

KUALA LUMPUR INTERNATIONAL FINANCIAL DISTRICT



Shahrol Halmi

PETALING JAYA: 1Malaysia Development Bhd (1MDB) is in the midst of selecting financial institutions for a RM5bil bridging loan facility to be utilised for future projects, said chief executive officer Shahrol Halmi.

"We have invited seven domestically-based major banks to submit their proposals. The selection and awarding process is ongoing," he told StarBiz in an e-mail reply.

Shahrol, however, declined to name the banks due to a non-disclosure agreement signed by 1MDB and the participating banks in relation to the exercise.

According to Shahrol, 1MDB is seeking innovative, cost effective and practical proposals for the RM5bil bridging loan facility in two tranches of RM3bil and RM2bil respectively to be spread over three years.

The bridging loan facility sought would be linked to a medium term notes programme of up to RM10bil under the second phase of 1MDB's hybrid funding proposal.

In May last year, 1MDB, formerly known as Terengganu Investment Authority Bhd, raised RM5bil through the issuance of Government-guaranteed bonds to local as well as foreign investors.

The 30-year medium term notes carry an interest of 5.75% per annum.

"Let me state that we have not exhausted our earlier funding.

"The funds sought are not meant for immediate draw down.

"We have a number of proposed projects, which require huge investments.

"Opportunities are knocking on our door and we need to act fast. This is a preparatory step to enable us to act swiftly once our proposed projects are set to go," Shahrol said, adding that the fund-raising exercise was in relation to a number of investments 1MDB was actively pursuing with its global partners.

"Our global partners are keen to invest in our proposed projects with a total potential investment of RM69.35bil," he said.

In October last year, 1MDB teamed up with Saudi Arabia's PetroSaudi International Ltd to establish a US\$2.5bil (RM8bil) joint venture company designed to boost investments from the Middle East into the country as well as to invest in high impact projects here.

This was followed by the signing of a cooperation framework agreement with state-owned

State Grid Corp of China in January to set up a joint-venture company to pursue projects in the Sarawak Corridor of Renewable Energy, reported to be able to generate US\$11bil (RM35bil) worth of economic activities.

In May, 1MDB signed a memorandum of understanding with the Qatar Investment Authority, which has proposed to invest US\$5bil (RM16bil) in the country, to explore investment opportunities such as in the energy sector and a strategic real estate development in the Klang Valley.

Shahrol said 1MDB had identified a number of projects which it was actively pursuing with its potential partners.

"They have shown keen interests in the projects, including 1MDB's proposed strategic real estate development projects, which were announced in the 10th Malaysia Plan," he said.

These include projects such as the Kuala Lumpur Strategic Development by 1MDB covering the Sungai Besi Airport area and the KL International Financial District in Kuala Lumpur.

On whether there would be further fund raising exercises for 1MDB in future, Shahrol said it would depend on the prevailing situation, noting that "the current fund-raising exercise is sufficient though I must reiterate they are not for immediate drawdown."

