

Iran Capital Market and Petrochemical Fund Raising

Tamadon Investment Bank



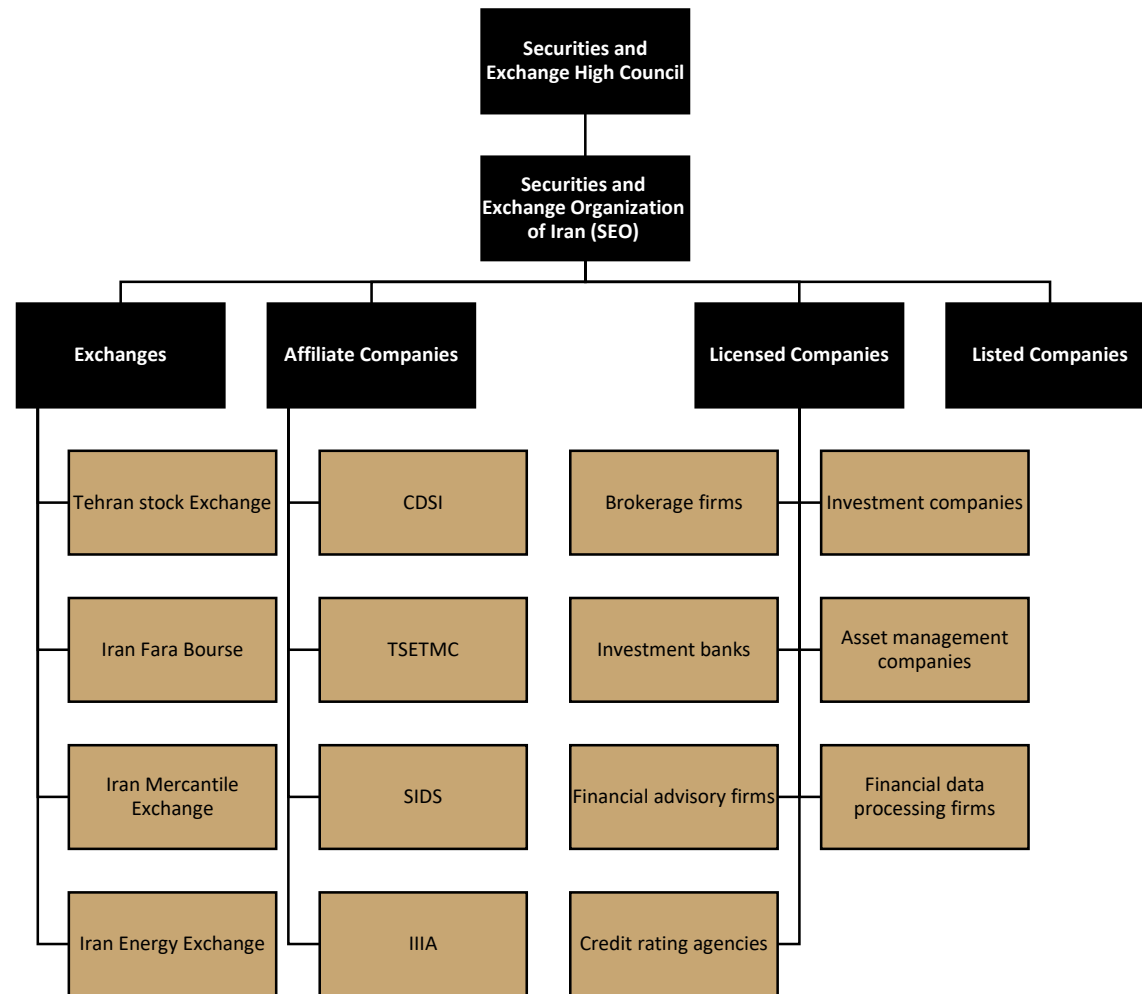


Khuzestan Province, Iran

Part I

An overview of Iran Capital Market

Capital Market Structure



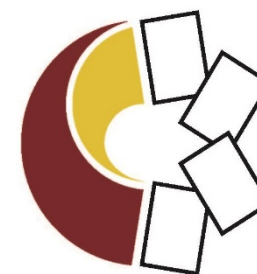
Capital Market Structure (continued)

Securities and Exchange Organization (SEO) is the regulator of Iran capital market.



