

MEDIA STATEMENT

Kuala Lumpur, 13 June 2008

Khazanah's Fourth Year Annual Performance Review

- *Portfolio Net Worth up RM19.8 billion or 60% over the four years to 31st May 2008,*
- *Significant net sellers over the last 12 months, harvesting projected gains of RM7.8 billion,*
- *Continued progress in executing strategic mandate in GLC Transformation, Iskandar Malaysia, Strategic Investment Transactions and Restructurings and Capacity Building*

Khazanah Nasional Berhad (“Khazanah”) is pleased to announce today at its Annual Performance Review, continued progress in the execution of both its financial and strategic mandates.

FINANCIAL PERFORMANCE

After some four years into its new mandate, Khazanah's financial performance remains significantly positive despite the current soft market conditions. The key financial highlights include:

- **Net Worth** of its investment portfolio rose from RM33.3 billion in May 2004 to RM53.1 billion as at 31st May 2008, or an increase of RM19.8 billion or 59.5% over the period, translating to a compounded annual growth rate of 12.3%. However, in line with the soft market conditions over the last year, Net Worth has declined from RM62.2 billion on 31st May 2007 to RM53.1 billion on 31st May 2008. As at 31st May 2008, 88% of Khazanah's investment portfolio was in Malaysian assets.
- In line with its long-term commitment towards **progressive divestment** of its holdings, Khazanah has emerged as a net seller during the year under review to 31st May 2008, significantly harvesting early investments made over the last four years.
 - During the last twelve months to 31st May 2008, Khazanah has made or announced five major divestments in RHB Bank, Excelcomindo, Mobile One, Parkson and Lippo Bank with a projected gain of RM5.1 billion or a Holding Period Return (“HPR”) of 131%.
 - A further two major monetizations through the issuance of exchangeable Sukuks in PLUS and Parkson with a projected gain of RM2.7 billion or a HPR of 130%.
 - The combined projected gain from the seven divestments and monetizations exercise in the last 12 months therefore comes to a total of RM7.8 billion or a HPR of 131%
- A total of **42 new investments** amounting to RM28.6 billion have been made during the four year period to 31st May 2008, from which total gains of RM6.8 billion or HPR of 23.7% have been achieved as at 31st May 2008. Of this, 22 major domestic investments of RM21.2 billion and 20 foreign investments of RM7.5 billion were made.

STRATEGIC PERFORMANCE

Khazanah's **strategic performance** continues to gain momentum with selected highlights as follows

- The **Government-Linked Companies** (“GLC”) Transformation programme – with Khazanah as its secretariat – is now 40% complete and now into the Third Phase of its implementation from 2007 to 2010. Financial and operational progress on GLCs have been encouraging with, among other indicators:
 - Aggregate earnings of the G-20¹ GLCs jumping from RM10.0 billion in 2004 to RM19.1 billion in 2007, an increase of 91%
 - Market capitalization of the G-20 GLCs increasing by 58% or RM85 billion over the last four years and outperforming the broader KLCI marginally by 0.7%.
 - 76% of headline KPI achievement by G-20 and aggregate Economic Profit of G-20 in 2007 of RM3.9 billion against aggregate Economic Loss of RM1.2 billion in 2006

- Having delivered its role as master planner for the **Iskandar Malaysia** special economic zone, with the launch of the development corridor in November 2006, Khazanah is now principally executing its catalytic investment role through its subsidiaries, Iskandar Investment Berhad (formerly known as South Johor Investment Corporation) and the UEM Group. In this regard, recent key financial and operational achievements for Iskandar include:
 - Recording RM36.1 billion of committed investments in 19 months or 77% of the RM47 billion targeted investments for the first five years.
 - Significant increase in asset prices from recent transactions, with comparable land prices rising significantly from RM5 to RM8 psf in 2005 to RM 50 psf in 2008 to date, a six to ten fold increase in under three years.
 - Iskandar Investment Berhad (“IIB”) anchoring the first wave of foreign direct investments, principally from a Middle Eastern consortium in the Node 1 development between August 2007 and May 2008, with projected Gross Development Value of up to USD20 billion.
 - UEM Land's and IIB's continued progress in developing Iskandar Malaysia's flagship Zone B at Nusajaya, with completion and development in the Johor State Administrative Centre, Puteri Harbor, Southern Industrial and Logistics Cluster, Educuity, Medical City and other commercial, industrial and residential developments.

- Continued progress in executing **strategic transactions**, corporate restructurings and regionalization of investments and innovative financing. Key transactions during the year include:
 - The demerger of TM and TMI, creating two champions able to pursue distinct aspirations and strategies. (completed April 2008)

¹ G-20 – Group of 20 of the largest GLCs listed on the Bursa Malaysia

- The UEM Group restructuring and delayering, with the objective of unlocking value for shareholders and allowing shareholders to directly participate in UEM Land. (launched February 2008)
 - The TIME dotCom - DiGi alliance, expected to yield significant synergies from optimization of TdC's fibre network assets and cross selling of products. (completed May 2008)
 - The Lippo Bank - Bank Niaga merger, creating the fifth largest bank in Indonesia in terms of asset size with a network of over 650 branches. Khazanah expects to record gains of USD530 million from the transaction. (launched June 2008)
 - The acquisition of a 22.8% stake (worth SGD865 million) in Parkway Holdings, Singapore. Asia's leading private healthcare provider. (acquired May 2008)
 - Creation of ACR and ACR ReTakaful – a leading USD300 million reinsurance and retakaful venture. (launched 2007, ACR ReTakaful signed May 2008)
 - USD850 million issuance of PLUS exchangeable Sukuks. (June 2007)
 - USD647 million Parkson Retail Holdings Ltd. placement and exchangeable Sukuks. (March 2008)
- Continued progress in capacity building and commitment to Corporate Responsibility. Selected highlights include:
 - Staff strength rising to 296 currently from 226 at the end of May 2007.
 - Building of knowledge capital through among others The Khazanah Merdeka Series between July 2007 and March 2008 that included five Khazanah Global Lectures.
 - Contribution to education, human capital development through the PINTAR school adoption scheme, the GREEN unemployed graduates scheme, Yayasan Khazanah scholarships, collaboration with local and international universities and collaboration with Mercy Malaysia for disaster and humanitarian relief.

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