



The International Islamic Financial Markets Conference

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Kingdom of Bahrain



*Sokouk Al-Intifa' a
Islamic Money Market
Instrument*

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Munshaat Real Estate Projects Company



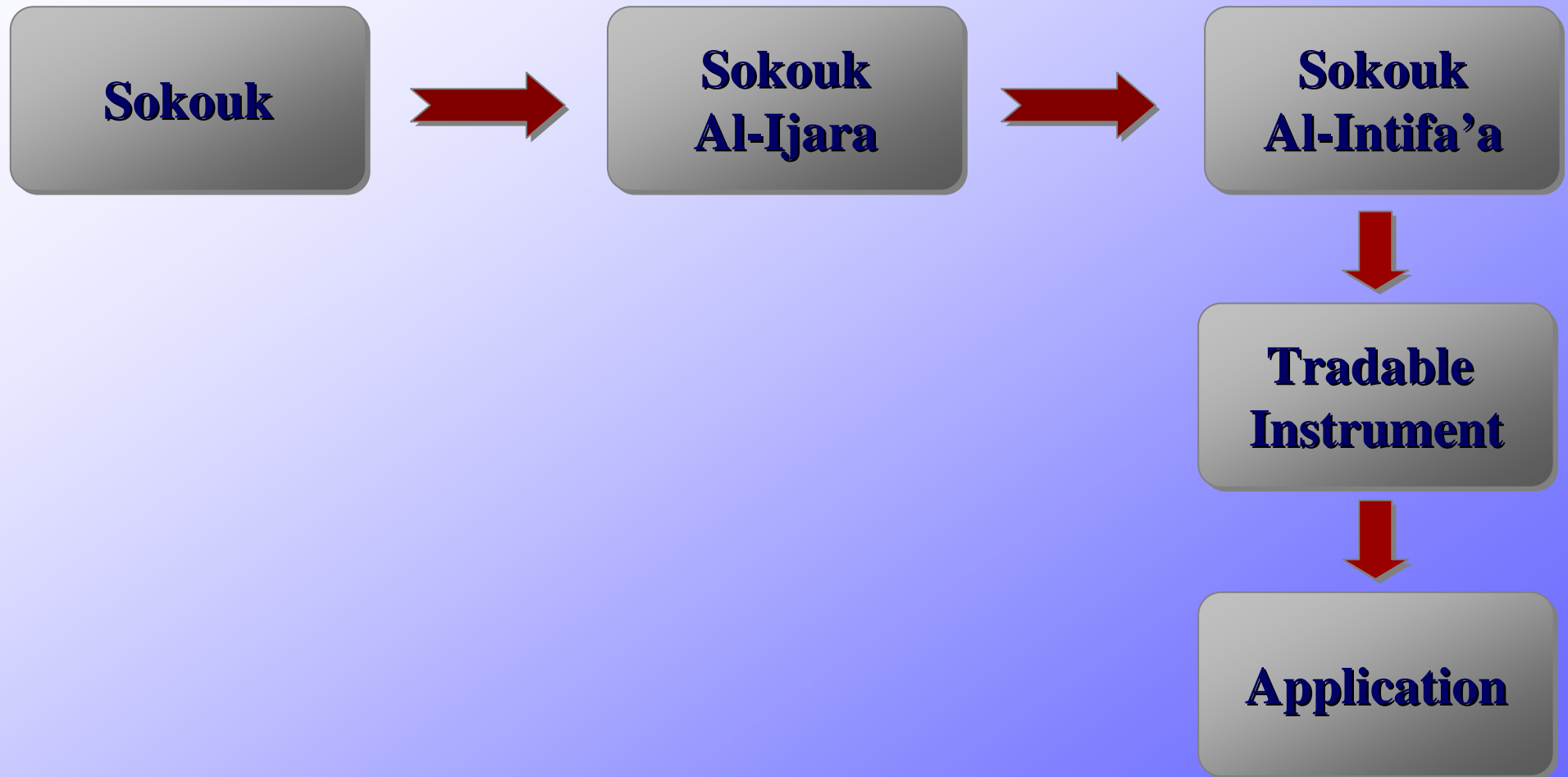
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Presentation Approach





Introduction



**Conventional
Financial Market**



**Islamic
Financial Market**

**Debt Based
Instrument**

BOND

Sokouk

**Asset Based
Instrument
(Asset – Right of
Use)**



Sokouk *The Islamic Bond*



- Investment Certificates representing a **pro-rata** share in a Portfolio of Investment.
- The Performance of Sokouk is a **reflection** of the performance of the portfolio.
- Issuance of Sokouk represents a **purchase of a share** in an income producing investment.



