

**STRICTLY CONFIDENTIAL – DO NOT FORWARD**

PLEASE FIND ATTACHED AN ELECTRONIC COPY OF THE TERM SHEET DATED 24 SEPTEMBER 2020 (THE “TERM SHEET”) RELATING TO THE PROPOSED ISSUANCE OF ISLAMIC COMMERCIAL PAPERS (“ICPs”) AND ISLAMIC MEDIUM TERM NOTES (“IMTNs”) PURSUANT TO AN ICPs AND IMTNs PROGRAMME WITH AN AGGREGATE LIMIT OF UP TO RM12.3 BILLION IN NOMINAL VALUE TO BE IRREVOCABLY AND UNCONDITIONALLY GUARANTEED BY THE GOVERNMENT OF MALAYSIA (“SUKUK PROGRAMME”) BY PERBADANAN TABUNG PENDIDIKAN TINGGI NASIONAL (THE “ISSUER”). THE ICPs AND IMTNs ARE COLLECTIVELY REFERRED TO AS “SUKUK”.

BY OPENING AND ACCEPTING THIS ELECTRONIC TRANSMISSION CONTAINING THE TERM SHEET, THE RECIPIENT AGREES TO BE BOUND BY ALL THE TERMS AND CONDITIONS BELOW. IF YOU DO NOT AGREE TO ANY OF THE TERMS AND CONDITIONS, PLEASE DELETE THIS ELECTRONIC TRANSMISSION IMMEDIATELY.

THE TERM SHEET IS STRICTLY CONFIDENTIAL AND DOES NOT CONSTITUTE AN OFFER TO ANY PERSON OR THE PUBLIC GENERALLY TO SUBSCRIBE FOR OR OTHERWISE PURCHASE ANY OF THE SUKUK DESCRIBED HEREIN OTHER THAN TO THE INTENDED RECIPIENT. DISTRIBUTION OF THE TERM SHEET TO ANY PERSONS, OTHER THAN THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION FROM THE ISSUER, THE JOINT LEAD ARRANGERS, THE JOINT LEAD MANAGERS AND ITS/THEIR RESPECTIVE AGENTS AND ANY PERSON RETAINED TO ADVISE THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION WITH RESPECT THERETO, IS UNAUTHORISED. THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION FROM THE ISSUER, THE JOINT LEAD ARRANGERS, THE JOINT LEAD MANAGERS AND ITS/THEIR RESPECTIVE AGENTS IS PROHIBITED FROM DISCLOSING THE TERM SHEET, ALTERING THE CONTENTS OF THE TERM SHEET OR FORWARDING A COPY OF THE TERM SHEET OR ANY PORTION THEREOF BY ELECTRONIC MAIL OR OTHERWISE TO ANY PERSON.

THIS TRANSMISSION SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE SUKUK IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL UNDER THE LAWS OF SUCH JURISDICTIONS.

TRANSMISSION OVER THE INTERNET MAY BE SUBJECT TO INTERRUPTIONS, TRANSMISSION BLACKOUT, DELAYED TRANSMISSION DUE TO INTERNET TRAFFIC, INCORRECT DATA TRANSMISSION DUE TO THE PUBLIC NATURE OF THE INTERNET, DATA CORRUPTION, INTERCEPTION, UNAUTHORISED AMENDMENT, TAMPERING, VIRUSES OR OTHER TECHNICAL, MECHANICAL OR SYSTEMIC RISKS ASSOCIATED WITH INTERNET TRANSMISSIONS. THE ISSUER, THE JOINT LEAD ARRANGERS, THE JOINT LEAD MANAGERS OR ITS/THEIR RESPECTIVE AGENTS HAVE NOT ACCEPTED AND WILL NOT ACCEPT ANY RESPONSIBILITY AND/OR LIABILITY FOR ANY SUCH INTERRUPTION, TRANSMISSION BLACKOUT, DELAYED TRANSMISSION, INCORRECT DATA TRANSMISSION, DATA CORRUPTION, INTERCEPTION, UNAUTHORISED AMENDMENT, TAMPERING OR VIRUSES OR ANY CONSEQUENCES THEREOF WHICH MAY RESULT IN A DIFFERENCE BETWEEN THE TERM SHEET DISTRIBUTED TO YOU IN ELECTRONIC FORMAT AND THE HARD COPY VERSION AVAILABLE TO YOU ON REQUEST FROM US.

