

# Discussion Material

December 2020

Cairo for Investment and Real Estate Development

# Sukuk in Perspective

## Sukuk Overview

### Sukuk Al-Ijara Overview

- Sukuk Al-Ijara are **issued to raise funds to acquire an asset, which will be leased to the company**. The asset could be preowned by the beneficiary or another third party
- The **rent payments of these leased assets are used for the periodic payments to the investors**, similar to a sale and lease back transaction
- At maturity, **the assets are transferred in exchange for the remaining outstanding principal**

### Key Merits

- ✓ *Higher flexibility in the repayment schedule*
- ✓ *Favorable pricing compared to conventional sale and lease back financing structures*
- ✓ *Lighter financial covenants*
- ✓ *Access to new pockets of funding other than leasing companies*
- ✓ *Issuance size must be equal to or less than the leased asset valuation*
- ✓ *Variable pricing / interest rates*
- ✓ *Asset backed financing reflecting on lower interest rates*
- ✓ *Lenient commitments to the use of proceeds*

# Issuance Key Terms

## Overview of Key Terms

<b>Issuer</b>	≡ EFG Hermes Sukuk Company
<b>Obligor &amp; Guarantor</b>	≡ Cairo for Investment and Real Estate Development (“ <b>CIRA</b> ”)
<b>Instrument</b>	≡ EGP Denominated Sukuk Issuance listed on the EGX
<b>Sukuk Type</b>	≡ Sukuk Al Ijara
<b>Sukuk Assets</b>	≡ 4 schools owned by CIRA
<b>Issuance Size</b>	≡ EGP 600 million
<b>Tenor</b>	≡ 84 months
<b>Coupon Type</b>	≡ Variable rate issuance
<b>Coupon</b>	≡ CBE Lending Rate + Margin
<b>Margin</b>	≡ 0.75%
<b>Repayment</b>	≡ Amortizable, repayment starts after a 2 year (“Grace Period”) ≡ Semi annual equal repayment schedule over 5 years after Grace Period, 10% installments every 6 months
<b>Credit Rating</b>	≡ A rating
<b>Use of Proceeds</b>	≡ To refinance the investment cost paid by the Obligor in relation to the Sukuk Assets to use them to finance the Obligor’s expansion plans and debt obligations towards lending banks
<b>Callable</b>	≡ Yes
<b>Sole Financial Advisor, Lead Arranger &amp; Bookrunner</b>	≡ EFG Hermes Promoting and Underwriting
<b>Underwriter(s)</b>	≡ Ahli United Bank (AUB), Suez Canal Bank, Banque du Caire (BdC)
<b>Account Bank</b>	≡ Ahli United Bank (AUB)
<b>Target Closing Date</b>	≡ 27 <sup>th</sup> December 2020