

Indonesian tycoon denies interest in 1MDB's TRX, says no 'special treatment' from friendship with Najib

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KUALA LUMPUR, June 24 — Indonesian billionaire Tan Sri Peter Sondakh has rubbished speculation that his Rajawali Group would invest in debt-ridden 1Malaysia Development Berhad (1MDB)'s Tun Razak Exchange (TRX) project.

The business tycoon also acknowledged his friendship with Prime Minister Datuk Seri Najib Razak in an interview with Malaysian newspaper *The Star* published today, but denied that it had eased his business dealings in Malaysia and insisted that his firm does not get "special treatment".

"I am not interested in TRX," the Rajawali Group chairman and chief executive officer was quoted saying in the paper's business pullout, StarBiz.

"We have enough property business in Malaysia and our portfolio for property is fully-utilised. We have no more funds for property in Malaysia. Maybe other things, but not property."

In the interview, Sondakh said he was acquainted with many influential leaders and named former US president Bill Clinton, former British prime minister John Major and US billionaire Warren Buffett.

"I go around in government missions... and so yes I do know Najib. What's wrong with that?" he was quoted asking.

Sondakh said his group had purchased Westin Langkawi Resort and Spa through a 2005 tender and owns the Sheraton Imperial hotel after taking over a Malaysian bank's bad debts.

On a joint venture with the Ministry of Finance Inc (MoF) to build the RM300 million St Regis Langkawi luxury hotel, Sondakh attributed it to his group's success in a St Regis hotel development in Bali.

"I do not call anybody and I don't get any help from anybody (in Malaysia)," he was quoted saying.

Yesterday, StarBiz also reported Sondakh as denying meeting Najib over a proposed deal multi-billion ringgit deal between Rajawali's plantation arm and Felda Global Ventures Holdings Bhd (FGV), saying instead that a Malaysian bank acting for FGV had initiated the deal about six weeks ago.

Last week, FGV reportedly announced its proposal to pay US\$680million (RM2.55 billion) for 37 per cent of shares in Rajawali's Eagle High Plantations, through cash (US\$632 million or RM2.37 billion) for 30 per cent and 95 million new FGV shares for the remaining 7 per cent stake.

According to StarBiz, FGV was criticised for the planned buying of Eagle High Plantations shares at almost 75 per cent above the latter's trading price of below 400 rupiah, with the deal valuing the share value at 770 rupiah per share.

Responding to claims that financially-troubled FGV was overpaying for the Eagle High Plantations stake together with an "exorbitant deposit", Sondakh reportedly felt these allegations were unjustified, pointing out that his firm would have preferred a higher selling price but had finally chosen FGV due to the potential synergy opportunities.

"Honestly we were seeking a higher price. There were other parties that had expressed interest but we preferred FGV for the synergies it offered us. FGV has a downstream business and is present in 13 countries," he said, noting that Malaysian listed firm's strength in oleochemicals and sugar refinery, besides FELDA having the "best" seeds and research and development.

Among other things, Sondakh also defended the price tag for the 37 per cent stake, pointing out that buying Indonesia's third largest plantation – Eagle High Plantations – was close to impossible and that no owners are willing to sell a big stake in their established plantations there.

Sondakh also defended the US\$174.5 million deposit that will be refunded to FGV upon completion of the deal, noting that the Malaysian firm had agreed to it and that his firm wanted to be sure that the former was serious.

"Anyway the deposit is refundable. I cannot do anything with the deposit. If it's not refundable, then there is a valid question," the 63-year-old was quoted saying, adding that the deposit is a requirement imposed on anyone that wants to do a due diligence to buy shares in Eagle High.

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