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# The questionable transactions that must be explained by 1MDB's board of directors

Jho Low is right. He may have pulled the strings, facilitated and even planned some of the business schemes and transactions that 1Malaysia Development Bhd (1MDB) had controversially undertaken. And yes, he even benefitted from these transactions.

But responsibility and accountability lie ultimately with the management and the board of directors of 1MDB who approved all these transactions.

As Jho Low said, he had no power to approve anything as in any corporate and business entity, such powers lie with the board of directors and management.

In this report, which is based on months of investigation, research and going through hundreds of documents, we will trace some of the contentious and questionable transactions of 1MDB.

We will pose questions about these transactions to the board of directors and management, that they must answer. They have an obligation to the Malaysian public to clarify why certain things happened the way they did.

We hope that this report will help members of the Public Accounts Committee (PAC) of Parliament to ask the critical questions during their inquiry into 1MDB starting May 19, where senior people involved in 1MDB will be asked to testify.

We believe it can also be a guide that the Auditor-General's office will find useful in carrying out its audit on 1MDB. We have pointed to these questionable transactions and actions.

## Transaction 1

### The joint venture with PetroSaudi International

#### Board of directors at the time:

Tan Sri Mohd Bakke Mohd Salleh (Chairman), Tan Sri Azlan Zainol, Tan Sri Lodin Wok Kamarudin, **Tan Sri Ismee Ismail**, Datuk Shahrol Halmi.

#### Management:

Shahrol (CEO), Nik Faisal Ariff Kamil, Tang Keng Chee (Casey).

#### WHAT HAPPENED:

On Sept 7, 2009, Jho Low met with PetroSaudi CEO Patrick Mahony to discuss doing deals with 1MDB. They were introduced to each other via email by Tarek Obaid, the principal shareholder of PetroSaudi. Others who were at the New York meeting were Seet Li Lin and Tiffany Heah — both of whom worked for Jho Low.

In the weeks after the meeting, there were numerous email exchanges between Jho Low, Seet, Mahony and Obaid discussing the structure of the business venture and the urgency of getting an agreement signed.

In one email dated Sept 18, Jho Low introduced Shahrol to Mahony and Obaid, stressing that they must move quickly to have the joint-venture agreement signed on Sept 28.

On Sept 28, 1MDB signed a joint-venture agreement (JVA) with PetroSaudi Holdings (Cayman) Ltd (PSI Cayman), which is 100% owned by PetroSaudi International Ltd (PSI). PSI is owned by Tarek Obaid and Prince Turki.

The joint venture is called 1MDB PetroSaudi Ltd ("JV Co"), which is to be 40% owned by 1MDB and 60% owned by PSI Cayman. 1MDB was to invest US\$1.0 billion (RM3.6 billion) into the JV Co.

PSI Cayman did not inject any cash but was supposed to inject assets valued at US\$1.5 billion

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into the JV Co, including what was supposed to be a potentially lucrative oil exploration rights in Turkmenistan and Argentina.

A valuation report on these exploration rights was submitted by valuer Edward Morse only on Sept 29 — a day after the JVA was signed. Morse himself was asked to do the valuation by Mahony on Sept 27, but his appointment was later backdated to Sept 20!

(As it turned out, PSI Cayman did not own the Turkmenistan rights and at that time was only negotiating to lease the rights from its owner and this eventually fell through).

Upon signing of the JVA on Sept 28, PSI Cayman sent a letter of demand to 1MDB to repay a US\$700 million loan that PSI Cayman supposedly had lent to the JV Co via a loan agreement dated Sept 25.

On Sept 29, one day after the JVA was signed, 1MDB made two bank transfers totalling US\$1.0 billion for the purpose of investing in the JV Co. The payments were as follows:

- 1) US\$700 million was transferred via Deutsche Bank Malaysia to account number 11116073 at RBS Coutts Bank Ltd, Zurich. On query by RBS Coutts, the beneficial owner was identified by 1MDB CEO Shahrol to be Good Star Limited (Seychelles), a company controlled by Jho Low and Seet.
- 2) US\$300 million was transferred to the JV Co's account at JP Morgan (Suisse) SA.

