

## SAUDI ARABIA: Sadara sukuk oversubscribed 2.6 times

Sadara Chemical Company (Sadara) announced the successful closing of the sukuk (Islamic bonds) issued through its subsidiary Sadara Basic Services Company (SBSC). The sukuk has received strong investor demand, resulting in 2.6 times oversubscription based on the initial offering size of SR 5.25 billion. In keeping with this demand, Sadara has up-sized the issuance to SR 7.5 billion.

The sukuk have a floating rate and will have a tenor of approximately 16 years. The sukuk investors will receive an expected return of 6 month SAIBOR plus 95 basis points per annum, to be distributed semi-annually.

The net proceeds of the issue of the sukuk will be used to provide finance for, and procure the construction and delivery of, plants forming part of a chemicals complex located in Jubail Industrial City II in the Eastern Province.

SBSC is a joint stock company with commercial registration number 2055018374, established in Saudi Arabia for the purpose of issuing the sukuk on behalf of Sadara. It should be noted that the sukuk issuance was approved by the joint Shariah (Islamic laws) committee of Alinma Investment Company and AlBilad Investment Company, by the Shariah committee of Riyadh Capital and the Shariah adviser of Deutsche Securities Saudi Arabia LLC.

Sadara has appointed AlBilad Investment Company, Alinma Investment Company, Deutsche Securities Saudi Arabia LLC and Riyadh Capital as joint lead managers and joint book runners. The legal advisers to the joint lead managers are Milbank, Tweed, Hadley & McCloy LLP, and Zeyad S. Khoshaim Law Firm in association with Allen & Overy LLP. In addition, the legal advisers to SBSC and Sadara are Waleed N. Al-Nuwaiser in association with White & Case LLP, and Hatem Abbas Ghazzawi & Co.

Established in October 2011, Sadara is a limited liability company developed by Saudi Arabian Oil Company and the Dow Chemical Company. Sadara is building a world-scale, fully integrated chemicals complex in Jubail Industrial City II, in the Eastern Province of Saudi Arabia. Once completed, the complex is expected to be one of the world's largest integrated chemical facilities, and the largest ever built in a single phase. First production units are expected to come on line in the second half of 2015, with all production units coming on line in 2016. The sukuk prospectus was published on March 16.

Source: *Daily "Arab News", Riyadh; 2 Apr 2013*

(*Syed Rashid Ali, Karachi, Pakistan*)

**Adresse:**

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