



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

South Africa concludes debut sukuk bond

The Republic of South Africa has successfully concluded its debut US\$500 million 5.75-year Sukuk (Islamic) bond issuance in the international capital markets.

The Sukuk, based on an Al-Ijara structure, was priced at a coupon rate of 3.90 per cent, representing a spread of 180 basis points above the corresponding mid-swap (benchmark) rate. The transaction was more than 4 times oversubscribed with an order book of US\$2.2 billion. The bond will be listed on the Luxembourg Stock Exchange.

The decision to issue an Islamic bond has been informed by a drive to broaden the investor base and to set a benchmark for state-owned companies seeking diversified sources of funding for infrastructure development. The recent dual tranche issued in July had an investor distribution made up as follows: 62% US, 19% UK, 17% Europe and 2% from the rest of the world. The Sukuk transaction investor distribution consisted of 59% from the Middle East and Asia, 25% from Europe, 8% from the USA and the balance from the rest of the world.

The investor distribution represents a resounding success in building a more diversified investor base for South Africa and further demonstrates confidence by investors in the government's ability to maintain its sustainable macro-economic policy framework coupled with prudent fiscal management.

The lead arrangers for the transaction were BNP Paribas, KFH Investment and Standard Bank Group.

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