On Oct 19 — three weeks after the JVA was



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# Why did Bakke and Azlan quit?

## FROM PREVIOUS PAGE

signed and US\$1.0 billion sent out — Bakke resigned from the board; he was replaced as chairman by Lodin.

On Jan 11, 2010, Azlan resigned from the board; he was replaced by Tan Sri Ong Gim Huat.

In January that year, following email exchanges between Jho Low, Mahony and 1MDB senior executive Nik Faisal Ariff Kamil, instructions were given to transfer a total of US\$250 million (from the US\$300 million) out of the JV Co's accounts for the following purposes:

- US\$50 million — to PSI for 'general investments';
- US\$200 million — to PetroSaudi Oil Services Ltd (PSOS) for the purchase of a drill ship.

Prior to this, US\$50 million was already moved from the JV Co account to PSI Cayman for use as working capital.

This meant that by January 2010 — three months after the JVA was signed — the entire US\$1.0 billion cash 1MDB invested in the JV Co was gone. Here's a recap:

- US\$700 million went to Good Star, US\$100 million went to 1MDB's JV partner PSI and US\$200 million went to PSI's subsidiary PSOS.
- US\$1.0 billion was gone without any headway made by the JV Co into the oil and gas industry.

At this juncture, we would like to stop and pose questions to the management and board of directors of 1MDB.

- 1) Why did you resign from the board of 1MDB? Bakke, three weeks after the JVA was signed, and Azlan, in January 2010, by which time all the US\$1.0 billion of 1MDB money sent to the JV Co had been moved elsewhere?

To Bakke, Azlan, Ismee and Lodin:

- 1) Was the board of directors aware that when you approved the JVA, the JV Co owed US\$700 million to PSI Cayman?
- 2) Did you, as directors of 1MDB, asked for verification that there was a genuine loan of US\$700 million since the loan agreement was signed on Sept 25 — just three days before the JVA agreement was signed? Was there proof that PSI Cayman had transferred US\$700 million to the JV Co as per the loan agreement and, if so, what happened to the money?
- 3) Did the board of directors approve the transfer of US\$700 million, as settlement of the loan agreement, to RBS Coutts Zurich account number 11116073, whose beneficial owner was Good Star Ltd, as stated

by Shahrol in his email reply dated Oct 2, 2009, to RBS Coutts and Deutsche Bank Malaysia? If yes, why? If the board did not approve, who approved the transfer of money to that account?

by Shahrol in his email reply dated Oct 2, 2009, to RBS Coutts and Deutsche Bank Malaysia? If yes, why? If the board did not approve, who approved the transfer of money to that account?

- 4) Were you aware that the beneficial owner of RBS Coutts Zurich account was Good Star Ltd, which is controlled by Jho Low and Seet? If you were aware, did it not worry you or were you not at least curious why payment of what was supposedly owed by the JV Co to PSI Cayman was transferred to Good Star?
- 5) Were you aware that senior management of 1MDB like Shahrol, Nik Faisal and Casey Tang were in email contact with Jho Low throughout the discussions on the JV and subsequently as well? Even email between 1MDB and bankers and lawyers were copied to Jho Low.
- 6) If you were aware, did you approve of Jho Low's involvement and, if you did, what was the justification for him to be involved?
- 7) Did you as directors of the board approved the transfers of US\$50 million and US\$250 million out of the JV Co's bank account to PSI and PSOS in January 2010?
- 8) Bank Negara Malaysia gave approval for the remittance of the US\$1.0 billion to JV Co for investment purposes. Didn't it worry you that transfer of the US\$700 million from the JV Co to Good Star could be a breach of the approval given by Bank Negara?

