

1MDB says keeping options open on May 11 coupon payments

MalaysiaKini.com

Apr 26th, 2016

Reuters

The president of troubled Malaysian state fund 1Malaysia Development Berhad (1MDB) said today it was keeping its options open on another coupon payment for a US\$1.75 billion bond that is coming up on May 11.

“We are keeping our options open on the May 11 coupon and will deal with the payment closer to time,” Arul Kanda Kandasamy said in an interview with *Reuters*.

Under the terms of an agreement reached in June last year, Abu Dhabi sovereign fund International Petroleum Investment Co (IPIC) was to pay the interest for the bond.

But IPIC terminated the deal and said 1MDB was in default.

“The guarantee is clear and there is no dispute - IPIC said they will pay under the guarantee and 1MDB as the borrower is the primary obligor,” said Arul.

The May 11 coupon payment is for a fixed rate 5.99 percent on the US\$1.75 billion 1MDB Energy Limited notes.

1MDB said earlier today it did not pay a US\$50.3 million coupon on another US\$1.75 billion bond, following a stand-off with IPIC, triggering cross-defaults on some of its other bonds.

Arul also said he was open to resolving this non-payment issue with IPIC in the best interest of stakeholders.

He said the Malaysian fund had no plans to make an early payment on the bonds.

- *Reuters*