

About Khazanah Nasional Berhad

Khazanah is the investment holding arm of the Government of Malaysia entrusted to manage the assets held by the Government and to undertake strategic investments. It has stakes in more than 40 companies with a combined market capitalization of more than RM150 billion (approximately USD40 billion). Khazanah's investments are in various sectors including finance, telecommunications, electric utilities, communication services, information technology and manufacturing.

About Shuaibah Phase 3 Independent Water and Power Project

The Project, to be developed at a cost of SR 9.1 billion (approximately US\$ 2.5 billion) on a Build Own and Operate basis, will be located adjacent to the existing Shuaibah generation and desalination complex 110 km south of Jeddah, on the western coast of Saudi Arabia. The Shuaibah Phase 3 Plant will supply 880,000 cubic meter of water per day and 900 megawatt of power to Makkah, Jeddah, Al-Taif and Al-Baha and is expected to begin commercial operations in 2009.

This will be the first Independent Water and Power Project to be developed in the Kingdom of Saudi Arabia and represents a major development in the country's water and power sector. The indicative Project timetable is for Construction of the Plant to begin around January 2006 with Project Commercial Operation Date scheduled for January 2009. The Government has indicated that there will be another three similar project opportunities available in the future following this Project.

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Shuaibah IWPP Phase III

Media Statement

Kuala Lumpur

Tuesday, 15 November 2005

Khazanah signs Project Agreement in relation to the Shuaibah Phase 3 Independent Water and Power Project in the Kingdom of Saudi Arabia

Khazanah Nasional Berhad (“Khazanah”) is pleased to announce that on 15 November 2005, Khazanah and its wholly owned subsidiary, Desaru Investments (Cayman Island) Limited (“Desaru”) as part of a Saudi-Malaysian consortium has signed the Power and Water Purchase Agreement and Land Lease Agreement relating to Shuaibah Phase 3 Independent Water and Power Project (“the Project”) with The Kingdom of Saudi Arabia’s Water and Electricity Company LLC (“WEC”) and Saline Water Conversion Corporation (“SWCC”) respectively.

The consortium, the Saudi-Malaysia Water & Electricity Company Limited (“SAMAWEC”) is jointly owned by a consortium of Malaysian and Saudi companies respectively, with both holding 50% of the equity. The ownership of the Malaysian consortium in turn consists of Khazanah and Malakoff Berhad which holds a 40% stake respectively, while Tenaga Nasional Berhad owns the remaining 20%. SAMAWEC will hold 60% interest in the Project Company with the balance 40% interest in the Project Company to be held by Government of Saudi Arabia related entities. Tenaga Nasional is the technical investor for the project, as designated by the Saudi authorities.

Khazanah’s participation in this historic transaction marks its first direct investment by the state investment arm of Malaysia in Saudi Arabia and the Middle East, and reflects the strong links between the governments of the two countries. Khazanah’s Managing Director, Dato’ Azman Mokhtar says “Khazanah is pleased to be part of this landmark transaction, being the first ever privatisation of a water and power project in Saudi Arabia and views this project as being both highly strategic as well as financially attractive.”

Dato’ Azman further adds, “Khazanah views the Shuaibah 3 project as being a significant win-win transaction for both the consortium members and The Kingdom of Saudi Arabia as it reflects the efficiently managed bid process which resulted in a robust project economics and believes that it will serve as a working template for similar transactions in the future.”

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Shuaibah IWPP Phase III

Media Statement

Kuala Lumpur

Tuesday, 24 January 2006

Financial Close achieved for the Shuaibah Phase 3 Independent Water and Power Project in the Kingdom of Saudi Arabia

Khazanah Nasional Berhad (“Khazanah”) is pleased to announce that on 24 January 2006, Shuaibah Water and Electricity Company (“the Project Company”) has successfully achieved financial close for the Shuaibah Phase 3 Independent Water and Power Project (“the Project”).

The total project costs of USD2.5 billion is funded by a multi-tranche financing on a debt equity ratio of 80:20 comprising commercial facilities of USD875 million, Islamic financing of USD210 million, export credit financing of USD400 million from Hermes and USD455 million from Export-Import Bank of Korea (“K-Exim”) and balance from funds internally generated from the Project and equity bridge loan of approximately USD500 million. In addition, the financing also comprise USD72 million of standby commercial debt and USD18 million of standby equity bridge loan to cover any costs overruns.

The Project Company is 60% owned by the Saudi-Malaysia Water & Electricity Company Limited (“SAMAWEC”), a Saudi-Malaysia joint venture consortium, with the balance 40% interest in the Project Company to be held by Government of Saudi Arabia related entities. Khazanah through its wholly owned subsidiary, Desaru Investments (Cayman Island) Limited (“Desaru”) has a 12% effective equity interest in the Project Company.

Achieving the financial close marks another milestone for the Project which is the largest Greenfield IWPP project in the world. The project has been awarded PFI Power Deal of the Year for Europe Middle East and Africa.

Khazanah is positive on the long term prospect of the Project and the region. Khazanah will continue to look at future opportunities to participate in the Privatisation Program of the Government of KSA.

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