To Shahrol:

- 1) Were you aware, when you negotiated and signed the JVA with PSI Cayman on Sept 28, that a US\$700 million loan agreement was signed between the JV Co and PSI Cayman just three days before?
- 2) If you were aware, can you explain what the loan was for, and what did the money go to?
- 3) Wasn't it puzzling that the JV Co needed to borrow US\$700 million three days before 1MDB was to become an investor and would be injecting US\$1.0 billion cash?
- 4) Did it not occur to you that the US\$700 million loan agreement was not a genuine one and there was no such loan given by PSI Cayman to the JV Co?
- 5) Why did you inform Deutsche Bank and RBS Coutts that the beneficial owner of account number 11116073 was Good Star



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**Ltd and that US\$700 million was to be sent there from 1MDB? If the money was owed to PSI Cayman, why pay the US\$700 million to Good Star?**

**6) Did you know that Good Star was controlled by Jho Low and Seet?**

**1) Why did you have to keep Jho Low in the loop through various email about developments involving 1MDB and PetroSaudi?**

**2) Who told you to deal with Jho Low?**

## Transaction 2

As mentioned earlier, by January 2010, the entire US\$1.0 billion of 1MDB's money invested into the JV Co has been transferred out. From January, the board of directors was composed of Lodin (chairman), Ismee, Shahrol and two new independent directors, Tan Sri Ong Gim Huat (a friend and business partner of Jho Low's family) who joined on Jan 12, 2010, and Ashwin Valiram, who joined on Feb 2.

After the initial media hype about the joint venture with PetroSaudi there was no news flow from 1MDB for months, but rumours and speculation started to surface in financial circles around the middle of 2010 after the delay in the completion of 1MDB's first full-year audited accounts for March 31, 2010.

When the accounts were finally done and lodged with the Companies Commission of Malaysia (CCM) on January 31, 2011, two shocking developments were disclosed:

- 1) The auditors who signed off the accounts were KPMG and not Ernst & Young (EY), which were the appointed auditors.
- 2) The JV with PSI Cayman had been dissolved and on March 31 (the very same day as the close of its financial year), the US\$1.0 billion it had invested into the JV Co (plus a supposed US\$200 million profit from the six-month-old JV) was converted into a loan (Murabaha notes) to the JV Co which was now 100% owned by PSI Cayman.

No explanation was given as to why — after all the hype about how the joint venture with PetroSaudi would lead to great things for 1MDB and Malaysia — a decision was made to call it off.

It was also never disclosed then that aside from converting the US\$1.0 billion into a loan, 1MDB had actually committed to lend PSI another US\$1.5 billion via additional Murabaha notes whenever required. Eventually, another US\$800 million in Murabaha notes were taken up by 1MDB and the bulk of that money also ended up with Good Star Ltd.

In total, 1MDB transferred US\$1.8 billion to PSI, of which around US\$1.5 billion ended up with Good Star Ltd and US\$300 million with PSI.

From March 31, 2010, this original *cash* in-

vestment of US\$1.8 billion was flipped into various paper instruments like Murabaha notes, then as a 49% stake in PSOS and finally an investment of US\$2.318 billion in a segregated portfolio company (SPC) in Cayman Islands.

Half of that sum, said 1MDB, was redeemed in late 2014 to help pay debts and the remaining sum (US\$1.103 billion) was placed in the Singapore account of a Swiss private bank.

The US\$1.8 billion that left Malaysia has never been brought back to Malaysia.

We would like to ask Lodin Ismee, Ong, Ashwin and Shahrol the following questions:

- 1) **Why was the JV with PSI Cayman called off and why wasn't a proper explanation given to the Malaysian public?**
- 2) **If a decision was made to call off the JV, why didn't 1MDB ask for the US\$1.0 billion cash to be returned? After all, 1MDB needed money and, in fact, you went on a big borrowing binge and your debts surged from RM7.92 billion in FY2012 to RM36.24 billion in 2013.**
- 3) **Why did 1MDB decide to switch from being an investor with PetroSaudi to becoming a lender to PetroSaudi via the Murabaha notes?**
- 4) **Were you aware that lawyers for both PetroSaudi and 1MDB (White & Case and Wong & Partners) had in email correspondence highlighted that the Murabaha notes were not really shariah-compliant, and they were window-dressed as such?**
- 5) **Why did 1MDB agree to flip the money from cash to Murabaha notes, to a 49% stake in PSOS, and then to an investment in Cayman Islands? Isn't this flipping of assets something that is inconsistent with a government-owned entity?**

## Transaction 3

**The 2012 financing of power assets purchases**

**Board of directors:**

Lodin, Ismee, Ong, Ashwin, Shahrol.

