

Xavier

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Jho / Seet / Tiffany,

Many thanks for your time the other day. As discussed, there seems to be a number of things we can do together. However, I think we should try to focus on the more actionable ones for now and we can then spend more time exploring some of the other areas where we might be able to cooperate. In my mind, the immediate businesses to focus on are upstream oil and gas and oil services through PetroSaudi International (PSI) and related companies. Other than that, there are more opportunities we can discuss and I will mention them later. What I have tried to do below is break out the various deals and what some next steps might be. I will also be sending you presentations in separate emails (files are too big to send in one email) to give you more detail on each opportunity.

PetroSaudi - Upstream

This is the main deal and the first one we should work on together. The opportunity here is to buy into a platform with assets in Argentina and Turkmenistan at the moment but with good access to other assets in the Caspian, Middle East, Latin America and West Africa. There are many deals PSI on offer to PSI at the moment and, with the right financial and technical partner, we could close these quickly.

I have sent you for your reference a brief presentation on PSI and a quick one-pager on what the PSI story is and what the opportunity is for an investor/partner.

Briefly, we can value the Argentinean assets at around \$50-\$75m and the Turkmenistan asset at around \$700m pre-border dispute being resolved and \$1b-\$1.5b after the border dispute is resolved. Argentina has approximately 30m barrels of oil and Turkmenistan 500m. If we do the deal we want with the Canadian company that currently owns the asset in Turkmenistan, we will also pick up a block in the Gambia but the value of this unclear at this point. Argentina also merits a good amount of discussion because there are different ways to look at this and it depends on our partner's appetite for Argentina.

I think what would make sense is that we set up a joint venture where we contribute our assets and you can contribute cash to match our asset base. We can then decide where that cash goes. Some of it may go to paying us back for some cost and some should stay in the JV for new acquisitions. We can discuss how those acquisitions will work and how money should flow once we do the deals through the JV.

We also have a solid, experienced operating team in PSI and we can use them to work with Petronas when we decide it is time for Petronas to enter the JV or the assets directly. I am assuming here that 1MDB will be our partner first and that Petronas will come in later. If this is the case, we can have Petronas either come into the JV or partner with us directly at the asset level and fund the development costs. I somewhat favour the latter as this would guarantee funding for the assets for development and it is also very standard in the industry to have farm-ins by technical partners. Over time, Petronas could buy the JV and both PSI and 1MDB would have made a big return on the initial investment. This is just a thought on structure, we can obviously discuss what you have in mind and what you think would be appropriate. We can also merge our Turkmenistan asset with the one Petronas has (would make sense).

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Lastly, we know there are deals you are looking at where you may want to use PSI as a front, we would be happy to do that. You need to let us know where. We can, for example, buy one oil and gas company in Indonesia (called Star Energy – I have guaranteed access to that deal) and could use that as a platform. On this idea of being a front, we need your input but if Indonesia is one place where you would like to be, we could buy this as a local platform to do more deals.

In Summary, I think PSI in upstream is the first deal we should look at together. I think we should aim at answering the following questions as a next step:

1. Who will be the partner in the JV with PSI? 1MDB or Petronas?
2. What is the right structure?
3. How do you want to run DD on this? I have set up virtual data rooms for both Turkmenistan and Argentina but you need to help us help you and let us know what sort of teams will be conducting DD for you, what info they will want etc. From our side our full technical team out of London will be available to assist you and your team in your technical/asset DD. However any discussion on the JV and how that will work will only be with Tarek and me.
4. What is a realistic timeline to close a deal (I think this will depend somewhat on 2 above)?

PetroSaudi – Oil Services

PSI has recently gotten involved in oil services through Ashmore, the emerging market fund manager I was telling you about. Ashmore owns a company called Neptune that has two drill ships and a semi-submersible and company called Rubicon that owns FPSO's (Floating, Production, Storage and Offloading vessels). PSI has options to buy into these companies or buy them outright. (I have sent you presentations on both Neptune and Rubicon.)

Furthermore, PSI is in the process of forming a JV with Venezuela's national oil company (PDVSA) to do oil services in Venezuela. There is a big opportunity here because many companies (Halliburton etc) are either looking to get out of Venezuela or are being forced out. What we are doing is taking over these assets (cheaply) and putting them in a JV with PDVSA, where PDVSA would guarantee very long term contracts on the assets. Venezuela has rapidly declining production and a big need to reverse this so the government is very focused on the country's services industry and making sure Venezuela's exploration and production is being looked after properly. We can easily invest quite a bit of money into this JV and get a fast return on cash through the contracts PDVSA would give the JV. We could also put some of the Neptune or Rubicon assets in this JV.

