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PRESS STATEMENT

YB MINISTER OF FINANCE II

DATO' SERI AHMAD HUSNI HANADZLAH

Earlier this morning, I presented a plan for the rationalisation of 1MDB to the Cabinet. This followed an announcement by 1MDB, in February 2015, of the conclusion of a strategic review. As has already been achieved with Edra Energy, this will see TRX and Bandar Malaysia established as standalone companies, with full autonomy and accountability for their operational and financial performance. Whilst options are being pursued with respect to the monetisation of Edra Energy, the Ministry of Finance will remain a key shareholder in TRX and Bandar Malaysia, which will raise equity via third party investors. Proceeds raised will be used for capital expenditure and to reduce 1MDB's debt.

Given the above, I am pleased to announce that 1MDB has entered into a binding agreement with the International Petroleum Investment Company ("IPIC") and its subsidiary Aabar Investments ("Aabar"). As part of this agreement, IPIC will make a payment of USD 1 billion, on or before 4 June 2015. This USD 1 billion payment will be used to repay a USD 975 million (RM3.5 billion) loan, in advance of its due date, to a syndicate of international bank lenders. The agreement will also include further measures to comprehensively address the various financial asset and liability transactions between the parties, further details of which will be announced in due course.

This agreement marks a significant step towards reducing 1MDB’s overall debt levels, and is a crucial part of the rationalization plan I presented to Cabinet earlier, which we expect to be implemented in full by early next year.

MINISTRY OF FINANCE
29 MAY 2015