

PRINCIPAL TERMS AND CONDITIONS OF THE CMTNS

PRINCIPAL TERMS AND CONDITIONS

- (a) Names of parties involved in the proposed transaction (where applicable)
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| (i) | Joint Principal adviser(s)/ Lead arranger(s) | CIMB Investment Bank Berhad and/or its affiliates ("CIMB"), HSBC Bank Malaysia Berhad ("HSBC") and Maybank Investment Bank Berhad ("Maybank"), as Joint Principal Advisers ("JPAs") and Joint Lead Arrangers ("JLAs"). |
| (ii) | Arranger(s) | Not applicable |
| (iii) | Valuers | Not applicable |
| (iv) | Solicitors | Messrs. Christopher & Lee Ong as legal counsel for the JPAs and JLAs

Messrs. Zaid Ibrahim & Co as legal counsel for the Issuer |
| (v) | Financial adviser | Not applicable |
| (vi) | Technical adviser | Not applicable |
| (vii) | Guarantor | Not applicable |
| (viii) | Trustee | PB Trustee Services Berhad |
| (ix) | Facility Agent | Cagamas Berhad |
| (x) | Primary Subscriber(s) and amount subscribed (where applicable) | If applicable, to be determined prior to each issuance |
| (xi) | Underwriter(s) and amount underwritten | The Conventional Medium Term Notes ("CMTNs") will not be underwritten. |
| (xii) | Central depository | Bank Negara Malaysia ("BNM") |
| (xiii) | Paying agent | BNM |
| (xiv) | Reporting | Ernst & Young |

accountant

(xv) Others (please specify)

Joint Lead Managers

In relation to issue of CMTNs, any of the following financial institutions may be appointed to manage such issue:

- a. AmInvestment Bank Berhad
- b. CIMB
- c. Hong Leong Bank Berhad.
- d. HSBC
- e. Maybank IB
- f. RHB Investment Bank Berhad
- g. Standard Chartered Bank Malaysia Berhad

In the event any of the foregoing financial institutions decline to act in relation to any issue of CMTNs, Cagamas may appoint other financial institutions to manage such issue (the financial institutions managing an issue being hereinafter referred to as "JLMs").

In addition, the Issuer may, from time to time appoint any financial institution as a Joint Lead Manager to arrange and manage issue of CMTNs and such financial institution if so appointed shall thereupon be a Joint Lead Manager for all purposes of the MTN Programme (as hereinafter defined). Similarly, a Joint Lead Manager may cease to be a Joint Lead Manager for the MTN Programme (as herein defined).

(b) Facility description

A Medium Term Notes programme ("MTN Programme") for the issue of Conventional MTNs ("CMTNs") and Islamic MTNs ("IMTNs")

(The CMTNs and IMTNs are collectively referred to as the "MTNs". The MTNs issued pursuant to the MTN Programme are referred to as the "Notes").

The principal terms and conditions of the IMTNs are the subject of a separate term sheet.

(c) Issue size (RM)

MTNs

The aggregate outstanding nominal value of the

MTNs issued under the MTN Programme (comprising the CMTNs and the IMTNs) shall not at any point in time exceed RM40 billion.

- (d) Issue price
- The issue price of the CMTNs shall be calculated in accordance with the “Operational Procedures for Securities Services” issued by Malaysian Electronic Clearing Corporation Sdn Bhd (“MyClear”) (“MyClear Procedures”), as amended or substituted from time to time.
- The issue price of the CMTNs will be determined prior to each issuance of CMTNs.
- (e) Tenor of the facility / issue
- MTNs
- The tenor of the MTN Programme is forty (40) years from the date of the first issue under the MTN Programme.
- CMTNs issued under the MTN Programme may have tenors of any period exceeding one year but not exceeding forty years.
- Any CMTNs issued must mature within the tenor of the MTN Programme.
- The first issuance of the MTNs shall be made within two (2) years from the date of approval by the Securities Commission (“SC”).
- (f) Interest/ coupon (%) (please specify)
- The CMTNs will be issued at par or at a discount. The coupon rate (if applicable, and which may be fixed, floating or zero coupon) will be determined prior to each issuance of CMTNs as the case may be.
- (g) Interest/ coupon payment frequency
- In respect of CMTNs which are issued with coupons, the coupons will be payable on a semi-annual basis or such other periodic basis as determined prior to the issuance of such CMTNs.
- (h) Interest/ coupon payment basis
- Actual/Actual basis or Actual/365 basis.
- (i) Yield to maturity (%)
- To be determined prior to issuance.

(j)	Security/ collateral (if any)	Unsecured
(k)	Details on utilisation of proceeds	The proceeds raised from the issuance of CMTNs under the MTN Programme shall be utilised for working capital and general corporate purposes.
(l)	Sinking fund (if any)	None
(m)	Rating * Credit rating assigned (Please specify if this is an indicative rating) * Name of rating agency	The rating for the MTN Programme is AAA. RAM Rating Services Berhad (“RAM”) and Malaysian Rating Corporation Berhad (“MARC”).
(n)	Form and denomination	The Notes shall be issued in accordance with (1) the “Participation and Operation Rules for Payment and Securities Services” issued by MyClear (“MyClear Rules”) and (2) the MyClear Procedures, as amended or substituted from time to time (collectively the “MyClear Rules and Procedures”). Each tranche of the Notes shall be represented by a global certificate to be deposited with BNM, and is exchanged for definitive bearer form only in certain limited circumstances. The denomination of the Notes shall be RM1,000 or in multiples of RM1,000 at the time of issuance.
(o)	Mode of issue	The MTNs may be issued through any of the following modes as determined by the Issuer: (a) by direct private placement (b) through a book running or a book building process (c) on a bought deal basis Issuance of the MTNs under the MTN Programme shall be in accordance with the MyClear Rules and Procedures (as defined in item (n)), subject to such exemptions (if any) granted from time to time.
(p)	Selling restriction	(i) <u>At the point of issuance</u>

The Notes may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to subscribe the Notes and to whom the Notes are issued would fall within Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b) of the Capital Markets and Services Act 2007 (“CMSA”), read together with Schedule 9 or Section 257(3) of the CMSA.

(ii) After Issuance

The Notes may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to purchase the Notes would fall within Schedule 6 or Section 229(1)(b) of the CMSA, read together with Schedule 9 or Section 257(3) of the CMSA.

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| (q) | Listing status | The Notes will not be listed on Bursa Malaysia Securities Berhad or any other stock exchanges. |
| (r) | Minimum level of subscription (RM or %) | The minimum level of subscription for each issue that is issued on a bought deal basis shall be 100%. The minimum level of subscription for each issue that is not issued on a bought deal basis shall be 5% of the size of a particular issue. |
| (s) | Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained (please specify) | None. |
| (t) | Conditions precedent | To include but not limited to the following (all have to be in form and substance acceptable to the JLAs and as may be waived by the JLAs): |

A. Main Documentation

- (i) The documents for the establishment of the MTN Programme (the “transaction documents”) have been executed and endorsed as exempt from stamp duty.

B. Issuer

- (i) Certified true copies of the Certificate of Incorporation, and the Memorandum and Articles of Association, of the Issuer.
- (ii) Certified true copies of the latest Forms 24 and 49 of the Issuer.
- (iii) A certified true copy of board resolutions of the Issuer authorising, among others, the execution of the transaction documents.
- (iv) A list of the Issuer's authorised signatories and their respective specimen signatures.
- (v) A report of the relevant company search of the Issuer.
- (vi) A report of the relevant winding up search or the relevant statutory declaration of the Issuer.

