

MEDIA STATEMENT
Kuala Lumpur, 4 June 2015

Khazanah issues world's first ringgit-denominated sustainable and responsible investment sukuk

Khazanah Nasional Berhad (“Khazanah”) successfully offered and priced a RM100 million seven-year Sustainable and Responsible Investment Sukuk (“the Sukuk”) to be issued via a Malaysian incorporated independent Special Purpose Vehicle, Ihsan Sukuk Bhd. (“Ihsan”). This issuance was pursuant to Ihsan’s RM1.0bn Sukuk Programme, the first programme approved under the Securities Commission Malaysia’s Sustainable and Responsible Investment Sukuk framework.

The Sukuk was priced at the price guidance of 4.30% p.a. and was fully subscribed through a day of book-building. There was participation from a diverse investor group including foundation, corporations, banks, pension fund and asset management companies.

The inaugural issuance proceeds will be used to fund schools under the Yayasan AMIR (“YA”) Trust School Programme identified for 2015. YA is a not-for-profit foundation incorporated by Khazanah to improve accessibility of quality education in Malaysian Government schools through a Public-Private Partnership with the Ministry of Education.

The Sukuk was launched by the Deputy Prime Minister and Education Minister, Tan Sri Muhyiddin Mohd Yassin on 18 May 2015.

“We are pleased, *Alhamdulillah*, with the issuance of this Sukuk which combines the education and Islamic finance sectors along with socially responsible investments through an innovative structure - demonstrating impact investing at its best, whilst being executed at competitive rates. The social impact sukuk is a new and powerful concept and investor awareness and responsiveness will increase further over time. It's a modest but good start,” said Khazanah Managing Director, Tan Sri Dato’ Azman Hj. Mokhtar.

“This first-ever Sustainable and Responsible Investment Sukuk issued by Ihsan marks another milestone in product innovation from Malaysia in the Islamic capital market. This achievement also reinforces the universality of the value proposition of Islamic finance,” said Securities Commission of Malaysia chairman, Datuk Ranjit Ajit Singh.

The social impact of this “Pay-for-Success” structure is measured using a set of predetermined Key Performance Indicators (“KPIs”) which are assessed over a five-year observation timeframe. If at maturity the KPIs are fully met, Sukukholders will forgo or contribute up to 6.22% of the nominal value due under the Sukuk, which in effect will reduce the yield to 3.5% p.a. The adjustment is considered as part of Sukukholders’ social obligation in recognizing the positive social impact generated by the Trust School Programme. If KPIs are not or partially not met, Sukukholders will receive up to the nominal value due under the Sukuk as agreed at issuance.

Another unique feature of this Sukuk is that it allows Sukukholders to convert their investment in the Sukuk into a donation at any point during the tenure.

The structure is in accordance with the Islamic principle of *Wakalah bil Istithmar*, which further attests Khazanah's continued effort to push the envelope on transaction innovation and the positioning for Islamic structures.

CIMB Investment Bank Berhad ("CIMB") is the sole Lead Arranger and sole Lead Manager, and Amanie Advisors Sdn Bhd and CIMB Islamic Bank Berhad are the joint Shariah Advisors for the deal.

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About 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, banking, healthcare, airport management, infrastructure, leisure & tourism, property development, broadcasting, investment holding, and 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, please visit www.khazanah.com.my