

Government of Maldives announces plan to issue US\$300 million Sukuk



THE MALDIVES

By Dr Aishath Muneeza

The beneficial ownership of Dharumavantha Hospital will be transferred to a 100% government-owned SPV for the issuance of a US\$300 million Sukuk facility by the Ministry of Finance of the Republic of Maldives on the 16th November 2020, according to a press release.

The government clarified through the press release that its main intention is not to pledge the 25-storey building of the hospital for the issuance of Sukuk but to transfer the beneficial ownership of the said building to a 100% government-owned SPV which will be created to issue the Sukuk, assisted by the Islamic

Corporation for the Development of the Private Sector of the IsDB.

The press release was made in response to some misinformed news reported by the local newspapers on the 16th November 2020 based on a leaked official letter of the Ministry of Finance sent to the President's Office requesting to change the legal title of Dharumavantha Hospital, which is currently in the name of the Ministry of Health, to the Ministry of Finance to facilitate the issuance of the said Sukuk.

The contents of the letter were misinterpreted by the local newspapers as pledging the said building, which is the tallest building in the country, to issue Sukuk.

It is evident from the press release that the type of Sukuk which the government intends to issue is based on Ijarah and it is expressly stated that the government will neither transfer the legal ownership of the building to a third party nor would it be pledged to a third party.

It was also stated that in 2017, the government attempted to issue a Sukuk Ijarah facility by securitizing a building of the Ministry of Finance, but was unsuccessful due to some legal obstacles faced at that time. ☺

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A focus on aviation in Qatar



QATAR

By Amjad Hussain

We have seen an increased focus in Qatar on the aviation sector. As home to one of the largest and fastest-growing airlines, Qatar Airways, Qatar provides a vibrant potential market for aircraft lessors, financiers and ancillary service providers. This is particularly so given that the State of Qatar acceded to the Convention on International Interests in Mobile Equipment (the Cape Town Convention) in January 2020.

The Cape Town Convention became enforceable in July 2020 by virtue of Qatari Emiri Decree Number 52 of 2020. The Cape Town Convention aims to reduce the risks that may result from aircraft financing and to provide economic benefits for all parties involved.

More recently, Magi Aviation Capital (Magi), an aircraft finance specialist and aircraft asset manager, established a regional office in the Qatar Financial Centre.

In a recent press release, Magi announced that it aims to develop the aircraft financing and leasing infrastructure in Qatar. Islamic finance is attractive to

the aviation industry, mainly due to its asset-backed financing structure. Qatar's accession to the Cape Town Convention presents opportunities for local Islamic banks to participate in Islamic aircraft financing and to diversify their financing sources.

On another note, the banking and fintech market in Qatar is receiving interest from international players. Sync., a UK-based fintech, announced that it is aiming to expand its operations to Qatar and the wider Middle East.

Sync. is a smart banking application that allows customers to manage all of their financial accounts in one application, to exchange currencies instantly at good rates and to budget and track their finances, among other features.

Sync. also announced that it expects to start its operations in Qatar at the beginning of the new year and that it is in discussions with local banks in Qatar in relation to potential partnerships.

Fitch Ratings announced its review of QIIB's and Dukhan Bank (previously known as Barwa Bank)'s ratings, which affirmed that the long-term issuer default rating on both banks is 'A' with a steady outlook, and their viability rating is 'bb+'.

Fitch explained that these ratings are based on its expectation that the Qatari authorities will provide local banks with the required support.

Fitch also affirmed that Qatar Islamic Bank (QIB)'s long-term issuer default rating is 'A' and its viability rating is 'bbb'. Fitch added that QIB accounts for nearly half of the overall Islamic banking assets in Qatar and that its viability rating is due to its strong profile.

QIB's five-year US\$750 million Sukuk facility received orders in excess of US\$2.2 billion from nearly 100 investors.

This issuance follows QIB's successful Formosa Sukuk facility which was issued earlier this year, and it represents strong and continuous investor interest in QIB and the Islamic market in Qatar.

The market in Qatar has been busy as projects in the telecommunication and infrastructure sectors continue to progress in preparation for FIFA World Cup 2022. ☺

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