

CASE STUDY ON GOLDEN AGRI-RESOURCES LTD'S 15-YEAR SUKUK MURABAHAH PROGRAMME OF UP TO RM5.0 BILLION (USD1.637 BILLION)

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BACKGROUND

- Golden Assets International Finance Limited's ("Golden Assets" or the "Issuer") has established an Islamic Medium-Term Note Programme of up to RM5.0 billion (USD1.637 billion) based on the Shariah principle of Murabahah.
- Incorporated in the British Virgin Islands, Golden Assets is the funding vehicle and subsidiary of Golden Agri-Resources Ltd ("GAR" or the "Obligor")
- GAR has been listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX") since 1999 and is principally involved in the cultivation of oil palm, milling and refining operations in Indonesia. The Group also has downstream operations in China, producing refined edible oil products and other food products.
- GAR is the largest plantation group in Indonesia and second largest plantation company globally in terms of planted acreage.
- Proceeds from the proposed Sukuk Murabahah will be swapped into USD and utilised by the Issuer, and/or channeled to GAR and/or its subsidiaries for their general corporate purposes.

TRANSACTION DETAILS (First Issuance)

Transaction Details	
Issuer	Golden Assets International Finance Limited
Obligor	Golden Agri-Resources Ltd
Issue rating	AA ₂ (by RAM Rating Services Berhad)
Facility Description	An Islamic medium term note programme of up to RM5.0 billion (USD1.637 billion) based on the Shariah principle of Murabahah ("Sukuk Murabahah Programme")
Programme Tenure	15 years
Issuance Size	RM1.5 billion (USD490.95 million)
Mode of Issuance	Bought deal by RHB Investment Bank Berhad and OSK Investment Bank Berhad
Issuance Tenure	5 years
Coupon/Yield	4.35% p.a
Issuance Date	19 November 2012
Governing Law	Malaysia
Utilisation of Proceeds	The proceeds shall be utilised by the Issuer for its general corporate purposes which shall be Shariah-compliant
Joint Principal Advisers/ Lead Arrangers/ Lead Managers	RHB Investment Bank Berhad and OSK Investment Bank Berhad
Facility Agent	RHB Investment Bank Berhad
Trustee	OSK Trustees Berhad
Central Depository	Bank Negara Malaysia ("BNM")

