

Dentons advises the Islamic Development Bank on largest sustainable sukuk issuance

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Dubai —Dentons has advised the Islamic Development Bank (IsDB) on the issuance of US\$2.5 billion trust certificates under its US\$25 billion trust certificate issuance programme, which marks the IsDB's largest issuance to date and also its second sustainable sukuk issuance (in addition to its earlier green sukuk). The transaction also represented the largest sustainable sukuk issuance globally to date. The proceeds from the sustainable issuance will be used exclusively to finance green and social projects to assist the IsDB's member countries. The transaction was successfully completed on 31 March 2021, and the issuance was made through a new special purpose vehicle issuer incorporated in Luxembourg.

The IsDB was previously the first AAA-rated institution in the world to have issued a sustainable sukuk last year in June; that transaction had also represented the first issuance globally in the format of a sukuk aimed at raising proceeds to tackle the effects of the Covid-19 pandemic. The IsDB has put together a sustainable finance framework, with Sustainalytics providing the ESG rating and CICERO Shades of Green providing a second party opinion. The IsDB had also previously issued a EUR1 billion green sukuk under its sustainable finance framework in December 2019. Dentons has regularly advised IsDB on the issuance of debt securities in the international capital markets under IsDB's sukuk programme.

The issuance was listed on Euronext Dublin and NASDAQ Dubai, and was offered to sophisticated investors outside the US in reliance on Regulation S under the US Securities Act 1933. A number of major banks acted as lead managers on the issuance.

Dentons Debt Capital Markets partner Alex Roussos, based in Dentons' Dubai office, commented, "We are proud to have worked with IsDB on yet another historic transaction. The programme update this year involved changes to certain structural features, which included the introduction of a second SPV issuer, which was based in Luxembourg. We worked very closely with our colleagues in Luxembourg, Washington and Calgary to bring this deal to fruition. The issuance demonstrates the growing importance of sustainable finance within debt capital markets and it is great to see the IsDB leading these very important initiatives across our communities and for the greater good of the global environment. With this issuance, IsDB has yet again shown its commitment to helping its Member Countries create a sustainable environment for the future".

Dentons Luxembourg partner and head of the Luxembourg Banking and Finance practice Stéphane Hadet commented, "We are very pleased that IsDB has selected Luxembourg as the jurisdiction of the second SPV issuer. This not only serves as recognition of Luxembourg as a global financial center, but also proves its status as a hub for Islamic finance."

Dentons Luxembourg partner and head of the Tax practice Jean-Luc Fisch added, "We are very supportive of the sustainable objectives pursued by the sukuk issuance. Dentons' partnership with IsDB on this transaction showcases both our international capabilities and our commitment to sustainable development, unique in the New Dynamic.

The Dentons team in Dubai was led by partner Alex Roussos, with assistance from associate Sana Siddiqui. The

Dentons team in Luxembourg was led by partners Stéphane Hadet and Jean-Luc Fisch, with assistance from counsel Bruno Hrovat and associate Alexia André. Wendell Faria in Washington advised on US regulatory aspects and Grant MacKenzie in Calgary advised on Canadian securities law aspects of the transaction.

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Your Key Contacts



Alex Roussos

Partner, Dubai

D +971 4 4020 895

M +971 56 683 0814

alex.roussos@dentons.com



Stéphane Hadet

Partner, Luxembourg

D +352 46 83 83 - 747

stephane.hadet@dentons.com



Jean-Luc Fisch

Partner, Luxembourg

D +352 468 38 32 17

M +352 621 238 072

jeanluc.fisch@dentons.com



Bruno Hrovat

Counsel, Luxembourg

D +352 46 83 83 229

bruno.hrovat@dentons.com



Alexia André

Associate, Luxembourg

D +352 46 83 83

alexia.andre@dentons.com

Sana Siddiqui

Associate, Dubai

D +971 4 402 0862

Sana.Siddiqui@dentons.com

Media contact



Suparna Mukherjee

Marketing and Business

Development Manager,

Middle East

Suparna.Mukherjee@dentons.com