

PRINCIPAL TERMS AND CONDITIONS**1. Background information on the Issuer**

- (i) *Name* : Malaysia Airports Holdings Berhad (the “**Issuer**” or “**MAHB**”).
- (ii) *Address* : Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan.
- (iii) *Business Registration No.* : 487092-W.
- (iv) *Date and Place of Incorporation* : 28 June 1999 / Malaysia.
- (v) *Date of Listing, where applicable* : 30 November 1999.
- (vi) *Status on residence* : Resident-controlled company.
- (vii) *Principal Activities* : Investment holdings. The core activities of its subsidiaries include the management, operation and maintenance as well as development of airports, with primary emphasis being placed on the operational efficiency, safety and security of passengers, cargo and aircraft operations.
- (viii) *Board of Directors as at 15 May 2013* :
1. Tan Sri Dato’ Sri Dr. Wan Abdul Aziz bin Wan Abdullah (National Registration Identity Card number: 520524-03-5335)
 2. Tan Sri Bashir Ahmad bin Abdul Majid (National Registration Identity Card number: 490620-07-5383)
 3. Datuk Alias bin Haji Ahmad (National Registration Identity Card number: 470725-02-5093)
 4. Datuk Siti Maslamah binti Osman (National Registration Identity Card number: 471024-10-5212)
 5. Jeremy bin Nasrulhaq (National Registration Identity Card number: 530419-10-5855)
 6. Datuk Seri Long See Wool (National Registration Identity Card number: 541118-06-5013)
 7. Mohd Izani bin Ghani (National Registration Identity Card number: 680101-03-5491)
 8. Eshah binti Meor Suleiman (National Registration Identity Card number: 541101-08-5552)
 9. Tunku Dato’ Mahmood Fawzy bin Tunku Muhiyiddin (National Registration Identity Card number: 580819-71-5551)
 10. Dato’ Syed Faisal Albar bin Syed A.R Albar (National Registration Identity Card number: 650923-10-5105)
 11. Norazura binti Tadzim (Alternate Director to Eshah binti Meor Suleiman) (National Registration Identity Card number: 780218-02-6116)

12. Chua Kok Ching (Alternate Director to Datuk Seri Long See Wool) (National Registration Identity Card number: 580928-01-5503)

- (ix) *Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders as at 15 May 2013* : The substantial shareholders of MAHB as at 15 May 2013 are as follows:

Shareholder	No. of Ordinary Shares Held	Percentage Owned (%)
Khazanah Nasional Berhad	495,244,046	40.18
Employees Provident Fund Board	132,679,120	10.77
AmanahRaya Trustees Berhad – Skim Amanah Saham Bumiputera	131,417,646	10.66

- (x) *Authorised Capital as at 15 May 2013* : RM 2,000,000,001.00 divided into 2,000,000,000 ordinary shares of RM 1.00 each and 1 Special Rights Redeemable Preference Share of RM1.00.

Issued and Paid-up Capital as at 15 May 2013 : RM 1,232,443,880.00 divided into 1,232,443,879 ordinary shares of RM 1.00 each and 1 Special Rights Redeemable Preference Share of RM1.00.

- (xi) *Disclosure of the following:* : Nil.

- If the Issuer or its board members have been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five years prior to the date of the application; and
- If the Issuer has been subjected to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange, for the past five years prior to the date of application.

2. **Principal terms and conditions**

(a) **Names of parties involved in the proposal, where applicable:**

- (i) *Principal Adviser* : CIMB Investment Bank Berhad (“**CIMB**”), HSBC Amanah Malaysia Berhad (“**HSBC Amanah**”) and

- Maybank Investment Bank Berhad ("**Maybank IB**") as the joint principal advisers.
- (ii) *Lead Arranger* : CIMB, Citibank Berhad ("**CITI**"), HSBC Amanah and Maybank IB as the joint lead arrangers ("**JLAs**").
- (iii) *Co-arranger* : Not Applicable.
- (iv) *Solicitor* : To MAHB: Raslan Loong.
To the JLAs: Zaid Ibrahim & Co.
- (v) *Financial Adviser* : Not Applicable.
- (vi) *Technical Adviser* : Not Applicable.
- (vii) *Sukuk Trustee* : CIMB Islamic Trustee Berhad ("**Sukuk Trustee**").
- (viii) *Shariah Adviser* : CIMB Islamic Bank Berhad, HSBC Amanah and Maybank Islamic Berhad as the joint Shariah advisers ("**Joint Shariah Advisers**").
- (ix) *Guarantor* : Not Applicable.
- (x) *Valuer* : Not Applicable.
- (xi) *Facility Agent* : CIMB.
- (xii) *Primary Subscriber (under a bought-deal arrangement) and Amount Subscribed* : In the event that the Sukuk Musharakah (as defined below) are issued on a bought deal basis, the primary subscribers will be identified prior to such issuance.
- (xiii) *Underwriter and Amount Underwritten* : Not applicable.
- (xiv) *Central Depository* : Bank Negara Malaysia ("**BNM**").
- (xv) *Paying Agent* : BNM.
- (xvi) *Reporting Accountant* : Ernst & Young.
- (xvii) *Calculation Agent* : Not applicable.
- (xviii) *Others (please specify)*
- *Obligor and Managing Partner* : MAHB.
 - *Joint Lead Managers* : CIMB, CITI, HSBC Amanah and Maybank IB as the joint lead managers ("**JLMs**").

- *Coordinating Bank* : CITI.

- (b) **Islamic Principles Used** : The Senior Sukuk ("**Sukuk Musharakah**") to be issued from time to time pursuant to a senior Sukuk programme ("**Sukuk Programme**") (which, together with a proposed perpetual subordinated Sukuk Programme ("**Subordinated Sukuk Programme**") to be established by the Issuer, has a combined aggregate limit of up to RM2.5 billion in nominal value) shall be issued under the Islamic principle of Musharakah, being a Shariah principle approved by the Securities Commission Malaysia ("**SC**")'s Shariah Advisory Council ("**SAC**").
- (c) **Facility Description** : The Sukuk Musharakah comprise certificates representing undivided beneficial interest in the Musharakah Venture (as defined below) and any funds held by the Managing Partner (as defined below) on account of holders of the Sukuk Musharakah ("**Sukukholders**"). A description of the structure and a summary of the principal Islamic documents are set out below:

Master Musharakah Agreement

The Sukuk Trustee for the Sukukholders (acting on behalf of all the Sukukholders) and MAHB will enter into a master Musharakah agreement (the "**Master Musharakah Agreement**") under which, the parties, as Musharakah partners, may from time to time enter into Musharakah agreements (each a "**Musharakah Agreement**") for the purposes of undertaking a venture (the "**Musharakah Venture**") consisting of Shariah-compliant investments in the airport operations business of the Issuer and/or its subsidiaries which entails the collection of passenger service charge (PSC), landing and parking fees, and other ancillary charges to airlines or part thereof identified and held on trust by MAHB on behalf of the Sukukholders ("**Business**"). The Sukukholders (through the Sukuk Trustee) shall appoint MAHB as the managing partner ("**Managing Partner**") of each Musharakah Venture.

