



KHAZANAH
NASIONAL

CONFIDENTIAL

Cross Border Issuance – Khazanah Experience

GIFF, Kuala Lumpur
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- Khazanah is the **investment arm of the Government** of Malaysia and wholly-owned by the Government.
- The Board is chaired by the Honourable Prime Minister of Malaysia, Dato' Seri Najib Razak.
- The primary objectives of Khazanah are:
 - To **hold and manage the investments** entrusted to it by the Government; and
 - To **undertake new investments** in strategic sectors, geographies and projects of national interest.
- Khazanah has investments in over 50 major companies across sectors including aviation, financial services, utilities, telecommunications, infrastructure, power and healthcare.
- Khazanah has commenced **regional investments** in areas where companies in its portfolio have competencies and competitive advantage – with investments in Singapore, Indonesia, China, India and Middle East.
- Fully support the Government's initiative on **Islamic finance agenda**.

PROJECT CRESCENT

TERMS

Issue Date:	11 Aug 2010	
Issue Amount:	SGD600 million	SGD900 million
Tenors:	5 – Year	10 – Year
Facility Structure:	Wakala (Agency Agreement)	Wakala (Agency Agreement)
Yield to Maturity :	2.615% pa	3.725% pa
Distribution Method:	Accelerated Bookbuilding	
Listing:	LFX, SGX-ST, Bursa Malaysia	

HIGHLIGHTS

- Largest Sukuk issuance in Singapore
- Largest SGD issuance by a foreign issuer in Singapore
- First SGD Sukuk issuance out of the MIFC initiative
- Longest-tenured SGD Sukuk
- Largest Sukuk to date by Khazanah
- Issue upsized from SGD1.0b to SGD1.5b due to overwhelming demand
- 4.3 times book size within a 4-hour window

Exchangeable Sukuk into TM & Axiata of USD750 million [Project Hadhari]

TERMS

Size:	USD750m
Underlying shares:	Telekom Malaysia Bhd and Axiata Group Berhad
Tenor:	5 years
Issue Date:	4 Oct 2006
Maturity:	4 Oct 2011
Issue price:	100.00%
Scheduled Dissolution:	121.14%
Periodic Payments:	1.25%pa
Yield-to-Scheduled Dissolution:	5.07%
Exchange premium:	19.00%
Distribution:	Reg S

HIGHLIGHTS

- World's first Shariah-compliant sukuk
- Largest exchangeable instrument issued out of Asia in 2006
- Largest ever exchangeable sukuk out of Malaysia in 2006
- Issue upsized from USD500 million due to strong demand
- 6x book cover
- Successfully distributed to quality investors from Middle East despite lack of familiarity with the structure
- 17 awards / recognition

Best Sukuk Deal



Most Innovative Product



Deal of the Year (Malaysia)



Best Equity Linked Deal



- Best Debt Market Deal
- Best SE Asia Deal



- Most Innovative Deal
- Best Deal (Malaysia)
- Sovereign of the Year



- Best Equity Linked Deal
- Best Islamic Finance Deal



- Best Deal (Malaysia)
- Best Equity Linked Deal
- Top 10 Deals of the Decade



Best Asia Pacific Structured Equity



- Best Equity Linked Deal
- Best Capital Market Deal



Exchangeable Sukuk into Plus Expressways of USD850 million [Project Duo-i]

Khazanah's sukuk exchangeable is a blowout success – Finance Asia, 28 June 2007

“Islamic investors take 50% of the deal, which is upsized to \$850 million after being 13 times covered.”

“ Khazanah Nasional drew a massive \$7.8 billion worth of demand for its second exchangeable Islamic bond, and fix all the terms at the tight end of the marketed ranges.”

“.....the 50% allocation to the Middle East is a "phenomenal outcome", especially since it is only the second Sharia-compliant exchangeable by an Asian issuer ever.”

