

**RM2.4 billion sukuk utilitised as per deal, says 1MDB
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1Malaysia Development Bhd (1MDB) today denied claims it had not accounted for part of the RM2.4 billion sukuk it issued in 2014 through Bandar Malaysia Sdn Bhd (BMSB), saying it had been utilised in accordance with its agreement.

The state-owned investment firm said the sukuk had been used to partly finance the cost of relocating the air force base at Sungai Besi, pre-fund the fees and expenses of the sukuk programme, fund the requisite financing reserve accounts, and fund the working capital requirements of 1MDB Real Estate Sdn Bhd (now known as TRX City Sdn Bhd).

It was responding to claims by PKR's Rafizi Ramli who said that RM1.6 billion of the sukuk issued had yet to be accounted for.

"YB Rafizi Ramli appears to suggest that proceeds from the Bandar Malaysia Sdn Bhd Sukuk may not have been properly utilised.

"1MDB strongly denies this allegation and confirms that the proceeds raised by Bandar Malaysia Sdn Bhd have in fact been utilised in accordance with the terms of Sukuk Programme Agreement," said 1MDB in a statement this evening.

Rafizi today said the RM2.4 billion sukuk was initially issued to fund the cost of relocating the airbase or Pangkalan Udara Kuala Lumpur (PUKL), yet 1MDB's previous statements suggested only RM800 million had been used for that purpose.

Rafizi also expressed concern over the fact that China Railway Express Corporation Limited (CREC) may be involved in the relocation of the army base, since the company was linked to the Chinese government.

CREC and Iskandar Waterfront Holdings Sdn Bhd (IWH) are part of a consortium that purchased 60% Bandar Malaysia equity from 1MDB.

1MDB rubbished the Pandan MP's concerns, saying he had ignored its January 6 statement which already clarified that no foreign company would be involved in PUKL's relocation.

"Perbadanan Perwira Hartanah Malaysia (PPHM, a 100% subsidiary of Lembaga Tabung Angkatan Tentera) is and continues to be, the turn key contractor to deliver the construction aspects of the PUKL relocation.

"PPHM has, in turn, appointed over 50 qualified Bumiputera contractors as sub-contractors to deliver various aspects of the construction," said 1MDB.

It said these contractors had been approved by the relevant authorities and construction was supervised by the Ministry of Defence and Ministry of Home Affairs.

"As the construction will continue to be carried out by the current approved contractors, there is, therefore, no question of any impact on national security through the sale by 1MDB of its 60% interest in the Bandar Malaysia project.

"Having executed legally binding agreements for the three main pillars of its rationalisation plan per the six month deadline committed by the government of Malaysia, 1MDB is now fully focused on implementing the terms of the agreements and achieving completion."

1MDB on December 31 announced it agreed to sell 60% of its equity in Bandar Malaysia to the IWH-CREC consortium for RM7.41 billion, as part of its rationalisation plan to reduce its massive debts. – January 12, 2016.

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