The Sukukholders shall provide capital contribution to the Musharakah Venture through subscription of the Sukuk Musharakah which will be issued by MAHB and constituted by a trust deed ("**Trust Deed**"). MAHB shall contribute the Business as a capital contribution in kind to the Musharakah Venture. Upon issuance of the Sukuk Musharakah, the proceeds received by the Issuer ("**Musharakah Capital**") from the Sukukholders shall be invested with MAHB (in its capacity as Managing Partner) for the purposes of undertaking the Musharakah Venture. The Sukuk Musharakah comprise certificates representing the

Sukukholders' undivided beneficial interest in the Musharakah Venture and any funds held by the Managing Partner on account of the holders of the Sukuk Musharakah.

Income from the Musharakah Venture shall be distributed to each partner based on a profit sharing ratio which will be determined prior to the issuance of the Sukuk Musharakah. Any losses incurred in the Musharakah Venture shall be borne by each partner in proportion to each partner's respective capital contribution in the Musharakah Venture. Each Musharakah Agreement will contain terms for the target periodic distributions from that Musharakah Venture for each agreed period (each a "**Distribution Period**"). Such target periodic distribution shall be based on the Periodic Distribution Rate (as defined below) and shall be referred to as the "**Periodic Distribution Amount**".

With respect to the distribution on each Periodic Distribution Date:

- (a) if the profits generated from the Musharakah Venture ("**Profits**") are in excess of the Periodic Distribution Amount for the applicable Distribution Period, Profits up to the Periodic Distribution Amount for the applicable Distribution Period will be distributed to the Sukukholders and any excess will be retained by the Managing Partner in a reserve account ("**Reserve Account**") on behalf of the Sukukholders on a custody basis. If, on the dissolution of the Musharakah Venture, there are any positive balances in the Reserve Account, the net excess amount will be paid to the Managing Partner as an incentive payment.
- (b) if the Profits are insufficient to pay the Periodic Distribution Amount for the applicable Distribution Period the Managing Partner (i) shall utilise any amount available in the Reserve Account to cover the shortfall between the Periodic Distribution Amount and the Profits and (ii) may provide a Shariah-compliant liquidity facility whereby it shall advance to the Sukuk Trustee (on behalf of the Sukukholders) an amount sufficient to make up the shortfall between the Periodic Distribution Amount and the Profits (adjusted accordingly pursuant to any utilisation of the Reserve Account as referred to in (i) above, if applicable), in order to enable MAHB as the Issuer to make payment of the Periodic Distribution Amount. The Managing Partner shall be entitled to deduct from the Reserve Account any amount advanced under such

liquidity facility at a later date. Alternatively, such amounts advanced by the Managing Partner will be repaid to the Managing Partner upon redemption of the Sukuk Musharakah in full. Such amount of liquidity facility to be repaid upon redemption of the Sukuk Musharakah in full shall be referred to as the **“Net Liquidity Facility”**.

Master Purchase Undertaking

MAHB (in its capacity as the Obligor) will provide a Master Purchase Undertaking, pursuant to which, on each dissolution date of a Musharakah Venture set out below, it shall execute a transfer/sale agreement (**“Transfer/Sale Agreement”**) for the purchase of the Sukukholders’ undivided beneficial interest in the Musharakah Venture at the relevant Exercise Price (as described below).

The Exercise Price shall be equal to the nominal value of the Sukuk Musharakah plus any Periodic Distribution Amount payable and unpaid up to the relevant dissolution date plus any Net Liquidity Facility. The Obligor will be entitled to set-off the Exercise Price with any Net Liquidity Facility.

The purchase of the Sukukholders’ undivided beneficial interest in the Musharakah Venture would dissolve such Musharakah Venture.

The dissolution dates applicable to the Master Purchase Undertaking are:

- (a) the date of declaration of a Dissolution Event (as defined in paragraph 2(v) below);
- (b) the respective maturity dates of a particular series of Sukuk Musharakah; or
- (c) the date of the occurrence of a Mandatory Redemption Event (as defined in paragraph 2(y)(iv) below).

MAHB will execute a power of attorney in favour of the Sukuk Trustee pursuant to which the Sukuk Trustee is granted the authority to execute the Transfer/Sale Agreement in the event of failure/refusal of MAHB to execute the Transfer/Sale Agreement pursuant to the exercise of the Master Purchase Undertaking.

Please refer to Appendix A for the diagrammatic illustration of the Musharakah structure.

(d) Identified Assets

- : Shariah-compliant airport operations business of the Issuer and/or its subsidiaries which entails the collection of passenger service charge (PSC), landing and parking fees and other ancillary charges to airlines, or any part thereof identified

by MAHB and approved by the Joint Shariah Advisers.

The Identified Assets for the Subordinated Sukuk Programme will also be the same airport operations business. For each issuance (either from this Sukuk Programme or from the Subordinated Sukuk Programme), a specific portion of the Business will be contributed towards that particular Musharakah Venture which is formed upon issuance of the Sukuk under the respective programmes. For the avoidance of doubt, there will not be an overlap of specific portions of the Business and the corresponding income for the Sukuk Musharakah issued under this Sukuk Programme vis-à-vis the Subordinated Sukuk Programme.

- (e) **Purchase and selling price/rental (where applicable)** : Not applicable.
- (f) **Issue/programme Size** : The aggregate outstanding nominal value of the Sukuk Musharakah issued pursuant to the Sukuk Programme together with the aggregate outstanding nominal value of the sukuk Musharakah issued pursuant to the Subordinated Sukuk Programme shall not exceed RM2.5 billion at any point in time.
- (g) **Tenure of the Issue/Sukuk programme** : **Tenure of the Sukuk Programme**
Twenty (20) years from the date of first issue under the Sukuk Programme, provided that the first issuance shall take place within two (2) years of the SC's approval of the Sukuk Programme.
- Tenure of the Sukuk Musharakah**
The tenure of the Sukuk Musharakah shall be more than one (1) year and not exceeding twenty (20) years from the respective issue date ("**Issue Date**"), provided that the maturity date of the Sukuk Musharakah shall not extend beyond the Tenure of the Sukuk Programme.
- (h) **Availability Period of Sukuk Programme** : The period commencing on the date the conditions precedent of the Sukuk Programme are fulfilled or waived (as the case may be), and ending on the expiry of the Tenure of the Sukuk Programme, provided that the first issuance shall take place within two (2) years of the SC's approval of the Sukuk Programme.
- (i) **Periodic Distribution/coupon/rental rate** : The targeted rate of periodic distribution ("**Periodic Distribution Rate**") applicable to each series of the Sukuk Musharakah shall be determined prior to each issuance of the Sukuk Musharakah.
- (j) **Periodic Distribution/Coupon/** : Semi-annually in arrears from the applicable Issue Date (each a "**Periodic Distribution Date**").