سازمان بورس و اوراق بهادار
SECURITIES & EXCHANGE ORGANIZATION

CSDI is the only securities clearing and settlement company in Iran.



Central Securities
Depository of Iran

Iranian Exchanges



Tehran Stock Exchange	Iran Fara Bourse	Iran Mercantile Exchange	Iran Energy Exchange
Equity (Market Cap: ~ \$89 B) Sukuk Derivatives ETF	Equity (Market Cap: ~ \$15 B) Sukuk Derivatives ETF Intellectual property	Commodities Commodity Derivatives	Electricity Oil and Gas Other Energy Carriers

Trading Volume

Exchange	Trading Volume (Million Shares)	Trading Value (million Euros)
Tehran Stock Exchange	22,511	1,236
Iran Fara Bourse	7,347	852
Iran Mercantile Exchange	2,555,597	1,135
Iran Energy Exchange	-	271
Total Trading Value	-	3,494

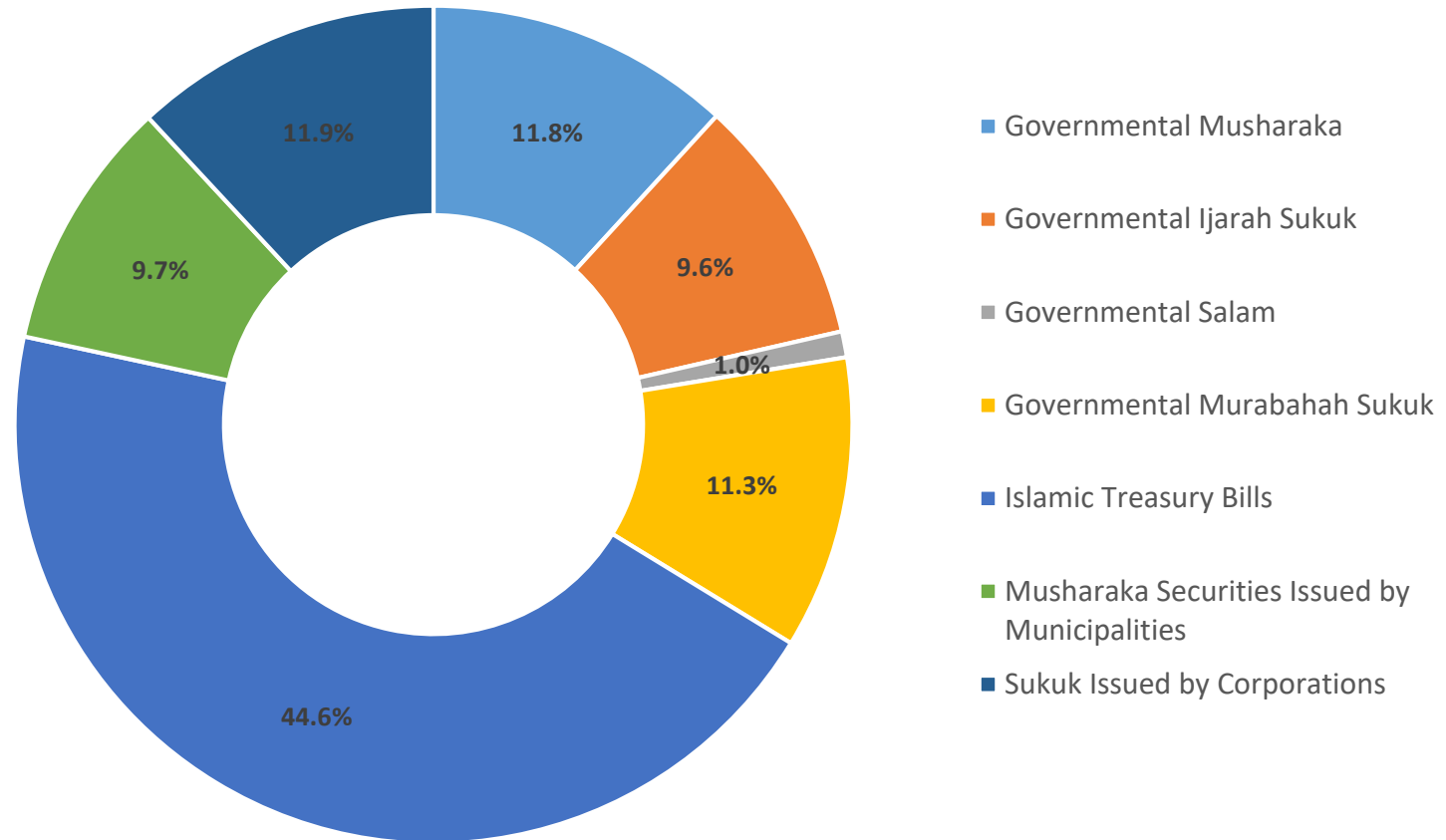
* Source: SEO insights Feb. 2018

** 1 Euro = 51,000 Rials

Milestones

- 1966: First Securities Market Act ratified by the parliament
- 1967: Tehran Stock Exchange (TSE) officially started its operation
- 1970: Number of TSE listed companies reached to more than 100
- 1994: First Musharaka Sukuk issued by Tehran municipality
- 2005: New Securities Market Act ratified by the parliament
- 2008: First Investment Bank established in Iran
- 2009: The Law for Development of New Financial Instruments and Institutions ratified by parliament

Outstanding Sukuk



** Source: SEO insights Feb. 2018*

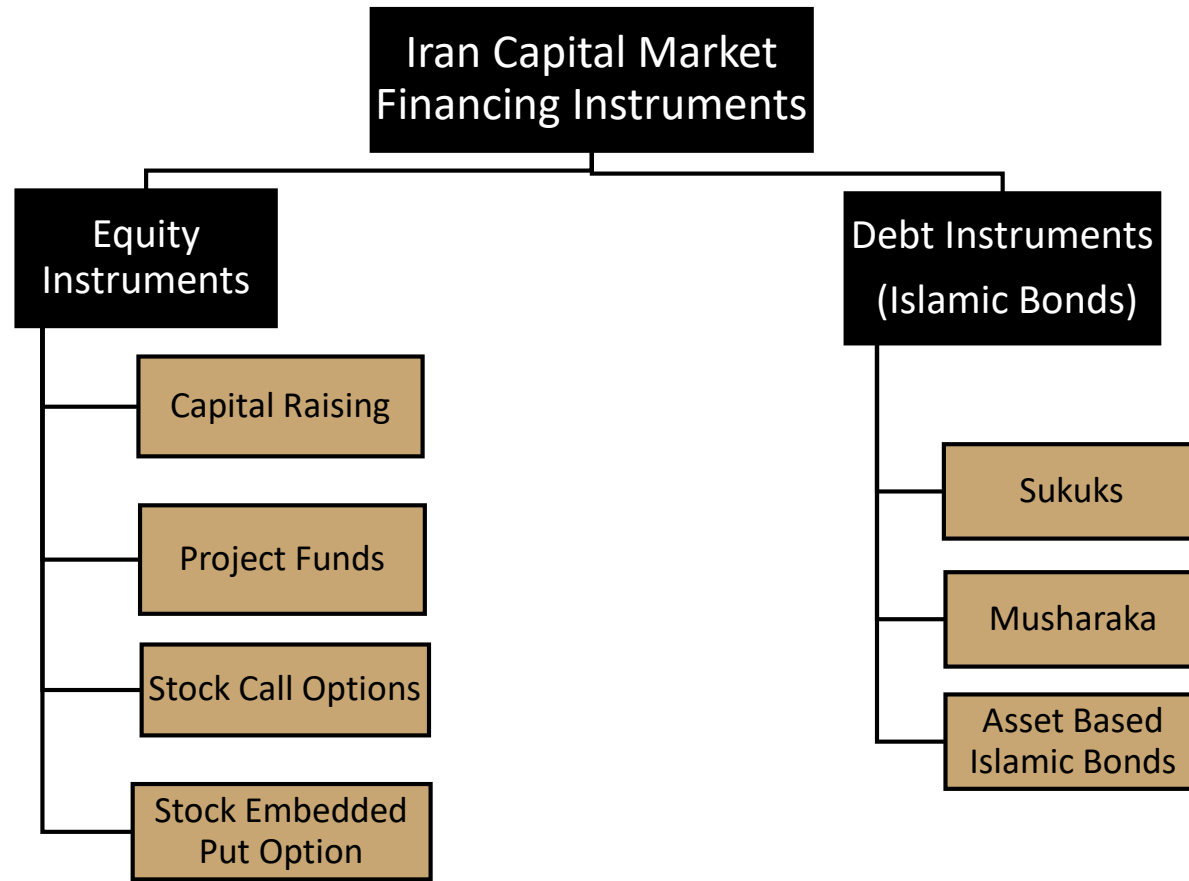
Petrochemical Companies Activity in Iran Capital Market

