

**1MDB's KLIFD gets Budget boost**  
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KUALA LUMPUR, Oct 7 — The Kuala Lumpur International Financial District (KLIFD) was given a boost in the form of tax incentives announced by Prime Minister Datuk Seri Najib Razak in his Budget 2012 speech today.

KLIFD-status companies will be exempted from income tax for 10 years as well as stamp duty on loan and service agreements in a bid to jump start the RM26 billion project helmed by 1Malaysia Development Bhd (1MDB).

Marquee status companies will also be given industrial building and accelerated capital allowances while property developers in KLIFD can expect to enjoy 70 per cent income tax exemption for a period of five years.

KLIFD is a high-end mega property project that includes the development of a world-class financial hub that is expected to cluster many Islamic and conventional financial institutions with key regulators and professional service firms.

1MDB and strategic partner Mubadala Development Company will spearhead the 34.4-hectare development, which will leverage on Malaysia's leadership in global Islamic finance to make Malaysia the preferred financial hub of the world.

Abu Dhabi-based Mubadala has also pledged to pick a leading Abu Dhabi financial institution as anchor bank for KLIFD.

1MDB was formed in March 2009 as the Terengganu Investment Authority (TIA) state wealth fund, with an original fund size of RM5 billion from the federal government and another RM6 billion from the securitisation of Terengganu's future annual oil royalty.

After the initial RM5 billion was raised by a government guarantee, a reported dispute over control of the fund arose before TIA was federalised under its current name and granted a mandate to pursue sustainable economic development.

1MDB has since signed various multi-billion agreements with Middle Eastern and Chinese firms to explore projects in the energy sector and carbon-neutral property developments, including the 162-hectare Sungai Besi Airport redevelopment.

Last month, Putrajaya announced that the debt-burdened national sewerage company, Indah Water Consortium (IWK), would be privatised into a consortium led by 1MDB.

Under the proposed deal, the 1MDB consortium will acquire IWK from Ministry of Finance Inc for RM1 and take over its debts, which include more than RM1.5 billion in loans still owed to the ministry.

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