In 2012, 1MDB bought the power assets of Ananda Krishnan's Tanjung Plc and Genting Bhd for RM8.5 billion and RM2.35 billion respectively.

The total purchase cost came up to RM10.85 billion and it was well known in the market then that 1MDB had overpaid for these assets, as evident by the fact that its auditors wrote off close to RM2.5 billion from the purchase costs as goodwill in its FY2013 accounts.

What we want to show is that **1MDB BORROWED MORE** than what was needed and **PAID**



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**MORE** than what was needed to raise the money.

1MDB, with the help of Goldman Sachs, issued two US\$1.75 billion bonds or a total of US\$3.5 billion (RM11.55 billion at the then exchange rate of RM3.30). On top of the bonds, 1MDB also took a RM6.2 billion bridging loan from a local consortium led by Malayan Banking Bhd and RHB Bank Bhd.

In total, 1MDB borrowed RM17.75 billion to finance purchases totalling RM10.85 billion, or an excess of RM6.9 billion.

The reason 1MDB had to borrow more than it needed was because from the gross proceeds of RM11.55 billion it raised via the Goldman Sachs bonds, it received only around RM6.0 billion.

This was because "certain commissions, fees and expenses" paid to raise the bonds came up to US\$393 million (RM1.3 billion) and it also had to hand over RM4.25 billion as security deposit to the co-guarantor of the bonds — the International Petroleum Investment Company of Malaysia (IPIC) of Abu Dhabi. This security was tied to the options granted to IPIC to take a stake in the future listing of the power assets, which will be explained later.

We would like to ask  
Lodin, Ismee, Ong,  
Ashwin and Shahrol:

- 1) **Who were your advisers to structure the financing in this manner?**
- 2) **Why did you agree to pay such high fees & commissions to Goldman Sachs amounting to 11.3% of the gross proceeds of US\$3.5 billion when the typical amount of such deals is between 1.0% and 2.0%?**
- 3) **Why did you agree for IPIC to retain RM4.25 billion as security deposit for coming in as co-guarantor to the two bonds? That is a staggering 37% of the gross proceeds of RM11.55 billion.**
- 4) **Why was there a need to even get IPIC to come in as a co-guarantor? As a company that is wholly owned by the Government of Malaysia, surely there was a better and cheaper way to obtain support?**
- 5) **Why did you even have to resort to raising money via the bonds? The local banking system is flush with liquidity and surely it would have been cheaper to raise the**

**money at home.**

- 6) **Why resort to US dollar borrowings to buy local assets? You have now taken a hit from the depreciation of the ringgit from RM3.30 to US\$1.00 in 2012 to US\$3.60 today.**

## Transaction 4

### The costly options given to Aabar

The RM4.25 billion that IPIC got to keep as security for co-guaranteeing the bonds is tied to a 10-year option given by 1MDB for IPIC to subscribe for up to 49% of any future listing of the power assets.

In other words, 1MDB offered IPIC the chance to profit from any future upside of the power assets. IPIC subsequently transferred the options to its subsidiary Aabar Investments.

But with the plans to float the power assets — now housed under a company called Edra Global Energy Bhd — going nowhere, an interesting development happened last year.

In its full-year March 31, 2014 accounts (which was submitted to CCM only in November), 1MDB made the following disclosures under the "Significant Events Subsequent To The End of The Reporting Period":

First, it said that a substantial sum of the US\$1.22 billion (RM4.39 billion) redeemed from Cayman was used for debt servicing, working capital and payments to Aabar as "refundable deposits" pursuant to an agreement to extinguish the option. It did not reveal the amount of the refundable deposits, but we can assume it was the bulk of the US\$1.22 billion.

Second, it said that in May 2014, it had taken a bridging loan facility of up to US\$250 million to finance the acquisition of the Aabar options.

Third, it was also revealed that on May 22, 1MDB and Aabar had signed a settlement agreement to terminate the options. No details were given except that the final settlement will depend on the final valuation of the IPO.

Lastly, 1MDB revealed that on Sept 2, Aabar had written to inform that it did not wish to exercise the options and the company had "agreed to compensate [Aabar] at a consideration agreed under the terms and conditions" of the May 22 settlement agreement.