	Rental Frequency	Payment
(k)	Periodic Distribution Payment Basis	: The Periodic Distribution Rate shall be calculated based on the actual number of days elapsed and 365 days basis (actual/365 days).
(l)	Security/Collateral (where applicable)	: Nil.
(m)	Details on Utilisation of Proceeds	: Proceeds from the issuance of Sukuk Musharakah shall be utilised for the working capital requirements, general investments and/or to refinance any borrowings/financing of the Issuer and/or its subsidiaries, which are Shariah-compliant.
(n)	Sinking Fund and Designated Accounts (where applicable)	: Not applicable.
(o)	Rating	
	• Credit Rating Assigned and whether the rating is final or indicative	: The indicative rating for the Sukuk Programme is AAA.
	• Name of Credit Rating Agency	: RAM Rating Services Berhad (" RAM ").
(p)	Mode of Issue	: The Sukuk Musharakah may be issued on a bought deal basis, direct placement on a best effort basis or book building on a best effort basis.
		The issuance of the Sukuk Musharakah under the Sukuk Programme shall be in accordance with the MyClear Rules and Procedures (as defined below), subject to such exemptions (if any) granted from time to time.
(q)	Selling Restrictions, including tradability ie whether tradable or non- tradable	: The Sukuk Musharakah are tradable, subject to the following selling restrictions:

At Issuance

The Sukuk Musharakah may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to subscribe the Sukuk Musharakah is made and to whom the Sukuk Musharakah 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**"), as amended from time to time, read together with Schedule 9 (or Section 257(3)) of the CMSA.

Thereafter

The Sukuk Musharakah may only be offered, sold, transferred or otherwise disposed directly or

indirectly to a person to whom an offer or invitation to purchase the Sukuk Musharakah 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.

- (r) ***Listing status and types of listing*** : The Sukuk Musharakah may be listed on Bursa Malaysia Securities Berhad under the exempt regime.
- (s) ***Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase sukuk and whether or not obtained*** : No approvals are required from other regulatory authorities for the issue, offer or invitation to subscribe or purchase the Sukuk Musharakah.
- (t) ***Conditions Precedent*** : To include but not limited to the following (all have to be in form and substance acceptable to the JLAs):

A. Main Documentation

- 1) The transaction documents have been executed and stamped (or endorsed as exempt from stamp duty) and where applicable, presented for registration.

B. Issuer

- 1) Certified true copies of the Certificate of Incorporation and the Memorandum and Articles of Association of the Issuer.
- 2) Certified true copies of the latest Forms 24, 44 and 49 of the Issuer.
- 3) A certified true copy of board resolutions of the Issuer authorising, among others, the issuance of the Sukuk Musharakah and the execution of the transaction documents.
- 4) A list of the Issuer's authorised signatories and their respective specimen signatures.
- 5) A report of the relevant company search of the Issuer conducted at the Companies Commission of Malaysia.
- 6) A report of the relevant winding up search on the Issuer conducted at the Department of Insolvency of Malaysia.

C. General

- 1) Satisfactory documentary evidence that the approvals from the relevant authorities, including but not limited to the SC in respect of the Sukuk Musharakah

has been obtained.

- 2) Confirmation from the rating agency that the Sukuk Programme has received the requisite rating as stated in these principal terms and conditions.
- 3) Evidence that all transaction fees, costs and expenses have been or will be paid in full.
- 4) The JLAs have received from their legal counsel a favourable legal opinion addressed to the JLAs and the Sukuk 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.
- 5) Evidence of confirmation from the Joint Shariah Advisers that the structure and mechanism of the Sukuk Programme and the transaction documents are in compliance with Shariah.
- 6) Such other conditions precedent as advised by the legal counsel of the JLAs and agreed between the Issuer and the JLAs.

(u) Representations and Warranties

: To include but not limited to the following:

- (i) MAHB is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, has full power to carry on its business and to own its property and assets, and to enter into, exercise its rights under and perform its obligations under the transaction documents, and has full beneficial ownership of all its assets;
- (ii) the memorandum and articles of association of MAHB incorporate provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of any administrative, governmental or other authority or body in Malaysia have been duly obtained and are in full force and effect which are required to authorise MAHB 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 did or does as at the date this representation and warranty is made or repeated:

- (a) contravene or constitute a default under any provision contained in any agreement, instrument, law, ordinance, decree, judgment, order, rule, regulation, licence, permit or consent by which MAHB or any of its assets is bound or which is applicable to MAHB or any of its assets;
- (b) cause any limitation on MAHB or the powers of its directors, whether imposed by or contained in its memorandum and articles of association or in any agreement, instrument, law, ordinance, decree, order, rule, regulation, judgment or otherwise, to be exceeded; or
- (c) cause the creation or imposition of any security interest or restriction of any nature on any of MAHB'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 MAHB and enforceable in accordance with its terms;
- (v) the Sukuk Musharakah have been duly authorised and when issued and delivered and authenticated as provided in the transaction documents and paid for, will be duly and validly issued and delivered and will constitute legal, valid and binding obligations of MAHB under the transaction documents and will rank pari passu as to priority of payment with all other unsecured and unsubordinated indebtedness for borrowed money incurred by MAHB subject to laws affecting creditors' rights generally;
- (vi) all consents, authorisations or approvals of, or filings with, any governmental authority required in connection with the issue or sale by MAHB of the Sukuk Musharakah or the performance of MAHB's obligations thereunder or under the transaction documents have been duly obtained and

are in full force and effect;

- (vii) as of the date of issue thereof, the information contained in the information memorandum (“**Information Memorandum**”) is, after having made all reasonable enquiries, not false or misleading and there is no material omission therefrom;
- (viii) save as disclosed in the Information Memorandum, since the end of the most recent financial period of MAHB for which MAHB has issued its audited accounts, there has not occurred and there is no litigation or governmental proceeding pending, or to the best of MAHB’s knowledge threatened, against or affecting MAHB (or any of its properties) which would have a Material Adverse Effect (as defined in item 2(v) below);
- (ix) the latest audited financial statements of MAHB have been prepared in accordance with the approved accounting standards in Malaysia, which have been consistently applied and (in conjunction with the notes to such statements) present a true and fair view of the state of affairs of MAHB for the financial year ended on such date; and
- (x) such other representations and warranties as agreed between MAHB and the JLAs.

