

## **KINIGUIDE | MAHB deal: What is GIP and is it linked to Israel?**

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KINIGUIDE | Khazanah Nasional Berhad announced on May 15 that it is leading a consortium, Gateway Development Alliance (GDA), in a pre-conditional voluntary offer to acquire all the shares in Malaysia Airports Berhad (MAHB) not yet owned by the consortium at an offer price of RM11 a share.

The consortium's shareholders also comprise a joint venture between the Abu Dhabi Investment Authority (Adia) and Global Infrastructure Partners (GIP) - through GIP Aurea Pte Ltd.

However, Machang MP Wan Ahmad Fayhsal Wan Ahmad Kamal claimed that the deal would undermine the prime minister and Malaysia's standing as champions of Palestine.

This Kiniguide will explore the deal, the firms involved and why it is courting brickbats from the opposition.

**What is the deal?**

MAHB is the primary concessionaire for airports in Malaysia as it manages 39 airports across the country.

According to a copy of the pre-conditional offer found online, GDA intends to take over the remaining 1,118,098,325 ordinary shares in MAHB that it does not already own.

This is part of efforts to take MAHB private. Khazanah said in a statement that GDA believes lasting positive economic results will be seen from the move.

“The consortium believes that these objectives will be best achieved by MAHB as a private entity, taking a long-term approach to decision-making and capital investment and benefiting from international technical expertise,” it said.

Once pre-conditions are met, Khazanah said the consortium would own at least 90 percent of MAHB’s issued share capital.

MAHB is reportedly expected to be delisted from Bursa Malaysia once pre-conditions are met and the offer is completed, which should occur in the fourth quarter of this year, it added.

**What is GDA?**

The pre-conditional offer said that GDA was incorporated in Malaysia in March, with Mohd Asrul Ab Rahim as its director.

An online profile stated that Asrul is a senior vice president in the investments division of Khazanah.

GDA was created specifically for the joint undertaking of the offer between Pantai Panorama Sdn Bhd (PPSB), Kwasa Aktif Sdn Bhd (KASB) and GIP Aurea.

Little information was found online about KASB. The same was found for PPSB, although there is a condominium of the same name located in Kerinchi, Kuala Lumpur.

The pre-conditional offer states that PPSB is an indirect wholly-owned subsidiary of Khazanah.

PPSB holds 550,456,107 shares, representing 32.99 percent of the total issued share capital of MAHB, transferred from Khazanah.

### **Who is involved?**

The GIP entity involved in the deal, GIP Aurea, was established in Singapore and is 83.3 percent owned by GIP, a report from The Edge said.

The pre-conditional offer states that GIP Aurea would have a 30 percent effective economic interest in MAHB if the deal materialised.

This would make GIP's effective stake in MAHB 25 percent. It is to be noted that GIP was established in 2006.

### **So, what's the controversy?**

Blackrock, an American multinational investment company announced in January that it is in the midst of acquiring GIP for US\$3 billion (RM14 billion) in cash.

A separate report stated that the acquisition would be completed by the third quarter of this year.

Blackrock has been accused of being a supporter of the Israeli regime because it owns shares in five arms manufacturers supplying weapons to the Israeli Defence Force.

As such, supporters of the Palestinian cause in the US targeted the company in a wave of boycotts and protests.

The following information was found on Fintel.io, which uses information from

the companies' filings with the US Securities and Exchange Commission:

- 8,292,313 shares or 7.40 percent of Lockheed Martin, which manufactures the fleet of fighter jets used by the Israel Defence Force in its attacks on Gaza.
- 36,652,729 shares (6.40 percent) in Boeing, which describes itself as the “partner of Israeli commercial aviation in general and Israel’s flagship airline El Al in particular since the day it was founded”. It also supplies the IDF with F-15 fighters and AH-64 attack helicopters.
- 14,500,792 shares (5.30 percent) in General Dynamics Corporation, which reportedly supplies the Israeli military with weapons including a variety of aerial bombs.
- 9,492,177 shares (6.30 percent) in Northrop Grumman Corporation, which reportedly supplies the IDF with fire-control radars for its aircraft and ships for its navy.
- 104,985,755 shares (7.30 percent) in RTX Corporation (formerly known as Raytheon Technologies Corp), which reportedly supplies missiles for Israel’s Iron Dome defence system.

Besides that, the company has a branch located in Tel Aviv.

In June last year, Blackrock acquired British-Israeli company Kreos Capital, which the former described as “the leading venture and growth debt provider in Europe and Israel” on its site.

### **Why is GIP involved in the MAHB deal?**

GIP invests in infrastructure globally and several international airports under its portfolio.

Khazanah described GIP as “one of the world’s premier infrastructure investors and an experienced airport owner and manager”.

However, Wan Fahysal, in questioning GIP’s involvement, pointed out that GIP manages some of the worst airports in the world.

He was referring to the GIP-managed Sydney Airport in Australia and the Gatwick Airport in London, ranked among the worst airports in the world.

However, GIP also owns the London City Airport, which is ranked the 80th best in the world according to Skytrax’s Top 100 Airports for 2024 listing.

The Kuala Lumpur International Airport is ranked 71.

### **Other responses to GIP's Zionist links**

Aside from Wan Fahysal, Perikatan Nasional Youth chief Afnan Hamimi Taib Azamudden raised concerns about a pro-Zionist company having shares in MAHB.

“This should not happen. Malaysia has reiterated its decision to refrain from normalising any relationship with Israel. This should include trade relationships too,” he said in a statement.

Afnan added that GIP's participation in MAHB would allow the latter to gain profit and contribute to Israel's actions against Palestine.

At the same time, Transport Minister Anthony Loke reportedly insisted that he did not deceive Parliament when he earlier said that MAHB was not going to be sold to GIP.

“I stand by what I said... he (Wan Fayhsal) said MAHB was going to be sold to GIP, which is not true, so, I did not mislead Parliament,” he was quoted as saying.

In March, he reportedly told the Dewan Rakyat “that there has been no official

announcement indicating our intention to sell (MAHB) to GIP”.

Meanwhile, Prime Minister Anwar Ibrahim dismissed such reports on May 17, calling them baseless.

He accused the opposition of trying to incite the public against the government by making the allegation.

“...nothing positive from them (opposition). They are jealous and only want to incite hatred.

“When we met with Hamas leader Ismail Haniyeh, it didn’t change them (opposition). They only rely on slander and incitement.

“Even when our ringgit and local markets strengthen, that only upset them,” Bernama reported him as saying during a working visit to Kazakhstan.

It is to note that Anwar serves as Khazanah’s chairperson, with Finance Minister II Amir Hamzah Azizan as one of its directors.

Will privatising MAHB help local economy?

So far, investors have expressed scepticism over the move.

According to a report from The Edge on May 16, Endau Analytics founder Shukor Yusof said there seems to be no reason how it could benefit airports here.

“And this privatisation idea has been drummed up without much thought on how MAHB can be the agent of change for the aviation industry in Malaysia,” he was quoted as saying.

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