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Najib: 1MDB, IPIC agree for 'good faith negotiations'

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PRIME Minister Datuk Seri Mohd Najib Razak said 1Malaysia Development Bhd (1MDB) and Abu Dhabi's International Petroleum Investment Co (IPIC) have agreed for "good faith negotiations" after the two entities reached for an out-of-court debt settlement in April this year.

In a written parliamentary reply, he said among others, some of the settlement terms agreed upon are for 1MDB to make "certain payments" to IPIC, and take responsibility on all future interest and principal payments for two bonds

issued by companies under the 1MDB Group, which ends in 2022.

"In addition, 1MDB and IPIC have also agreed to execute negotiations honestly (good faith negotiations) in relation to the monies paid by 1MDB to certain entities," Najib, who is also the finance minister, said.

IPIC will still remain as guarantors for both the bonds, he said in response to Selayang MP William Leong Jee Keen.

On April 24, 1MDB confirmed that it reached a deal with IPIC to settle a debt dispute worth RM5.8 billion.

"These obligations will be met by 1MDB, primarily via

monetisation of 1MDB-owned investment fund units," it said in a statement.

IPIC, Aabar Investments PJS, the Malaysian Minister of Finance Inc (MoF Inc) and 1MDB reached a settlement agreement related to arbitration proceedings at the London Court of International Arbitration.

The agreement was conditional on the arbitration tribunal making a consent award by May 31, 2017.

Under the settlement terms, IPIC will receive an amount of US\$602,725,000 (RM2.58 billion) by July 31, 2017, and a further US\$602,725,000 by Dec 31, 2017.

Separately, 1MDB and MoF

Inc undertake to IPIC to assume responsibility for all future interest and principal payments under the two bonds issued by 1MDB Group companies that are guaranteed by 1MDB and IPIC — the US\$1.75 billion fixed rate 5.75% notes due in 2022 issued by 1MDB Energy (Langat) Ltd and US\$1.75 billion fixed rate 5.99% notes due 2022 issued by 1MDB Energy Ltd.

"The parties have also agreed to enter into good faith discussions in relation to payments made by 1MDB Group to certain entities," IPIC told the London Stock Exchange on April 24 this year.