

**PROJECT SMS - SOLAR MANAGEMENT (SEREMBAN) SDN. BHD.**

**PROPOSED ISSUANCE OF ISLAMIC MEDIUM TERM NOTES OF UP TO RM260.0 MILLION IN NOMINAL VALUE UNDER THE SHARIAH PRINCIPLE OF MURABAHAH (VIA TAWARRUQ ARRANGEMENT)**

<b>Other terms and conditions</b>			
(i)	<b>Purchase and selling price/ rental (where applicable)</b>	:	The Purchase Price of the Commodities shall be determined prior to the issuance of the ASEAN Green SRI Sukuk. The Purchase Price of the Commodities and the Deferred Sale Price shall be in line with the asset pricing requirements as stipulated under the LOLA Guidelines.
(ii)	<b>Profit/ coupon/ rental rate</b>	:	The profit rate which shall be on a fixed-rate basis, will be determined and agreed between the Issuer and the Lead Manager prior to the issuance of the ASEAN Green SRI Sukuk.
(iii)	<b>Profit/ coupon/ rental payment frequency</b>	:	The periodic profit payments (" <b>Periodic Profit Payment</b> ") are payable semi-annually in arrears or such other periodic intervals in arrears to be agreed between the Issuer and the Lead Manager (each such date for payment a " <b>Profit Payment Date</b> ") prior to the issuance of the ASEAN Green SRI Sukuk.
(iv)	<b>Profit/ coupon/ rental payment basis</b>	:	The periodic profit payments shall be calculated on actual number of days based on 365-day basis.
(v)	<b>Yield to maturity</b>	:	The fixed yield to maturity for the ASEAN Green SRI Sukuk will be determined and agreed between the Issuer and the Lead Manager prior to the date of issuance of the ASEAN Green SRI Sukuk.
(vi)	<b>Issue Price</b>	:	The ASEAN Green SRI Sukuk shall be issued at par / discount / premium to the nominal value. The issue price of the ASEAN Green SRI Sukuk shall be determined prior to issuance.
(vii)	<b>Identified assets</b>	:	Shariah-compliant commodities, (excluding ribawi items in the category of medium of exchange such as currency, gold and silver) which are provided through the commodity trading platform, Bursa Suq Al-Sila' and/or such other independent commodity trading platform(s) acceptable to the Shariah Adviser, which shall be identified on or prior to the issuance of the ASEAN Green SRI Sukuk.
(viii)	<b>Details on Utilisation of Proceeds</b>	:	<p>Proceeds raised from the ASEAN Green SRI Sukuk shall be utilised by the Issuer for the following Shariah compliant purposes:</p> <p>(a) to refinance the existing banking facilities obtained by the Issuer (to be described in the Transaction Documents) in respect of the Project (the "<b>Existing Facilities</b>");</p>

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		<ul style="list-style-type: none"> <li>(b) for payment and/or reimbursement to the Project sponsors in respect of the shareholders' advances utilised for the development of the Project;</li> <li>(c) for initial funding of the FSRA and MRA (if applicable);</li> <li>(d) for payment of the land conversion premium arising from the conversion in the category of land use (the "<b>Land Conversion Premium</b>") in respect of the Project Land (if applicable); and</li> <li>(e) to defray the fees and expenses incurred in connection with the ASEAN Green SRI Sukuk.</li> </ul>
(ix)	<b>Status</b>	: All payment obligations under the ASEAN Green SRI Sukuk shall represent direct, unconditional and secured obligations of the Issuer. The ASEAN Green SRI Sukuk shall at all times rank pari passu, without any discrimination, preference or priority amongst themselves and rank at least pari passu in all respects with all other present and future unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law or permitted under the Transaction Documents.
(x)	<b>Form and Denomination</b>	<p>The Sukuk shall be issued in accordance with:</p> <ul style="list-style-type: none"> <li>(a) the "Participation and Operation Rules for Payments and Securities Services" issued by PayNet;</li> <li>(b) the "Operational Procedures for Securities Services" issued by PayNet; and</li> <li>(c) the "Operational Procedures for Malaysian Ringgit Settlement in RENTAS" issued by PayNet,</li> </ul> <p>as amended or replaced from time to time (collectively, the "<b>PayNet Rules and Procedures</b>").</p> <p><b><u>Form</u></b></p> <p>The ASEAN Green SRI Sukuk shall be represented by global certificate(s) to be deposited with BNM and may be exchanged for definitive bearer form only in certain limited circumstances. No physical delivery of the global certificate(s) will be made.</p> <p><b><u>Denomination</u></b></p> <p>The denomination of the ASEAN Green SRI Sukuk shall be RM1,000,000.00 or in integral multiples thereof at the time of issuance or, subject to PayNet Rules and Procedures,</p>

