On 15 Oct 2021, at 14:43, Muhammad Asim <muhammad.asim@mcbah.com> wrote:

Dear Sir

We request approval for participation in Hub Power Company Limited Short Term Sukuk.

The Sukuk would have a tenor of 6 months and an issue size of PKR 4,500 million at KIBOR +0.8%. This is coinciding with the maturity of earlier issued Sukuk and thus can be considered technically a rollover. We had earlier invested Rs. 450 m after a prorata allocation due to oversubscription. This time too we intend to participate upto Rs. 675 M though market interest suggests that we will are likely to get allocation of earlier participation in this issue too. Given it is a sukuk, we intend to participate through Sharia Compliant Funds as premium of 80 bps over KIBOR is attractive for Sharia Compliant Funds.

The funds will be utilized to meet short term working capital requirements of the Hub River Power station.

Further details are mentioned in below terms while a more detailed analysis is attached :

Facility	Unsecured, Privately Placed Short Term Islamic Sukuk ("the Facility").
Issuer	The Hub Power Company Limited ("Hubco" or "the Company")
Facility Amount	Up to PKR 4,500 million (Pak Rupees Four Thousand Five Hundred Million Only)
Facility Rating	Hubco shall furnish the latest Facility rating prior to Financial Close confirming that its Facility rating is at least 'AA'. At present, HUBC's entity rating is 'AA+' by Pakistan Credit Rating Agency ('PACRA')
Purpose	To meet short term working capital requirements of the Hub River Power station
Tenor	Up to six (6) months from the date of Drawdown
Availability Period	Up to one (1) month from the date of signing of the Facility documents. Undrawn Facility Amount, if any, on expiry of Availability Period will stand cancelled.
Financiers/Investors	Include financial institutions, mutual funds, and insurance/takaful companies, and corporate entities

Profit Benchmark	**Base Rate plus 80 bps per annum** Base Rate is defined as the 6-Month Karachi Interbank Offered Rate ("KIBOR"). KIBOR is defined as Average Ask rate, as published on Reuters page KIBR or as published by the Financial Markets Association of Pakistan in case the Reuters page is unavailable. The Base Rate will be set one business day prior to the Drawdown date for the profit due at the end of the Tenor
Profit Payments	Profit will be payable at maturity. Profit will be calculated on the basis of actual number of days elapsed in a year of 365 days on the Facility Amount.
Facility Redemption	Facility will be redeemed in bullet at the expiry of Tenor
Drawdown	In lump sum

Regards
Asim

Muhammad Asim, CFA
CIO

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