(v) ***Events of default, dissolution event and enforcement event, where applicable***

: The dissolution events (“**Dissolution Events**”) shall include but are not limited to the following:

- (i) MAHB 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) any representation or warranty made or given by MAHB under the transaction documents or which is contained in any certificate, document or statement furnished at any time pursuant to the terms of the Sukuk Musharakah and/or any of the transaction documents proves to have been incorrect or misleading in any material respect on or as of the date made or given or deemed made or given, and in the case of a failure which in the reasonable opinion of the Sukuk Trustee is capable of being remedied, MAHB does not remedy the failure within a period of fourteen (14) days after MAHB became aware or having been notified by the Sukuk Trustee of the failure;

- (iii) MAHB fails to observe or perform its obligations under any of the transaction documents or the Sukuk Musharakah 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 in the case of a failure which in the reasonable opinion of the Sukuk Trustee is capable of being remedied, MAHB does not remedy the failure within a period of thirty (30) days after MAHB became aware or having been notified by the Sukuk Trustee of the failure;
- (iv) there has been a breach by MAHB of any obligation under any of MAHB's existing contractual obligations which may materially and adversely affect MAHB's ability to perform its obligations under the transaction documents and, if in the reasonable opinion of the Sukuk Trustee is capable of being remedied, MAHB does not remedy the breach within a period of thirty (30) days after MAHB became aware or having been notified by the Sukuk Trustee of the breach;
- (v) any indebtedness for borrowed moneys (including amounts arising from Islamic financing) of MAHB in the aggregate outstanding principal amount of RM170.0 million (or its equivalent in any other currency or currencies) or more becomes due or payable or capable of being declared due or payable prior to its stated maturity or any guarantee or similar obligations of MAHB 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 or disputed in good faith by MAHB in a court of competent jurisdiction within thirty (30) days from the date of such declaration or call, or MAHB goes into default under, or commits a breach of, any agreement or instrument relating to any such indebtedness, guarantee or other obligations, or any security created to secure such indebtedness becomes enforceable;
- (vi) an encumbrancer takes possession of, or a trustee, receiver, receiver and manager or similar officer, administrator or liquidator is appointed in respect of the whole or substantial part of the business or assets of MAHB, or distress, legal process, sequestration or any form of execution is levied or enforced or sued in

respect of the whole or substantial part of the business or assets of MAHB and is not discharged within thirty (30) days after being levied, enforced or sued out, or any security interest which may for the time being affect any of its assets becomes enforceable;

For the purpose of this paragraph (vi), references to "substantial" shall mean such value equivalent to or more than RM170.0 million (or its equivalent in any other currency or currencies) in any financial year;

- (vii) MAHB fails to satisfy any judgment passed against it by any court of competent jurisdiction and no appeal against such judgment or no application for a stay of execution has been made to any appropriate appellate court within the time prescribed by law or such appeal or application for a stay of execution has been dismissed;
- (viii) Any step is taken for the winding up, dissolution or liquidation of MAHB or a resolution is passed for the winding up of MAHB or a petition of winding up is presented against MAHB and MAHB has not taken any action in good faith to set aside such petition within thirty (30) days from the date of service of such winding up petition or a winding up order has been made against MAHB;
- (ix) MAHB convenes a meeting of its creditors or proposes or makes any arrangement including any scheme of arrangement or composition or begins negotiations with its creditors, or takes any proceedings or other steps, with a view to a general rescheduling or deferral of its indebtedness or a moratorium is agreed or declared by a court of competent jurisdiction in respect of or affecting all or any part of its indebtedness or any assignment for the benefit of its creditors (other than for the purposes of and followed by a reconstruction previously approved in writing by the Sukuk Trustee, unless during or following such reconstruction MAHB becomes or is declared to be insolvent) or where a scheme of arrangement under Section 176 of the Companies Act 1965 has been instituted against MAHB;
- (x) Where there is a revocation, withholding or modification of any license,

authorisation, approval or consent which in the reasonable opinion of the Sukuk Trustee may materially and adversely impair or prejudice the ability of MAHB to comply with the terms and conditions of the Sukuk Musharakah or the transaction documents;

- (xi) MAHB is deemed (pursuant to Section 218 of the Companies Act 1965) unable to pay its debts as and when they fall due or suspends or threatens to suspend making payments with respect to all or any class of its debts;
- (xii) MAHB ceases or threatens to cease to carry on all or a substantial part of its business (otherwise for purposes of or pursuant to an amalgamation or reorganization or restructuring whilst solvent);
- (xiii) At any time any of the material provisions of the transaction documents is or becomes illegal, void, voidable or unenforceable;
- (xiv) MAHB repudiates any of the transaction documents or MAHB does or causes to be done any act or thing evidencing an intention to repudiate any of the transaction documents;
- (xv) any of the assets, undertakings, rights or revenue of MAHB are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body which in the reasonable opinion of the Sukuk Trustee may have a Material Adverse Effect provided that where the assets in question are shares held by MAHB in its Foreign Affiliate (as defined below), such seizure, nationalisation, expropriation or compulsory acquisition shall be only construed as having a Material Adverse Effect in the event that such Foreign Affiliate is a Material Foreign Affiliate (as defined below).

“Foreign Affiliate” means any company or corporate entity incorporated outside of Malaysia in which MAHB holds shares of any amount.

“Material Foreign Affiliate” means a Foreign Affiliate:

1. whose total profits after tax or consolidated total profits after tax (in the case of a Foreign Affiliate which has subsidiaries) as shown by its latest available audited financial statements

or latest available audited consolidated financial statements (where applicable), corresponding to the latest available audited consolidated financial statements of MAHB, and after taking into account MAHB's percentage of shareholding in such Foreign Affiliate, is at least five percent (5%) of the consolidated total profits after tax of MAHB and its group of companies ("**Group**"); or

2. whose total net assets or consolidated total net assets (in the case of a Foreign Affiliate which has subsidiaries) as shown by its latest available audited financial statements or latest available audited consolidated financial statements (where applicable), corresponding to the latest available audited consolidated financial statements of MAHB, and after taking into account MAHB's percentage of shareholding in such Foreign Affiliate, is at least five percent (5%) of the consolidated total net assets of the Group. For clarity, total net assets of the Group refer to total assets less total liabilities.

For the avoidance of doubt, the above threshold shall apply individually to each Foreign Affiliate.