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			such other denominations as may be agreed between the Issuer and the Facility Agent.
(xi)	<b>Redemption Maturity</b>	<b>on</b>	: Unless previously redeemed or purchased and cancelled, the ASEAN Green SRI Sukuk will be redeemed by the Issuer at 100% of its nominal value on its maturity date.
(xii)	<b>Transaction Documents</b>		: The Transaction Documents shall include the following documents:  (a) the Trust Deed; (b) the facility agency agreement; (c) the security agency agreement; (d) the subscription agreement; (e) the securities lodgement form; (f) the Islamic transaction documents; (g) the Security Documents; and (h) any other relevant documentation which may be advised by the Solicitors and mutually agreed by the PA/LA and the Issuer.
(xiii)	<b>Trustees' Reimbursement Account for Sukukholders' Actions ("TRA")</b>		: The Issuer shall set up, or procure the setting up of a "Trustee's Reimbursement Account" with a sum of RM30,000.00 (which shall be maintained at all times throughout the tenure of the ASEAN Green SRI Sukuk).  The TRA shall be operated by the Sukuk Trustee and the monies shall only be used strictly by the Sukuk Trustee in carrying out its duties in relation to the occurrence of an Event of Default in the manner provided in the Trust Deed. This sum of money shall be maintained in the TRA at all times throughout the tenure of the ASEAN Green SRI Sukuk.  The monies in the TRA may be invested in Islamic based accounts, Shariah-compliant instruments or Shariah-compliant securities in the manner prescribed in the Trust Deed, with any income from such investment accruing to the Issuer. These monies shall be returned to the Issuer upon full redemption of the ASEAN Green SRI Sukuk if no Event of Default or enforcement takes place under the ASEAN Green SRI Sukuk.
(xiv)	<b>Taxation</b>		: 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 other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law, in which event the payer shall be required to make such additional amount so that the payee would

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			receive the full amount which the payee would have received if no such withholding or deductions are made.
(xv)	<b>Cost and Expenses</b>	:	All legal fees, stamp duties (if any) and reasonable expenses incurred in connection with the ASEAN Green SRI Sukuk, including professional fees and fees payable to the SC, where applicable, shall be for the account of the Issuer.
(xvi)	<b>Conditions Subsequent</b>	:	<p>The Issuer shall within three (3) months from the date of issuance of the ASEAN Green SRI Sukuk satisfy the conditions subsequent to the issuance of the ASEAN Green SRI Sukuk including but not limited to the following:</p> <ul style="list-style-type: none"> <li>(i) documentary evidence that the Existing Facilities have been fully repaid by the Issuer and all existing securities created in respect of the Existing Facilities have been released and discharged;</li> <li>(ii) the Project Land Lease has been registered with the relevant land office/land registry in Negeri Sembilan;</li> <li>(iii) the Security Documents (including the Charge over Project Land Lease) have been executed, and where applicable, have been signed, stamped or endorsed as being exempted from stamp duty and registered with the relevant registries;</li> <li>(iv) documentary evidence in form and substance satisfactory to the Facility Agent that all relevant notices, acknowledgements, consents and/or confirmations required under the Security Documents have been issued or received (as the case may be);</li> <li>(v) the Statements of Particulars to be Lodged with Charge (as prescribed under the Companies Act), where applicable, in respect of the charges created pursuant to the Security Documents (for the purpose of registration of such charges with the CCM in accordance with Section 352 of the Companies Act) have been duly lodged with the CCM;</li> <li>(vi) a certified true copy of each insurance policy/Takaful policy assigned pursuant to the Assignment of Insurances; and</li> <li>(vii) such other conditions subsequent as may be advised by the Solicitors and to be mutually agreed between the PA/LA and the Issuer.</li> </ul>