Another deal in this space is with the Schahin group in Brazil. Schahin are a very large construction and finance group in Brazil and the head of the group runs the Brazil-Arab Chamber of Commerce (which is how we know him). After making it big in construction and finance, Schahin decided to enter the offshore oil services sector, realising that Petrobras would be driving global demand for this industry going forward. They have since bought drill ships and semi-submersibles and have them all contracted out to Petrobras (this is rare in the industry, most people buy vessels and then look for contracts – here the contracts are there so revenue is guaranteed once the vessel is ready for service). Some of the vessels are still in ship yards in Korea and China and these require financing to complete them. The deal here is to provide Schahin with financing so that the ships get built and can

start working on the guaranteed contracts from Petrobras. Schahin is already the largest offshore oil services company in Brazil and the opportunity here is to become a partner/shareholder in this company. This would put anybody who is serious about offshore oil services instantly in the country that will control approximately 30% of the offshore oil services market for the foreseeable future. We like this deal a lot and the partner, Schahin, is a stellar, blue-chip group in Brazil. Investment required here is approximately \$600m.

In summary, the offshore oil services space is very interesting to us as it is an asset-intensive business that generates large, steady cash flow (day rates on these vessels are from \$100k per day to \$500k per day). You can leverage the assets with banks and the key is getting contracts with national oil companies where, again, the Saudi influence helps (as we have demonstrated in Venezuela). The deals in this space require large numbers so we need an investor with deep pockets if we are going to do this.

As discussed, it is my understanding that MISC, Petronas' service company, has a desire to become big in this space. If so, we could make MISC larger overnight by selling them Neptune, Rubicon and then having them enter into this JV with the Venezuelan National Oil Company (that the Saudis can control because of the relationship in OPEC) and with Schahin, the largest supplier of offshore vessels to Petrobras, who in turn is the largest contractor of offshore vessels in the world (and where MISC already has an FPSO operating).

Again, there may be a 2-step transaction we can do here by first doing deals with 1MDB before getting MISC in. There is value in consolidating a few assets under one roof before the ultimate owner comes in. So 1MDB and PSI could again make a return on their investment before the ultimate buyer acquires the company. Again – just a thought on structure, you need to tell us what is achievable on your end and who will actually be doing this.

Next steps here would be:

1. Determine whether MISC, Petronas or 1MDB have appetite for this space? If so, how much? Between an acquisition of Neptune+Rubicon, the JV with PDVSA and the Schahin deal we could be talking up to \$2b of cash required (of course some of this is financeable).
2. If this is interesting, decide which deals we should do first?
3. Discuss structure.
4. Let us know timing and how you would want to DD.

Other

As discussed, there are a few other areas we are active in and maybe some other areas you would like to work with us in. Below are areas we would certainly be willing to discuss with you.

1. **Saudi Arabia** – are there any sectors/industries that Malaysia would like to be involved in in KSA? If so, we would be happy to discuss and see how we can help you enter the Kingdom for those areas.
2. **Waste Management** – I have sent you a presentation on this business. As per my email earlier this evening, this is certainly a company and sector we like and we have the right

ingredients of technical know-how, experienced management and government support to make this very successful globally. However the company is currently undergoing a bit of a restructuring and overhaul so we will not be ready to discuss M&A opportunities until January. In any case, I think we have plenty to do between now and then.

3. **Funds** – do you invest in funds through Khazanah or any other sovereign pools in Malaysia? As discussed, we have access to a few managers we like and have helped them to get funds to manage from various Saudi sovereign sources. There are opportunities here to also get Malaysian funds under management with these managers and even buy pieces of the management company. There a few deals we can do here but need to understand if a) you have pension, SWF or other money that goes to independent fund managers and b) if you have interest in owning fund management businesses. One interesting structure would be for 1MDB (or another vehicle) to buy a stake in an asset management company (we have a few with teams with good track records) and then make sure that funds come in from whichever sovereign sources. We can discuss.
4. **Real Estate** – we are putting together a fund (see presentation emailed) that will manage Saudi sovereign funds to invest in UK real estate. There is a benefit from being a sovereign investor in UK real estate because you don't pay capital gains taxes. The idea here is to start with UK but then raise more Saudi sovereign funds over time and grow this to buy real estate internationally. We have a good team set up and are ready to go on this. We thought maybe we could make this a fund with both Malaysian and Saudi investors – a sort of joint Malaysian/Saudi real estate fund. We will own the management company here so we will obviously give a piece of it to whoever can bring funds to manage. Again, we can discuss.
5. **Other** – we are happy to discuss anything from your end you would like us involved in.

I have tried to list the main things we are involved with above and have been very transparent. I know I don't need to say this but a lot of the information I have given you is very confidential and the principals involved here would prefer to keep it that way. The idea is to be open so we don't waste any time and can quickly see what we can do together.

I suggest we meet again soon to discuss all of this. We really need to nail down what deals interest you, structures and how funds would flow. What I have tried to think of here are deals that are very standard in the industries we are talking about and would therefore be very justifiable to any investment committee. I am also thinking of structures where funds need to move a few times, which generally makes it easier for any fees we would need to pay our agents.

I look forward to hearing from you.

Best,

Patrick