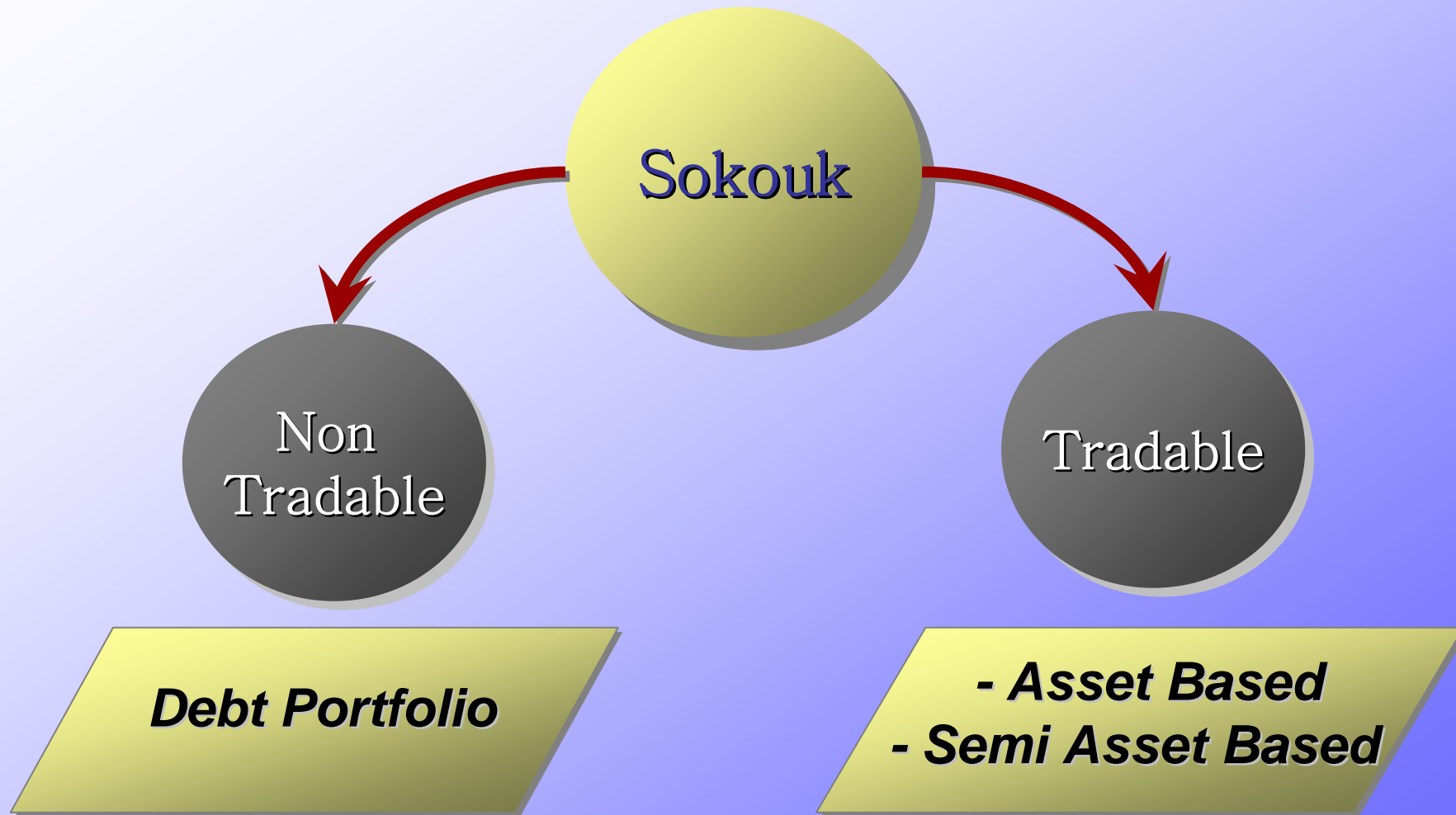
Sokouk Vs Bond



- **Ownership instrument Vs Debt instrument**
- **Investment instrument Vs Financing instrument**
- **Profit & Loss instrument**
- **No Money Back Guarantee**
- **Duration is not necessarily Limited**
- **Ownership Consequences**
- **Business Activities in compliance with Islamic Sharia'a**

