

Media Release

The Official Launch Of The Tun Razak Exchange

Speech by YAB Dato' Sri Mohd Najib Bin Tun Haji Abdul Razak Prime Minister of Malaysia at The Official Launch Of The Tun Razak Exchange on 30th July 2012.

Bismillahirrahmanirrahim.

Assalamualaikum Warahmatullahi Wabarakatuh, Salam Sejahtera dan Salam Satu Malaysia.

Yang Berbahagia Tan Sri Dato' Seri Lodin Wok Kamaruddin;
Chairman, 1MDB Board of Directors,

Yang Berhormat Tan Sri Nor Mohamed Yakcop;
Minister in the Prime Minister's Department,

Yang Berhormat Dato' Raja Nong Chik Bin Dato' Raja Zainal Abidin;
Minister of Federal Territories and Urban Well-being,

Your Excellencies,

Distinguished guests,

Ladies and Gentlemen,

1. I want to thank you for being here this afternoon in this holy month of Ramadhan. We have here with us today our international partners coming from afar. I am delighted that as Malaysia looks to build deeper, stronger and more profound links to the world economy, I stand among so many who help to shape it.

2. As the Chairman of the Board of Advisors of 1Malaysia Development Berhad (1MDB), I am honoured to welcome you to the future of economic growth. This in the essence is what we are ushering in when I officially launch this strategic development by 1MDB.

For the uninitiated, 1MDB is a strategic development company driving new ideas and new sources of growth. It has only one shareholder, the Government of Malaysia. We want the company to fulfill government aspiration with the dynamism of the private sector. The 1MDB team has to be bold in breaking new grounds and setting higher standards to push Malaysia forward in our Economic Transformation Programme. I am delighted to note that 1MDB has delivered as it works towards revitalising Kuala Lumpur as a vibrant city of choice for businesses to locate and a top 20 global liveable city.

Ladies and Gentlemen,

3. It is no overstatement to say that as markets still reel from the Great Recession of the early 21st Century, our response has become the defining issue of our time. The choices made by Eurozone leaders, the current or next US President or indeed China's Politburo Standing Committee all hold tremendous sway over the world's economic outlook. And rather than news of rate-rigging, double-dips or false dawns, what we are all hoping for are new horizons. But look close enough and amid such a dark sky, a few bright spots are visible – they are sometimes overlooked, but I know that many of you with keen eyes have seen that Malaysia is a country that is continuing to shine, even as others around us fade.

4. This has not come about by accident. Instead, it is a result of steady economic stewardship, focused on long-term stability and success. And as we stand here in this magnificent new development, we can rest assured that Malaysia is continuing to invest in its future. Here I must also give my special thanks to 1Malaysia Development Berhad for making this project come to be. They have once again demonstrated that they are leading the way – driving new ideas, identifying new sources of growth and pushing Malaysia forward in our economic transformation.

Ladies and Gentlemen,

5. The idea of an Asian century – first predicted back in the 1980s by Deng Xiaoping and Rajiv Gandhi – is now a reality. Asia is the world's fastest growing region and is expected to be for the next decade. Our share of global Gross Domestic Product, which stood at 35 per cent in 2010, could be as high as 51 per cent by 2050. We have the world's fastest-growing middle-class – and by 2050 it is expected that there will be more than three billion middle-class Asians, consuming goods and services produced in the East and West alike. And every year, Asia's urban population is projected to grow by something in the region of 44 million.

6. This journey towards the Asian century started with East Asian economies like Japan and South Korea, but now all Asian economies, from the East to West and North to South of the continent, are on the up. Oil-rich Arab countries are diversifying successfully into thriving modern economies, ASEAN is becoming increasingly dynamic and competitive on the global stage – and when the ASEAN Economic Community takes off in 2015, a regional market of almost 600 million people would have been created. Needless to say, none of us are standing still.

7. I am confident that as we move forward, Malaysia will play an increasingly active role in Asia. Kuala Lumpur has long been known as a transformative force. From its early days as a tin mining village feeding a world hungry for raw materials, to whetting the global appetite for natural rubber, palm oil and petroleum, it now stands at the heartbeat of one of the Asian countries driving the regional and world economy. This is not surprising, given that Malaysia has consistently posted solid growth rates. Even in 2011, despite the global uncertainty, Malaysia recorded a higher than expected growth rate of 5.1 per cent.

8. Against a challenging global backdrop, no country can expect to easily buck global trends. And despite our successes over the last couple of months, including Felda Global Venture Holdings and Healthcare recording the world's second and third largest IPOs, and Bursa Malaysia reaching record highs, we know we are not immune to external forces. We do, however, have strengths which act to our advantage.

