “pre-agreed” prices
- The “Purchase Undertaking” used in this structure is now considered by many scholars as no longer Shari’ah compliant. This was confirmed by a statement of AAOIFI.
- The Ashurst team have developed certain proposals to modify the Musharaka Sukuk structure to bring it in line with new Shari’ah standards.

# Asset Pooling Structure (Gulf Finance House Programme)

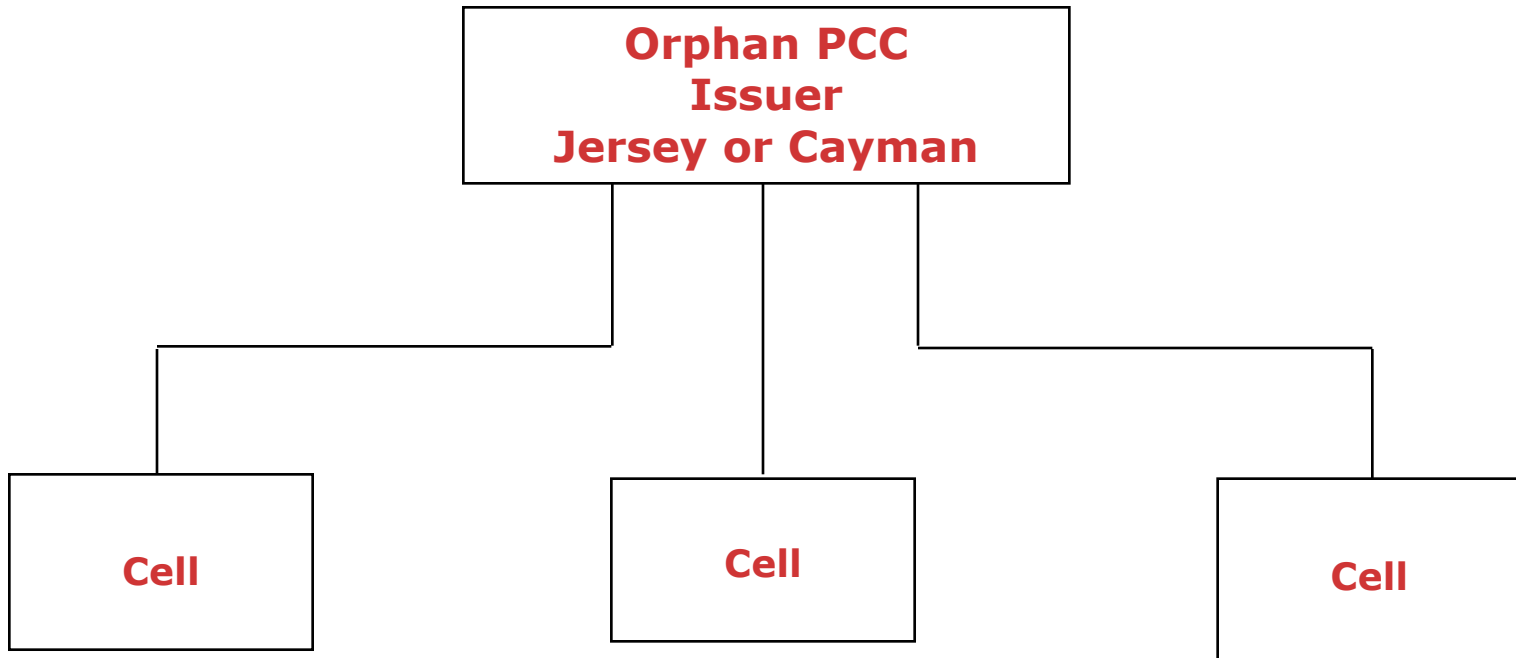


# Asset Pooling Structure (Mudaraba)

- Issuer issues Sukuk
- Uses proceeds to purchase Shari'ah compliant assets from the Ultimate Borrower
- Returns from the Shari'ah compliant assets are used to pay Sukuk holders Coupon payments. If returns are not sufficient to pay Coupon, Issuer borrows funds from the Ultimate Borrower under a Shari'ah compliant liquidity facility
- Purchase Undertaking by the Ultimate Borrower in favour of the Issuer to purchase the Shari'ah compliant assets back from the Issuer at a price equal to the total principal amount outstanding of the Sukuk **plus** the amount due by the Issuer under the liquidity facility (see above) to the Ultimate Borrower
- The Purchase Undertaking and the liquidity facility used in this structure may no longer be acceptable for Shari'ah purposes due to the AAOIFI statement (other than for real estate/Ijara assets)
- The Ashurst team is working on alternative structures