C. General

- (i) The approval from the Securities Commission ("SC") and, where applicable, all other regulatory authorities.
 - (ii) The MTN Programme shall have been rated AAA (or its equivalent).
 - (iii) Evidence that all transaction fees, costs and expenses have been or will be paid in full.
 - (iv) The JLAs have received from their legal counsel a legal opinion addressed to them and the Trustee.
 - (v) Such other conditions precedent as advised by the legal counsel of the JLAs and agreed to by the Issuer.
- (u) Representations and warranties
- Customary representations and warranties for a facility of this nature which include the following, subject to exceptions to be agreed to between the parties during documentation:

- (i) the Issuer is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, has power to carry on its business and to own its property and assets;
- (ii) the Issuer is authorised to execute and deliver and perform the transactions contemplated in the transaction documents in accordance with their terms;
- (iii) neither the execution and delivery of any of the transaction documents nor the performance of any of the transactions contemplated by the transaction documents (a) contravene or constitute a default under any provision contained in any agreement, law, judgment, licence, permit or consent by which the Issuer or any of its assets is bound or which is applicable to the Issuer or any of its assets, (b) cause any limitation on the Issuer or the powers of its directors to be exceeded, or (c) cause the creation or imposition of any security interest or restriction of any nature on any of the Issuer's assets;
- (iv) each of the transaction documents is or will when executed and/or issued, as the case may be, be in full force and effect and constitutes, valid and legally binding obligations of the Issuer enforceable in accordance with its terms;
- (v) the audited financial statements of the Issuer have been prepared on a basis consistently applied and in accordance with approved accounting standards in Malaysia;
- (vi) no litigation or claim which is likely to by itself or together with any other such proceedings or claims have a material adverse effect is presently in progress or pending, in relation to which the Issuer has not taken any action in good faith to set aside or defend;

(vii) the Issuer is unaware that an event has occurred which constitutes a contravention of, or default under, any agreement or instrument by which the Issuer or any of its assets are bound or affected, being a contravention or default which is likely to have a material adverse effect;

(viii) the Issuer is in compliance and will comply with any applicable laws and regulations; and

any other representations and warranties as advised by the Legal Counsel of the JLAs and mutually agreed between the JLAs and the Issuer.

(v) Events of default

Customary events of default for a facility of this nature which include the following, subject to exceptions and remedy period to be agreed to between the parties during documentation :

(i) the Issuer fails to pay any amount due from it under any of the transaction documents on the due date or, if so payable, on demand;

(ii) material misrepresentation by the Issuer;

(iii) the Issuer fails to observe or perform its obligations under any of the transaction documents or the Notes or under any undertaking or arrangement entered into in connection therewith other than an obligation of the type referred to in paragraph (i) above, and such failure has a material adverse effect, and in the case of such failure which in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of fourteen (14) days after the Issuer having been notified by the Trustee of the failure;

(iv) any indebtedness for borrowed moneys of the Issuer becomes due or payable or capable of being declared due or

payable prior to its stated maturity or any guarantee or similar obligations of the Issuer is not discharged at maturity or when called and such declaration of indebtedness being due or payable or such call on the guarantee or similar obligations is not discharged within a period of fourteen (14) days from the date of such declaration or call, or any security created to secure such indebtedness becomes enforceable;

- (v) an encumbrancer takes possession of, or a trustee, receiver, receiver and manager or similar officer is appointed in respect of the whole or substantial part of the business or assets of the Issuer;
- (vi) the Issuer fails to satisfy any judgement passed against it by any court of competent jurisdiction and in the reasonable opinion of the Trustee such event has a material adverse effect;
- (vii) proceedings or steps taken for the winding-up of the Issuer and in the reasonable opinion of the Trustee, such event has a material adverse effect;
- (viii) a scheme of arrangement under section 176 of the Companies Act 1965 has been instituted by or against the Issuer;
- (ix) where there is a revocation, withholding or modification of any license, authorisation, approval or consent which in the opinion of the Trustee is likely to have a material adverse effect;
- (x) the Issuer is deemed unable to pay any of its debts or becomes unable to pay any of its debts as they fall due or suspends or threatens to suspend making payments with respect to all or any class of its debts;
- (xi) any creditor of the Issuer exercises a contractual right to take over the financial management of the Issuer and such

event in the opinion of the Trustee may have a material adverse effect;

- (xii) the Issuer changes the nature or scope of its business, suspends, ceases or threatens to suspend or cease a substantial part of its business operations;
- (xiii) illegality;
- (xiv) the Issuer repudiates any of the transaction documents or the Issuer does or causes to be done any act or thing evidencing an intention to repudiate any of the transaction documents;
- (xv) all or a substantial portion of the assets, undertakings, rights or revenue of the Issuer are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body which in the opinion of the Trustee is likely to have a material adverse effect; or
- (xvi) such other event as may be advised by the legal counsel of JLAs and mutually agreed with the Issuer.

Upon the declaration of an Event of Default, the Trustee may or shall (if directed to do so by a special resolution of the Noteholders) declare that the Notes together with all other sums payable under the Notes shall become immediately due and payable. Thereafter, the Trustee may take proceedings against the Issuer as it may think fit to enforce immediate payment of the Notes.

(w) Principal terms and conditions for warrants (where applicable)

Not applicable.

(x) Other principal terms and conditions for the issue

Information Covenants: Customary information covenants for a facility of

this nature including but not limited to:

- (i) the Issuer shall provide to the Trustee a certificate confirming that it has complied with all its obligations under the transaction documents and the terms and conditions of the Notes;
- (ii) the Issuer shall deliver to the Trustee the following:
 - (a) within nine (9) months of the expiration of each financial year, the annual audited accounts of the Issuer for that financial year and any other accounts, report, notice, statement or circular issued to the shareholders;
 - (b) within thirty (30) days after each of its annual general meetings, a copy of its balance sheet and profit and loss account adopted at the annual general meeting and certified by the auditors of the Issuer and a copy of such auditors' report thereon as well as any other accounts, report, notice, statement or circular issued to shareholders within thirty (30) days of the same being issued to the shareholders;
 - (c) promptly, such additional financial or other information relating to the Issuer's business and its operations as the Trustee may from time to time reasonably request; and
 - (d) promptly, all notices or other documents received by the Issuer from any of its shareholders or its creditors which contents may materially and adversely affect the interests of the Noteholders, and a copy of all documents despatched by the Issuer to its shareholders (or any class of them),
- (iii) the Issuer shall promptly notify the

Trustee of any change in its board of directors and/or substantial shareholders;

- (iv) the Issuer shall promptly notify the Trustee and the Rating Agencies of any change in its condition (financial or otherwise) and of any litigation or other proceedings of any nature whatsoever being threatened or initiated against the Issuer which may materially and adversely affect the ability of the Issuer to perform any of its obligations under any of the transaction documents;
- (v) the Issuer shall promptly give notice to the Trustee and the Rating Agencies of the occurrence of any Event of Default or any potential Event of Default forthwith upon becoming aware thereof, and it shall take all reasonable steps and/or such other steps as may reasonably be requested by the Trustee to remedy and/or mitigate the effect of the Event of Default or the potential Event of Default;
- (vi) any other covenants as advised by the Legal Counsel of the JLAs and mutually agreed between the JLAs and the Issuer.

Positive Covenants:

Standard undertakings (subject to exceptions and compliance periods to be agreed to between the parties during documentation) for a facility of this nature including but not limited to:

- (i) the Issuer shall maintain in full force and effect all relevant authorisations, consents, rights, licences, approvals and permits and will promptly obtain any further authorisations, consents, rights, licences, approvals and permits which is or may become necessary;
- (ii) the Issuer shall at all times on demand, execute all such further documents and do all such further acts reasonably necessary at any time or times to give further effect to the terms and conditions of the transaction documents;

- (iii) the Issuer shall exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices;
- (iv) the Issuer shall promptly perform and carry out all its obligations under all the transaction documents and ensure that it shall immediately notify the Trustee in the event that the Issuer is unable to fulfil or comply with any of the provisions of the transaction documents;
- (v) the Issuer shall prepare its financial statements on a basis consistently applied in accordance with approved accounting standards in Malaysia and shall disclose or provide against all liabilities (actual or contingent) of the Issuer;
- (vi) the Issuer shall promptly comply with all applicable laws including the provisions of the CMSA and/or the notes, circulars, conditions or guidelines issued by SC from time to time;
- (vii) any other covenants as may be advised by the legal counsel of the JLAs and to be mutually agreed between the Issuer and the JLAs.

