

MEDIA STATEMENT

Kuala Lumpur, 18 May 2015

Khazanah to issue first Ringgit-denominated sustainable and responsible investment sukuk

Khazanah Nasional Berhad (“Khazanah”) via a Malaysian-incorporated independent special purpose vehicle, Ihsan Sukuk Bhd (“Ihsan”), will be issuing its first Ringgit-denominated sustainable and responsible investment sukuk (“SRI Sukuk”). The SRI Sukuk was launched by the Deputy Prime Minister and the Minister of Education, YAB Tan Sri Muhyiddin Mohd Yassin, today.

The SRI Sukuk, which was mandated by the Khazanah Board of Directors, will be issued from Ihsan’s RM1.0bn Sukuk Programme, the first programme approved under Securities Commission Malaysia’s Sustainable and Responsible Investment Sukuk framework. The Sukuk Programme has been assigned a preliminary rating of AAA(s) by RAM Rating Services Berhad, reflecting Khazanah’s role as the credit obligor under the structure of the SRI Sukuk.

The inaugural issuance proceeds of this sukuk will be channeled to Yayasan AMIR (“YA”), a non-profit organisation initiated by Khazanah in 2010, to manage its cashflow for the deployment of the Trust Schools Programme for schools identified in 2015.

YA’s objective is to focus on improving accessibility to quality education in Malaysia’s government schools through its Trust Schools Programme, a Public-Private Partnership with the Ministry of Education. As at the end of 2014, the Yayasan AMIR Trust Schools Programme has a total of 30 schools in Kuala Lumpur, Johor and Sarawak, and impacts the lives of more than 20,000 students nationwide.

“This sukuk presents a new method for funding for the purpose of education and a means for investors to fulfil their corporate responsibility,” said Tan Sri Haji Muhyiddin, lauding Khazanah’s effort in introducing this innovative funding programme

He also calls on Malaysian corporates to support the sukuk which will enable the smooth roll-out of up to 20 new trust schools this year.

Meanwhile, according to Khazanah Managing Director, Tan Sri Azman Mokhtar, the SRI Sukuk provides an opportunity for the private sector to give back to society.

“We also hope that this sukuk will be a launch pad for more multidimensional debt offerings and innovative methods of social financing in the market in the future,” he said.

The social impact of this “Pay for Success” structure is measured using a set of pre-determined Key Performance Indicators (“KPIs”), which will be measured over a 5-year observation

timeframe. If at maturity, the KPIs are met, the sukukholders will forego a pre-agreed percentage of the nominal amount due under the SRI Sukuk as part of their social obligation in recognising the positive social impact generated by the Trust Schools Programme. On the other hand, if the KPIs are not met, the sukukholders will be entitled to the nominal amount due under the SRI Sukuk in full.

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

CIMB Investment Bank Berhad ("CIMB") is the sole Lead Arranger, and Amanie Advisors Sdn Bhd and CIMB Islamic Bank Berhad are the Joint Shariah Advisors for the RM1.0bn Sukuk Programme.

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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

About Yayasan AMIR

Yayasan AMIR is a not-for-profit foundation set up by Khazanah in 2010. Its principal activity is to collaborate with the Kementerian Pendidikan Malaysia (MoE) in response to the Government's call for a greater Public-Private Partnership in the education sector, to address the quality of education in Government schools via the Trust Schools Programme. Trust Schools are Government schools that are jointly managed by Yayasan AMIR and school principals, under the umbrella of the MOE. The inception of the Yayasan AMIR Trust Schools Programme is in line with the aspiration of the Malaysian Education Blueprint 2013-2025 which aims to provide opportunities for students to flourish and become knowledgeable Malaysians who think critically and creatively, and are equipped with leadership and communication skills.

For further information, please visit www.yayasanamir.org.my