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			<p>The Issuer shall within eighteen (18) months from the date of issuance of the ASEAN Green SRI Sukuk, provide documentary evidence that:</p> <p>(i) the category of land use in respect of the Project Land has been converted from “agriculture” to “industry”; and</p> <p>(ii) the Certificate of Completion and Compliance has been issued in respect of the buildings erected on the Project Land.</p>
(xvii)	<b>Definitions</b>		
	Commercial Operations Date or COD	:	Means 30 January 2019.
	Eligible SRI Project	:	Any project and/or asset deemed as an eligible SRI project in all sectors pursuant to paragraph 7.08 of Part 3 of Section B of the LOLA Guidelines.
	EPCC Contract	:	Means the contract dated 1 November 2017 entered into between the Issuer and Mattan Engineering Sdn. Bhd. in connection with the design, engineering, procurement, construction, installation, testing and commissioning of the Plant and the Interconnection Facilities, as amended and/or supplemented from time to time.
	FSRA Minimum Required Balance	:	<p>The Issuer shall maintain at all times a minimum balance in the FSRA equivalent to the amount of the profit and principal payment(s) due in the next six (6) months (“<b>FSRA Minimum Required Balance</b>”) commencing from the issue date of the ASEAN Green SRI Sukuk.</p> <p>Any withdrawals from the FSRA account shall be reinstated within thirty (30) days of such withdrawal(s) in order to comply with the FSRA Minimum Required Balance.</p>
	Interconnection Facilities	:	Means all of the facilities as described under the PPA to connect the Plant to the grid system, to enable TNB to receive solar photovoltaic energy from the Plant and to maintain the stability of the grid system.
	Material Adverse Effect	:	<p>The effect of any event or circumstance which may be materially adverse to:</p> <p>(i) the ability of the Issuer to perform or comply with any of its obligations under the Transaction Documents in accordance with the terms thereof;</p>

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			<p>(ii) the validity, legality, binding effect or enforceability of the Transaction Documents or to any of the security interest granted pursuant thereto or to any of the rights or remedies of the Security Agent (on behalf of the Sukukholders) thereunder; or</p> <p>(iii) the operations, business, property, assets, liabilities or financial condition of the Issuer.</p>
	MRA Minimum Required Balance	:	<p>The Issuer shall maintain therein a minimum amount of RM5.0 million ("<b>MRA Minimum Required Balance</b>") which shall be built up over a 10-year period commencing on and from COD at the rate of RM500,000.00 per annum.</p> <p>In the event of any shortfall in the MRA Minimum Required Balance, the Issuer shall ensure that the MRA Minimum Required Balance is met within three (3) months from such shortfall date.</p>
	O&M Contract	:	<p>Means the operation and maintenance contract dated 1 February 2020 entered into between the Issuer and Mattan Engineering Sdn. Bhd. in connection with the operation and maintenance of the Plant and the Interconnection Facilities, which supersedes the operation and maintenance contract dated 1 February 2019 (which in turn supersedes the original operation and maintenance contract dated 12 October 2018), as may be amended and/or supplemented from time to time.</p>
	Original Project Land Lease Agreement	:	<p>Means the Form 15A (<i>Lease of Land</i>) dated 23 November 2017 which was registered on 24 November 2017 vide presentation no. 30150/2017, attaching the lease agreement dated 20 February 2017 entered into between the Issuer as lessee and Jubilant Rewards Sdn. Bhd. as lessor.</p>
	Permitted Indebtedness	:	<p>In respect of the Issuer, includes, inter alia, the following:-</p> <p>(i) financial indebtedness of the Issuer secured by Permitted Security Interest;</p> <p>(ii) financial indebtedness under the Project Documents and the Transaction Documents; and</p> <p>(iii) any financial indebtedness arising from the shareholders that are, except as otherwise permitted under the Transaction Documents, subordinated to the ASEAN Green SRI Sukuk.</p>
	Permitted Security Interest	:	<p>In respect of the Issuer, includes, inter alia, the following:-</p>

