

MEDIA STATEMENT

Kuala Lumpur, 1 December 2006

Khazanah invests in Asia Capital Re, the first exclusively pan-Asia focused independent reinsurer and plans for Malaysian based joint ventures for reinsurance and retakaful units

Khazanah announced today its participation in the successful completion of a US\$620 million capital raising by ACR Capital Holdings Pte Ltd, the holding company of Asia Capital Re (“ACR”). ACR is supported by an outstanding investor group alongside Khazanah, combining a strong track record in private equity, extensive Asian ties as well as in-depth insurance and reinsurance expertise.

Khazanah has committed USD 200 million to ACR as a Cornerstone Investor which also includes 3i, a world leading private equity and venture capital company. The remaining equity investment comes from a blue chip syndicate of global investors including Och-Ziff, Morgan Stanley Private Equity, Credit Suisse Private Equity and the controlling shareholder of Investor AB.

This transaction marks the creation of the first exclusively pan-Asia focused independent reinsurer, formed to address the demands of the fast growing Asian property and casualty insurance industry. From day one of operations, the company will be a sizeable Asian reinsurer as measured by book value and one of the only few A-rated Asian reinsurance companies. ACR’s A-Financial Strength Rating from A.M. Best is also the highest rating ever obtained by a start-up company in Asia.

As part of Khazanah’s investment into ACR, Khazanah will together with ACR, set-up a Malaysian joint venture company to capture a portion of reinsurance premiums presently written outside of Malaysia. In addition, a Malaysia based pan Asian retakaful venture will be set up by Khazanah and ACR in the near future.

These partnerships will pave the way for technology transfer to develop human capital in the Malaysian reinsurance industry, which will benefit from ACR’s strong management team with international underwriting expertise that spans three continents.

Commenting on the transaction, Khazanah’s Managing Director, Dato' Azman Mokhtar, said "We are very excited with our investment in ACR. Our participation in developing a groundbreaking business in Asia not only allows us to firmly position Malaysia as key player in the insurance industry but will also enable us to drive the pan-Asian retakaful business in realising the aspirations of Malaysia International Islamic Financial Centre (“MIIFC”).

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About Khazanah Nasional Berhad

Khazanah is the investment holding arm of the Government of Malaysia entrusted to manage the assets held by the Government and to undertake strategic investments. Khazanah was incorporated under the Companies Act 1965 on 3 September 1993 as a public limited company. The share capital of Khazanah is owned by the Minister of Finance, a body corporate incorporated pursuant to the Minister of Finance (Incorporation) Act, 1957.

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