Finance Asia

TERMS

Size	USD850 million
Underlying shares	PLUS
Tenor	5 years
Issue Date	5 Jul 2007
Maturity	5 Jul 2012
Issue price	100.00%
Scheduled Dissolution	114.14%
Periodic Payments	2.0% pa
Yield-to-Scheduled Dissolution	4.58%
Exchange premium	23%
Distribution	Reg S

HIGHLIGHTS

- 13x book cover and priced at the tightest end of the range
- Tight pricing was achieved despite being priced amidst an environment of volatile interest rates
- Largest equity-linked issue out of Malaysia in 2007
- Third largest equity-linked issue out of Asia-Pac ex Japan/Aust in 2007

Most Innovative Deal

Best Deal (Malaysia)

Sovereign Deal of the Year

Islamic Finance news

TERMS

Size:	USD500m
Underlying shares:	Parkson Retail Group Limited
Tenor	5 Years
Issue Date:	12 Mac 2008
Put Date:	12 Mac 2011
Maturity:	12 Mac 2013
Issue price:	100.00%
Scheduled dissolution:	103.50%
Yield to scheduled dissolution:	0.69% (annual)
Exchange Premium:	37.00%
Distribution:	Reg S

HIGHLIGHTS

- Combined offering of USD550m exchangeable Sukuk and USD97m equity placement.
- Transactions priced at the tightest end despite unprecedented turbulent markets conditions.
- 11x book cover attracting more than 200 investors, reflecting strong demand for quality Malaysian credit.
- Khazanah's first Sukuk into a stock listed outside Malaysia.
- The first Sukuk that offers Islamic investors exposure to China's retail consumption growth story, continuing the innovations in structured Islamic financial products.
- Enabled Khazanah's investment in Parkson to be monetised at over 900%

"The investment company has been working hard in recent years to develop a market for Islamic bonds ... and investors in the Middle East are clearly getting more comfortable with the equity-linked format ... evident by the fact that the Parkson bond was priced with a zero coupon, despite the traditional liking among Middle Eastern investors for more fixed income-like instruments that pay regular coupons"

"Difference between the previous two bonds was that the deal was launched and priced on the same night... the limited offer period was clearly enough since both portions of the deal were covered after just one hour"

"the combination of a strong credit - essentially a Malaysian sovereign - the ability to buy the bonds as a volatility trade, and the positive outlook for Chinese consumption stocks made the offering attractive to both CB specialists and outright buyers"

Finance Asia, 6 Mar 2008

"Some investors said that in doing the exchangeable as a combo, the leads were presenting hedge funds with a "happy meal" - they are giving them a fully hedged position on their bond. An investor said that the deal was the best of all possible worlds: it is hedgeable, it is a sovereign issuer and a highly volatile underlying...."

IFR Asia, 5 Mar 2008

Groundbreakers of 2008
(Top 10 Deals of 2008)

Islamic Finance
Asia

Best Islamic Financial
Service or Product

THE Halal Journal

Best Deal (Malaysia)

KLIFF

Best Islamic Deal of the
Year

The Banker

The Best Equity
Linked Deal of the
Year (Southeast Asia)

Alpha
Southeast Asia

Top 10 Asia Deals

CFO Asia
.com

Sukuk Deal of the
Year

EUROMONEY

Best Equity Linked Deal

THE Asset

Best Deal (Malaysia)

THE Asset

- Best Quasi-Sovereign Sukuk
- Most Innovative Islamic Finance Deal

THE Asset



INTERNATIONAL OFFERINGS

Khazanah's cross border deals:

Benefits:

- **Widen investor base** as instruments appeal to both Islamic and conventional investors.
- **Competitive pricing** arising from a larger pool of investors.
- Achieved both **divestment and funding objectives**.
- **Created a new asset class** especially to Islamic investors.
- **Innovative product** further reinforces Malaysia as a hub for Islamic finance.

Khazanah was named "Outstanding Contribution by a Sovereign Wealth Fund to the Development of the Islamic Finance Industry 2010"





Thank you