Negative Covenants: Standard undertakings (subject to exceptions and compliance periods to be agreed to between the parties during documentation) for a facility of this nature including but not limited to:

- (i) save in the ordinary course of its business or in connection with the raising of funds in accordance with Shariah principles, under the terms of which the Issuer has the right to acquire back any undertakings or assets disposed, the Issuer shall not dispose of the whole or a material part of its undertakings or assets;
- (ii) the Issuer shall not use the proceeds of the MTN Programme except for the purposes set out herein;

- (iii) the Issuer shall not enter into a transaction whether directly or indirectly with interested persons (including a director, substantial shareholder or persons connected with them) unless such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested persons; and
- (iv) any other covenants as may be advised by the legal counsel of the JLAs and to be mutually agreed between the Issuer and the JLAs.

Redemption	Unless previously redeemed or purchased and cancelled, the Notes will be redeemed by the Issuer at 100% of their nominal value on their respective maturity dates, or on an amortising basis by their respective maturity dates in accordance with the amortising schedule or earlier if early redemption is permitted or provided for.
Repurchase and Cancellation	The Issuer may at any time purchase the Notes at any price in the open market or by private treaty and these repurchased Notes shall be cancelled.
Transferability	The Notes are transferable but subject to the Selling Restrictions described above.
Default Interest	There will be no provision in the documentation relating to the Notes for default interest to be paid on overdue amounts.
Taxation	All payments by the Issuer shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia or any other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In the event of any withholding or deduction required by law, the Issuer shall not be required to make payment of any additional amount on account of such withholding or deduction.

Governing Laws

Laws of Malaysia.

Jurisdiction

The Issuer shall unconditionally and irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia.

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(a)	Name of parties involved in the proposed transaction (where applicable)	
(i)	Joint Principal adviser(s)/ Lead arranger(s)	CIMB Investment Bank Berhad and/or its affiliates ("CIMB"), HSBC Amanah Malaysia Berhad ("HSBC") and Maybank Investment Bank Berhad ("Maybank IB"), as Joint Principal Advisers ("JPAs") and Joint Lead Arrangers ("JLAs").
(ii)	Arranger(s)	Not applicable
(iii)	Valuers	Not applicable
(iv)	Solicitors	Messrs. Christopher & Lee Ong as legal counsel for the JPAs and JLAs Messrs. Zaid Ibrahim & Co as legal counsel for the Issuer
(v)	Financial adviser	Not applicable
(vi)	Technical adviser	Not applicable
(vii)	Guarantor	Not applicable
(viii)	Trustee	PB Trustee Services Berhad
(ix)	Facility Agent	Cagamas Berhad
(x)	Primary Subscriber(s) and amount subscribed (where applicable)	If applicable, will be determined at the point of issuance.
(xi)	Underwriter(s) and amount underwritten	The Islamic Medium Term Notes ("IMTNs") will not be underwritten.
(xii)	Shariah adviser	CIMB Islamic Bank Berhad, Maybank Islamic Berhad , HSBC Amanah Malaysia Berhad and also (but only in relation to the issue of IMTNs under the Wakalah Bil Istithmar principle), Amanie Advisors Sdn Bhd (Joint Shariah Advisers).
(xiii)	Central Depository	Bank Negara Malaysia ("BNM")

- (xiv) Paying agent BNM
- (xv) Reporting accountant Ernst & Young

(xvi) Others (please specify)

Joint Lead Managers

In relation to the issue of IMTNs, any of the following financial institutions may be appointed to manage such issue:

- a. AmlInvestment Bank Berhad
- b. Maybank IB
- c. CIMB Investment Bank Berhad
- d. Hong Leong Bank Berhad
- e. HSBC Amanah Malaysia Berhad
- f. Standard Chartered Bank Malaysia Berhad.
- g. RHB Investment Bank Berhad
- h. RHB Islamic Bank Berhad

In the event any of the foregoing financial institutions decline to act in relation to any issue of IMTNs, Cagamas may appoint other financial institutions to manage such issue, (the financial institutions managing an issue being hereinafter referred to as "JLMs").

In addition, the Issuer may, from time to time appoint any financial institution as a Joint Lead Manager to arrange and manage any issue of IMTNs and such financial institution if so appointed shall thereupon be a Joint Lead Manager for all purposes of the MTN Programme (as hereinafter defined). Similarly, a Joint Lead Manager may cease to be a Joint Lead Manager for the MTN Programme (as herein defined).

(b) Islamic principle used

Each issue of IMTNs will be based on but not limited to the following Shariah principles as agreed between the Shariah advisers and the Issuer:

- (i) Murabahah
- (ii) Ijarah
- (iii) Mudharabah
- (iv) Musyarakah
- (v) Istisna'
- (vi) Wakalah Bil Istithmar.

Where it is proposed to issue IMTNs based on a Shariah principle which is agreed upon by the Shariah advisers and which is not listed above, the prior approval of the SC will be sought.

(c) Facility description

A Medium Term Notes Programme (“MTN Programme”) for the issue of conventional MTNs (“CMTNs”) and Islamic MTNs (“IMTNs”).

(The CMTNs and IMTNs are collectively referred to as the “MTNs”. The MTNs issued pursuant to the MTN Programme are referred to as the “Notes”).

The principal terms and conditions of the CMTNs are the subject of a separate term sheet.

Cagamas Berhad (the “Issuer”) may issue IMTNs based on but not limited to the following Shariah principles:

- (a) Murabahah;
- (b) Ijarah;
- (c) Mudharabah;
- (d) Musyarakah;
- (e) Istisna; and
- (f) Wakalah Bil Istithmar.

Murabahah

Where the principle of Murabahah is used, it may take one of the following two forms:

(i) *Single counterparty asset vendor:*

Under this form of Murabahah, the first step is the purchase of Shariah-compliant assets, e.g. Mudharabah Interbank Investment and/or other tangible assets (the “Asset”) by the Issuer from the asset vendor. The Issuer will then execute an Asset Purchase Agreement (“APA”) under which the Issuer shall sell on a spot basis the Asset to a trustee (acting on behalf of the Investors) for a Purchase Price, which represents the amount to be disbursed to

the Issuer under the IMTNs issued. The trustee shall immediately sell back the Asset to the Issuer evidenced by an Asset Sale Agreement (“ASA”) for a Sale Price, equivalent to the Purchase Price and a mark-up (profit) to be settled on deferred payment basis. The Issuer shall issue IMTNs to Investors to evidence its obligation to settle the Sale Price to the Investors.

(ii) *Separate commodity vendor and commodity purchaser*

Under this Commodity Murabahah structure, Cagamas will:

(a) as the issuer of the Sukuk (the "Issuer") be appointed as agent (wakeel) for the investors to purchase a Shariah-compliant commodity* (the "Commodity") (in such capacity, the "Wakeel"); and

(b) acting for itself (in such capacity, “Cagamas”), buy the Commodity from the Trustee, who will be appointed by the investors to act as their agent to sell the Commodity to Cagamas.

1. Prior to the date on which the Sukuk Murabahah (“Sukuk”) under the MTN Programme is issued, Cagamas will issue a purchase order (the “Purchase Order”) to the Wakeel. In the Purchase Order, Cagamas will request the Wakeel to purchase a Commodity from a commodity vendor (“Commodity Broker A”) and will irrevocably undertake to purchase the Commodity from the investors. Based on the Purchase Order, the Wakeel will purchase the Commodity from Commodity Broker A at a purchase price (the “Purchase Price”) on a spot basis.
2. Subsequently, the Issuer shall issue Sukuk to the investors under the terms of which, the Issuer will declare a trust

in favour of the investors over the Commodity (so long as title thereto is vested in the Issuer) whereupon the Sukuk shall evidence the investors' ownership of the Commodity and all such rights thereto (including all rights against Cagamas under the Purchase Order). By the terms of the Sukuk, the Trustee is appointed as agent for the investors to sell the Commodity. By the terms of the Sukuk, the Wakeel will also agree and acknowledge that the investors have authorized the Trustee (acting for the investors) to sell the Commodity. The Wakeel and the Trustee will hold the Commodity on trust for the investors and the Sukuk issued shall represent the investors' undivided proportionate interests in such Commodity.