THE FOREGOING IS IN ADDITION TO AND WITHOUT PREJUDICE TO ALL OTHER DISCLAIMERS AND AGREEMENTS WHICH A RECIPIENT OF THE TERM SHEET SHALL BE DEEMED TO HAVE AGREED TO OR BE BOUND BY AS PROVIDED IN THE TERM SHEET.

## PERBADANAN TABUNG PENDIDIKAN TINGGI NASIONAL

**PROPOSED ISSUANCE OF ISLAMIC COMMERCIAL PAPERS (“ICPs”) AND  
ISLAMIC MEDIUM TERM NOTES (“IMTNs”) PURSUANT TO AN ICPs  
AND IMTNs PROGRAMME WITH AN AGGREGARE LIMIT OF UP TO  
RM12.3 BILLION IN NOMINAL VALUE TO BE IRREVOCABLY AND  
UNCONDITIONALLY GUARANTEED BY THE GOVERNMENT OF  
MALAYSIA (“SUKUK PROGRAMME”)**

### JOINT LEAD ARRANGERS



**AmInvestment Bank  
Berhad**  
(Registration No.  
197501002200 (23742-  
V))



**CIMB Investment Bank  
Berhad**  
(Registration No.  
197401001266 (18417-  
M))



**Maybank Investment  
Bank Berhad**  
(Registration No.  
197301002412 (15938-  
H))



**RHB Investment Bank  
Berhad**  
(Registration No.  
197401002639 (19663-  
P))

### JOINT LEAD MANAGERS



**Affin Hwang  
Investment  
Bank Berhad**  
(Registration No.  
197301000792  
(14389-U))



**AmInvestment  
Bank Berhad**  
(Registration No.  
197501002200  
(23742-V))



**Bank Islam  
Malaysia  
Berhad**  
(Registration  
No.  
198301002944  
(98127-X))



**CIMB  
Investment  
Bank Berhad**  
(Registration  
No.  
197401001266  
(18417-M))



**Kenanga  
Investment  
Bank Berhad**  
(Registration  
No.  
197301002193  
(15678-H))



**Maybank  
Investment  
Bank Berhad**  
(Registration  
No.  
197301002412  
(15938-H))

**RHB  
Investment  
Bank Berhad**  
(Registration  
No.  
197401002639  
(19663-P))

24 September 2020

## **RESPONSIBILITY STATEMENT**

**PERBADANAN TABUNG PENDIDIKAN TINGGI NASIONAL** (the “**Issuer**”) accepts full responsibility for the accuracy of the information given under this term sheet and confirms that this term sheet does not contain any false or misleading statement or any material omission.

## **IMPORTANT NOTICE AND GENERAL STATEMENTS OF DISCLAIMER**

The Issuer has appointed AmInvestment Bank Berhad, CIMB Investment Bank Berhad, Maybank Investment Bank Berhad and RHB Investment Bank Berhad as the joint lead arrangers (the “**JLAs**”) and Affin Hwang Investment Bank Berhad, AmInvestment Bank Berhad, Bank Islam Malaysia Berhad, CIMB Investment Bank Berhad, Kenanga Investment Bank Berhad, Maybank Investment Bank Berhad and RHB Investment Bank Berhad as the joint lead managers (the “**JLMs**”) in connection with the Sukuk Programme (as defined below). The Issuer has authorised the JLAs and the JLMs to distribute this term sheet on its behalf, which is now being provided by the JLAs and the JLMs on a confidential basis to potential investors for the sole purpose of providing them with a brief summary of the major terms only of the Islamic commercial papers (“**ICPs**”) and Islamic medium term notes (“**IMTNs**”) to be issued by the Issuer under an ICPs and IMTNs programme with an aggregate limit of up to RM12.3 billion in nominal value to be irrevocably and unconditionally guaranteed by the Government of Malaysia (“**Sukuk Programme**”). The ICPs and IMTNs are collectively referred to as “**Sukuk**”.