- (xvi) MAHB's operating agreement dated 12 February 2009 (as amended) with the Government of Malaysia ("**GOM**") and Malaysia Airports (Sepang) Sdn Bhd ("**MASSB**") in connection with the management, operation and maintenance of the Kuala Lumpur International Airport and other related services ("**Operating Agreement for KLIA**") is terminated without being replaced with a substantially similar or equivalent arrangement allowing MAHB to continue the management, operation and maintenance of the Kuala Lumpur International Airport (which replacement arrangement does not, in the Sukuk Trustee's reasonable opinion, depart from the Operating Agreement for KLIA in any way which would have a Material Adverse Effect);
- (xvii) MAHB's operating agreement dated 12 February 2009 (as amended) with GOM and Malaysia Airports Sdn Bhd in connection with the management, operation and maintenance of all the other airports within Malaysia as identified therein ("**Operating Agreement for Designated Airports**") is terminated without being replaced with a substantially similar or equivalent

arrangement allowing MAHB to continue the management, operation and maintenance of all the other airports within Malaysia (which replacement arrangement does not, in the Sukuk Trustee's reasonable opinion, depart from the Operating Agreement for Designated Airports in any way which would have a Material Adverse Effect);

(xviii) Any event or events has or have occurred or a situation exists which in the reasonable opinion of the Sukuk Trustee may have a Material Adverse Effect on MAHB, and in the case of the occurrence of such event or situation which in the reasonable opinion of the Sukuk Trustee is capable of being remedied:

(a) In the case of a breach under the Operating Agreement for KLIA or the Operating Agreement for Designated Airports, MAHB does not remedy it within the period provided by the GOM in its default notice for remedying such default or such other extended period as may be determined by the GOM; or

(b) Save for in the situation described under (a) above, MAHB does not remedy it within a period of thirty (30) days after MAHB became aware or having been notified by the Sukuk Trustee of the event or situation; or

(xix) Such other event or events as agreed between MAHB and the JLAs.

"Material Adverse Effect" means:

1. Any material adverse effect on the business or financial condition of MAHB; or
2. The occurrence of an event which may materially and adversely affect the ability of MAHB to perform any of its obligations under any of the transaction documents.

Upon occurrence of any Dissolution Event, the Sukuk Trustee may, and if so directed to do so by a special resolution of the Sukukholders shall, declare that a Dissolution Event has occurred and may take such proceedings against MAHB as it thinks fit to enforce the transaction documents in the following sequence:

- (a) invoke the Master Purchase Undertaking and execute the Transfer/Sale Agreement;

- (b) thereupon the Exercise Price will be due and payable; and
- (c) the Musharakah Venture will be dissolved.

(w) Covenants

(i) Information Covenants

: To include but not limited to the following:

- (a) MAHB shall provide to the Sukuk Trustee at least on an annual basis, a certificate confirming that it has complied with all its obligations under the transaction documents and the terms and conditions of the Sukuk Musharakah and that there does not exist or had not existed, from the date of the Sukuk Musharakah were first issued or the date of the last certificate, as the case may be, any Dissolution Event, and if such is not the case, to specify the same;
- (b) MAHB shall deliver to the Sukuk Trustee the following:
 - (i) as soon as they become available (and in any event within one hundred and eighty (180) days after the end of each of its financial years) copies of its audited consolidated financial statements for that year which shall contain the consolidated income statements and consolidated balance sheets of the Group and which are audited by a firm of independent certified public accountants acceptable to the Sukuk Trustee;
 - (ii) as soon as they become available (and in any event within ninety (90) days after the end of the first half of its financial year) copies of its unaudited half yearly consolidated financial statements for that period (as announced quarterly to Bursa Malaysia Securities Berhad) which shall contain the consolidated income statements and consolidated balance sheets of the Group which are duly certified by any one of its directors;
 - (iii) promptly, such additional financial or other information relating to MAHB's business and its operations as the Sukuk Trustee may from time to time reasonably request; and

- (iv) promptly, all notices or other documents received by MAHB from any of its shareholders or its creditors which contents may materially and adversely affect the interests of the Sukukholders, and a copy of all documents dispatched by MAHB to its shareholders (or any class of them) in their capacity as shareholders or its creditors generally at the same time as these documents are dispatched to these shareholders or creditors;
 - (c) MAHB shall promptly notify the Sukuk Trustee of any change in its board of directors and/or substantial shareholders;
 - (d) MAHB shall promptly notify the Sukuk Trustee 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 MAHB before any court or tribunal or administrative agency which may materially and adversely affect the ability of MAHB to perform any of its obligations under any of the transaction documents;
 - (e) MAHB shall promptly give notice to the Sukuk Trustee of the occurrence of any Dissolution Event or any event which, upon giving of notice and/or lapse of time and/or the issue of a certificate and/or the fulfilment of the relevant requirement as contemplated under the relevant transaction document would constitute a Dissolution Event ("**Potential Dissolution Event**") forthwith upon becoming aware thereof, and it shall take all reasonable steps as may reasonably be requested by the Sukuk Trustee to remedy and/or mitigate the effect of the Dissolution Event or Potential Dissolution Event; and
 - (f) such other information covenants as agreed between MAHB and the JLAs.
- (ii) *Positive Covenants* : To include but not limited to the following:
 - (a) MAHB shall maintain in full force and effect all relevant authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) and will promptly obtain any further authorisations, consents, rights, licences,

approvals and permits (governmental and otherwise) which is or may become necessary to enable it to own its assets, to carry on its business or for MAHB to enter into or perform its obligations under the transaction documents or to ensure the validity, enforceability, admissibility in evidence of the obligations of MAHB or the priority or rights of the Sukukholders under the transaction documents and MAHB shall comply with the same;

- (b) MAHB 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;
- (c) MAHB 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;
- (d) MAHB shall promptly perform and carry out all its obligations under all the transaction documents (including but not limited to redeeming the Sukuk Musharakah on the relevant maturity date(s) or any other date on which the Sukuk Musharakah are due and payable) and ensure that it shall immediately notify the Sukuk Trustee in the event that it is unable to fulfil or comply with any of the provisions of the transaction documents;
- (e) MAHB shall keep proper books and accounts at all times and prepare its financial statements on a basis consistently applied in accordance with approved accounting standards in Malaysia and those financial statements shall give a true and fair view of the results of the operations of MAHB for the period to which the financial statements are made;
- (f) MAHB shall promptly provide to the Sukuk Trustee, such information relating to MAHB's business, affairs and financial condition as may from time to time be reasonably required by the Sukuk Trustee in order to discharge its duties and obligations as the Sukuk Trustee under the transaction documents, to the extent permitted by law and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to comply with all applicable laws including the provisions of

the CMSA, circulars, conditions or guidelines issued by the SC from time to time;

- (g) MAHB shall maintain a paying agent in Malaysia in respect of payments in relation to the Sukuk Musharakah in accordance with the relevant laws and regulations and to procure the paying agent to notify the Sukuk Trustee in the event that the paying agent does not receive payment from MAHB on the maturity dates of the Sukuk Musharakah;
- (h) MAHB shall ensure that MAHB's obligations under the transaction documents shall at all times rank at least pari passu with all its other present and future unsecured and unsubordinated obligations, other than those preferred by law;
- (i) MAHB shall obtain and maintain takaful/insurance over its insurable assets in such amounts and against such risks as (i) required by law; or (ii) are in the commercially reasonable business judgment (made in good faith) of MAHB, necessary or desirable; and
- (j) such other positive covenants as agreed between MAHB and the JLAs.

