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PIONEERING TRANSACTION

The Pertamina Murabahah transaction is a landmark transaction in many respects:

• The Murabahah syndications for Pertamina are pioneering Islamic facilities for Indonesia. Not only were these the largest Islamic financings in the country, the syndications were also the first Islamic financing syndications in the Indonesian market. Its structuring and execution required intensive interactions with local regulators and Shariah boards. The successful execution of these syndications has set a platform for future Islamic financing syndications in the country.

• There were overwhelming interest from both conventional and Islamic investors in the Murabahah facilities; the second syndication attracted participation from participant banks in the first syndication as well as new financial institutions, which consisted of both Islamic and conventional banks. The facility was distributed 52% to the Middle East and 48% to East Asian investors including onshore banks in Indonesia.

• The transactions successfully introduced Pertamina and Indonesia to the global Islamic investor base, and enabled the company to diversify its funding to a new investor base which was a key objective of Pertamina’s management. The entrance of foreign investors from the Middle East reflected a turning point for Indonesia and bodes well for the prospect of increasing foreign direct investment from a previously untapped source. Indeed, since the first syndication in 2004 the market has witnessed increasing efforts to structure and execute other Islamic financing transactions for the country.

• The financing facility was competitively priced in comparison with Pertamina’s existing facilities, and has set a new benchmark for the company’s subsequent financings.

PT PERTAMINA (PERSERO)
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