What 1MDB did not disclose was that on Sept 1, a day before it received the notification from Aabar, it took a US\$975 million loan

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from a consortium led by Deutsche Bank. The consortium includes Abu Dhabi Commercial Bank, where 1MDB CEO Arul Kanda Kandasamy worked before he joined 1MDB in January this year.

It is now known that this one-year loan was used to pay Aabar to terminate the options and was secured against the BSI Singapore account of Brazen Sky Pte Ltd, which is wholly owned by 1MDB.

And news reports last week have said the Deutsche Bank consortium is worried that the assets in the BSI account are not what they were made out to be to them, raising more questions and concerns about the financial health of 1MDB.

We would like to ask

Lodin, Ismee, Ong,  
Ashwin and Shahrol:

1) Why was there a need to offer the options to Aabar? Those options have now become

very costly to 1MDB.

- 2) What was the total amount 1MDB has paid to Aabar to terminate the options?
- 3) Now that the options have been terminated, has IPIC returned the RM4.25 billion to you? If not, why not?
- 4) Why was there a need to sign the May 22 settlement agreement? Was there not such a termination clause under the original option agreement signed in 2012 as is normally the case in such agreements? Or is the May 22 termination agreement a revised settlement agreement?
- 5) Will you, in the name of transparency and good governance, reveal details of the original agreement with Aabar and also the May 22, 2014 settlement agreement? And please don't cite confidentiality as the reason you can't do it. The Malaysian public has had enough of this.

CONTINUES NEXT PAGE



|            |  |             |                      |
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# Why was US\$2.72 bil meant for TRX sent overseas?

## Transaction 5

### The RM1.38 billion Penang land purchase in 2013

#### Board of directors:

Lodin, Ismee, Ong, Shahrol, Ashwin, Hazem.

While 1MDB bought the Tun Razak Exchange land very cheap in a sweetheart deal given by the government, its RM1.38 billion purchases in Penang had raised eyebrows.

The deals inked just six days before the May 5, 2013 general election (GE13) were:

- 1) On April, 29 2013, Aluminium Development Company Sdn Bhd, which was subsequently renamed 1MDB RE (Ayer Itam) Sdn Bhd, paid RM338 million to buy 6.6 million shares or 100% in Farlim Properties Sdn Bhd.
- 2) On April 29, 2013, Aluminium paid RM930 million to buy two shares of RM1.00 each for a 100% stake in Gerak Indera Sdn Bhd.

These two companies own 234 acres of freehold land in Penang that will be used for building affordable houses, 1MDB had said.

- 3) And then on Sept 23, 2013, 1MDB entered into an agreement with listed Farlim Group (Malaysia) Bhd to acquire "undivided shares" in several plots of land in Penang for RM113 million.

These three deals cost 1MDB a whopping RM1.38 billion.

Checks by *The Edge* revealed that the transactions appear to be very favourable to the vendors because:

- 1) The price paid was 100% higher than what the land was valued at just two years earlier in December 2011.
- 2) There are an estimated 1,200 "ground tenants" households who have been occupying the land for more than 40 years and moving them out will be a very expensive and tedious affair.
- 3) The land had fragmented owners who have fought many costly legal battles with each other and they have not been able to do anything to develop the land. But thanks to 1MDB, Farlim and the vendors of Gerak Indera walked away with RM1.38 billion cash, while 1MDB ended up with land that has many encumbrances and will be challenging to develop.

The first group of vendors are all associated with prominent Penang tycoon Tan Sri Lim Gait Tong. 1MDB did two transactions with Lim's companies.

The first is the purchase of all of Farlim Properties Sdn Bhd from his holding company

Farlim Holdings Sdn Bhd for RM338 million. In the second deal, 1MDB acquired undivided shares in several plots of land from listed Farlim Group (which is controlled by Farlim Holdings) for RM113 million.

In early 2012, Farlim Holdings settled a debt owed to the listed Farlim Group by transferring the undivided shares in several plots of land to the latter.

(Undivided shares in a plot of land means that a piece of land with a single title has several parties as its owners and the land has not yet been sub-divided into different plots with their own titles.)

Such a situation is common in all the land bought by 1MDB as they have other people named as part owners, albeit a very small share.

