

IPIC takes 1MDB, MOF to international arbitration over US\$6.5b claim
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The International Petroleum Investment Company (IPIC) and its subsidiary Aabar Investments PJS (Aabar) have submitted a Request for Arbitration (RFA) to the London Court of International Arbitration over its US\$6.5 billion claim against 1MDB and the Ministry of Finance Incorporated (MoF).

"The RFA concerns the failure by 1MDB and MoF to perform their contractual obligations under the binding term sheet (BTS) as described in IPIC GMTN Limited's announcement of June 10, 2015 (RNS Number 7064P)," read the disclosure sent by IPIC to the London Stock Exchange today.

The BTS referred to was the agreement signed between IPIC and 1MDB, whereby the Abu Dhabi-based firm will take over liabilities of the government investment arm for two of its bond issues in return for cash payments and asset transfers.

IPIC, however, has claimed that 1MDB and the MOF have failed to live up to their end of the bargain after the assets never materialised and monies meant for Aabar was somehow diverted to another company with nearly the same name but based in the British Virgin Islands instead of Dubai.

This has led to IPIC backing out of the white knight deal to assume 1MDB's debts, specifically to pay off several recently due interest payments which 1MDB had then **defaulted** on. As it is also guarantor of the bonds, IPIC paid the interests but is claiming the amount from both 1MDB and MoF.

1MDB, however, claims that allegations of missing funds notwithstanding, it has lived up to its end of the deal and transferred monies to firms it believed were IPIC-linked and expected the Abu-Dhabi firm to abide by its obligations under the BTS.

IPIC stated that the failure of 1MDB and MoF to perform their obligations, cure their defaults or put forward acceptable proposals has left IPIC in the position where it must pursue its claims in arbitration which it says amounts to US\$6.5 billion.

"The claim will be determined by an arbitral tribunal that will comprise three arbitrators in accordance with the BTS and the LCIA Rules," said IPIC in the disclosure.

In an immediate response, 1MDB said that it took note of the RFA to the London Court of International Arbitration.

"1MDB and its legal counsel will review the request for arbitration once it has been served with a copy," the sovereign fund said in a statement.

1MDB also reiterates its stand that notwithstanding the dispute with IPIC, it has a strong liquidity position and is able to honour its current debt obligations.

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