

Strong demand seen for Danainfra's sukuk

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PETALING JAYA: Danainfra Nasional Bhd's exchange traded sukuk, the latest asset class that has been just launched, is expected to attract strong demand from investors who want exposure to infrastructure-based bonds.

According to analysts, this is because it is the single asset class in its category that allowed retail investors to diversify their investment portfolio from the usual opportunities available on the market.

Danainfra's maiden issuance, which aims to raise funds for the construction of the mass rapid transit (MRT) project, will have a nominal value of RM300mil.

Danainfra's retail sukuk was created as part of its efforts to broaden

its investor base by allowing participation of retail investors to fund the MRT project, its factsheet stated.

The date of issuance and listing on Bursa is targeted for Feb 8, opening offer date was yesterday with its closing date on Jan 18.

The first Danainfra retail sukuk that will have a tenure of 10 years is guaranteed by the Government and is a syariah-compliant investment with CIMB Islamic Bank Bhd as the syariah adviser.

According to Danainfra, yields are about 3.7% although this figure is not yet finalised pending the market appetite for the retail sukuk.

The minimum investment board lot size for exchange traded bonds and sukuk (ETBS) is 10 units per lot size with a principal price of RM100 per unit. Thus each board lot will cost RM1,000 excluding transaction costs,

a factsheet by Bursa Malaysia stated.

It added that profit payment of Danainfra's retail sukuk, which will be paid semi-annually, is also tax exempted while the profit rate per annum would be fixed throughout its tenure.

The Government has also approved the utilisation of investors' Employees Provident Fund account 1 to allow direct investments to include ETBS instruments or government and government-guaranteed bonds and sukuk through authorised agents.

Bond Pricing Agency Malaysia chief executive officer Meor Amri Meor Ayob told *StarBiz* that Danainfra's issuance was a "positive step in the right direction" for the country as it offered a new investment asset class for retail investors.

RAM Holdings group chief economist Dr Yeah Kim Leng also said he believed there was strong appetite for fixed-income instruments such as Danainfra's being the latest.

"They will boost investors' confidence in these secure investments. Infrastructure-related bonds and sukuk funding make up close to 30%-40% of issuances today," Yeah added.

According to Malaysian Rating Corp Bhd's chief executive officer Razlan Mohamed, there will likely be a "strong demand" for this retail issuance because of the size of the offering which will be easily absorbed by retail investors.

The four lead arrangers for Danainfra retail sukuk's first tranche are AmBank Group Bhd, CIMB Group, Malayan Banking Bhd and RHB Capital Bhd.