



SP -08/PR/2021

## **Republic of Indonesia priced a US\$ 3 billion Global Sukuk with 30-year tranche in Green format, the longest Green Sukuk ever issued globally**

**Jakarta, 3 June 2021** – The Republic of Indonesia (the “Republic”) made its annual return to the global Sukuk market and priced a US\$ 3 billion Sukuk offering comprising of US\$ 1.25 billion 5-year, US\$ 1 billion 10-year and US\$ 750 million 30-year (Green) Reg S/144A Trust Certificate due on 2026, 2031 and 2051 respectively (the “Wakala Sukuk”). The Wakala Sukuk will be issued by Republic through Perusahaan Penerbit SBSN Indonesia III (“PPSI-III”), a legal entity established by the Republic solely for the purpose of issuing Shari’a compliant securities in foreign currencies in the international markets. The Wakala Sukuk will be listed on the Singapore Stock Exchange and NASDAQ Dubai (dual-listing). The settlement date is 9 June 2021. Each tranche has been assigned a rating of Baa2 by Moody’s Investor Service, BBB by S&P Global Ratings Services and BBB by Fitch Ratings.

Taking advantage of a steady market open in Asia on the morning of 2 June 2021, the Republic opportunistically entered the global Sukuk market, announcing an initial price guidance at 1.90% area, 3.00% area and 4.00% area for the 5-year, 10-year and 30-year Green tranche, respectively. The Republic was able to compress the initial price guidance by 40 bps on the 5-year tranche and by 45 bps on the 10-year and 30-year tranches, respectively, and announce final price guidance at 1.50% (the number) for the 5-year tranche, 2.55% (the number) for the 10-year tranche and 3.55% (the number) for the 30-year tranche. The Wakala Sukuk were subsequently priced at par at yield and a profit rate of 1.50% on the 5-year tranche, 2.55% on the 10-year tranche and 3.55% on the 30-year tranche. The final order size amounted to US\$10.3 billion or an oversubscription rate of more than 3.43x of the Republic’s target US\$ 3 billion issuance.

The Republic introduced a Green format to the 30-year Sukuk for the first time, which is also the first of such issuance globally], after consistently issuing this asset class in a 5-year tenor since its debut in 2018. This issuance evidenced the Republic’s dedication and long-term commitment to green and sustainable financing, as well as to pioneering financing methods in the effort against climate change. The 30-year tranche Green Sukuk is the fourth global Green Sukuk issued under its Green Bond and Sukuk Framework.

Several notable achievements of this transaction include: 1) lowest ever 5, 10 and 30-year yield, spread over UST and profit rate achieved by the Republic for global Sukuk issuance, 2) first ever 30-year and the longest Green Sukuk issuance in the world, 3) robust investor orderbook allowed pricing below fair value across all tranches.

The Sukuk are structured based on the Shari’a principle of Wakala and has obtained Shari’a opinion from DSN MUI as well as from CIMB Islamic Bank Berhad, the Shari’a Advisory Board of Citi Islamic Investment Bank E.C., the Fatwa and Sharia Supervisory Board of Dubai Islamic Bank PJSC, the HSBC Global Shariah Supervisory Committee and Global Shariah Supervisory Committee of Standard Chartered Bank. The transaction is aligned with the Republic’s plan to finance the state budget, as well as its intention to develop and improve the liquidity of the Sukuk market in the region.

The transaction gathered large interest from diverse investor types and geography, reiterating the depth of the Sukuk market as well as demonstrating robust investment appetite for Indonesia given the Republic’s strong following and economic fundamentals.

The issuance with the 5-year tranche being distributed 34% to Asia (ex-Indonesia), 33% to Islamic and Middle East investors, 16% to Indonesia, 10% to Europe and 7% to U.S. By investor type, the

tranche is allocated 41% to banks, 30% to central banks / sovereign wealth funds / agencies, 23% to fund managers, 4% to insurance / pension funds and 2% to private banks and others.

The 10-year tranche was distributed 35% to Asia (ex-Indonesia), 29% to Islamic and Middle East investors, 18% to Europe, 12% to U.S and 6% to Indonesia. By investor type, the tranche is allocated 40% to fund managers, 36% to banks, 12% to central banks / sovereign wealth funds / agencies, 10% to insurance / pension funds and 2% to private banks and others.

The 30-year Green tranche was distributed 34% to Asia (ex-Indonesia), 27% to U.S., 25% to Europe, 8% to Islamic and Middle East investors and 6% to Indonesia. By investor type, the tranche is allocated 63% to fund managers, 19% to banks, 12% to insurance / pension funds, 5% to central banks / sovereign wealth funds / agencies and 1% to private banks and others.

CIMB, Citibank, Dubai Islamic Bank, HSBC and Standard Chartered acted as Joint Lead Managers and Joint Bookrunners. HSBC and Standard Chartered acted as Joint Green Structuring Advisors. PT BRI Danareksa Sekuritas and PT PT Trimegah Sekuritas Indonesia Tbk acted as Co-Managers for this transaction.

**Informasi terkini mengenai kondisi ekonomi Indonesia dan/atau fiskal (APBN) dapat diperoleh melalui:**

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