

IPIC says would make 1MDB payment after default

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Reuters

Abu Dhabi's state-owned International Petroleum Investment Co (IPIC) said it would make a US\$50.3 million interest payment to holders of notes issued by Malaysian state fund 1MDB, but only after 1MDB defaults on its payments.

A default by 1MDB will occur if the troubled Malaysian sovereign fund fails to make a payment on the 1MDB Energy (Langat) Limited bond before Monday, April 25, IPIC said in a filing to the London Stock Exchange today.

IPIC guarantees the bond.

The coupon on the US\$1.75 billion bond was due on April 18, but terms of the bond gave a five-day period of grace for the payment, which ends today.

The Abu Dhabi fund said neither 1MDB Energy (Langat) Limited nor 1MDB have made the payment so far. It said the guarantee has not been called upon yet.

"As at the time of this announcement, IPIC is not aware of the Guarantee being called upon. IPIC has always honoured its obligations arising from any agreements it has entered in to and will continue to do so," it said in the statement.

It was not clear whether a default had already occurred. 1MDB did not immediately respond to a request for comment.

IPIC said a 1MDB default would not mean a cross-default by IPIC on its own debts.

While the interest on the bond was widely expected to be paid, the stand-off between the two state firms, who are locked in a wider dispute, has worried markets and left bondholders waiting on the payment that was due today.

The Malaysian state investor said the interest was owed by International Petroleum Investment Company (IPIC) following an agreement struck on June 4, 2015.

But IPIC called off the deal earlier this month, saying 1MDB and its sole shareholder, Malaysia's Finance Ministry, had failed to meet their obligations, including the full payment of US\$1.1 billion plus interest and that they were now in default.

1MDB's 4.4 percent US\$3 billion 2023 was still trading steady in the low 90s. The 5.99 percent US\$1.75 billion 2022 is at 99.5/100.

Malaysian Prime Minister Najib Abdul Razak heads the advisory board of 1MDB, which is at

the centre of a multi-billion dollar corruption scandal. Money-laundering investigations concerning

the fund are now under way in at least six countries including the United States, Switzerland and Singapore.

- Reuters

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