A Dec 8, 2011 Henry Butcher Malaysia (Penang) Sdn Bhd valuation of RM58 million was used as the basis of the debt settlement. As the total land area involved is 93.86 acres or 4.088 million sq ft and Farlim Group's share is 25% or 1.02 million sq ft, the RM58 million price tag meant that the land was valued at RM57 psf.

Two years later, the same parcels of land were valued by Henry Butcher in its report dated Oct 24, 2013 at RM100 million or RM98 psf — a 73% jump.

As a comparison, according to Ministry of Finance's Valuation and Property Services Department report for 2013, the value of development land in Penang rose only 28% over the two years from 2012 to 2013.

What was even more interesting is that in the end 1MDB paid Farlim Group RM113 million, or 95% higher than what it was valued in 2011 and RM13 million more than the 2013 valuation.

Separately, Farlim Holdings also sold all of its unlisted subsidiary Farlim Properties Sdn Bhd to 1MDB for RM338 million.

As for Gerak Indera, according to CCM filings, the shareholders who sold the company to 1MDB were Ng Kok Cheang and Mohammed Zubni Ismail, each holding a 50% stake.

Penang businessman Goh Choon Lye was a director of Gerak Indera for a very brief period — Jan 6 to Jan 29, 1997 — but sources say, despite the fact that he has no official links to the company, he has remained very close to it.

When 1MDB disclosed these acquisitions under "significant events subsequent to the reporting period" in their March 31, 2013 accounts that were released several months ago after a one-year delay and a change in external auditors, it did not state where exactly the various plots of land and properties were located in Penang.

Checks by the *The Edge* revealed that they include land of various sizes from large to tiny



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plots and also terraced homes and shophouses scattered around Ayer Itam. The land is occupied by houses and some workshops. It is estimated that there are between 1,200 and 1,400 dwellings and they have water, electricity and postal addresses. Most are semi-concrete homes with zinc roofs, but there are also wooden and concrete homes.

The Government of Malaysia gave a letter of support for the bond which in effect means that should 1MDB Global default, Putrajaya will ultimately step in to ensure bondholders are paid.

According to 1MDB's FY2014 accounts, the net proceeds of US\$2.72 billion was to be "seed capital for investment in Abu Dhabi Malaysia Investment Co Ltd (ADMIC), a proposed joint venture with Aabar Investments of Abu Dhabi.

It was also stated, pending finalisation of the terms and scope of the proposed JV, US\$1.56 billion of the money raised were placed in "various investment portfolios under custody of a licensed financial institution with good credit ratings as rated by international credit rating agencies".

1MDB did not name the financial institution or the credit rating.

It, however, said that in 2014 it had used the remaining net proceeds of US\$1.16 billion as working capital and to pay debts.

In the FY2014 accounts, it was also disclosed that 1MDB had a total of RM13.38 billion in so called assets classified as **AVAILABLE FOR SALE INVESTMENTS**.

These assets include money from 1MDB Global, the money from the abandoned PetroSaudi venture placed in Caymans and other investments.

It should be noted that the auditors had classified the RM13.38 billion of Available For Sale Investments as having Level 3 fair value, which are values "derived from valuation techniques that include inputs for asset or liability that are not based on observable market data (unobservable inputs).

To give a better perspective, Level 1 fair values are those derived from quoted prices in active markets – for example, a stock or commodities exchange.

Level 2 fair values are those derived from inputs other than quoted prices, either directly as prices or indirectly as prices. This means value can be determined by, for example, the transacted price of the sale of a piece of land or property or the transacted price for the sale of an unlisted company. These transactions prices can be obtained.

In short, the Level 3 fair value of RM13.38 billion that has been given to the Available For Sale Investments owned by 1MDB could be viewed as high risk as the value of the assets is not transparent nor apparent.