No persons other than the potential investors of the Sukuk shall rely on any information contained in this term sheet. This term sheet may not be, in whole or in part, reproduced or used for any other purpose, or shown, given, copied to or filed with any other person including, without limitation, any government or regulatory authority except with the prior consent of the Issuer, the JLAs and the JLMs. None of the information contained in this term sheet has been independently verified by the JLAs nor the JLMs and no representation or warranty, express or implied, is given or assumed by the JLAs nor the JLMs to or in favour of any potential investors of the Sukuk as to the authenticity, origin, validity, accuracy or completeness of such information or that the information remains unchanged in any respect after the relevant date shown in this term sheet. The JLAs and the JLMs have not accepted and will not accept any responsibility for the information contained in this term sheet or otherwise in relation to the Sukuk and the Sukuk Programme and shall not be liable to or in favour of any potential investors of the Sukuk for any consequences of reliance on any of the information in this term sheet. No person is authorised to give any information or data or to make any representation or warranty other than as contained in this term sheet and, if given or made, any such information, data, representation or warranty must not be relied upon as having been authorised by the Issuer, the JLAs, the JLMs or any other person. This term sheet has not been and will not be made to comply with the laws of any country (including its territories, all jurisdictions within that country and any possession areas subject to its jurisdiction), other than Malaysia (“**Foreign Jurisdiction**”), and has not been and will not be lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any Foreign Jurisdiction and it does not constitute an issue or offer of, or an invitation to subscribe for the Sukuk or any other securities of any kind by any party in any Foreign Jurisdiction.

The Islamic structure and mechanism relating to the Sukuk has been approved by Maybank Islamic Berhad, as the Shariah adviser for the Sukuk Programme. Prospective holders of the Sukuk should not rely on such approval in deciding whether to make an investment in the Sukuk, nor as the basis for deciding whether each of the structure, the issue and the trading of the Sukuk is in compliance with Shariah. Prospective holders of the Sukuk should obtain their own independent Shariah advice as to compliance with Shariah. This term sheet is not and is not intended to be an information memorandum or a prospectus. Unless otherwise specified in this term sheet, the information contained in this term sheet is current as at the date hereof. The

**Perbadanan Tabung Pendidikan Tinggi Nasional**  
**Principal Terms and Conditions - Sukuk Programme**  
**Private and Confidential**

---

distribution or possession of this term sheet in or from certain jurisdictions may be restricted or prohibited by law. Each recipient is required by the Issuer, the JLAs and the JLM to seek appropriate professional advice regarding, and to observe, any such restriction or prohibition. The Issuer, the JLAs and the JLMs do not accept any responsibility or liability to any person in relation to the distribution or possession of this term sheet in or from any jurisdiction. By accepting delivery of this term sheet, each recipient agrees to the information upon which this term sheet is provided to such recipient as set out in this term sheet, and further agrees and confirms that (a) it is lawful for the recipient to subscribe for or purchase the Sukuk under all jurisdictions to which the recipient is subject, (b) the recipient has complied with all applicable laws in connection with such subscription or purchase of the Sukuk, (c) the Issuer, the JLAs, the JLMs and their respective affiliates, directors, officers, employees and professional advisers are not and will not be in breach of the laws of any jurisdiction to which the recipient is subject to as a result of such subscription or purchase of the Sukuk, and they shall not have any responsibility or liability in the event that such subscription or purchase of the Sukuk is or shall become unlawful, unenforceable, voidable or void, (d) it is aware that the Sukuk can only be offered, sold, transferred or otherwise disposed of directly or indirectly in accordance with all applicable laws, (e) it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Sukuk, and is able and is prepared to bear the economic and financial risks of investing in or holding the Sukuk, and (f) it is subscribing or accepting the Sukuk for its own account. Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject. This term sheet is not, and should not be construed as, a recommendation by the Issuer, the JLAs, the JLMs or any other party to the recipient to subscribe for or purchase the Sukuk. This term sheet is not a substitute for, and should not be regarded as, an independent evaluation and analysis and does not purport to be all inclusive. Each recipient should perform and is deemed to have made its own independent investigation and analysis of the Issuer and the Government of Malaysia ("**Guarantor**"), the Sukuk and all other relevant matters, and each recipient should consult its own professional advisers. All information and statements herein are subject to the detailed provisions of the respective agreements referred to herein and are qualified in their entirety by reference to such documents.