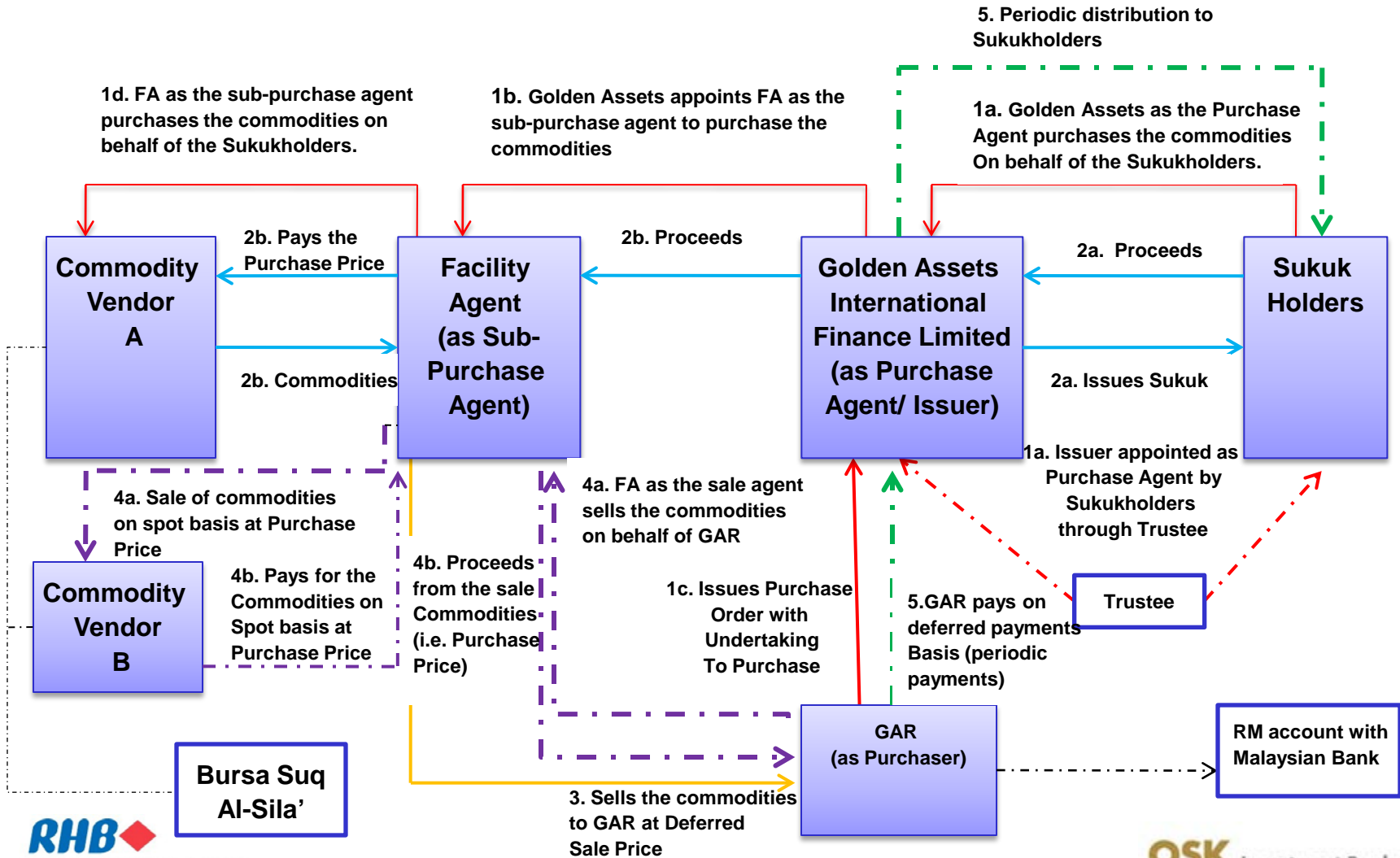
TRANSACTION HIGHLIGHTS

GAR Sukuk

- ✓ First issuance of RM1.5 billion (USD490.95 million) is the single largest issuance by a foreign issuer and issued out of the largest sukuk programme ever established for a foreign issuer in the ringgit debt market to-date;
- ✓ Sukuk was successfully priced on “bought deal” basis, reducing the pricing risk for Issuer;
- ✓ The Issuer was able to enjoy savings in their overall funding cost;
- ✓ The issuance has managed to raise the issuer/obligor profile to Malaysian investors;
- ✓ An innovative sukuk that offers Malaysian investors exposure to a company listed in Singapore with operations in Indonesia and China without assuming any foreign currency risk;
- ✓ Supporting Malaysia International Islamic Financial Centre’s (MIFC) agenda to transform Malaysia into an international hub for Islamic financing.

TRANSACTION STRUCTURE

GAR Sukuk



GOLDEN-AGRI RESOURCES LTD IN THE PRESS

Golden Agri's note issue

Largest Indonesian estate group completes RM1.5b Islamic notes

SINGAPORE: SGX-listed Golden Agri-Resources Ltd, through its wholly-owned subsidiary Golden Assets International Finance Ltd, has successfully completed its inaugural issuance of RM1.5bil Islamic medium term notes pursuant to its 15-year ringgit-denominated Islamic note programme of up to RM5bil.

Golden Agri is Indonesia's largest oil palm plantation group.

The Islamic notes issued have a tenor of five years and will mature in November 2017. The notes were also successfully priced on a "bought deal" basis bearing a profit rate of 4.35% per annum, payable semi-annually in arrears.

Capitalising on the company's US dollar-denominated revenue, Golden Assets has also entered into a cross currency swap transaction of the notes into US dollar.

The net proceeds raised from the Islamic notes will be utilised for the

company's general corporate purposes which are in compliance with syariah principles.

Both OSK Investment Bank Bhd and RHB Investment Bank Bhd acted as the joint principal advisers/joint lead arrangers for the Islamic note programme as well as the joint lead managers/joint underwriters and primary subscribers for the notes.

Golden Agri chairman and chief executive officer Franky O. Wijaya, who is pleased with the successful landmark issuance of the maiden sukuk by Golden Assets, said: "We believe that the sukuk will support Golden Agri's strategy by strengthening its balance sheet, extending the overall debt maturity profile, maximising financial flexibility and enhancing the company's position to execute internal and external growth plans.

"This issuance also reflects the confidence of the financial market

towards Golden Agri's credit profile."

Meanwhile, RHB Investment Bank officer-in-charge Mike Chan said it was another milestone achievement by the RHB Banking Group leveraging on the synergies of the combined strength of RHB Investment Bank and OSK Investment Bank.

"This is an excellent sukuk debut for Golden Assets and further strengthens Malaysia's leading position in the global sukuk market," added RHB Islamic Bank Bhd managing director Abdul Rani Lebai Jaafar.

OSK Investment Bank chief executive officer U Chen Hock said the successful sukuk issuance by Golden Agri was a testament of the breadth and depth of Malaysia's debt capital market which is supported by ample liquidity.

"Corporations in the region are recognising Malaysia as a suitable destination for fund-raising and this

bodes well for the industry as we expect the demand for quality regional corporate debt papers to increase," he added.

