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Investigations and Enquires Team
UKLA Department
Financial Conduct Authority
25 The North Colonnade
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14 September 2015

Dear Sir/Madam,

Disclosure by International Petroleum Investment Corporation (IPIC) with regards to its guarantee for the obligations of certain subsidiaries of 1Malaysia Development Berhad ("1MDB")

In the prospectus document for IPIC Global Medium Term Note (GMTN) Programme dated 18 December 2014 published on the London Stock Exchange, IPIC disclosed that

> As part of the state-to-state relationship between the Emirate of Abu Dhabi and Malaysia, the Company agreed in 2012 to guarantee the obligations of certain subsidiaries of 1Malaysia Development Berhad ("1MDB"), a strategic development company wholly-owned by the Government of Malaysia, in respect of two financings in the energy and power sector amounting to US$ 3.5 billion in total. In respect of these financings, the Company benefits from back-to-back guarantees and support from 1MDB and has secured for its Group the right:
>
> a) to acquire up to a 49% stake in Powertek Investment Holdings Sdn Bhd (PIH), a company which holds a 100% stake in Powertek Energy Sdn Bhd; and
>
> b) to acquire up to a 49% stake in the shares of 1MDB Energy (Langat) Sdn Bhd which holds a 100% stake in Mastika Lagenda Sdn Bhd, a company which owns 75% stake in Kuala Langat Power Plant Sdn Bhd.

The information is similarly reflected in the 2014 IPIC Financial Statements published on 30 June 2014.

It has come to our attention that in addition to the above options (a) and (b) granted to IPIC, 1MDB has also provided IPIC or its 98% owned subsidiary, Aabar Investment PJS, a collateral amounting to US$ 1.4 billion.

This US$1.4 billion collateral is reflected both 1MDB's March 2013 and March 2014 Financial Statements on pages 97 and 101 respectively, as a "refundable deposit".

The 1MDB Financial Statements audited by Deloitte Malaysia said

> Pursuant to the agreements, IPIC had agreed to guarantee the US$3.5 billion Notes issued during the year in exchange for a 10-year option to acquire up to 49% equity interest in PIH and 1MDB Energy (Langat) Sdn Bhd... The refundable deposit [is] held aside as collateral for the guarantee is part of the Company's strategy to list its energy assets.

The "refundable deposit" is referenced to 'Other Receivables, Deposits and Prepayments' in the Non-Current Asset of the balance sheet amounting to RM4.2 billion and RM4.4 billion based on the prevailing exchange rates in 2013 and 2014 respectively.

As a Member of Parliament in Malaysia, I am writing to express concern that the same US$1.4 billion is not reflected in the prospectus issued and financial statements of IPIC. We are worried that the interest of 1MDB, a wholly-owned subsidiary of the Malaysian Ministry of Finance may have been compromised if the US$1.4 billion which belongs to the company has not been properly accounted for.

This matter has also been highlighted by The Wall Street Journal on 9 September 2015. The link to the article is as follows:

http://www.wsj.com/articles/malaysia-fund-scandal-spreads-to-u-a-e-1441755072

As the sum of US$1.4 billion is both material and substantial, it is imperative for IPIC to provide the necessary public clarification on the collateral which IPIC or its subsidiary, Aabar Investments PJS have received. This will ensure that the subscribers to the GMTN Programme are provided with the necessary information to make informed investment judgements on the financial instrument listed on the London Stock Exchange.

Should you require any further information or clarification with regards to the above, please do not hesitate to contact me at my email tonypua@yahoo.com. I have attached together with this letter, copies of the 1MDB 2013 and 2014 Financial Statements.

Thank you very much for your kind attention.

Yours sincerely,

Tony Pua
Member of Parliament (Petaling Jaya Utara)
Malaysia