(iii) *Negative Covenants*

: To include but not limited to the following:

- (a) MAHB shall not create or permit to exist any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind including, without limitation, title transfer and/or retention arrangements having a similar effect or any agreement to create any of the foregoing, but excluding (i) liens or security interest created by the operation of law and those arising in the ordinary course of its business over any of its undertaking, property, assets, revenues or rights; (ii) security interests created over the shares held by MAHB in any of its Foreign Affiliates other than Material Foreign Affiliates; and (iii) security interests created over the shares held by MAHB in any of its Material Foreign Affiliates where the book value of shares secured via such security interest is less than five percent (5%) of MAHB's consolidated total assets, as stated in its

most recent annual audited consolidated financial statements;

- (b) save for (i) any sale or disposal which is made solely as a means of facilitating an Islamic financing exercise; (ii) any sale or disposal of shares held by MAHB in its Foreign Affiliate (save where such Foreign Affiliate is a Material Foreign Affiliate); and/or (iii) any sale or disposal of shares held by MAHB to its wholly-owned subsidiary, MAHB shall not sell or dispose any assets equal to or in excess of five percent (5%) of MAHB's consolidated total assets, as stated in its most recent annual audited consolidated financial statements in aggregate amount in any financial year. For the avoidance of doubt, the value of the assets to be sold and/or disposed hereunder shall be based on its book value as set out in the latest available annual audited consolidated financial statements of MAHB;
- (c) MAHB shall not enter into any agreement or transactions, whether directly or indirectly with its directors, substantial shareholders or persons connected with them unless such agreement or transaction is entered into:
 - (i) on terms that are not less favourable to MAHB than those which could have been obtained in a comparable transaction from persons who are not interested persons; and
 - (ii) with respect to transactions involving an aggregate payment or value equal to or greater than an agreed percentage ratio as provided in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, MAHB obtains certification from an independent adviser that the transaction is carried out on fair and reasonable terms;

PROVIDED that (a) in the case of (i) above, MAHB certifies to the Sukuk Trustee that the transaction complies with paragraph (i); (b) in the case of (ii) above, MAHB has received the certification referred to in paragraph (ii) (where applicable); and (c) in the case of (i) or (ii) above, the transaction has been approved by the majority of the board of directors or shareholders in a general meeting as the

case may require; and

- (iii) with respect to transactions constituting a recurrent related-party transaction of a revenue or trading nature (RRPT) which are provided for and permitted under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad,

PROVIDED that MAHB has obtained or renewed, where applicable, the shareholders' mandate in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and that MAHB furnishes at least one certificate to the Sukuk Trustee in respect of the RRPT contemplated under one shareholders' mandate;

- (d) MAHB shall not use the proceeds of the Sukuk Musharakah except for the purposes set out in item 2(m) above;
- (e) MAHB shall not permit any amendment, supplement or variation to the Memorandum and Articles of Association in a manner inconsistent with the provisions of the transaction documents unless required by law or any applicable regulation;
- (f) MAHB shall not amend or agree to any amendments to the Operating Agreement for KLIA and Operating Agreement for Designated Airports which in the reasonable opinion of the Sukuk Trustee may have a Material Adverse Effect on MAHB;
- (g) MAHB shall not obtain or permit to exist any loans or advances from its shareholders or directors unless these loans and advances are subordinated to the Sukuk Musharakah;
- (h) MAHB shall not declare or pay any dividends to its shareholders if:
 - (i) a Dissolution Event has occurred, is continuing and has not been waived, or if following such payment or distribution a Dissolution Event would occur; or
 - (ii) the Financial Covenant is breached or will be breached if calculated immediately following such payment or distribution;

- (i) MAHB shall not enter into any agreement or transactions, whether directly or indirectly, with its subsidiaries or associated companies, unless such agreement is entered into:
 - (i) in the ordinary course of business;
 - (ii) on an arm-length basis; and
 - (iii) will not have a Material Adverse Effect on each of them;
- (j) MAHB shall not lend any money to any party other than to (i) MAHB's directors, officers or employees as part of their term of employment; and (ii) MAHB's subsidiaries and/or associated companies in its ordinary course of business; and
- (k) such other negative covenants as agreed between MAHB and the JLAs.

(iv) *Financial Covenants*

: To include but not limited to the following:

Debt to Equity ("D:E") Ratio

MAHB shall maintain a D:E Ratio not exceeding 1.25 times throughout the tenure of the Sukuk Programme.

The D:E Ratio is the ratio of indebtedness of the Group represented by:

- (a) all outstanding principal amount payable under the Sukuk Musharakah; and
- (b) all other indebtedness of the Group for borrowed monies including amounts arising from Islamic financing (be it actual or contingent) for principal only, hire purchase obligations, finance lease obligations, fair value of financial derivatives in connection with borrowed monies recognised by MAHB in its audited consolidated financial statements and other contingent liabilities of the Group calculated in accordance with the applicable accounting standards; but excluding any inter-company loans which are subordinated to the Sukuk Musharakah,

to the equity of the Group including, if any, preference equity, subordinated shareholders' advances/loans and retained earnings/losses less goodwill (if any).

The D:E Ratio shall be calculated on a yearly and half yearly basis and as and when such calculations are required to be made under the

terms of the transaction documents during the tenor of the Sukuk Programme. In the case of D:E Ratio calculated on a yearly basis, such calculations shall be based on the latest audited consolidated financial statements of MAHB and in the case of D:E Ratio calculated at any other times, the calculations shall be based on the latest consolidated management accounts of MAHB. The calculations of the D:E Ratio shall be duly confirmed:

- (a) in the case of D:E Ratio calculated based on audited consolidated financial statements, by MAHB's external auditors;
- (b) in the case of D:E Ratio calculated based on consolidated management accounts, by the authorised officers of MAHB.

MAHB shall arrange for the external auditors or MAHB's authorised officer's confirmation (as the case may be) to be forwarded to the Sukuk Trustee and the Rating Agency. For the avoidance of doubt, any double counting shall be disregarded.

(x) **Provisions on buy-back and early redemption of sukuk** : Please refer to the *Mandatory Redemption Event* paragraph below.

(y) **Other principal terms and conditions for the proposal** :

(i) **Issue** : The Sukuk Musharakah may be issued in multiples of RM1,000 subject to standard conditions including, without limitation, the following:

- (i) a minimum issue size of RM1,000,000 for each issue;
- (ii) the issue notice shall be given to the Facility Agent at least eight (8) business days (for the first issue) and at least seven (7) business days (for subsequent issues) prior to and excluding the date of proposed issue;
- (iii) the Sukuk Musharakah have received the requisite rating as stated in these principal terms and conditions; and
- (iv) any amount redeemed may be re-issued.

(ii) **Transferability** : Transferable but subject to the Selling Restrictions.