Golden Agri's maiden sukuk issuance in Malaysia has been accorded a long-term rating of AA2(s) with a stable outlook by RAM Rating Services Bhd.

In addition to its position as the largest oil palm plantation group with integrated operations in Indonesia and the second largest globally, Golden Agri's credit profile is well supported by its strong operational and financial position which is reflected in its high production yield parameter and its low gearing ratio.

Golden Agri has a total planted area of 459,500ha (including smallholders) as at Sept 30 in Indonesia. It has integrated operations focused on the production of palm-based edible oil and fat.

Indonesia's GAR completes issuance of RM1.5b sukuk

KUALA LUMPUR: Golden Agri-Resources Ltd (GAR)'s unit, Golden Assets International Finance Ltd, has completed its inaugural issuance of RM1.5 billion Islamic medium-term notes (IMTNs) pursuant to its 15-year ringgit-denominated IMTN programme of up to RM5 billion.

GAR, Indonesia's largest oil palm plantation group, is currently listed on Singapore Exchange Securities Trading Ltd.

In a statement yesterday, GAR said Malaysia was the ideal location for the issue of its sukuk given its well-established and advanced sukuk market with abundant liquidity, coupled with its familiarity with the palm oil industry in general.

The IMTNs have a tenor of five years and will mature in November 2017, it said.

"The net proceeds will be used for the company's general corporate purposes which are in compliance with syariah principles," it said.

OSK Investment Bank Bhd and RHB Investment Bank Bhd acted as the joint principal advisers/joint lead arrangers for the programme and the joint lead managers/joint underwriters and primary subscribers for the IMTNs.

Its chairman/chief executive officer Franky O. Wijaya said the sukuk will support GAR's strategy by strengthening its balance sheet, extending the overall debt maturity profile, maximising financial flexibility, and enhancing its position to execute internal and external growth plans. Bernama

Golden Agri issues first sukuk in Malaysia of RM1.5b

by **Cindy Yeap**
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KUALA LUMPUR: Malaysia's standing as a global leader in Islamic finance has been re-affirmed with a multi-billion ringgit deal from Indonesia's largest plantation group, Golden Agri-Resources Ltd (GAR).

According to a statement to the Singapore Exchange (SGX) yesterday, GAR has issued a RM1.5 billion Islamic medium term note (IMTN), its first in Malaysia, pursuant to a 15-year ringgit denominated debt programme of up to RM5 billion.

"The company considers Malaysia the ideal location for the issue of its sukuk given the country's well-established and advanced sukuk market with abundant liquidity, coupled with its familiarity with the palm oil industry in general," the statement read.

The RM1.5 billion IMTN, issued

through its wholly owned Golden Assets International Finance Ltd, has a five-year tenure maturing November 2017. The paper was priced on a "bought deal" basis with a profit rate of 4.35% per year, payable semi-annually in arrears.

SGX-listed GAR, the world's second largest listed plantation company in terms of planted acreage after Sime Darby Bhd, entered into a cross-currency swap for the IMTN into US dollars yesterday as well, with the proceeds to be utilised for general corporate purposes in compliance with syariah principles, the statement said.

"We are pleased to see the successful landmark issuance of the maiden sukuk by Golden Assets. We believe the sukuk will support GAR's strategy by strengthening its balance sheet, extending the overall debt maturity profile, maximising financial flexibility, and enhancing

GAR's position to execute internal and external growth plans. This issuance also reflects the confidence of the financial market towards GAR's credit profile," Franky Wijaya, GAR chairman and CEO, said in the statement.

GAR's maiden sukuk has been accorded a long-term rating of AA2(s) with a stable outlook by RAM Rating Services.

OSK Investment Bank Bhd and RHB Investment Bank Bhd were the joint principal advisers and joint lead arrangers for the programme and joint lead managers, joint underwriters and primary subscribers for the IMTNs.

"The successful sukuk issuance by GAR is a testament of the breadth and depth of our Malaysian debt capital market which is supported by ample liquidity. Corporations around the region are recognising Malaysia as a suit-

able destination for fundraising and this bodes well for the industry as we expect the demand for quality regional corporate debt paper to increase," said OSK Investment Bank CEO U Chen Hock.

OSK Investment Bank, the investment banking arm of OSK Holdings Bhd, is being merged with RHB Capital Bhd, an exercise expected to complete by end-March 2013.

GAR has 459,500ha of planted oil palm (including smallholders) as at Sept 30. Besides oil palm planting, the group refines crude palm oil into value-added products like cooking oil, margarine and shortening. The group has operations in China, including a deep-sea port, oilseeds crushing plants, production capabilities for refined edible oil products as well as other food products such as instant noodles, the statement read.

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Thank You

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