- 3.&4. Proceeds received from the issuances of the Sukuk shall be used by or deemed to have been used by the Wakeel to pay the Purchase Price of the Commodity.
5. Thereafter, the Trustee (as agent for the investors) shall sell the Commodity to Cagamas at the Deferred Sale Price (i.e. equivalent to the Purchase Price and a mark-up (profit)) payable on a deferred payment basis.
- 6.&7. Cagamas shall sell the Commodity to a commodity purchaser ("Commodity Broker B") for a cash consideration equal to the Purchase Price on a spot basis.
- 8.&9. During the tenure of the Sukuk, Cagamas shall make periodic payments to the Trustee on account of its obligation to pay the Deferred Sale Price. Each such payment shall pro tanto reduce the obligation of the Issuer on the Sukuk issued. On the date of maturity of the Sukuk, all amounts then outstanding on the Deferred Sale Price (subject to Ibra' as set out below, where applicable) shall

be paid by Cagamas to the Trustee whereupon the Sukuk shall be cancelled.

*Note: Shariah Compliant Commodity would exclude ribawi items in the category of medium of exchange such as currency, gold and silver.

The transaction structure is depicted in Appendix 1.

Ijarah

The trustee, on behalf of the holders of the IMTNs shall purchase certain Shariah compliant leasable assets (“the Assets”) from the Issuer at an Asset Purchase Price. The trustee shall lease the Assets to the Issuer under an Ijarah Agreement for a pre-determined lease rental. The Issuer shall pay the periodic lease rental on each rental payment date. The Issuer shall issue trust certificates or notes to Investors to evidence the Investors’ respective interest in the trust assets or the Issuer’s obligation under the relevant transaction documents. On maturity, the dissolution date or any other events to be agreed between the parties pursuant to a purchase undertaking, the Issuer shall purchase the Assets from the trustee for a consideration which shall be calculated using the following formula:

Outstanding nominal value of the IMTNs + accrued but unpaid lease rental + related expenses.

Musarakah

Investors shall form a Musarakah among themselves and shall, via the trustee, invest in certain Shariah compliant assets (“Assets”) of the Issuer (the Venture) and appoint the Issuer to manage its Venture, for which the Issuer shall be paid an incentive management fee. The Issuer shall issue trust certificates to Investors to evidence the Investors’ respective interest in the trust assets. The profits from the Venture shall be shared between the Investors either in the

proportion of their respective investment as evidenced by the nominal value of the IMTNs held by them or any other basis to be pre-agreed amongst the Investors at the outset of the Venture. The losses from the Venture shall be shared between the Investors in proportion to their respective investment.

The cashflow from the Venture shall be distributed by the Issuer to the trustee which shall then be distributed to Investors as periodic distributions. Cashflow in excess of the expected periodic distribution amount shall be paid to the Issuer as an incentive management fee. If the cashflow generated by the Venture is lower than the expected periodic distribution, the Issuer shall make good the shortfall with an amount (“Advance Payment”) which will be set-off against the Issuer’s obligation pursuant to the Purchase Undertaking. Pursuant to a Purchase Undertaking issued by the Issuer in favour of the trustee, the Issuer shall purchase the trustee’s interest in the Assets at an exercise price to be calculated based on a pre-agreed formula on maturity, the dissolution date or any other events to be agreed between the parties. In the case of Sukuk on an amortising basis, the Issuer shall purchase the trustee’s relevant interest in the Assets on each payment date and the trustee’s interest in the Assets will gradually decrease pursuant to such purchase.

Mudharabah

The proposed Mudharabah is premised on a Mudharabah Venture (Venture) entered into between the Issuer (Mudharib) and the Investors (Rabb al-mal). The Investors, via the trustee, shall invest in certain Shariah compliant assets (“Assets”) of the Issuer. The Issuer shall contribute its expertise in managing the Venture. The Issuer shall issue trust certificates to Investors to evidence the Investors’ respective interest in the trust assets. The profits from the Venture shall be shared between the Issuer as the manager and the Investors on a pre-agreed profit sharing ratio. The Investors profit portion shall be distributed by the Issuer to the trustee

which shall then be distributed to Investors as periodic distributions. Profits in excess of the expected periodic distribution amount shall be paid to the Issuer as an incentive fee. If the profits generated by the Venture is lower than the expected periodic distribution, the Issuer shall make good the shortfall with an amount (“Advance Payment”) which will be set-off against the Issuer’s obligation pursuant to the Purchase Undertaking. Pursuant to a Purchase Undertaking issued by the Issuer in favour of the trustee, the Issuer shall purchase the trustee’s interest in the Assets at an exercise price to be calculated based on a pre-agreed formula. In the case of Sukuk on an amortising basis, the Issuer shall purchase the Trustee’s relevant interest in the Assets on each payment date and the Trustee’s interest in the Assets will gradually decrease pursuant to such purchase.

Subject to the terms of the Purchase Undertaking, losses shall be borne by the Investors (as the Rabb al-mal).

Istisna’

The Issuer and trustee (acting on behalf of the Investors) shall execute a First Istisna’ Agreement (“FIA”) under which the Issuer agrees to deliver certain assets to be constructed to the trustee for a consideration payable on spot, which represent an amount to be disbursed under an IMTNs issue. The trustee shall subsequently enter into a Second Istisna’ Agreement (“SIA”) with the Issuer under which the trustee agrees to deliver certain assets to be constructed to the Issuer for a price, equivalent to the price under the FIA and a mark-up (profit) (the “Sale Price”) to be settled on deferred payment basis. The Issuer shall issue IMTNs to Investors to evidence its obligation to settle the Sale Price to Investors.

Wakalah Bil Istithmar

The Sukuk Wakalah Bil Istithmar (“Sukuk Wakalah”) investors will appoint Cagamas as Wakeel under a Wakalah Agreement (entered into between Cagamas and the

Trustee) as agent on behalf of the Sukuk Wakalah investors to collect proceeds of the Sukuk Wakalah and invest the proceeds in the Istithmar Portfolio (as defined below). The Wakeel shall declare a trust on the proceeds of the Sukuk Wakalah, for the benefit of the Sukuk Wakalah investors.

Cagamas (as Issuer) will issue IMTNs under the MTN Programme to the Sukuk Wakalah investors to evidence the Sukuk Wakalah investors' undivided and proportionate interest in the Istithmar Portfolio.

Cagamas in the capacity of Wakeel of the IMTNs investors who are represented by the Trustee will receive cash from the Sukuk Wakalah investors. The cash will be placed by Cagamas (as Wakeel) in a Sukuk Investment Trust ("Sukuk Trust") held in trust by the Trustee on behalf of the Sukuk Wakalah investors. The Sukuk Trust will be utilised for the purpose of investments in equity assets and for the purchasing and selling of Shariah-compliant commodities* ("Commodity") (collectively known as the "Istithmar Portfolio"). The amount invested in equity assets shall at all times be at least 30% of the value of the Istithmar Portfolio or such other lower equity ratio as may be agreed between the Issuer and the Shariah advisers from time to time. The equity ratio for each Sukuk Wakalah issuance will be disclosed on the relevant transaction documents.

In determining the value of the Istithmar Portfolio at any given time, the amount attributed to equity assets shall be equal to the nominal value of such equity assets and the amount attributed to commodity trading shall be equal to the outstanding Murabahah Deferred Sale Price (as hereinafter defined).

Equity Assets

Cagamas (as Wakeel) will place an amount of the cash in the Sukuk Trust as placement with Cagamas (acting for itself as Mudharib to the Wakeel) at an agreed profit sharing ratio

(“PSR”) and tenure to create a Mudharabah Interbank Investment (“MII”) as the equity asset of the Istithmar Portfolio. Cagamas, in turn, will use the proceeds from the MII to invest in Islamic Investment Products. A MII certificate shall be issued to evidence the Mudharabah arrangement between Cagamas as Wakeel and Cagamas as Mudharib to the Wakeel.

Purchasing and Selling Commodity

Cagamas (as Wakeel) will use the remaining amount of the cash in the Sukuk Trust (after deducting the investment amount for the MII) to purchase the Commodity from Broker A on spot basis at a purchase price equal to the amount of such cash (“Purchase Price”).

By the terms of the Sukuk Wakalah, the Trustee is appointed as agent for the Sukuk Wakalah investors to sell the Commodity. By the terms of the Sukuk Wakalah, the Wakeel will also agree and acknowledge that the Sukuk Wakalah investors have authorized the Trustee (acting for the investors) to sell the Commodity.

The Trustee (as agent for the investors) shall sell the Commodity to Cagamas (as purchaser) at the Murabahah Deferred Sale Price (i.e. the Purchase Price and a mark-up (profit) which in aggregate would be equivalent to 100% of the nominal value of the IMTNs, as the case may be plus aggregate of all periodic profit distributions payable under the Sukuk Wakalah on a deferred payment basis.

Cagamas shall sell the Commodity to Broker B on a spot basis for a cash consideration equal to the Purchase Price. Proceeds received from the sale of the Commodity will be used to fund Cagamas’ Islamic operations.

Cagamas makes periodic principal and profit distributions (in the case of Sukuk on amortising basis) or profit distributions on a semi-annual or other periodic basis to the Trustee on account of its obligation to pay the

Murabahah Deferred Sale Price and MII investments (if any). Each of such payment shall pro tanto reduce the obligation of the Issuer on the IMTNs issued. On the date of maturity of the IMTNs/event of default (“EOD”), whichever is earlier, all amounts then outstanding on the Murabahah Deferred Sale Price (subject to Ibra’ as set out below, where applicable) shall be paid by Cagamas to the Trustee. For the avoidance of doubt, Ibra’ will be applicable only to the commodity trading portion of the Istithmar Portfolio i.e. the Murabahah Deferred Sale Price.

Musawamah Undertaking

Sukuk Wakalah investors via the Trustee agree under the Trust Deed to undertake to enter into a contract with Cagamas under a Musawamah undertaking (on the terms set forth below) at maturity or upon an EOD under the Sukuk Wakalah, whichever is earlier.

- (a) Under the Musawamah undertaking, Cagamas will purchase commodity on spot basis from Broker A for a cash consideration (“Musawamah Purchase Price”).
- (b) Cagamas will subsequently sell the commodity to the Sukuk Wakalah investors via the Trustee at the Musawamah Selling Price. The Musawamah Selling Price is benchmarked against the principal and actual profit payable by Cagamas on the MII and the Musawamah Purchase Price paid to Broker A. In the case of an EOD, the Musawamah Selling Price will be benchmarked against the principal and actual profit payable by Cagamas on the MII (up to the declaration of an EOD) and Musawamah Purchase Price paid to Broker A.
- (c) The Trustee will then on behalf of Sukuk Wakalah investors (via Cagamas as a Wakeel) sell the commodity to Broker B for a cash consideration (selling price)

equivalent to the Musawamah Purchase Price.

- (d) The Musawamah Selling Price is set off by Cagamas against the amount due to Sukuk Wakalah investors from Cagamas in respect of the MII investment and the selling price received by Cagamas (as a Wakeel to the Sukuk Wakalah investors) from Broker B.

*Note: Shariah-compliant Commodity would exclude ribawi items in the category of medium of exchange such as currency, gold and silver.

Where it is proposed to issue IMTNs based on a Shariah principle which is not listed above, the prior approval of the SC will be sought.

The foregoing description of the relevant Shariah principles shall not be taken as limiting the application of the principles only to the transactions as described. The Issuer may, in consultation with the Shariah advisers, enter into transactions consistent with the foregoing principles but involving third parties, such as special purpose corporate entities. Such special purpose corporate entities will not be the issuer of the IMTNs unless approval of the SC is first obtained.

- (d) Issue size (RM)

MTNs

The aggregate outstanding nominal value of the CMTNs and the IMTNs issued under the MTN Programme shall not at any point in time exceed RM40 billion.

- (e) Issue price

The issue price of IMTNs shall be calculated in accordance with the “Operational Procedures for Securities Services” issued by Malaysian Electronic Clearing Corporation Sdn Bhd (“MyClear”) (“MyClear Procedures”), as amended or substituted from time to time. The issue price of IMTNs will be determined prior to each issuance of IMTNs, as the case

may be.

(f) Tenor of the facility / issue

MTNs

The tenor of the MTN Programme is forty (40) years from the date of the first issue under the MTN Programme.

IMTNs issued under the MTN Programme may have tenors of any period exceeding one year but not exceeding forty years. Any IMTNs issued must mature within the tenor of the MTN Programme.

The first issuance of the MTNs shall be made within two (2) years from the date of approval by the Securities Commission ("SC").

(g) Coupon/ profit or equivalent rate (%)
(please specify)

The IMTNs will be issued at par or at a discount or with a profit rate. The profit rate (if applicable, and which may be fixed or floating) will be determined prior to issuance of IMTNs, as the case may be.

(h) Coupon / profit payment frequency and basis

In respect of IMTNs which are issued with a profit rate, the profit is payable on a semi-annual basis or such other periodic basis as determined prior to the issuance of such IMTNs.

The profit payments are to be calculated at the profit rate on the nominal value or in the case of IMTNs on amortising basis, the outstanding nominal value of the relevant tranche of the IMTNs for the relevant profit period based on actual/actual basis or on actual/365 basis.

(i) Yield to maturity (%)

To be determined prior to issuance.

(j) Security/ collateral (if any)

Unsecured.

(k) Details on utilisation of proceeds

The proceeds raised from the issuance of IMTNs under the MTN Programme respectively shall be utilized by Cagamas as part of its working capital and for its general corporate purposes in a Shariah compliant manner.

(l)	Sinking fund (if any)	None
(m)	Rating * Credit rating assigned (Please specify if this is an indicative rating) * Name of rating agency	The rating for the MTN Programme is AAA. RAM Rating Services Berhad (“RAM”) and Malaysian Rating Corporation Berhad (“MARC”).
(n)	Form and denomination	The Notes shall be issued in accordance with (1) the “Participation and Operation Rules for Payment and Securities Services” issued by MyClear (“MyClear Rules”) and (2) the MyClear Procedures, as amended or substituted from time to time (collectively the MyClear Rules and Procedures. Each tranche of the Notes shall be represented by a global certificate to be deposited with BNM, and is exchanged for definitive bearer form only in certain limited circumstances. The denomination of the Notes shall be RM1,000 or in multiples of RM1,000 at the time of issuance.
(o)	Mode of issue	The IMTNs may be issued through any of the following modes as determined by the Issuer: (i) by direct private placement (ii) through a book running or a book building process (iii) on a bought deal basis Issuance of the IMTNs under the MTN Programme shall be in accordance with the MyClear Rules and Procedures (as defined in item (n)), subject to such exemptions (if any) granted from time to time.
(p)	Selling restriction	(i) <u>At the point of issuance</u> The Notes may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to subscribe the Notes and to whom the Notes are issued would fall within Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b) of the Capital Markets and Services Act

2007 (“CMSA”) read together with Schedule 9 or Section 257(3) of the CMSA.

(ii) After issuance

The Notes may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to purchase the Notes would fall within Schedule 6 or Section 229(1)(b) of the CMSA read together with Schedule 9 or Section 257(3) of the CMSA.

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| (q) | Listing status | The Notes will not be listed on Bursa Malaysia Securities Berhad or any other stock exchanges. |
| (r) | Minimum level of subscription (RM or %) | The minimum level of subscription for each issue that is issued on a bought deal basis shall be 100%. The minimum level of subscription for each issue that is not issued on a bought deal basis shall be 5% of the size of a particular issue. |
| (s) | Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained (please specify) | None. |
| (t) | Identified assets | The Assets will be identified at the point of issuance and the SC will be notified accordingly of the same. |
| (u) | Purchase and selling price/rental | To be determined upon determination of the Assets and the SC will be notified accordingly. However, the purchase price of the Assets at which any purchase transaction is undertaken will fully comply with the SC’s Shariah Advisory Council’s assets pricing requirements pursuant to the Guidelines on Sukuk dated 28 August 2014 (as such guidelines may be amended from time to time). |

Under the Ijarah structure, the lease rental payable on each rental payment date shall

comprise profit payments or in the case of IMTNs on amortising basis, the aggregate of the profit payments and the nominal value of the IMTNs due.

(v) Conditions precedent

To include but not limited to the following (all have to be in form and substance acceptable to the JLAs and as may be waived by the JLAs):

A. Main Documentation

- (i) The documents for the establishment of the MTN Programme (the “transaction documents”) have been executed and endorsed as being exempt from stamp duty.

B. Issuer

- (i) Certified true copies of the Certificate of Incorporation, and the Memorandum and Articles of Association, of the Issuer.
- (ii) Certified true copies of the latest Forms 24 and 49 of the Issuer.
- (iii) A certified true copy of board resolutions of the Issuer authorising, among others, the execution of the transaction documents.
- (iv) A list of the Issuer’s authorised signatories and their respective specimen signatures.
- (v) A report of the relevant company search of the Issuer.
- (vi) A report of the relevant winding up search or the relevant statutory declaration of the Issuer.

C. General

- (i) The approval from the Securities Commission (“SC”) and, where applicable, all other regulatory

authorities.

- (ii) The MTN Programme shall have been rated AAA (or its equivalent).
- (iii) Evidence that all transaction fees, costs and expenses have been or will be paid in full.
- (iv) The JLAs have received from their legal counsel a favourable legal opinion addressed to them and the Trustee advising with respect to, among others, the legality, validity and enforceability of the transaction documents and a confirmation addressed to the JLAs that all the conditions precedent have been fulfilled.

Such other conditions precedent as advised by the legal counsel of the JLAs and agreed to by the Issuer.

(w) Representations and warranties

To include but not limited to the following:

- (i) the Issuer is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, has power to carry on its business and to own its property and assets;
- (ii) the Issuer is authorised to execute and deliver and perform the transactions contemplated in the transaction documents in accordance with their terms;
- (iii) neither the execution and delivery of any of the transaction documents nor the performance of any of the transactions contemplated by the transaction documents (a) contravene or constitute a default under any provision contained in any agreement, law, judgment, licence, permit or consent by which the Issuer or any of its assets is bound or which is applicable to the Issuer or any of

its assets, (b) cause any limitation on the Issuer or the powers of its directors to be exceeded, or (c) cause the creation or imposition of any security interest or restriction of any nature on any of the Issuer's assets;

- (iv) each of the transaction documents is or will when executed and/or issued, as the case may be, be in full force and effect and constitutes, or will when executed or issued, as the case may be, constitute, valid and legally binding obligations of the Issuer enforceable in accordance with its terms;
- (v) the audited financial statements of the Issuer have been prepared on a basis consistently applied and in accordance with approved accounting standards in Malaysia;
- (vi) no litigation or claim which is likely to by itself or together with any other such proceedings or claims have a material adverse effect is presently in progress or pending in relation to which the Issuer has not taken any action in good faith to set aside or defend;
- (vii) the Issuer is unaware that an event has occurred which constitutes a contravention of, or default under, any agreement or instrument by which the Issuer or any of its assets are bound or affected, being a contravention or default which is likely to have a material adverse effect;
- (viii) the Issuer is in compliance and will comply with any applicable laws and regulations; and

any other representations and warranties as advised by the Legal Counsel of the JLAs

and mutually agreed between the JLAs and the Issuer.

- (x) Events of default, dissolution event and enforcement event, where applicable
- Standard events of default/dissolution event for a facility of this nature including but not limited to:
- (i) the Issuer fails to pay any amount due from it under any of the transaction documents on the due date or, if so payable, on demand;
 - (ii) material misrepresentation by the Issuer;
 - (iii) the Issuer fails to observe or perform its obligations under any of the transaction documents or the Notes or under any undertaking or arrangement entered into in connection therewith other than an obligation of the type referred to in paragraph (i) above, and such failure has a material adverse effect, and in the case of such failure which in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of fourteen (14) days after the Issuer having been notified by the Trustee of the failure;
 - (iv) any indebtedness for borrowed moneys of the Issuer becomes due or payable or capable of being declared due or payable prior to its stated maturity or any guarantee or similar obligations of the Issuer is not discharged at maturity or when called and such declaration of indebtedness being due or payable or such call on the guarantee or similar obligations is not discharged within a period of fourteen (14) days from the date of such declaration or call, or any security created to secure such indebtedness becomes enforceable;
 - (v) an encumbrancer takes possession of, or a trustee, receiver, receiver and manager or similar officer is appointed in respect of the whole or

- substantial part of the business or assets of the Issuer;
- (vi) the Issuer fails to satisfy any judgement passed against it by any court of competent jurisdiction and in the reasonable opinion of the Trustee such event has a material adverse effect;
 - (vii) proceedings or steps taken for the winding-up of the Issuer and in the reasonable opinion of the Trustee, such event has a material adverse effect;
 - (viii) a scheme of arrangement under section 176 of the Companies Act 1965 has been instituted by or against the Issuer;
 - (ix) where there is a revocation, withholding or modification of any license, authorisation, approval or consent which in the opinion of the Trustee is likely to have a material adverse effect materially and adversely impair;
 - (x) the Issuer is deemed unable to pay any of its debts or becomes unable to pay any of its debts as they fall due or suspend or threaten to suspend making payments with respect to all or any class of its debts;
 - (xi) any creditor of the Issuer exercises a contractual right to take over the financial management of the Issuer and such event in the opinion of the Trustee may have a material adverse effect;
 - (xii) the Issuer changes the nature or scope of its business, suspends, ceases or threatens to suspend or cease a substantial part of its business operations;
 - (xiii) illegality;

- (xiv) the Issuer repudiates any of the transaction documents or the Issuer does or causes to be done any act or thing evidencing an intention to repudiate any of the transaction documents;
- (xv) all or a substantial portion of the assets, undertakings, rights or revenue of the Issuer are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body which in the opinion of the Trustee is likely to have a material adverse effect; or
- (xvi) such other event as may be advised by the legal counsel of JLAs and mutually agreed with the Issuer.

Upon the declaration of an Event of Default, the Trustee may or shall (if directed to do so by a special resolution of the Noteholders) declare that the Notes together with all other sums payable under the Notes shall become immediately due and payable. Thereafter, the Trustee may take proceedings against the Issuer as it may think fit to enforce immediate payment of the Notes.

- (y) Principal terms and conditions for warrants (where applicable)
- (z) Other principal terms and conditions for the issue

Not applicable.

Information Covenants:

Standard covenants for a facility of this nature including but not limited to:

- (i) the Issuer shall provide to the Trustee, a certificate confirming that it has complied with all its obligations under the transaction documents and the terms and conditions of the Notes;
- (ii) the Issuer shall deliver to the Trustee the following:

- (a) within nine (9) months of the expiration of each financial year, the annual audited accounts of the Issuer for that financial year and any other accounts, report, notice, statement or circular issued to the shareholders;
 - (b) within thirty (30) days after each of its annual general meetings, a copy of its balance sheet and profit and loss account adopted at the annual general meeting and certified by the auditors of the Issuer and a copy of such auditors' report thereon as well as any other accounts, report, notice, statement or circular issued to shareholders within thirty (30) days of the same being issued to the shareholders;
 - (c) promptly, such additional financial or other information relating to the Issuer's business and its operations as the Trustee may from time to time reasonably request; and
 - (d) promptly, all notices or other documents received by the Issuer from any of its shareholders or its creditors which contents may materially and adversely affect the interests of the Noteholders, and a copy of all documents despatched by the Issuer to its shareholders (or any class of them),
- (iii) the Issuer shall promptly notify the Trustee of any change in its board of directors and/or substantial shareholders;
 - (iv) the Issuer shall promptly notify the Trustee and the Rating Agencies of

any change in its condition (financial or otherwise) and of any litigation or other proceedings of any nature whatsoever being threatened or initiated against the Issuer which may materially and adversely affect the ability of the Issuer to perform any of its obligations under any of the transaction documents;

- (v) the Issuer shall promptly give notice to the Trustee and the Rating Agencies of the occurrence of any Event of Default or any potential Event of Default forthwith upon becoming aware thereof, and it shall take all reasonable steps and/or such other steps as may reasonably be requested by the Trustee to remedy and/or mitigate the effect of the Event of Default or the Potential Event of Default;
- (vi) any other covenants as advised by the Legal Counsel of the JLAs and mutually agreed between the JLAs and the Issuer.

Positive Covenants:

Standard undertakings (subject to exceptions and compliance periods to be agreed to between the parties during documentation) for a facility of this nature including but not limited to:

- (i) the Issuer shall maintain in full force and effect all relevant authorisations, consents, rights, licences, approvals and permits and will promptly obtain any further authorisations, consents, rights, licences, approvals and permits which is or may become necessary;
- (ii) the Issuer shall at all times on demand execute all such further documents and do all such further acts reasonably necessary at any time or times to give further effect to the terms and conditions of the transaction documents;

- (iii) the Issuer shall exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices;
- (iv) the Issuer shall promptly perform and carry out all its obligations under all the transaction documents and ensure that it shall immediately notify the Trustee in the event that the Issuer is unable to fulfil or comply with any of the provisions of the transaction documents;
- (v) the Issuer shall prepare its financial statements on a basis consistently applied in accordance with approved accounting standards in Malaysia and shall disclose or provide against all liabilities (actual or contingent) of the Issuer;
- (vi) the Issuer shall promptly comply with all applicable laws including the provisions of the CMSA and/or the notes, circulars, conditions or guidelines issued by SC from time to time;
- (vii) any other covenants as may be advised by the legal counsel of the JLAs and to be mutually agreed between the Issuer and the JLAs.

Negative Covenants:

Standard undertakings (subject to exceptions and compliance periods to be agreed to between the parties during documentation) for a facility of this nature including but not limited to:

- (i) save in the ordinary course of its business or in connection with the raising of funds in accordance with Shariah principles, under the terms of which the Issuer has the right to acquire back any undertakings or assets disposed, the Issuer shall not dispose of the whole or a material part of its undertakings or assets;

- (ii) the Issuer shall not use the proceeds of the MTN Programme except for the purposes set out herein;
- (iii) the Issuer shall not enter into a transaction whether directly or indirectly with interested persons (including a director, substantial shareholder or persons connected with them) unless such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested persons; and
- (iv) any other covenants as may be advised by the legal counsel of the JLAs and to be mutually agreed between the Issuer and the JLAs.

Redemption	Unless previously redeemed or purchased and cancelled, the Notes will be redeemed by the Issuer at 100% of their nominal value on their respective maturity dates or on an amortising basis by their respective maturity dates or earlier if early redemption is permitted or provided for.
Repurchase and Cancellation	The Issuer may at any time purchase the Notes at any price in the open market or by private treaty and these repurchased Notes shall be cancelled.
Transferability	The Notes are transferable but subject to the Selling Restrictions described above.
Compensation ("Ta'widh")	In the event of delay in payments of any amount due under the IMTNs, the Issuer shall pay to the Trustee (acting on behalf of the Noteholders) compensation (Ta'widh) on such overdue amounts, where applicable, at the rate and in the manner prescribed by SC's Shariah Advisory Council from time to time.
Ibra'	Ibra' refers to an act of releasing absolutely or conditionally the Noteholder's rights and claims on any obligation against the Issuer

which would result in the latter being discharged of its obligations or liabilities towards the former. The release may be either partially or in full. With respect to the Murabahah contract, Ibra' refers to release of rights on debts/amounts due and payable under the said contract.

The IMTN investors in subscribing to the IMTN issued under the Shariah principles of Murabahah and Wakalah Bil Istithmar hereby consent to grant such Ibra' if the IMTN issued under the Shariah principles of Murabahah and Wakalah Bil Istithmar are redeemed before the maturity date and/or upon the declaration of an Event of Default/Dissolution Event. For the avoidance of doubt, Ibra' will be applicable only to the commodity trading portion of the Istithmar Portfolio i.e. the Murabahah Deferred Sale Price.

Taxation

All payments by the Issuer shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia or any other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In the event of any withholding or deduction required by law, the Issuer shall not be required to make payment of any additional amount on account of such withholding or deduction.

