

M'sia to sell RM30b Islamic bonds for mass rail

MALAYSIA aims to raise as much as RM30.2 billion through an Islamic bond programme to fund construction of a mass railway in the South-East Asian nation's capital, the project's manager said.

Dana Infra Sdn Bhd, a finance ministry company set up to fund infrastructure projects, will sell ringgit-denominated Islamic bonds, or sukuk, with maturities of as much as 65 years, Azhar Abdul Hamid, chief executive officer of Mass Rapid Transit Corp

(MRT Corp), said in an interview yesterday. It will initially take a bridging loan of RM500 million from a consortium of banks to cover early building work, he said.

"Getting funds is not a problem as we have government support," Azhar said. Dana Infra "will sell RM20 billion to RM30 billion of sukuk in three to four months".

The planned sale follows a record issuance of RM30.6 billion of Shariah-compliant bonds by Malaysia's PLUS Bhd com-

pleted in January. Rising global investor appetite for sukuk, that comply with the religion's ban on interest, prompted Development Bank of Kazakhstan, Islamic Bank of Thailand and Turkey to announce plans to offer securities in 2012 over the past three weeks.

State-owned MRT Corp is managing the 156km Kuala Lumpur railway that may cost RM48 billion including rolling stock, according to a government estimate in 2010. — *Bloomberg*