

Arul says 1MDB has not defaulted on its loan repayments

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Strategic development company 1MDB has not defaulted on its loan repayments and is fully committed to its obligation to repay its debts of RM42 billion.

The move would give more breathing space for the company to effectively implement its rationalisation plan, said president and group executive director Arul Kanda.

“We have consistently met both our interest and principal debt repayments on time,” he said.

“In the course of 2015, we have repaid the principal and serviced the interest,” he told reporters after a recording a special programme entitled ‘Bernama TV with Arul Kanda’ to be aired tomorrow at 10pm on Astro 502, HyppTV 410 and www.bernama.com.

“Obviously, we have interest to pay as and when it’s due,” he said.

1MDB’s fully disclosed audited and publicly available accounts from March 31, 2010 to March 31, 2014 showed that its total debts stood at RM42 billion.

Arul Kanda said that in February 2015, 1MDB repaid a RM2 billion loan to a consortium of local banks and subsequent to that, it paid around RM800 million in principal repayments relating to debts with other local banks.

In June, 1MDB repaid RM3.6 billion, or a US\$975 million, syndicated loan to a consortium of foreign banks led by Deutsche Bank.

“In the course of the year we’ve consistently met our principal repayment and paid the interest on the debts of 1MDB,” he said.

Right now, Arul said 1MDB was focusing on its rationalisation plan which was announced in June.

The plan consists of three key parts - firstly, involving the sale of equities in energy company, Edra Global Energy Bhd, with the intention of reducing 1MDB’s debts by between RM16 and RM18 billion through the sale of Edra’s power assets.

Secondly, is the debt equity swap with Abu Dhabi wealth fund International Petroleum Investment Co (IPIC).

The deal would see IPIC taking over certain debts in return for 1MDB transferring to IPIC the US dollar cash and fund units that 1MDB owned. This exercise would reduce 1MDB’s total debts by about RM16 billion.

Lastly, is the sale of 1MDB's equity in Bandar Malaysia valued around RM11 billion.

Arul said the total sale of these assets would lead to a substantial reduction in 1MDB's total debts.

Key element

As for Bandar Malaysia, which attracted significant investor interest from China, the Middle East and domestic companies, he expressed hope that 1MDB will receive final binding bids for development partners in two weeks.

He said the partners could be a mixture of domestic and international investors on their own or by way of forming a consortium.

Two weeks ago, 1MDB announced that four bidders have been shortlisted as development partners for Bandar Malaysia's entire 197ha.

"We remain confident that in a few weeks we should get the final binding bids in order for us to decide who should become the development partner for Bandar Malaysia," he said.

Touching on the Tun Razak Exchange (TRX), Arul said 1MDB sold several plots of land in TRX for RM1.3 billion to both international and domestic investments.

Going forward, he said what is most significant is to ensure that 1MDB met its debt obligations and infrastructure commitment for both TRX and Bandar Malaysia.

"This is the key element to ensure that the rationalisation plan can succeed.

"We are meeting interest and principal repayments and then we will be given breathing space to achieve this objective," he said.

- *Bernama*