(iii) *Status* : The Sukuk Musharakah constitute undivided beneficial interest in the Musharakah Venture. The Sukuk Musharakah shall rank pari passu and without any preference among themselves and at least pari passu with all present and future unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law.

(iv) *Mandatory Redemption Event:* : Upon the occurrence of a Mandatory Redemption Event (as described below), the Sukuk Trustee may at its discretion or shall, if so directed by a special resolution, declare (by giving a written notice to MAHB) that MAHB shall be obliged to immediately purchase the Sukukholders' undivided beneficial interest in the Musharakah Venture at the Exercise Price.

"Mandatory Redemption Event" means the occurrence at any time where the GOM, through the Minister of Finance (Incorporated) of Malaysia or other entities owned or controlled by the GOM ("**Special Shareholder**"), ceases to hold (through redemption, transfer or otherwise) the special rights redeemable preference shares issued by MAHB to the Special Shareholder on June 28, 1999 (or any replacement preferred security with substantially similar terms).

(v) *Taxation:* : All payments of nominal value and Periodic Distribution Amounts in respect of the Sukuk Musharakah by MAHB (including for this purpose, all payments to be made by the Obligor pursuant to the Transfer/Sale Agreement pursuant to Master Purchase Undertaking) shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Malaysia or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is as required by law. In that event MAHB shall pay such additional amounts as will result in receipt by the Sukukholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Sukuk Musharakah or in respect of the Transfer/Sale Agreement pursuant to the Master Purchase Undertaking:

(a) presented for payment in any Tax Jurisdiction (as defined below);

(b) presented for payment by or on behalf of a Sukukholder who is liable for such taxes or duties in respect of such Sukuk

Musharakah by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Sukuk Musharakah;

- (c) presented for payment by, or on behalf of, a Sukukholder who would be able to avoid such withholding or deduction by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence, but fails to do so; or
- (d) presented for payment more than thirty (30) days after the Relevant Date (as defined below) except to the extent that the Sukukholder thereof would have been entitled to an additional amount on presenting the same for payment on such 30th day assuming that day to have been a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation and in Malaysia.

Under this Clause 2(y)(v):

"Tax Jurisdiction" means Malaysia or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject; and

"Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Sukukholders.

- (vi) *Governing Laws* : The Sukuk Musharakah are governed by, and construed in accordance with, the laws of Malaysia.
- (vii) *Jurisdiction* : MAHB (i) agrees that the courts of Malaysia shall have exclusive jurisdiction to settle any dispute (a **"Dispute"**) arising out of or in connection with the Sukuk Musharakah; (ii) irrevocably submits to the jurisdiction of the courts of Malaysia and waives any objection to proceedings relating to a Dispute in such courts whether on the ground of venue or on the ground that the Disputes have been brought in an inconvenient forum; and (iii) agrees that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient.

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- (viii) *Other Conditions* : The Sukuk Musharakah shall at all times be governed by the guidelines issued and to be issued from time to time by the SC and/or BNM or their successors in title having jurisdiction over matters pertaining to the Sukuk Musharakah, and the MyClear Rules and Procedures.
- (ix) *Clear Market* : For each issuance of the Sukuk Musharakah, from the date of provision of a formal offer by the JLAs/JLMs to sixty (60) days after the relevant Issue Date of the Sukuk Musharakah, MAHB shall ensure that no other borrowings, debt instruments or securities issued and/or guaranteed by MAHB and/or any of its subsidiaries and associated companies are mandated, syndicated or privately placed which may, in the opinion of the JLAs/JLMs, have the effect of prejudicing the successful completion of this transaction and the selling down of the relevant series of Sukuk Musharakah .
- (x) *Adverse Market* : In relation to each series of the Sukuk Musharakah, from the date of provision of a formal offer by the JLAs/JLMs in relation to the proposed issuance of such series of Sukuk Musharakah until the relevant Issue Date of such series of the Sukuk Musharakah, the JLAs/JLMs retain the right to amend, withdraw and/or terminate the offer if there occurs any event of circumstance which, in the opinion of the JLAs/JLMs, may materially and adversely affect (i) any of the international and domestic money, capital or syndicated loan markets and/or (ii) the financial condition, business or operations of the Issuer and/or of its subsidiaries and/or associated companies and/or (iii) the Issuer's ability to perform its obligations under any provision of the transaction documents or the rights or remedies of the Sukuk Trustee or the Sukukholder(s) under the transaction documents and/or (iv) the social, political, financial and/or economic situation in Malaysia.
- (xi) *Compensation for late and/or default payment(s) ("Ta'widh")* : In the event of overdue payments of any amount due and payable to the Sukukholders pursuant to the Master Purchase Undertaking, MAHB shall pay the compensation on such overdue amount at the rate and manner prescribed by the SC's SAC from time to time in accordance with Shariah.
- (xii) *No Payment of Interest* : For the avoidance of doubt and notwithstanding any other provision to the contrary herein contained, it is hereby agreed and declared that nothing in these principal terms and conditions and the transaction documents shall oblige or entitle any party nor shall any party pay or receive or recover interest on any amount due or payable to another party pursuant to the principal terms and conditions or the transaction documents and the parties hereby expressly waive and reject any entitlement to recover such interest.
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(xiii) *Issue Price* : The Sukuk Musharakah shall be issued at par, at a premium or at a discount to be determined prior to the relevant Issue Date, and the issue price is calculated in accordance with the MyClear Rules and Procedures, as amended or substituted from time to time.

(xiv) *Form and Denomination* : The Sukuk Musharakah shall be issued in accordance with (i) the "Participation and Operation Rules for Payment and Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd (**"MyClear"**) (**"MyClear Rules"**) and (ii) the Operational Procedures for Securities Services issued by MyClear (**"MyClear Procedures"**), or their replacement thereof (collectively the **"MyClear Rules and Procedures"**) applicable from time to time.

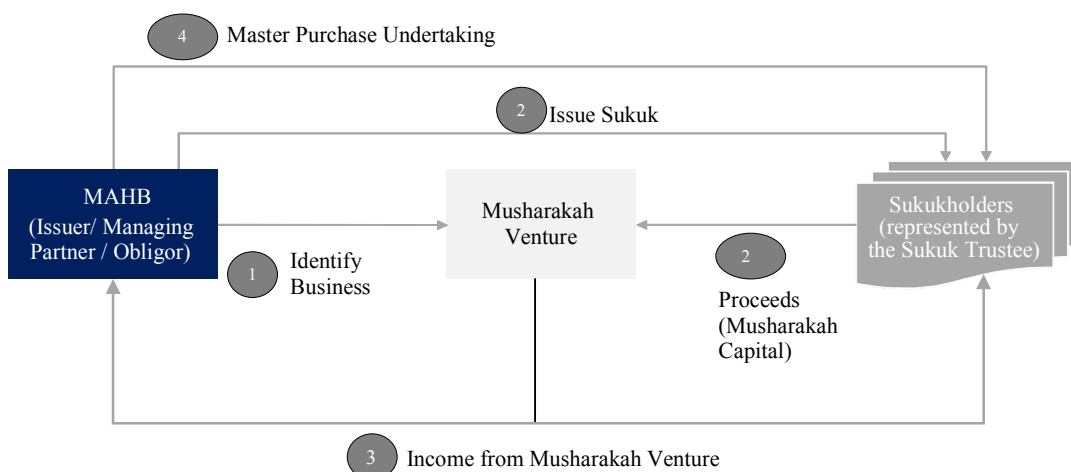
Each series of the Sukuk Musharakah shall be represented by a global certificate to be deposited with BNM, and shall be exchanged for definitive bearer form only in certain limited circumstances.

