

## **1MDB cites IPIC dispute for non-payment of bond interest**

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Claiming that it has funds to spare, 1MDB said it deferred payment on the US\$52.4 million interest due on the US\$1.75 billion bonds issued by its subsidiary 1MDB Energy Limited (Energy Notes), citing ongoing dispute with International Petroleum Investment Company (IPIC) as the reason.

It also noted that IPIC has [made payment](#) on the interest which was due today.

"Whilst 1MDB has more than sufficient funds to have made the interest payment, it has not done so for the Energy Notes and for an earlier interest payment for the US\$1.75 billion fixed rate 5.75 percent notes due 2022 issued by 1MDB Energy (Langat) Limited (Langat Notes), due to the ongoing dispute between 1MDB and IPIC.

"All of 1MDB's rights are reserved with respect to that dispute," said the government investment arm in a statement.

1MDB also said that it is committed to working openly with IPIC to resolve the dispute.

The Abu Dhabi-based investment fund also declared that it intends to bill the amount it paid for the interest along with an earlier US\$50.3 million payment for the Langat Notes to 1MDB and Malaysia's Finance Ministry, plus interest as well as other claims, to the tune of US\$1.2 billion.

This is according to a [disclosure](#) that IPIC sent to the London Stock Exchange over the matter.

In the same statement, 1MDB also stated that it has recently started an engagement process for its US dollar denominated bondholders to explain to them the nature of its dispute with IPIC.

As explained in a series of statements earlier, 1MDB hoped that if it can show the bondholders that its recent defaults are not because of lack of funds but because a legal

dispute, then the bondholders won't activate clauses in their bonds that will call for expedited payments that may spell trouble for the sovereign fund.

### **MOF informed on the dispute**

Meanwhile, the Finance Ministry (MOF) said it has been informed by 1MDB on the dispute with IPIC.

"The MOF reiterates that this commercial dispute is to be resolved between the two corporate organisations.

"The MOF highlights that it will continue to fulfil all of its outstanding financial commitments including any explicitly guaranteed debt and debt which carries a government letter of support, to domestic and international investors," it said in a press release.

IPIC and 1MDB got into a dispute over claims of breaches of their earlier agreement where the Abu Dhabi-based state investment arm was supposed to take over the Malaysian sovereign fund's debts and obligations.

The Abu Dhabi fund is claiming that 1MDB failed to disburse payments and transfer assets to it in lieu of the debts it agreed to shoulder, as such it said it is no longer obligated to pay the interests and debts owed by 1MDB.

1MDB however said that it has held up its end of the bargain and demands that IPIC honour their earlier commitment.

The dispute has led to 1MDB technically **defaulting** on two bond interest payments IPIC had earlier agreed to pay off.