- At least 21% of total market cap of Tehran Stock Exchange and Farabourse
- Approximately 3 billion Euro physical contract traded at Iran Mercantile Exchange
- Export Floor of IME is available and is one of price references in the region

Part II

An introduction to Iran's financing instruments

Available Financing Instruments



Overview of Iran's Financial Instruments

- Equity Instruments
 - Stocks
(Capital raising, IPO)
 - Project Fund
(All type of funds including Mortgage Funds, . . .)
 - Stock Call Options
 - Stock Embedded Put Option

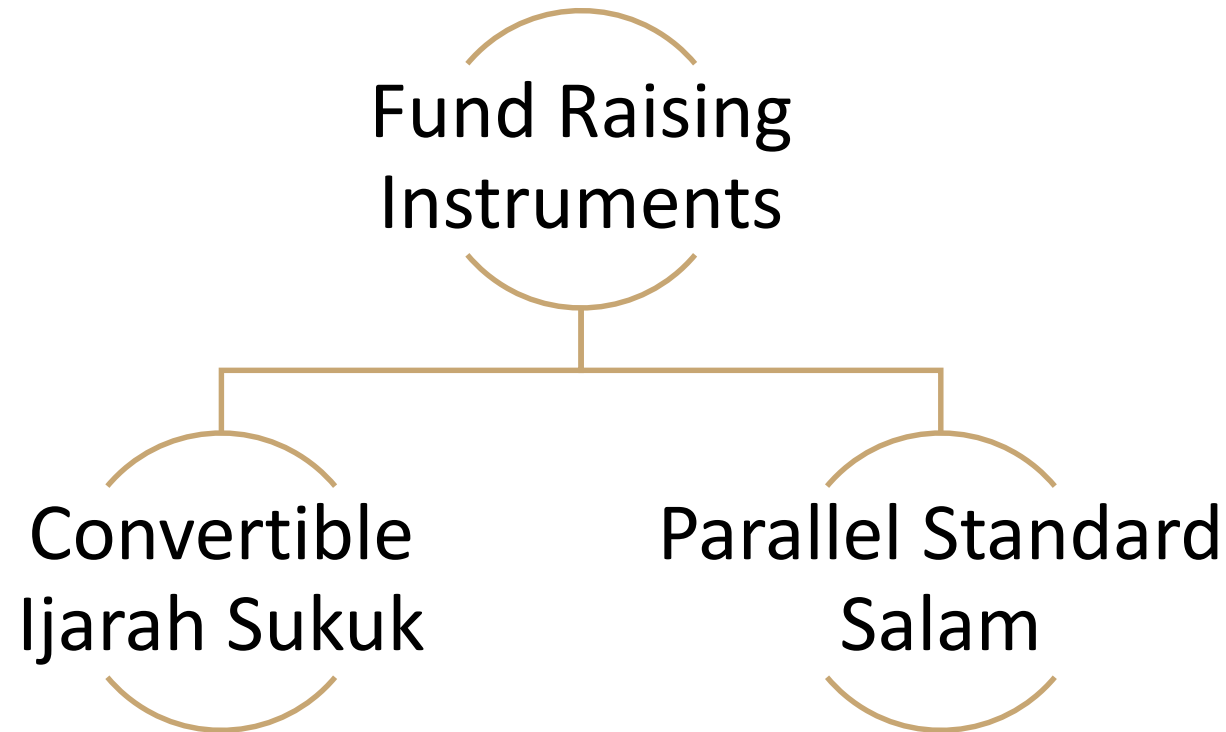
Overview of Iran's Financial Instruments