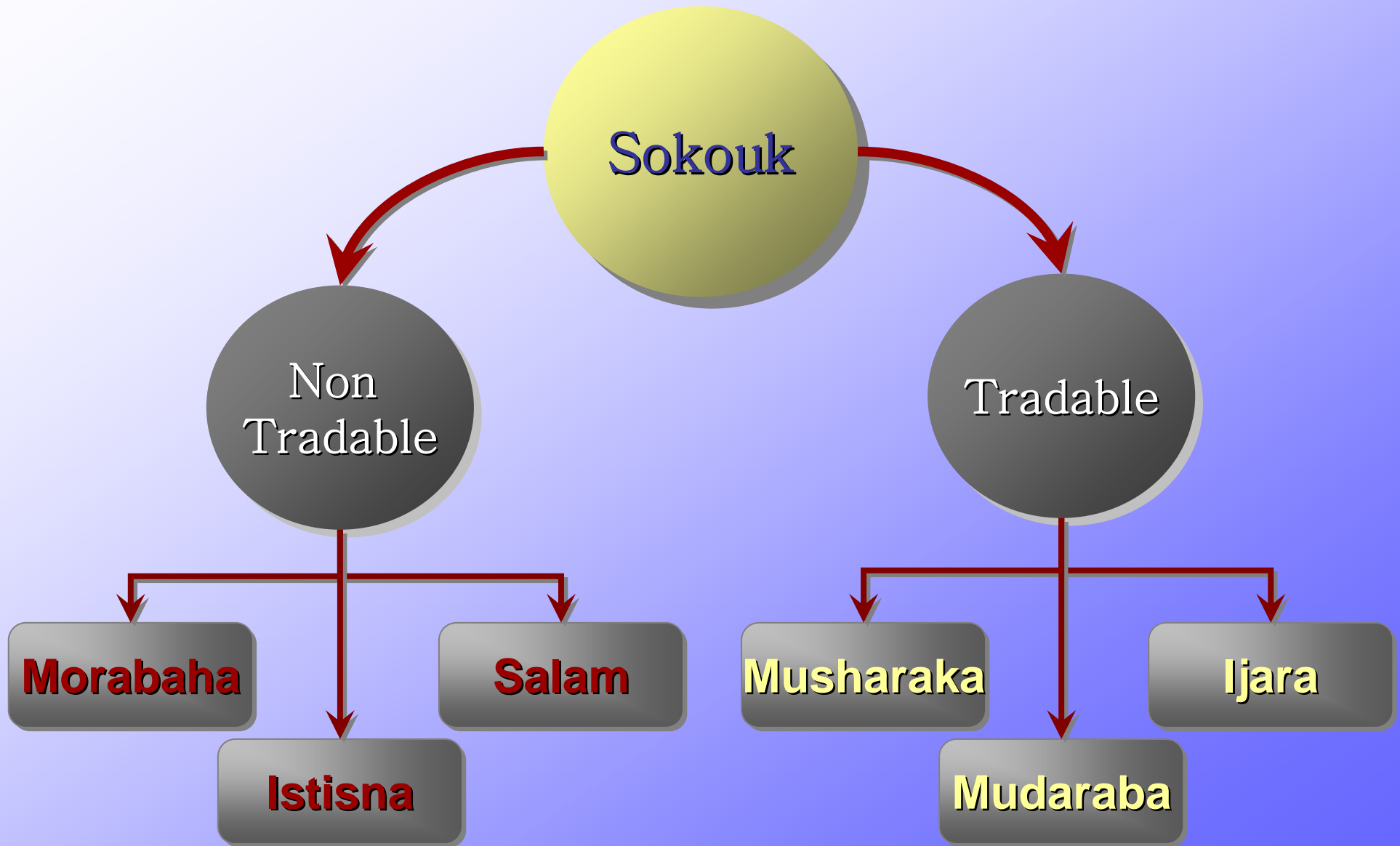


Types of Sokouk





Types of Sokouk





Sokouk Al-Ijara *Definition*



A Financial Instrument structured to represent a Pro-rata share in a pool of cash flow generating assets. Such share (Sokouk) can be transferred to investors by means of ownership either with or without the support of further collaterals.