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			<p>(i) the existing security interest created in favour of existing financier in respect of the Existing Facilities;</p> <p>(ii) any security interest contemplated under the Transaction Documents and the Project Documents;</p> <p>(iii) any security interest arising by operation of law and contractual liens and retention of title arrangements, in each case arising in the ordinary course of the Issuer's business provided that the same are in respect of obligations which are not overdue for more than thirty (30) days and for which appropriate segregated cash reserves have been established; and</p> <p>(iv) any other security interest expressly permitted under the Transaction Documents.</p>
	Plant	:	Means the solar photovoltaic energy generating facilities and ancillary equipment and facilities with a capacity of 50MWac on the Project Land as described in the PPA, including any variation and modification thereto.
	Potential Event of Default	:	Any event or circumstance which, with the giving of notice, the making of any determination by the Sukuk Trustee (where the factual circumstances permit the making of such determination) or the expiry of any grace period (or any combination of the above), and on the basis that it is still continuing, would become an Event of Default.
	PPA	:	Means the power purchase agreement dated 3 March 2017 entered into between the Issuer and TNB, as may be amended and/or supplemented from time to time.
	Project	:	Means the development, operation and maintenance of the Plant on the Project Land.
	Project Cost	:	<p>The estimated total project cost is approximately RM325.0 million.</p> <p>The aggregate of all costs incurred or to be incurred in designing, constructing and commissioning the Plant (including but not limited to construction costs, financing fees, interest during construction, costs and expenses, start-up costs, insurance premiums, initial funding of the finance service reserve account and maintenance reserve account (if applicable), all costs and expenses for the acquisition of the Project Land, all costs and expenses to establish any initial inventory of spares and other consumables (if applicable), working capital requirements,</p>

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			taxes and other costs including Takaful contributions/insurance premium, consultancy fees and contingencies.
	Project Documents	:	Means the following:  (i) the PPA;  (ii) the EPCC Contract;  (iii) the O&M Contract;  (iv) the Project Land Lease; and  (v) any other agreement and/or document that is issued to the Issuer or to which the Issuer is a party which is material to the Project and as may reasonably be determined by the Lead Arranger to be designated as a Project Document.
	Project Land	:	The land held under land title details GRN 275234, Lot 6266, Pekan Chembong, Daerah Rembau, Negeri Sembilan and, where the context so requires, includes the buildings thereon from time to time.
	Project Land Lease	:	Means the lease over a portion of the Project Land granted by Jubilant Rewards Sdn. Bhd. as lessor in favour of the Issuer as lessee, pursuant to the Original Project Land Lease Agreement (as amended and supplemented by the Supplemental Project Land Lease Agreement and as may be amended and/or supplemented from time to time).
	SPP Licence	:	Means the licence required to be obtained by the Issuer pursuant to Section 9 of the Electricity Supply Act 1990 to enable the Issuer to own and operate the Plant and deliver and sell solar photovoltaic energy to TNB pursuant to the PPA.
	Supplemental Project Land Lease Agreement	:	Means the supplemental agreement dated 15 July 2019 to the Original Project Land Lease entered into between the Issuer as lessee and Jubilant Rewards Sdn. Bhd. as lessor.
	Total Loss	:	Means the total loss or destruction of, or damage to the whole (and not part only) of the Plant or any event or occurrence that renders the whole (and not part only) of the Plant permanently unfit for any economic use and the repair or remedial work in respect thereof is wholly uneconomical.
(xviii)	ASEAN Green SRI Sukuk	:	The Project is deemed as an Eligible SRI project falling under paragraph 7.08(a)(i), Chapter 7, Part 3, Section B of the LOLA Guidelines, which are green projects that relate to renewable energy.



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			<p>The Project is also an eligible “Green Project” pursuant to the ASEAN Green Bond Standards under paragraph 4.1.5(i) (renewable energy), whereby the Project is in respect of a solar photovoltaic energy generating facility.</p> <p>The ASEAN Green SRI Sukuk will be in compliance with the relevant provisions under Chapter 8, Part 3, Section B of the LOLA Guidelines relating to the additional requirements for an issuance of ASEAN Green Bonds and Sukuk.</p>
<b>(xix)</b>	External review for the ASEAN Green SRI Sukuk	:	<p>The Issuer has engaged RAM Sustainability Sdn Bhd (formerly known as RAM Consultancy Services Sdn Bhd) as the external review provider for the ASEAN Green SRI Sukuk (the “<b>External Review Provider</b>”) to provide an external review (via a second opinion report) on the Issuer’s ASEAN Green SRI Sukuk framework against the transparency and disclosure requirements of the following:</p> <ul style="list-style-type: none"><li>(i) the Green Bond Principles issued by the International Capital Market Association;</li><li>(ii) the ASEAN Green Bond Standards under the ASEAN Capital Markets Forum; and</li><li>(iii) the Sustainable &amp; Responsible Investment Sukuk Framework under the SC.</li></ul>