

## **MEDIA STATEMENT**

**Kuala Lumpur, 24 February 2016**

### **Khazanah issues USD750 million inaugural US Dollar-denominated straight sukuk**

*Transaction enables Khazanah to refinance Penerbangan Malaysia Berhad guaranteed notes at significantly lower cost*

Khazanah Nasional Berhad (“Khazanah”) is pleased to announce that it has priced a 5-year USD750 million (equivalent to approximately RM3.15 billion) US Dollar-denominated straight sukuk (“USD Sukuk”) which will be issued via a Malaysian-incorporated special purpose vehicle Danga Capital Berhad (“Danga”). This will be Khazanah’s first USD straight sukuk issuance and Danga’s third foreign currency issuance under its Multicurrency Islamic Securities Programme.

The USD Sukuk was priced at a profit rate of 3.035% following an accelerated bookbuilding process which attracted demand of 1.5x booksize from financial institutions, asset management companies, statutory bodies and insurance companies. Despite challenging market conditions, Khazanah achieved its target issue size at a spread of 178 basis points above prevailing 5-year US Treasuries.

Proceeds of the USD Sukuk will be utilised to refinance Penerbangan Malaysia Berhad’s USD1.0 billion guaranteed notes maturing this year. Capitalising on low US Treasury yields, Khazanah was able to refinance these notes which are guaranteed by the Government of Malaysia at a savings of 2.590% per annum against the current 5.625% coupon while simultaneously reducing the Malaysian Government’s contingent liability.

The USD Sukuk, which is structured under the Shariah principle of Wakalah<sup>1</sup> utilising Shariah-compliant shares and Shariah-compliant commodities, will be listed on Bursa Malaysia Securities Berhad (under an Exempt Regime), Labuan International Financial Exchange Inc. (“LFX”) and the Singapore Exchange Securities Trading Limited (“SGX-ST”).

Khazanah Chief Financial Officer, Dato’ Mohd Izani Ghani said: “The USD Sukuk issuance demonstrates Khazanah’s ability to access the debt capital markets and achieve a competitive spread against a backdrop of market volatility. This issuance is another milestone for Khazanah, which has consistently closed innovative and landmark transactions.”

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<sup>1</sup> Wakalah is an agency contract whereby investors appoint an agent (or wakeel) to undertake certain activities or ventures which are in compliance with Shariah.



CIMB and DBS Bank Ltd. are the Joint Global Coordinators while CIMB, DBS Bank Ltd. and Standard Chartered Bank are Joint Bookrunner for this USD Sukuk offering. CIMB Islamic acted as the sole Shariah Adviser for the transaction.

**END**

*For further information on Khazanah, please visit [www.khazanah.com.my](http://www.khazanah.com.my) or contact Mohd Raslan Md Sharif at +603 2034 0000, or e-mail at [raslan.sbarif@khazanah.com.my](mailto:raslan.sbarif@khazanah.com.my).*

### **About Khazanah Nasional Berhad**

Khazanah Nasional Berhad (“Khazanah”) is the strategic investment fund of the Government of Malaysia entrusted to hold and manage the commercial assets of the Government and to undertake strategic investments. Khazanah is involved in various sectors such as power, telecommunications, financial institutions, healthcare, aviation, infrastructure, leisure & tourism, property, creative & media, education, and innovation & technology. Some of the key listed companies in Khazanah’s investment portfolio include Telekom Malaysia Bhd, Tenaga Nasional Bhd, CIMB Group, Axiata Group Bhd, IHH Healthcare Bhd, Malaysia Airports Holdings Bhd and UEM Sunrise Bhd. For further information on Khazanah, please visit [www.khazanah.com.my](http://www.khazanah.com.my).