MEDIA STATEMENT
Kuala Lumpur, 17 February 2010

Khazanah highlights further details of investment in Oriental University City Limited

Following Khazanah Nasional Berhad's ("Khazanah") announcement on 10 February 2010 titled *"Khazanah invests USD44 million in Oriental University City Limited"*, Khazanah wishes to highlight that its investment in Oriental University City Limited ("OUCL") fulfills both Khazanah's strategic objectives and financial returns requirement.

From a strategic perspective, Education is one of the key focus sector for Khazanah, where we currently have a direct stake in the International Medical University ("IMU") and indirect exposure via our investee companies, namely Iskandar Investment Berhad (Marlborough College Malaysia, Newcastle University Medicine Malaysia), Tenaga Nasional Berhad (Uniten), Telekom Malaysia Berhad (Multimedia University) and Pantai Holdings Berhad (Pantai Education).

The investment in OUC represents an extension to Khazanah's China and Education strategy, allowing Khazanah to achieve the dual objectives of (i) tapping into the expertise of Raffles Education Corporation Limited ("REC"), a company with proven track record in the education sector, especially in the vocational segment, both in China and the Asia Pacific; and (ii) capitalising on the upside of China's growing and under-served education sector which sees 26 million new students and is worth USD39 billion annually.

As with all investment evaluations, the detailed investment evaluation applied in this transaction as a matter of investment policy had looked significantly beyond the historical performance and valuation multiples for 2009 that was quoted in various reports. In addition to historical performance, the focus of this transaction being in the high-growth education sector in a high-growth economy is to concentrate more on a more complete set of valuation metrics involving inter alia forward-looking financial projections, inherent growth rates, forward Price/Earnings multiples and a Discounted Cash Flow ("DCF") model with an appropriate discount rate that properly reflects the risks involved in a high-growth investment opportunity. In this regard, in the case of OUC, it is especially important to note that the acquisition is being transacted as the business completes a substantial part of its financial year ending June 2010.

Suffice to say that the detailed investment evaluation more than satisfies stringent financial criteria that includes DCF valuations and internal rate of return ("IRR") estimates that are significantly above the risk-adjusted investment hurdle rates, forward earnings multiples that are comparable to industry averages, and compares favorably against inherent growth rates expected in the education sector in China. It should be highlighted that the investment has a clear and liquid path for exit if so desired through a planned listing over the medium term. In the event that the planned listing does not occur, the conditional Sale and Purchase ("S&P") Agreement for the 10% investment in OUC also comes with an inherent downside protection for Khazanah that will effectively protect Khazanah's capital investment and adequately covers Khazanah's cost of funds over the period. Taken together, the investment therefore represents a strong combination of robust upside potential in a sector and geography with exceptional growth prospects and significant downside protection.

Beyond this investment, Khazanah and REC are committed through this conditional S&P Agreement to jointly explore the viability of replicating such University City business models in Malaysia and other countries regionally. This initiative will support the country's human capital development objective by acquiring experience and expertise to address vocational skills shortage and improve employability of our graduates.

End

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