

**IPIC says Putrajaya, 1MDB liable for claims as rescue plan terminated**  
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Abu Dhabi-based International Petroleum Investment Company (IPIC) said the rescue plan for 1MDB, in the form of a binding term sheet it entered into with the company and Malaysia's Ministry of Finance (MOF) last year, has been terminated.

In an announcement to the London Stock Exchange today, IPIC said it and its subsidiary Aabar Investment PJS are no longer obligated as 1MDB and Malaysia's MOF have failed to cough up over US\$1 billion as promised.

"IPIC has performed all of its obligations to date under the binding term sheet.

"1MDB and MOF have failed to perform certain payment and other obligations owed by them to the IPIC group pursuant to the terms of the binding term sheet, including the obligation to pay to IPIC US\$1,102,725,000 plus interest accruing under the terms of the binding term sheet.

"As a result, 1MDB and MOF are in default pursuant to the terms of the binding term sheet and IPIC's and Aabar's obligations under the binding term sheet have been terminated," it said.

The announcement comes amid reports that IPIC is refusing to pay US\$50 million in interest on behalf of 1MDB, due tomorrow, for the Malaysian funds' US\$3.5 billion bond, potentially sending 1MDB into default.

Ahead of the impending default, IPIC said if any claims are made against the Abu Dhabi fund, 1MDB and MOF would be held liable.

"1MDB and MOF continue to be bound by their respective obligations under the terms of the binding term sheet, including their continued indemnification of IPIC and Aabar for any non-performance under the binding term sheet and in relation to any claims which may be made against IPIC pursuant to the guarantees entered into by IPIC in respect of certain 1MDB group bond issuances," it said.

1MDB had previously said its rescue deal with IPIC will ultimately see the state fund reducing its debt by RM16 billion.

However, this is now unlikely to happen with IPIC declaring its obligation in the binding term sheet to be terminated.

IPIC said in light of non-payment by 1MDB and MOF of the money owed to it, it is now considering its options on the matter.

"Following such default, IPIC and Aabar have engaged with, and extended opportunities to, both 1MDB and MOF to remedy their defaults without success.

"IPIC and Aabar have now reserved all of their rights under the binding term sheet and are considering their options in relation to this dispute, including referring the matter to the appropriate dispute resolution forum," it said.

Under the original rescue agreement entered into on May 28, 2015, IPIC on June 4 that year provided US\$1 billion to 1MDB to repay a US\$975 million loan owed to a consortium of banks led by Deutsche Bank which had demanded early repayment.

IPIC also assumed the obligation to pay all interest due from 1MDB's US\$3.5 billion bonds.

It would eventually also assume responsibility for the repayment of the entire US\$3.5 billion sum as well as forgive certain 1MDB debt owed to IPIC.

These would have been in exchange for 1MDB assets of similar value by June 30, 2016.

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