

Media Statement

Kuala Lumpur
Tuesday, 24 January 2006

Financial Close achieved for the Shuaibah Phase 3 Independent Water and Power Project in the Kingdom of Saudi Arabia

Khazanah Nasional Berhad (“Khazanah”) is pleased to announce that on 24 January 2006, Shuaibah Water and Electricity Company (“the Project Company”) has successfully achieved financial close for the Shuaibah Phase 3 Independent Water and Power Project (“the Project”).

The total project costs of USD2.5 billion is funded by a multi-tranche financing on a debt equity ratio of 80:20 comprising commercial facilities of USD875 million, Islamic financing of USD210 million, export credit financing of USD400 million from Hermes and USD455 million from Export-Import Bank of Korea (“K-Exim”) and balance from funds internally generated from the Project and equity bridge loan of approximately USD500 million. In addition, the financing also comprise USD72 million of standby commercial debt and USD18 million of standby equity bridge loan to cover any costs overruns.

The Project Company is 60% owned by the Saudi-Malaysia Water & Electricity Company Limited (“SAMAWEC”), a Saudi-Malaysia joint venture consortium, with the balance 40% interest in the Project Company to be held by Government of Saudi Arabia related entities. Khazanah through its wholly owned subsidiary, Desaru Investments (Cayman Island) Limited (“Desaru”) has a 12% effective equity interest in the Project Company.

Achieving the financial close marks another milestone for the Project which is the largest Greenfield IWPP project in the world. The project has been awarded PFI Power Deal of the Year for Europe Middle East and Africa.

Khazanah is positive on the long term prospect of the Project and the region. Khazanah will continue to look at future opportunities to participate in the Privatisation Program of the Government of KSA.

END

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. It has stakes in more than 40 companies with a combined market capitalization of more than RM150 billion (approximately USD40 billion). Khazanah's investments are in various sectors including finance, telecommunications, electric utilities, communication services, information technology and manufacturing.

About Shuaibah Phase 3 Independent Water and Power Project

The Project, to be developed at a cost of SR 9.1 billion (approximately US\$ 2.5 billion) on a Build Own and Operate basis, will be located adjacent to the existing Shuaibah generation and desalination complex 110 km south of Jeddah, on the western coast of Saudi Arabia. The Shuaibah Phase 3 Plant will supply 880,000 cubic meter of water per day and 900 megawatt of power to Makkah, Jeddah, Al-Taif and Al-Baha and is expected to begin commercial operations in 2009.

This will be the first Independent Water and Power Project to be developed in the Kingdom of Saudi Arabia and represents a major development in the country's water and power sector. The indicative Project timetable is for Construction of the Plant to begin around January 2006 with Project Commercial Operation Date scheduled for January 2009. The Government has indicated that there will be another three similar project opportunities available in the future following this Project.

For further information, please contact Ahmad Shahizam Shariff at +603 2034 0000 or via e-mail to ahmad@khazanah.com.my