## Questions for Lodin, Ismee, Ong, Shahrol and Ashwin

- 1) **As Ong is a Penang-based developer, was he involved in the discussions to buy the land and/or did he introduce the sellers to 1MDB? Was Jho Low involved in the transactions?**
- 2) **Why did you execute the transactions involving so much money just six days before GE13? Didn't it make good business sense to wait till after the elections as most other businesses would have done?**
- 3) **Did the board ask for a proper risk assessment to be done given the fact that the price paid was above market value and the fact that the land has numerous encumbrances like the thousands of ground tenants who have occupied the land for decades ?**
- 4) **Parts of the land are sub-divided and owned by other people, and 1MDB cannot proceed to do anything with the land without their agreement. Was the board aware of this?**
- 5) **There has been no progress made with plans for the land and, assuming financing cost of 7% per annum on the RM1.38 billion, that's an annual interest payment of RM96.6 million on an asset that yields no income. How do you justify your decision to the taxpayers of Malaysia?**

## Transaction 6

### The US\$3.0 billion bond for TRX

On March 19, 2013, 1MDB Global Investments Ltd issued a US\$3.0 billion (RM9.9 billion) 10-year bond through Goldman Sachs. After paying for fees of US\$283 million (RM934 million), 1MDB was left with US\$2.72 billion (RM8.9 billion).



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| Frequency  | Weekly   | PR Value    | RM 147,200           |

It is important for us to ask Lodin, Ismee, Ong, Ashwin, Shahrol, Arul Kanda the following questions:

- 1) Even if the terms of the ADMIC JV to develop TRX were not ready, why did you approve sending the US\$2.72 billion cash overseas? Why couldn't the money be kept in Malaysia – and we do have capable financial institutions with good credit ratings?
- 2) Why don't you name the foreign financial institution where you have placed the money and give details of the specific nature of investments instead of being vague?
- 3) You said you have used part of the money raised from the bonds for TRX as working capital and to pay debts. Isn't that a breach of the bonds covenant?
- 4) What is the status of the ADMIC JV? It has been more than two years since it was announced. Is Aabar Investments proceeding with the JV? **E**

## DEAR 1MDB BOARD OF DIRECTORS,

1MDB's accounts state clearly it has RM13.38 billion in AVAILABLE FOR SALE INVESTMENTS. Since 1MDB has cash flow problems, as admitted in Parliament by the Minister of Finance 2, why don't you as responsible members of the board sell all these investments immediately and send the money back to Malaysia where it is needed.

Isn't that better than the shame of having to borrow RM2.0 billion from Ananda Krishnan to settle a bank loan, take a RM950 million credit line from the government to service interests and drag Tabung Haji into your mess by getting them to buy a piece of land for RM188 million so that you can pay a US\$53 million bond payment on May 15?

As members of the board of directors all of you are ultimately responsible for the problems at 1MDB. You approved every major decision made and you must be accountable for them. It is time for all of you to step forward and show responsibility and accountability instead of maintaining silence.

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## Why 1MDB was left with only RM6.0 bil despite borrowing RM11.55 bil

Total borrowed via bonds:

**US\$3.5b**  
**(RM11.55b)**

Fees & commissions paid to Goldman Sachs:

**US\$393m**  
**(RM1.30b)**

Money kept by co-guarantor IPIC:

**RM4.25b**

What was left for 1MDB:

**RM6.0b**

Annual interest payment (6%):

**US\$210m**  
**(RM756m)**

Clearly, the way 1MDB structured the financing of the purchases was outright wrong. It was simply too expensive and **1MDB is now laden with paying US\$210 million a year (RM756 million) or RM2.0 million a day!** Just to service the interest on the whole amount it borrowed.



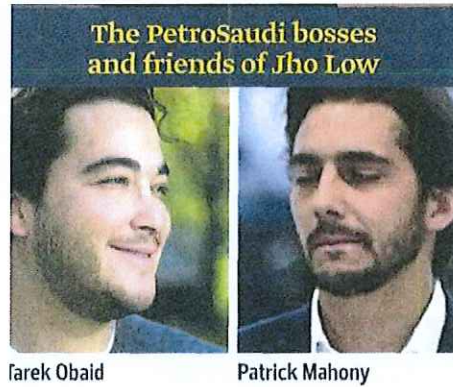
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“Did the people (board of directors) supposed to be responsible for decision-making (at IMDB) suddenly decide to absolve all their responsibilities and then create this PR campaign with me as the focus of it?” – Jho Low

Past & present IMDB directors




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To Bakke and Azlan:



To Nik Faisal:

