

MEDIA STATEMENT

Kuala Lumpur, 15 March 2012

KHAZANAH'S USD357.8 MILLION EXCHANGEABLE SUKUK ACHIEVES NEGATIVE YIELD AND REOPENS EQUITY-LINKED MARKET IN MALAYSIA

- **First Sukuk to be priced at negative yield while offering upside via exposure to China's attractive growth story**
- **First Malaysian equity-linked deal since early 2010**
- **Transaction received overwhelming demand from investors allowing the issue to be priced at negative yield to maturity**

Khazanah Nasional Berhad ("Khazanah") is pleased to announce the successful issuance of a seven-year benchmark exchangeable sukuk of USD357.8 million ("The Sukuk"), via an independent Labuan incorporated special purpose company, Pulai Capital Ltd., exchangeable into the shares of Parkson Retail Group Limited ("Parkson"), one of the largest department store operators in the People's Republic of China.

The Sukuk was successfully priced through an accelerated book-building process on 14 March 2012, and at the tightest end of the price guidance at -0.25% yield to maturity and 30.0% exchange premium. The transaction drew a demand of 3.4 times book size, attracting a diverse group of over 100 investors comprising long only funds, hedge funds, arbitrage funds as well as asset managers across Asia and Europe.

The negative yield which translates to the willingness of investors to pay for participation in this transaction indicates their confidence in Khazanah's solid credit standing and Parkson's growth prospects, which is underpinned by the positive outlook of China's consumption story.

The transaction has reopened the Malaysian equity-linked market, as the first Malaysian equity-linked transaction to be launched since early 2010. It is yet another milestone for Islamic finance and supports Malaysia International Islamic Financial Centre's (MIFC) initiative to promote Malaysia as a major hub for international Islamic finance.

The Sukuk has a maturity span of seven years with a put option on year 3 with zero periodic payment.

Khazanah's Managing Director, Tan Sri Dato' Azman Hj. Mokhtar said: "We are very pleased that this issuance has been executed at a very competitive price, setting a benchmark for sukuk issuances while the order book in excess of 3 times the issue size, underlines the market's strong confidence in Khazanah's credit."

Parkson, listed on the Stock Exchange of Hong Kong, is a leading department store operator in China, with 52 stores in prime locations in 34 major cities. It focuses on four categories of merchandise: Fashion & Apparel; Cosmetics & Accessories; Household & Electrical; and Groceries & Perishables.



CIMB Investment Bank Berhad, Deutsche Bank and J.P. Morgan are the joint bookrunners and joint lead managers on this transaction.

End

For further clarification, please contact Mohd Asuki Abas at +603 2034 0000, or via e-mail to asuki.abas@khazanah.com.my.

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, airport management, infrastructure, property development, broadcasting, semiconductor, steel production, electronics, investment holding, technology and venture capital. Some of the key listed companies in Khazanah's investment portfolio include Telekom Malaysia Berhad, Tenaga Nasional Berhad, CIMB Group, Malaysia Airlines System Berhad, Malaysia Airport Holdings Berhad, UEM Land Holdings Berhad, Axiata Group Berhad and Time dotCom Berhad.

For further information on Khazanah, please visit www.khazanah.com.my