- Debt Instruments
 - Sukuk
 - Manfa'at
 - Murabaha
 - Ijarah
 - Istisna'
 - Salam (parallel standard)
 - Musharaka
 - Asset base Islamic Bonds (ABS, MBS)

Part III

Petrochemical Fund Raising

Special Suggestion for Foreign Investors in Petrochemical Industry



Sukuk

Difference between Sukuk and debt securities (cont.):

- Sale of Sukuk in secondary markets, is a sale of an asset ownership, but sale of debt securities is a sale of debt.
- In sukuk, there is a possibility of increase in the value of underlying asset and therefore the value of the sukuk itself, while the principal in the debt securities has no potential for increase.

Convertible Ijarah Sukuk

- Ijarah is a Sukuk type which its holder is joint partial owner of its underlying asset.
- Characteristics of Convertible Ijarah:
 - Lease payment as coupons
 - Fixed coupon
 - Monthly, quarterly and semi-annual coupon payments
 - Payment of principal at maturity
 - Existence of guarantor for coupon and principal payments
 - Market making of securities by authorized entities
 - **Convertible to the shares of issuer as may agreed (optional)**

Salam Sukuk

- It is a contract in which price of the asset is paid at the time of signing the contract and the asset will be delivered to buyer in a certain date in future.
- Secondary transactions are possible in form of “Parallel Standard Salam”; in which original buyers can trade the assets with the same specifications of the first contract in secondary market and completely withdraw from original transaction and refer the new buyer to the original seller.