9. We have demonstrated a nimbleness in reacting to shocks to the system before – in particular, our resilience and our innovation steered us through the economic crisis that swept through Asia at the end of the 20th century. And in spite of our size, we are also blessed with a highly diverse economy, with abundant natural resources, strong manufacturing and services complemented by a highly talented workforce. Ladies and Gentlemen,

10. With our rich historical, cultural and economic links in Asia and a geographic location that places us between China, South East Asia, India and the Middle East, Malaysia has the potential to become a major Asian intersection. It is our intention to realise this potential. To position ourselves as a nucleus of global talent; a centre for the development of new and exciting technologies; a focal point for the exchange of ideas and information. And at the heart of this plan is Kuala Lumpur.

11. That is why I take great pride in opening the Tun Razak Exchange here today. This may be a predominantly national initiative to spur new areas of sustainable growth, but it is international in ambition. For alongside embracing global best-practice and innovation, I want it to promote regional as well as global prosperity.

12. This development has combined the best talents from home and abroad. The centerpiece building will be designed by the winner of the international Signature Tower Design Competition

organised by the Malaysian Institute of Architects. And alongside this, 1MDB is drawing up a Digital Master Plan to ensure state-of-the-art connectivity in the new development.

13. And what began as an idea for Kuala Lumpur International Financial District has evolved into something larger and more inclusive. The Tun Razak Exchange is a 70-acre haven for new investment opportunities, estimated to generate a gross development value of RM26 billion. It will encompass world-leading international design and progressive planning tenets; its buildings and infrastructure will conform to the highest levels of sustainability; pedestrians will be able walk and play in green public areas; and it will have seamless links to public transportation, including the MRT.

14. We also expect more than 250 of the world's leading companies to locate here, creating 500,000 jobs directly and indirectly by the time it is fully completed. 40,000 will be knowledge workers specified to financial services, reflecting our ambition for the Tun Razak Exchange to be home to a strong, vibrant and diverse international business community.

15. Additionally, to ensure that the exchange receives the support of the entire Government machinery every step of the way – from planning and development right until the exchange is fully up and running – we have formed a special task force led by the Economic Planning Unit. I have appointed YB Tan Sri Dato' Nor Mohamed Yakcop as chair and its members include senior officers from the Ministry of Finance, Bank Negara Malaysia and the Securities Commission as well as other agencies.

16. The Government will go out of its way to ensure that the exchange is a success – and as a first step, I can announce to you today that we will begin a comprehensive review of business regulations. Our logic behind this review is simple: anything that contributes to future progress stays, anything that is outdated goes.

17. I can also announce that further incentives are in the pipeline, building on those I announced last year. These include: an income tax exemption of 100 per cent for 10 years; stamp duty exemption on loan and service agreements; Industrial Building Allowance and Accelerated Capital Allowance; and an income tax exemption of 70 per cent for five years for eligible property developers in the Tun Razak Exchange.

Ladies and Gentlemen,

18. We remain steadfast in our commitment to creating a large, vibrant and successful financial district in Kuala Lumpur. With the support of Bank Negara Malaysia, the Tun Razak Exchange will play a major part in turning this great city into an international financial centre.

19. In particular, we hope to see a further development of Islamic finance – a sector of unlimited potential. Worth just \$5 billion in 1985, the Islamic finance sector is worth more than \$1 trillion today. Malaysia’s Islamic finance sector is already worth more than \$400 billion and that is set to triple in value over the coming decade. I am committed to doing everything I can to make it easier for investors to participate in Malaysia’s Islamic finance markets – and further strengthen our position as a global hub for Islamic Finance.

20. As I have set out, there are many other reasons to invest in the Tun Razak Exchange - and I am pleased to announce we have locked in our partner for the entire of Phase 1. It is significant to note that this international partner is the first mover in establishing a strong ecosystem to support the infrastructure for the exchange. There will be a strategic investor that will be bringing in more than RM3.5 billion in FDI. There will be a special ceremony in September this year to mark this during which the identity and details will be announced.

Ladies and Gentlemen,

21. A project of this scale requires the efforts and support of far too many people to name individually. I would like to take this opportunity to publicly express my appreciation and thanks to all related ministries and agencies for a job well done. This is precisely what we advocate – a unified effort and policy alignment towards a relentless pursuit of global competitiveness and economic growth. This requires the full commitment of businesses and the public sector. I am pleased to see their strong commitment in the pre-development stage of the Tun Razak Exchange. 22. I can assure you all that as Prime Minister and as the Chairman of Board of Advisors of 1MDB, my own commitment to this cause and to our development is unwavering. Page 5 of 5

With the recital of Bismillahirrahmanirrahim, I now officially launch the Tun Razak Exchange.

Thank you.

Wabillahitaufig Walhidayah Wassalamualaikum Warahmatullahi Wabarakatuh.