

Compliance Report Based On
IdealRatings_SRB



Score 58.00 / 0.00



Shariyah Review Bureau
 دار المراجعة الشرعية

IFFIm Sukuk Company Limited The International Finance Facility for Immunisation (IFFIm)

| | |
|-------------------------------------|--------------------|
| Type Of Sukuk | Tawarruq |
| Domicile | Cayman Islands |
| Originator Business Activity | Financial Services |
| ISIN | XS1143356654 |

This report has been prepared to determine the Shariah compliance status of the Sukuk based on the Idealratings SRB Shariah mandate as at 28-06-2015

Funds
 REITs Equities Purification
 Sukuk Benchmark

Analyst Commentary

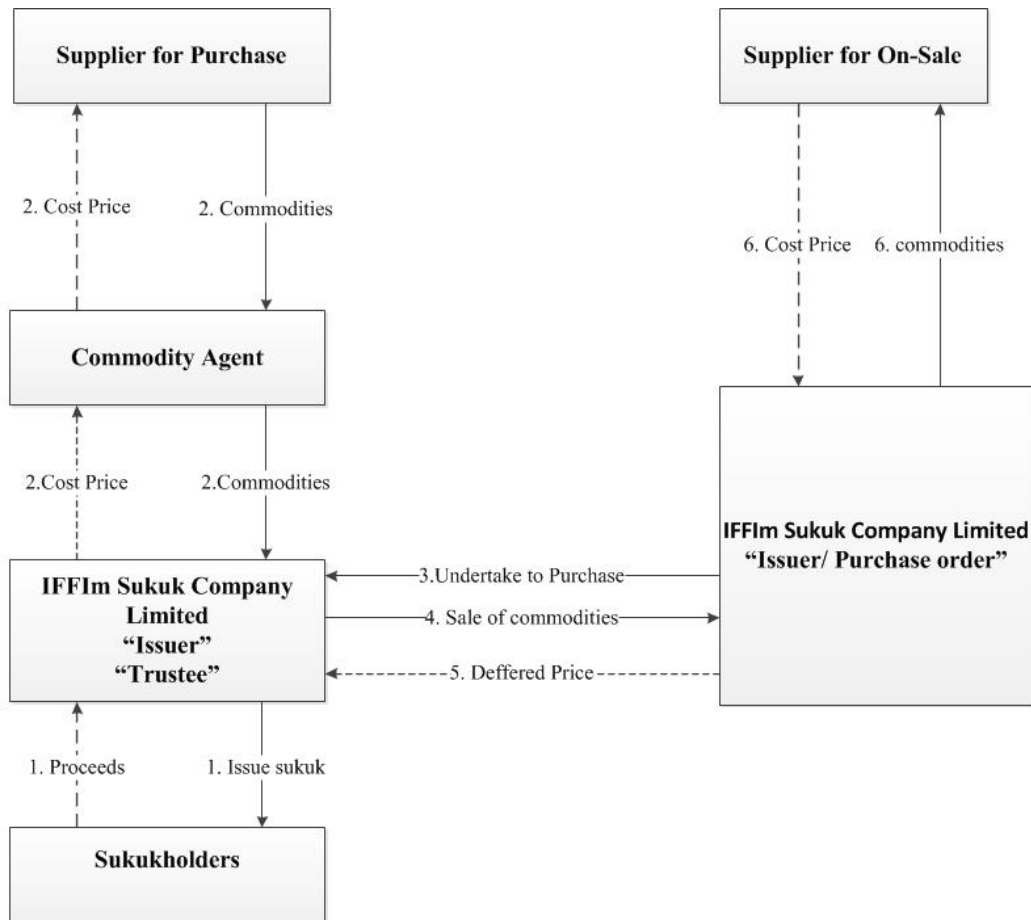
IFFIM is the First ever SRI Sukuk issued in the International and domestic Markets by the international Finance Facility for Immunization “IFFIM”. The IFFIM is one of the most important Supranational Organizations in the world; it was set up in 2006 to rapidly accelerate the availability of Funds for Gavi immunization programmes.

The \$500 million dollar Sukuk was issued in November 2014, the proceeds of which were used to finance children Immunizations in the world’s poorest countries. The Sukuk was awarded “Social Impact Deal of the year” by IFN, “Innovation in Islamic Finance” by Euromoney Magazine’s and “Best Supranational Sukuk” by EMEA Finance Magazine. IFFIM Sukuk issuance is indeed a new Milestone for the Sukuk Industry as it has paved the way for more socially-responsible Sukuk to be launched.

Although it was stated in the prospectus that the Sukuk is based on “Murabaha” Structure, the more accurate structure classification would be “Tawarruq”. Where IFFIM sends an offer letter to the Trustee requesting the Trustee (in its capacity as seller) to purchase certain type of Commodities, once the Trustee receives the request, it purchases commodities from a commodity seller with a price equal to the Sukuk Proceeds, Then in a Murabaha agreement, the Trustee sells the commodities to IFFIM on a deferred sale price. Subsequently, IFFIM on-Sells the commodities to a commodity supplier on spot payment terms.

The Contractual Shariah Screening of the IFFIM Sukuk shows its compliance with AAOIFI Resolutions. Yet the Sukuk is deemed to have Restricted Trading (Non-tradable) from a Shariah perspective, since the underlying debt in the sukuk portfolio exceeds the maximum threshold for a Portfolio Tradability (Debt. Max 70%: Equity.Min30%).