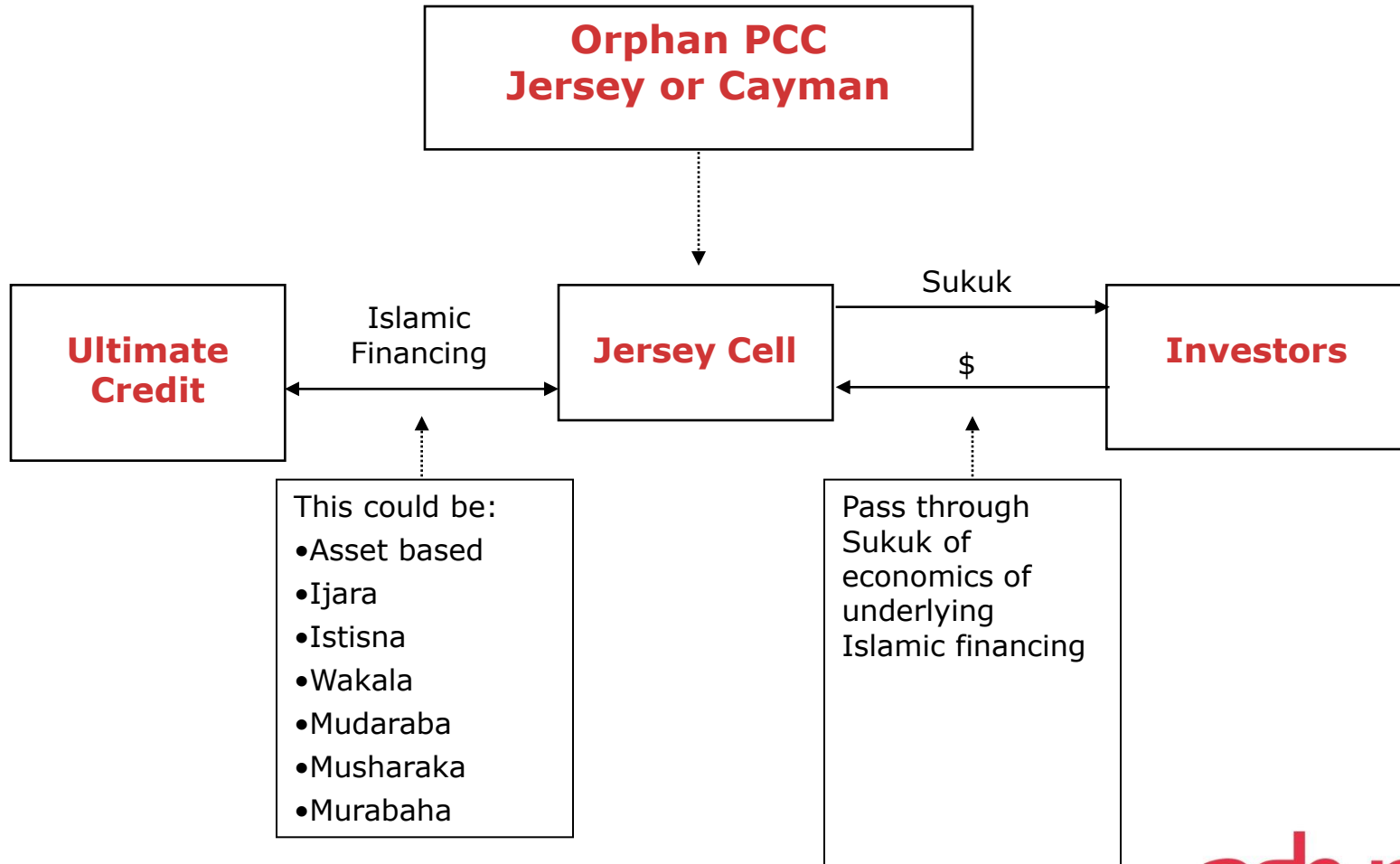


# Sukuk Master Platforms

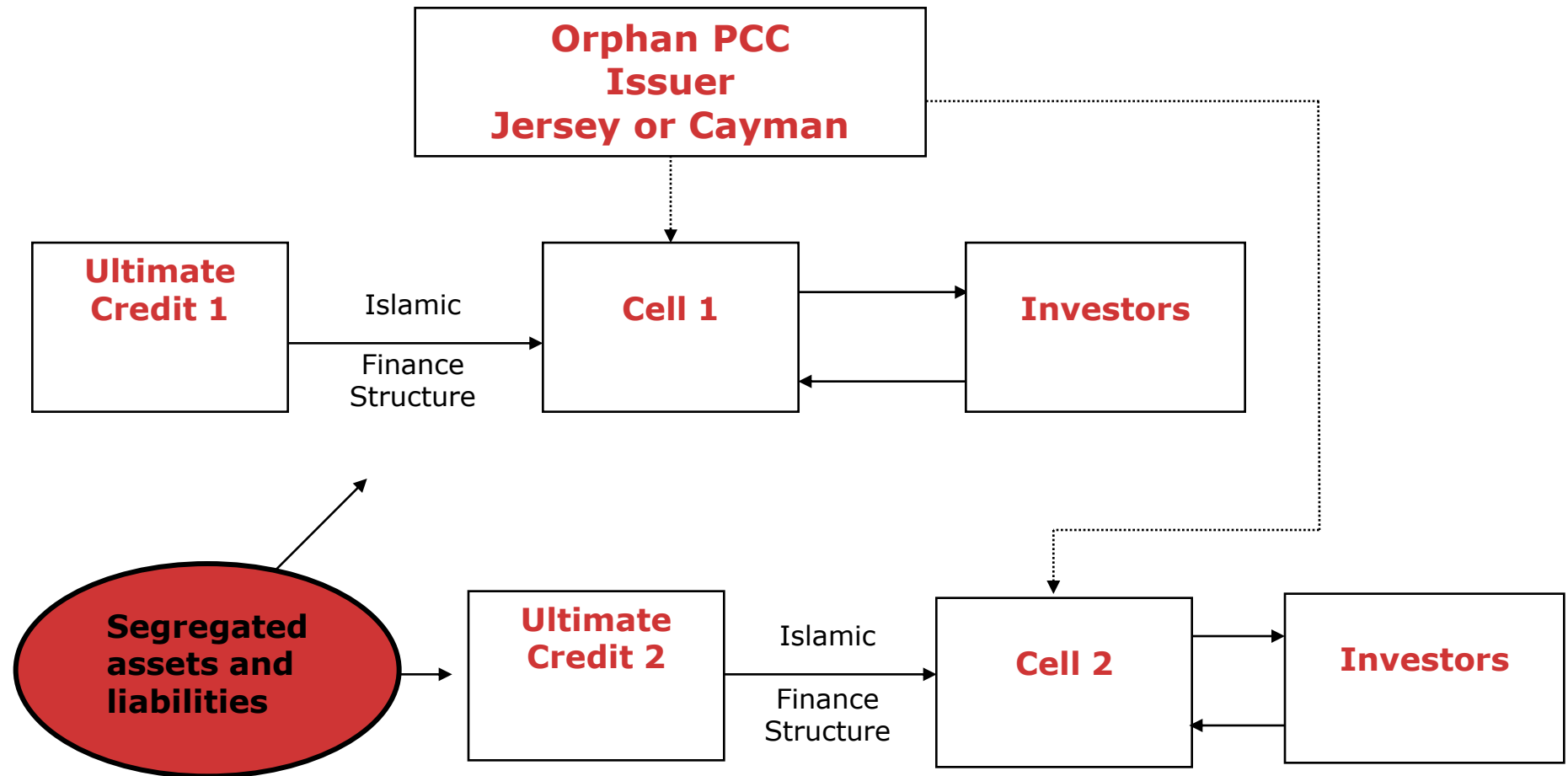


The assets and liabilities of each cell are segregated by **statute** under Jersey or Cayman law

# Sukuk Master Platforms



# Sukuk Master Platforms



# Sukuk Master Platform Advantages

- Programme can have a large limit
- Can be an orphan vehicle issuer
- Has the benefit of economics of “cells” and the Jersey or Cayman cell segregation laws
- Has the benefit of leveraging programme documents and base rather than having to create “Issue” documents from scratch
- Flexible architecture as to what can be put into the programme



ashurst

# Select Sukuk Structures