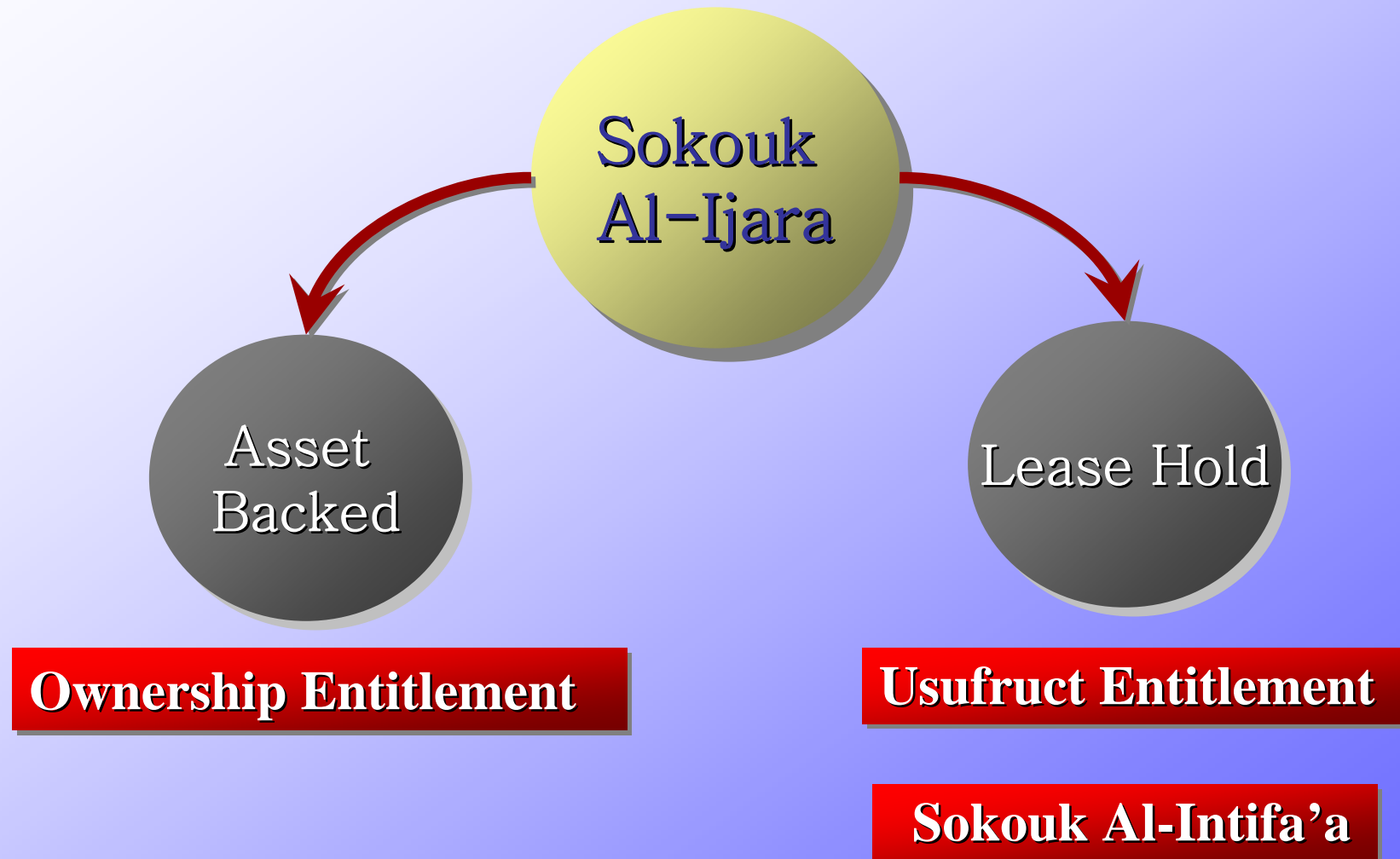
Sokouk Al-Ijara Characteristics



- ◆ **Securitization of Leases**
- ◆ **Effective Fund Raising**
- ◆ **Secondary Market Tool**
- ◆ **Tradable**
- ◆ **Short Term Liquidity Instrument**
- ◆ **Effective Asset / Liability Management Tool**