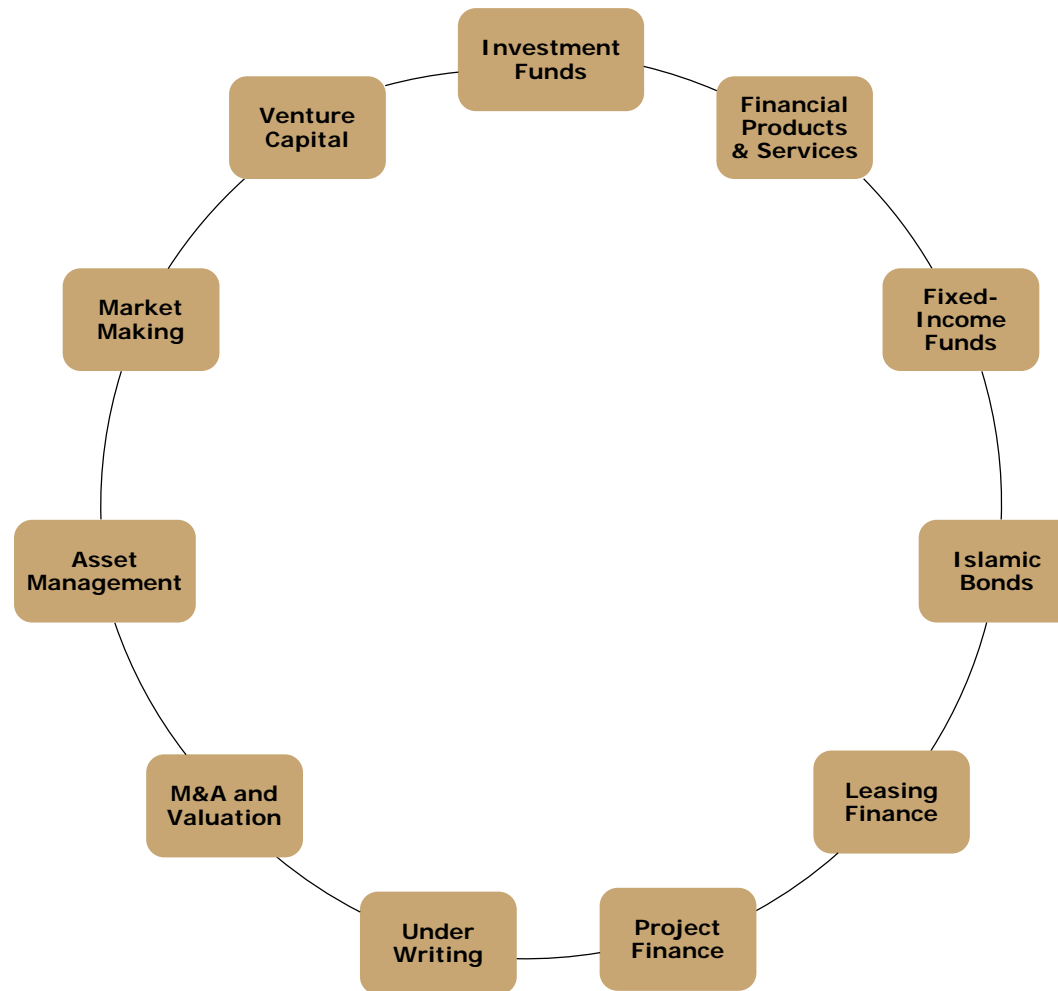
Parallel Standard Salam

- The exchange traded Salam is called “Parallel Standard Salam”.
- Characteristics of Parallel Standard Salam:
 - **Based on registered assets (issuer products, e.g. petrochemicals)**
 - Attached Call & Put Option (profit spread)
 - Tax exempt status,
 - Physical or cash settlement under the investor Choice on due day
 - High profitability rate
 - Issuance with foreign currency denomination (Available in foreign currency type)
 - Coupon payment with foreign currency denomination (Available in foreign currency type)

Part IV

Tamadon Investment Bank

A full-service investment bank and The Most Active Investment Bank of Iran



The leading Iranian investment bank

Pioneer in Iran Capital Market

- Our company was established in 2011 as Arman investment bank,
- In October 2017 company decided to change its name to Tamadon investment bank due to name similarities with other financial firms.

Leading Debt Issuer

- Tamadon has issued ~\$890 million of different bonds until March 2018.

Leading Fixed Income Fund Manager

- Tamadon manages the biggest fixed-income fund of Iran, namely, Ganjine Zarin Shahr with an AUM of ~\$7 billion.

Rapid growth to become the biggest Iranian IB

- Fastest growth amongst Iranian Investment Banks in terms of AUM,
- Has two major Iranian banks among its shareholders,
- Provider of the most comprehensive financial products' platform in the country.

Advisory, Valuation and M&A Services

- Has an experienced local team (including former senior executives of Securities and Exchange Organization of Iran), Tamadon is the first choice of many leading firms and institutions for different advisory services.

Contacts

Babak Bagheri

Deputy Executive Officer of Investment Banking Division

No.6 14th St. Beyhaghi Blvd. Argentina Sq.

Tehran, Iran

Phone: +982188171794-5

bagheri@tamadonib.com

