

Maiden RM8b debt issuance for MRT this month

KUALA LUMPUR: The government is issuing an RM8 billion government-guaranteed sukuk as the first tranche of financing of the Mass Rapid Transit (MRT) project's Sungai Buloh-Kajang line (SBK Blue Line), estimated to be worth more than RM30 billion.

The issuance is made through Danainfra Nasional Bhd, a Minister of Finance, Inc unit mandated as a special funding vehicle to facilitate the fundraising for the MRT Project.

Danainfra's principal officer Fazlur Rahman Ebrahim said the target date for the maiden issuance will be July 20 with bookbuilding expected to be held in the week beginning July 9.

"The first issuance will likely be in the form of Islamic medium-term notes (MTN) with a size of up to RM2.4 billion with targeted

tenures of 10, 12, and 15 years.

"Of the RM2.4 billion, RM1 billion is for bridging loans while the remaining RM1.4 billion will be for the project.

"We are looking to issue every quarter, and the RM8 billion is expected to be fully exhausted by June 30, 2013," he told reporters after the signing of the Islamic commercial papers/Islamic MTN programme agreement yesterday in the presence of Second Finance Minister Datuk Seri Ahmad Husni Hanadzlah.

Danainfra has appointed four banks as the joint lead arrangers and joint lead managers for the RM8 billion sukuk financing programme, namely Affin Investment Bank Bhd, CIMB Investment Bank Bhd, Maybank Investment Bank Bhd and RHB Investment Bank Bhd.

The special funding vehicle also appointed five other banks as the

joint lead managers of the financing programme, Affin Investment Bank Bhd, Bank Islam Malaysia Bhd, Hong Leong Bank Bhd, HSBC Bank Bhd and Standard Chartered Bank Bhd.

Fazlur said Danainfra has provided total financing of up to RM1 billion for the MRT project, and support from potential investors has been overwhelming, clearly showing support for the mega infrastructure project.

To date, 33 work packages worth RM15.5 billion of the 85 packages have been awarded for the SBK Blue Line, which will run from Sungai Buloh cutting through the Kuala Lumpur city centre to Kajang covering a distance of 51km with 31 stations.

The 33 packages already awarded include big work packages such as the viaducts, stations and the

underground package.

"The actual cost of the MRT Sungai Buloh-Kajang Line can only be determined once all the tender packages have been awarded, which is expected by end of this year," he said.

As the first tranche will be only sufficient to cover the project expenses until the middle of next year, Fazlur said Danainfra has the option of enlarging the current financing programme to bear the cost of the whole SBK Blue Line project.

"There might be no separate signings. We can enlarge the capacity with the current structure and partners, unless the government thinks otherwise.

"However, Danainfra is looking at various ways of fundraising for the remaining financing requirements of the MRT Project and will make the necessary announcements in due course," he said. — *Bernama*