Types of Sokouk Al-Ijara





Sokouk Al-Intifa' a



- **A Derivative of Lease / Forward Lease**
- **B.O.T. Entitlement**
- **Disintegration of Real Estate Elements (Commoditization)**
- **Hotel / Hospitality Industry**



Sokouk Al-Intifa'a *Definition*



Sokouk Al-Intifa'a is a Certificate or Deed that entitles its holder the right to utilize a specific real estate property for a specific duration of time per year over a determined number of years. This right is wholly owned by the Sokouk holder who is entitled to either sell, grant, inherit or invest the Sokouk.



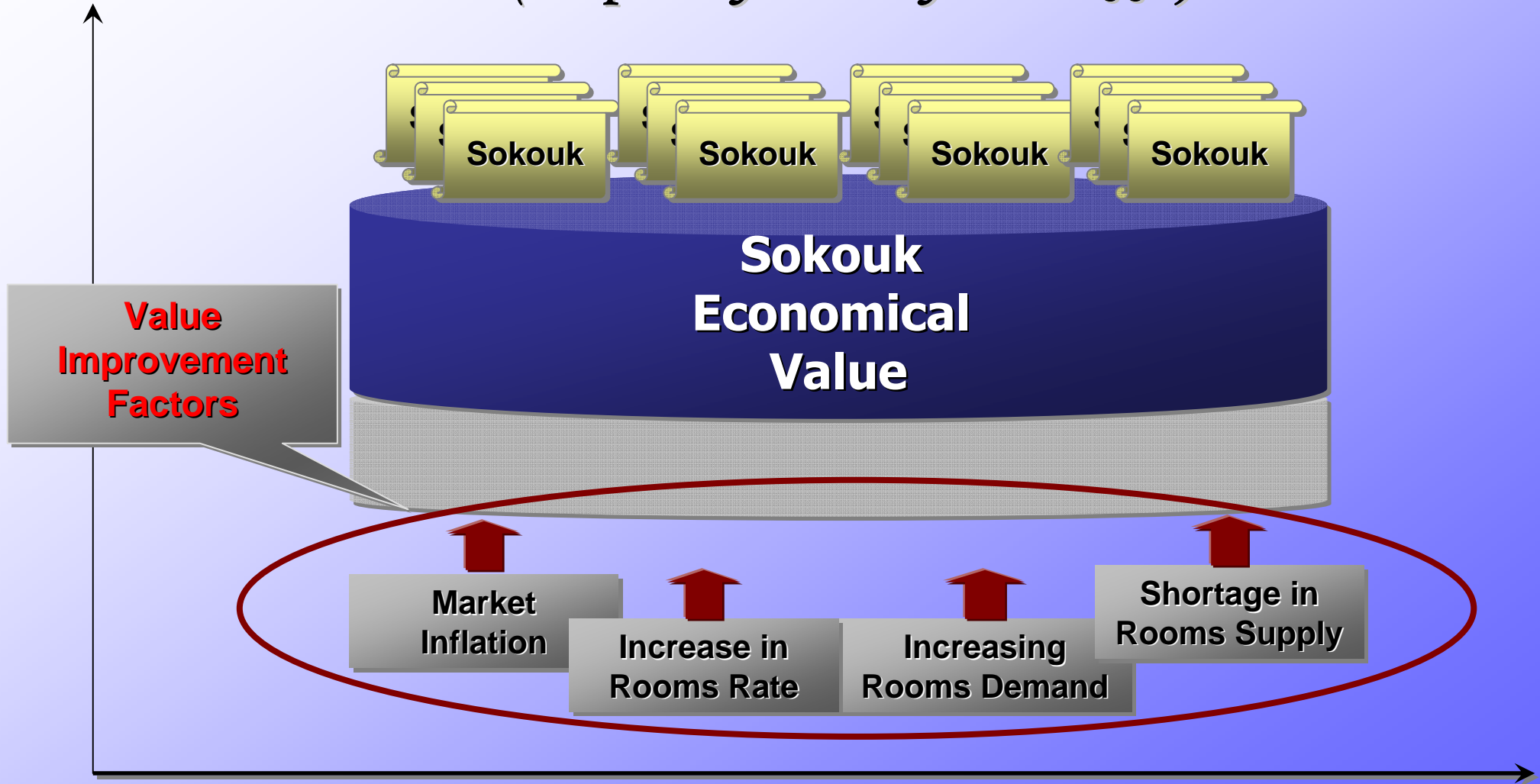
Sokouk Al-Intifa' a Features



- **Representation of Strategic Projects / Assets**
 - **Representation of B.O.T. Projects**
 - **Long Term Leasehold Instrument**
 - **Mobilization of Funds / Assets**
 - **Effective Money Market Instrument**



Sokouk Al-Intifa' a Economical Value (Hospitality Industry in Makkah)





Sokouk Al-Intifa'a A Tradable Instrument

Sokouk Al-Intifa'a
is a Tradable
Instrument

Transferable

Transfer to new Investors

Value

Produces a set of Cash Flow

Sokouk
Al-Intifa'a

Sokouk As Pro-Rata Share of Usufruct

Disintegration of Leased Assets



Application



