

Unhappy, Rafizi wants 1MDB to explain use of sukuk fund

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Unsatisfied with 1Malaysia Development Berhad's (1MDB) explanation, PKR lawmaker Rafizi Ramli today challenged the company to disclose details on how it used the sukuk funds.

He said 1MDB last night failed to address his main query, which was what had happened to the RM1.6 billion from the RM2.4 billion sukuk issued through Bandar Malaysia Sdn Bhd in 2014.

1MDB yesterday denied Rafizi's remarks and insisted the RM2.4 billion sukuk had been utilised in accordance with its agreement.

1MDB reportedly said the sukuk had been used to partly finance the relocation of 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).

"1MDB's feedback did not answer the issues I raised and was an attempt to confuse the public," said the PKR secretary-general.

He said his initial questions were based on facts that 1MDB had admitted there was still a remainder of RM1.9 billion out of the total cost of RM2.7 billion, to relocate and upgrade the air force base at Sungai Besi.

1MDB had admitted the liability would now be borne by China Railway Express Corporation Limited (CERC) and Iskandar Waterfront Holdings Sdn Bhd (IWH), which were part of a consortium that purchased 60% of Bandar Malaysia equity from the company, he said.

"1MDB also admitted that there are negotiations for the consortium to bear the RM2.4 billion sukuk debt, which was issued for the air force base relocation and upgrade.

"Therefore, if only RM800 million of the RM2.4 billion sukuk funds have been spent on the works, how was the balance utilised?

"If the money had gone towards works for the air force base, the need for the consortium to take over RM1.9 billion liability does not arise.

"As this involves risking a foreign company in the country's strategic defence decisions," said the Pandan MP.

He said since 1MDB was also negotiating for the consortium to absorb the sukuk debt, which had not been spent on the air force base, how the funds were spent has not been answered.

He said so far, 1MDB has only given a general explanation on the use of the funds.

Based on this, he estimated that RM1.4 billion of the RM2.4 billion sukuk funds was used for 1MDB RE.

"1MDB needs to explain why the amount was utilised for its subsidiary company, 1MDB RE, which was only involved as a developer for Tun Razak Exchange and Bandar Malaysia.

"From 2014 until now, both real estate development projects have not started and 1MDB RE has since only acted as a broker for the land plots in Jalan Tun Razak and Sungai Besi.

"It is impossible for a company with a main business of selling land plots, requiring RM1.4billion for its operations.

"Therefore, I challenge 1MDB to give due and detailed explanation." – January 13, 2016.

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