

BEST SOVEREIGN BOND

Republic of Indonesia \$2.5 billion 10-year bond

Bookrunners: Deutsche Bank, J.P. Morgan, UBS

Legal advisers: Allen & Overy, Linklaters, Assegaf Hamzah & Partners, Marsinih Martoatmodjo Iskandar Kusdihardjo

While 2010 was a big year for the Philippines, 2011 felt distinctly like Indonesia's turn to shine. The country is on the cusp of investment grade status and investors are hungry for exposure to the sovereign, providing the perfect environment for the sovereign to sell bonds.

Although Indonesia is not as fleet-footed as its rival the Philippines, being slower out the gates is not always a bad thing. Indonesia was rewarded for its patience when it closed a warmly received \$2.5 billion bond, gathering a solid \$6.9 billion order book.

The size of the deal is impressive — it is the biggest ever single tranche completed by the Republic of Indonesia. Also equally impressive was the tight cost of funding. Through the transaction, Indonesia secured one of the lowest new issue premiums ever achieved by a non-investment grade emerging markets sovereign. The 5.1% yield it paid was tighter than similar tenor issues from higher rated sovereigns such as Hungary, Lithuania and Croatia. Although the deal did not include a much-awaited 30-year tranche, it stood out because of its flawless execution and strong performance in secondary markets.

Source: FinanceAsia

<http://www.financeasia.com/News/282850.ifinanceasiai-achievement-awards-2011-day-3.aspx>