Issuance of Sokouk



Market Maker

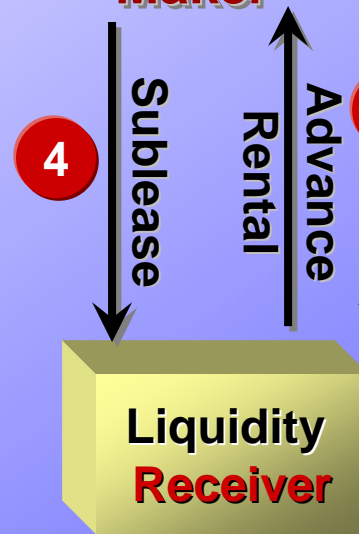
1

Sublease

Purchase of Lease Rights



Zamzam Tower



Liquidity Receiver

4

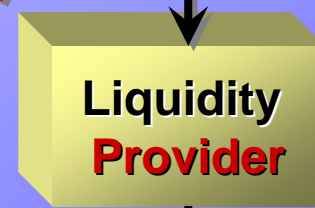
Sublease

Advance Rental

5

Deferred Rental

6



Liquidity Provider

2

Advance Rental

Sublease

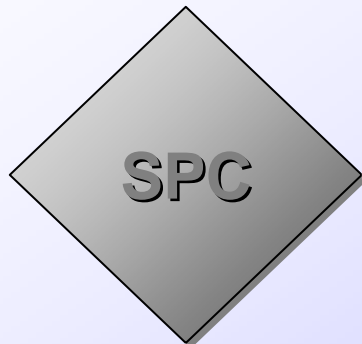
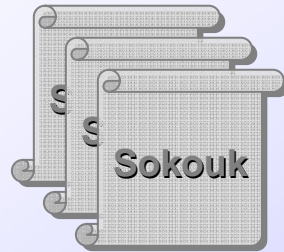
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Sublease

Cash flow



Application



Issuance of Sokouk



Market Maker

Sublease 1

Purchase of Lease Rights

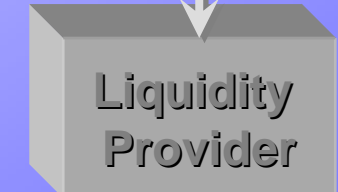
Company Income Profile

- 1- Income from Sokouk Operation
- 2- Income from Treasury Transaction



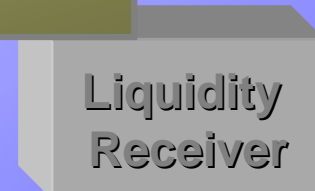
Zamzam Tower

Advance Rental 2



Advance Rental 5

Deferred Rental 6



Sublease 3

Sublease

Cash flow



Conclusion



- ▶ **React to market trend.**
- ▶ **Take initiative.**
- ▶ **Expand product range.**
- ▶ **Build regional infrastructure.**
- ▶ **Capitalize on available resources.**
- ▶ **Establish centralized satellite center.**



جائزة الشيخ محمد بن راشد
للابتكار في الأدوات المالية الإسلامية
مارس 2005

Thank You
Sokouk Al-Intifa' a
Islamic Money Market
Instrument