Governing Laws

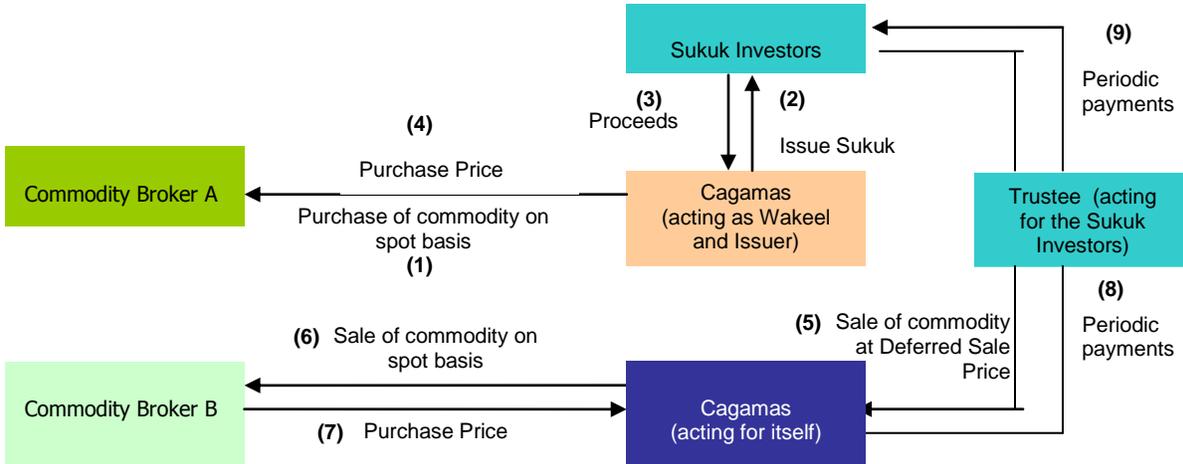
Laws of Malaysia

Jurisdiction

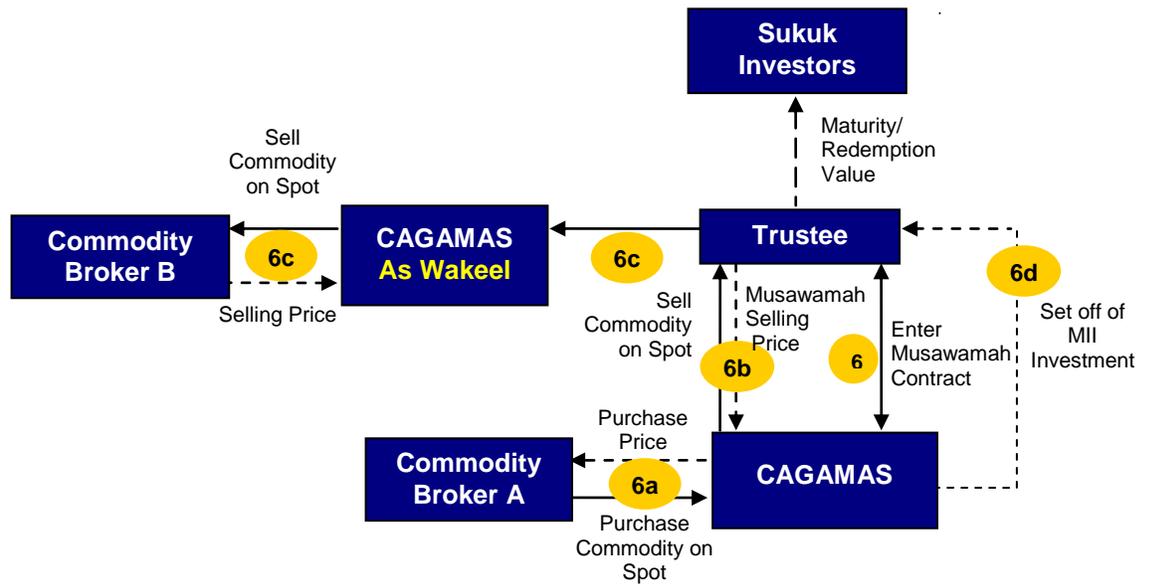
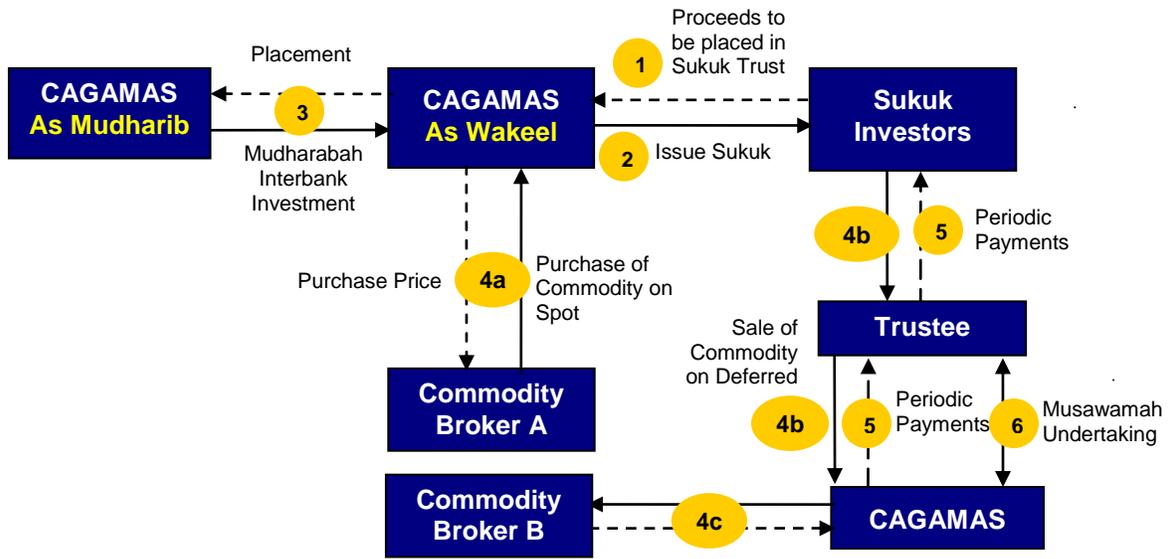
The Issuer shall unconditionally and irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia.

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APPENDIX 1



APPENDIX 2



- Step 1** : The Sukuk Wakalah Bil Istithmar (“**Sukuk Wakalah**”) investors (represented by the Trustee) will appoint Cagamas as Wakeel under a Wakalah Agreement (entered into between Cagamas and the Trustee) as agent on behalf of the Sukuk Wakalah investors to collect proceeds of the Sukuk Wakalah and invest the proceeds in Istithmar Portfolio (as defined below). The Wakeel shall declare a trust on the proceeds of the Sukuk Wakalah, for the benefit of the Sukuk Wakalah investors.
- Step 2** : Cagamas (as Issuer) will issue IMTNs under the MTN Programme to the Sukuk Wakalah investors to evidence the Sukuk Wakalah investors’ undivided and proportionate interest in the Istithmar portfolio. Cagamas in the capacity of Wakeel of the IMTNs investors who are represented by the Trustee will receive cash from the Sukuk Wakalah investors. The cash will be placed by Cagamas (as Wakeel) in a Sukuk Investment Trust (“**Sukuk Trust**”) held in trust by the Trustee on behalf of the Sukuk Wakalah investors. The Sukuk Trust will be utilized for the purpose of investments in equity assets and for purchasing and selling of Shariah-compliant commodities* (“**Commodity**”) (collectively known as “**Istithmar Portfolio**”). The amount invested in equity assets shall at all times be at least 30% of the value of the Istithmar portfolio or such other lower equity ratio as may be agreed between the Issuer and the Shariah advisers from time to time. The equity ratio for each Sukuk Wakalah issuance will be disclosed on the relevant transaction documents.
- Step 3** : **Equity Assets**
- Cagamas (as Wakeel) will place an amount of the cash in the Sukuk Trust as placement with Cagamas (acting for itself as Mudharib to the Wakeel) at an agreed profit sharing ratio (“**PSR**”) and tenure to create a Mudharabah Interbank Investment (“**MII**”) as the equity asset of the Istithmar Portfolio. Cagamas, in turn, will use the proceeds from the MII to invest in Islamic investment products. A MII certificate shall be issued to evidence the Mudharabah arrangement between Cagamas as Wakeel and Cagamas as Mudharib to the Wakeel.
- Step 4** : **Purchasing and Selling Commodity**
- (a) Cagamas (as Wakeel) will use the remaining amount of the cash in the Sukuk Trust (after deducting the investment amount for the MII) to purchase the Commodity from Broker A on spot basis at a purchase price equal to the amount of such cash (“**Purchase Price**”). By the terms of the Sukuk Wakalah, the Trustee is appointed as agent for the Sukuk Wakalah investors to sell the Commodity. By the terms of the Sukuk Wakalah, the Wakeel will also agree and acknowledge that the Sukuk Wakalah investors have authorized the Trustee (acting for the investors) to sell the

Commodity.

- (b) The Trustee (as agent for the investors) shall sell the Commodity to Cagamas (as purchaser) at the Murabahah Deferred Sale Price (i.e. the Purchase Price and a mark-up (profit) which in aggregate would be equivalent to 100% of the nominal value of the IMTNs, as the case may be plus aggregate of all periodic profit distributions payable under the Sukuk Wakalah payable on a deferred payment basis.
- (c) Cagamas shall sell the Commodity to Broker B on a spot basis for a cash consideration equal to the Purchase Price. Proceeds received from the sale of the Commodity will be used to fund Cagamas' Islamic operations.

Step 5 : Cagamas makes periodic principal and profit distributions (in the case of Sukuk on amortising basis) or profit distributions on a semi-annual or other periodic basis to the Trustee on account of its obligation to pay the Murabahah Deferred Sale Price and MII investments (if any). Each of such payment shall pro tanto reduce the obligation of the Issuer on the IMTNs issued. On the date of maturity of the IMTNs as the case may be/ event of default (“**EOD**”), whichever is earlier, all amounts then outstanding on the Murabahah Deferred Sale Price (subject to Ibra' as set out below, where applicable) shall be paid by Cagamas to the Trustee. For the avoidance of doubt, Ibra' will be applicable only to the commodity trading portion of the Istithmar Portfolio i.e. the Murabahah Deferred Sale Price.

Step 6 : **Musawamah Undertaking**

Sukuk Wakalah investors via the Trustee agree under the Trust Deed to undertake to enter into a contract with Cagamas under a Musawamah undertaking (on the terms set forth below) at maturity or upon an EOD under the Sukuk Wakalah, whichever is earlier.

- (a) Under the Musawamah undertaking, Cagamas will purchase commodity on spot basis from Broker A for a cash consideration (“**Musawamah Purchase Price**”).
- (b) Cagamas will subsequently sell the commodity to the Sukuk Wakalah investors via the Trustee at the Musawamah Selling Price. The Musawamah Selling Price is benchmarked against the principal and actual profit payable by Cagamas on the MII and the Musawamah Purchase Price paid to Broker A.

Note: In the case of an EOD, the Musawamah Selling Price will be benchmarked against the principal and actual profit payable by Cagamas on the MII (up to the declaration of EOD) and Musawamah Purchase Price paid to Broker A.

- (c) The Trustee will then on behalf of Sukuk Wakalah investors (via Cagamas as a Wakeel) sell the commodity to Broker B for a cash consideration (selling price) equivalent to the Musawamah Purchase Price.
- (d) The Musawamah Selling Price is set off by Cagamas against the amount due to Sukuk Wakalah investors from Cagamas in respect of the MII investment and the selling price received by Cagamas (as a Wakeel to the Sukuk investors) from Broker B.

**Note: Shariah-compliant commodity would exclude ribawi items in the category of medium of exchange such as currency, gold and silver.*