

# UK bolsters Islamic finance offering with second Sukuk



- £500 million of Sukuk with 5-year maturity issued
- strong demand from investors in the Middle East, Asia and the UK
- issuance boosts UK reputation as an open international financial centre

£500 million of Sukuk, the Islamic equivalent of a bond, has been sold to investors based in the UK and in the major hubs for Islamic finance in the Middle East and Asia.

The UK issued its first sovereign Sukuk in 2014, making it the first country outside the Islamic world to issue sovereign Sukuk and cementing its position as a centre for Islamic finance.

This second Sukuk offering is more than double the size of the first issuance, increasing the supply of high-quality Sharia compliant, liquid assets to the market and supporting the development of Islamic finance products in the UK.

## **The Chancellor of the Exchequer Rishi Sunak said:**

We've set out ambitious plans to make the UK the most open and dynamic financial centre in the world.

By launching our second sovereign Sukuk, we're cementing the UK's position as the leading global hub for Islamic finance outside of the Islamic world.

Strong investor demand for this Sukuk meant we achieved a good price for the taxpayer and will help us develop our relationships with Islamic economies around the world.

This second issuance attracted high-quality global demand, with orders totalling in excess of £625 million, and was sold to a broad range of high-quality institutional investors around the world.

The profit rate (yield equivalent) on the Sukuk, which matures on 22 July 2026, has been set at 0.333%, flat to the yield on the 1.5% gilt due July 2026.

As with the first issue, the second sovereign Sukuk will use the Al-Ijara structure which is in widespread use in the market. It will be underpinned by rental income from a number of central government office properties which are owned by the Government. Today's issue will settle on 1 April 2021 and will be listed on the London Stock Exchange.

### **Further information**

- Sukuk are financial certificates, similar to bonds, which comply with the principles of Islamic finance
- an Al-Ijara structure uses assets (in this case government properties) to generate a regular income stream that is used to pay investors an agreed rate of return, in lieu of interest payments which are not consistent with Islamic principles

Published 25 March 2021

Last updated 31 March 2021 [+ show all updates](#)

#### 1. 31 March 2021

Link to UK Sovereign Sukuk PLC's Offering Circular added

#### 2. 25 March 2021

First published.