The denomination of the Sukuk Musharakah shall be RM1,000 or in multiples of RM1,000 at the time of issuance or such other denominations as may be mutually agreed between the Issuer and the JLAs.

(xv) *Trustee's Reimbursement Account for Sukukholders' Action* : The Issuer shall set up a Shariah compliant "Trustees' Reimbursement Account for Sukukholders' Actions" (**"Account"**) with a sum of RM30,000.00 (which shall be maintained at all times throughout the tenure of the Sukuk Programme) from the proceeds received by the Issuer when the Sukuk Musharakah are first issued. The Account shall be operated by the Sukuk Trustee and the money shall only be used strictly by the Sukuk Trustee in carrying out its duties in relation to the occurrence of a Dissolution Event.

(xvi) *Purchase and Cancellation* : The Issuer, its agents or any of the Issuer's subsidiaries may at any time purchase the Sukuk Musharakah at any price in the open market or by private treaty, but these purchased Sukuk Musharakah shall be cancelled and cannot be resold.

APPENDIX A



1. The Sukuk Trustee for the Sukukholders (acting on behalf of all the Sukukholders) and MAHB will enter into a master Musharakah agreement (the “**Master Musharakah Agreement**”) under which, the parties as Musharakah partners may from time to time enter into Musharakah agreements (each a “**Musharakah Agreement**”) for the purposes of undertaking a venture (the “**Musharakah Venture**”) consisting of Shariah-compliant investments in the airport operations business of the Issuer and/or its subsidiaries which entails the collection of passenger service charge (PSC), landing and parking fees, and other ancillary charges to airlines or part thereof identified and held on trust by MAHB on behalf of the Sukukholders (“**Business**”). The Sukukholders (through the Sukuk Trustee) shall appoint MAHB as the managing partner (“**Managing Partner**”) of each Musharakah Venture.
2. The Sukukholders shall provide capital contribution to the Musharakah Venture through subscription of the Sukuk Musharakah which will be issued by MAHB and constituted by a trust deed (“**Trust Deed**”). MAHB shall contribute the Business as a capital contribution in kind to the Musharakah Venture. Upon issuance of the Sukuk Musharakah, the proceeds received by the Issuer (“**Musharakah Capital**”) from the Sukukholders shall be invested with MAHB (in its capacity as Managing Partner) for the purposes of undertaking the Musharakah Venture. The Sukuk Musharakah comprise certificates representing the Sukukholders’ undivided beneficial interest in the Musharakah Venture and any funds held by the Managing Partner on account of the holders of the Sukuk Musharakah.
3. Income from the Musharakah Venture shall be distributed to each partner based on a profit sharing ratio which will be determined prior to the issuance of the Sukuk Musharakah. Any losses incurred in the Musharakah Venture shall be borne by each partner in proportion to each partner’s respective capital contribution in the Musharakah Venture. Each Musharakah Agreement will contain terms for the target periodic distributions from that Musharakah Venture for each agreed period (each a “**Distribution Period**”). Such target periodic distribution shall be based on the Periodic Distribution Rate and shall be referred to as the “**Periodic Distribution Amount**”.

With respect to the distribution on each Periodic Distribution Date:

- (a) if the profits generated from the Musharakah Venture (“**Profits**”) are in excess of the Periodic Distribution Amount for the applicable Distribution Period, Profits up to the Periodic Distribution Amount for the applicable Distribution Period will be distributed to the Sukukholders and any excess will be retained by the Managing Partner in a reserve account (“**Reserve Account**”) on behalf of the Sukukholders on a custody basis. If, on the dissolution of the Musharakah Venture, there are any

positive balances in the Reserve Account, the net excess amount will be paid to the Managing Partner as an incentive payment.

- (b) if the Profits are insufficient to pay the Periodic Distribution Amount for the applicable Distribution Period the Managing Partner (i) shall utilise any amount available in the Reserve Account to cover the shortfall between the Periodic Distribution Amount and the Profits and (ii) may provide a Shariah-compliant liquidity facility whereby it shall advance to the SukukTrustee (on behalf of the Sukukholders) an amount sufficient to make up the shortfall between the Periodic Distribution Amount and the Profits (adjusted accordingly pursuant to any utilisation of the Reserve Account as referred to in (i) above, if applicable), in order to enable MAHB as the Issuer to make payment of the Periodic Distribution Amount. The Managing Partner shall be entitled to deduct from the Reserve Account any amount advanced under such liquidity facility at a later date. Alternatively, such amounts advanced by the Managing Partner will be repaid to the Managing Partner upon redemption of the Sukuk Musharakah in full. Such amount of liquidity facility to be repaid upon redemption of the Sukuk Musharakah in full shall be referred to as the **"Net Liquidity Facility"**.

4. MAHB (in its capacity as the Obligor) will provide a Master Purchase Undertaking, pursuant to which, on each dissolution date of a Musharakah Venture set out below, it shall execute a transfer/sale agreement (**"Transfer/Sale Agreement"**) for the purchase of the Sukukholders' undivided beneficial interest in the Musharakah Venture at the relevant Exercise Price.

The Exercise Price shall be equal to the nominal value of the Sukuk Musharakah plus any Periodic Distribution Amount payable and unpaid up to the relevant dissolution date plus any Net Liquidity Facility. The Obligor will be entitled to set-off the Exercise Price with any Net Liquidity Facility.

The purchase of the Sukukholders' undivided beneficial interest in the Musharakah Venture would dissolve such Musharakah Venture.

The dissolution dates applicable to the Master Purchase Undertaking are:

- (a) the date of declaration of a Dissolution Event;
- (b) the respective maturity dates of a particular series of Sukuk Musharakah; or
- (c) the date of the occurrence of a Mandatory Redemption Event.

MAHB will execute a power of attorney in favour of the Sukuk Trustee pursuant to which the Sukuk Trustee is granted the authority to execute the Transfer/Sale Agreement in the event of failure/refusal of MAHB to execute the Transfer/Sale Agreement pursuant to the exercise of the Master Purchase Undertaking.