Sukuk Structure Diagram:



1. The Issuer will issue Sukuk to Sukukholders.
2. The Trustee will purchase Commodities through a Commodity Agent from the Supplier for an amount equal to the Cost Price.
3. Pursuant to the Master Murabaha Agreement, the Trustee (seller) will make an offer to IFFIm (as Purchaser) to sell the Commodities to IFFIm on the terms set out in an Offer Letter.
4. Trustee will sell commodities to IFFIm (as purchase) pursuant to Murabaha agreement.
5. IFFIm will pay deffered sale price of commodities to trustee in which trustee will use these amounts to enter into new murabaha contract and pay periodic distributions.
6. Subsequently thereafter, the issuer will on sell the commodities to a supplier with the cost price.

Sukuk Details

| | |
|---------------------------|---|
| Original Issue Amount (M) | 500.00 M |
| Issue Currency | USD |
| Issue Date | November 27, 2014 |
| Maturity Date | November 27, 2017 |
| Tenor (Years) | 3.00 |
| Total Amount outstanding | 500.00 M |
| Governing Law | Laws of England |
| Jurisdiction | Courts Of England |
| Domicile | Cayman Islands |
| Ownership | Corporate |
| Sukuk Structure | Tawarruq |
| Exchanges | Not Listed |
| Coupon Class | FLT |
| Coupon Frequency | Quarterly |
| Current Coupon Rate | N/A |
| Solicitor | Maples and Calder / Allen & Overy LLP / Slaughter and May |
| Auditor | KPMG LLP |

Shariah Boards approved the Sukuk:

Standard Chartered Bank SSB (2010- 2015)

Muhammad Ali Elgari
Nezam Mohamad Yaqoubi
Abdul Sattar Abu Ghuddah

Bait Al-Mashura Finance Consultation company 2014

Waleed Bin Hadi
Osama Al Dereai
Abdulrazak Al Shaiji
Essam Al-anzy
Mourad Bodaya
Khalid Shams Abdul-kader
Fouad Hameed Al-Delmy

CIMB Islamic Shariah Committee 2012/2014

Nezam Mohamad Yaqoubi
Mohamed Hashim Kamali
Haji Mohamed Nai'm Bin Haji Mokhtar
Shafaai Bin Musa
Noor Inayah yaakub
Yousef Abdullah Al- Shubaily

Structure Screening

Tawarruq

Score **58.00** ↓Threshold **0.00**

| Shariah Field | Value | Compliance | Weight |
|--|-------|------------|--------|
| Sukuk structure utilizes common Islamic investment modes Ref: Page 76 all page | Yes | ✓ | 3 |
| Explicit Obligation to Shariah Ref: No Reference Data | No | ✗ | 4 |
| Adequate disclosure of contractual conditions Ref: Page 76 all page, Page 77 all page | Yes | ✓ | 3 |
| Disclosure of Loss conditions Ref: Page 44 lines:3-8 | Yes | ✓ | 3 |
| Shariah Board or Auditor monitors implementation Ref: No Reference Data | NIP | ✗ | 5 |
| Compliant use of proceeds by originator Ref: Page 47 all page | Yes | ✓ | 5 |
| Adequate disclosure of Default conditions Ref: Page 41 all page | Yes | ✓ | 3 |
| Purchase undertaking agreement Ref: No Reference Data | No | ⏸ | |
| Sale undertaking agreement Ref: No Reference Data | No | ⏸ | |
| The Sukuk is approved by a Shariah Board Ref: Page 3 all page, Page 17 all page | Yes | ✓ | 4 |
| Limited recourse to issuer Ref: Page 33 all page | Yes | ✓ | 2 |
| Exercise Price is a Market price or NAV Ref: No Reference Data | NA | ⏸ | |
| Profit distributions from trust assets Ref: No Reference Data | Yes | ✓ | 3 |
| Manager is obliged to make up profit shortfalls Ref: No Reference Data | No | ✓ | 3 |
| Manager seizes surplus profits Ref: No Reference Data | No | ⏸ | |
| Manager borrows from reserve account for his own interest Ref: No Reference Data | No | ✓ | 2 |
| In-Kind Asset Substitution Undertaking Ref: No Reference Data | NA | ⏸ | |
| Sukuk holders have full rights of asset disposition Ref: Page 13 lines:51-54 | No | ✗ | 3 |
| Late payment charges donated Ref: Page 77 lines:22-28 | Yes | ✓ | 5 |
| Clear specification of the underlying asset Ref: No Reference Data | No | ✗ | 4 |
| Manager seizes surplus profits and makes up shortfalls Ref: No Reference Data | No | ✓ | 3 |

| Shariah Field | Value | Compliance | Weight |
|--|-------|------------|--------|
| Tawarruq commodities are not gold, silver nor currencies Ref: No Reference Data | NIP | | |
| Tawarruq commodities are distinct Ref: No Reference Data | NIP | | |
| Adequate details on commodities purchased Ref: No Reference Data | NIP | | 5 |
| Purchaser receives commodities Ref: Page 19 all page, Page 20 all page | Yes | | 5 |
| No Ban on receiving commodities Ref: No Reference Data | NIP | | |
| Commodities are sold to a 3rd party Ref: Page 19 all page, Page 20 all page | Yes | | 5 |
| Seller delegated to resell due to law Ref: No Reference Data | NA | | |
| Re-selling of purchased goods is by self or agent Ref: Page 19 all page, Page 20 all page | Yes | | 4 |
| Tawarruq is applied to face liquidity shortage Ref: Page 47 all page | No | | 5 |
| Mustawriq is not a conventional bank Ref: Page 21 all page | Yes | | 5 |

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