Neither the delivery of this term sheet nor the offering, sale or delivery of any Sukuk shall in any circumstance imply that the information contained herein concerning the Issuer or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Sukuk Programme is correct as of any time subsequent to the date indicated in the document containing the same. The JLAs and the JLMs expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the term of the Sukuk Programme or to advise any investor in the Sukuk of any information coming to their attention.

**CONFIDENTIALITY**

This term sheet and its contents are strictly confidential and the information herein contained is given to the recipient strictly on the basis that the recipient shall ensure the same remains confidential. Accordingly, this term sheet and its contents, or any information, which is made available to the recipient in connection with any further enquiries, must be held in complete confidence. In the event that there is any contravention of this confidentiality undertaking or there is reasonable likelihood that this confidentiality undertaking may be contravened, the Issuer may, at its discretion, apply for any remedy available to the Issuer whether at law or equity, including without limitation, injunctions. The Issuer is entitled to fully recover from the contravening party all costs, expenses, damages and losses incurred and/or suffered, in this regard. For the avoidance of doubt, it is hereby deemed that this confidentiality undertaking shall be imposed upon the recipient, the recipient's professional advisers, directors, employees and any other persons who may receive this term sheet (or any part of it) from the recipient. The recipient must return this term sheet and all reproductions thereof whether in whole or in part and any other information in

**Perbadanan Tabung Pendidikan Tinggi Nasional**  
**Principal Terms and Conditions - Sukuk Programme**  
**Private and Confidential**

---

connection therewith to the JLAs and the JLMs promptly upon their request, unless that recipient provides proof of a written undertaking satisfactory to the JLAs and the JLMs with respect to destroying these documents as soon as reasonably practicable after the said request from the JLAs and the JLMs.

## PRINCIPAL TERMS AND CONDITIONS

<b>Issuer</b>	Perbadanan Tabung Pendidikan Tinggi Nasional (“ <b>PTPTN</b> ” or the “ <b>Issuer</b> ”).
<b>Guarantor</b>	Government of Malaysia (“ <b>GOM</b> ” or the “ <b>Government</b> ”).
<b>General Description</b>	An Islamic commercial papers (“ <b>ICPs</b> ”) and Islamic medium term notes (“ <b>IMTNs</b> ”) issuance programme with an aggregate limit of up to RM12.3 billion in nominal value, irrevocably and unconditionally guaranteed by the GOM (“ <b>Sukuk Programme</b> ”).

The Government has agreed to give a Guarantee of up to RM12.3 billion (as defined in the section entitled “Guarantee” below) in favour of the Security Agent (as defined in the section entitled “Parties Involved in the Proposed Transaction” below) for the benefit of the Sukukholders (as defined in the section entitled “Facility Description” below) and the financiers of the Credit Facilities (as defined below) to guarantee the proper and punctual payment by PTPTN of the Guaranteed Amounts (as defined in the section entitled “Guarantee” below).

“**Credit Facilities**” means (i) the Commodity Murabahah Term Financing-i 1 facility (“**CMTF-i 1**”) of RM1.5 billion and Commodity Murabahah Term Financing-i 2 facility of RM1.5 billion granted to PTPTN by RHB Islamic Bank Berhad whereby the CMTF-i 1 of RM1.5 billion had been disbursed to PTPTN on 9 June 2020; and (ii) any other syndicated/bilateral financing or loan facilities arranged or to be arranged at any time and from time to time granted or to be granted to PTPTN by the financiers of such Credit Facilities, up to the Facilities Limit (as defined in the section entitled “Facilities Limit” below).

Prior to (i) each issuance of the Sukuk (as defined in the section entitled “Parties Involved in the Proposed Transaction” below) under the Sukuk Programme; and/or (ii) each drawing under the Credit Facilities, both PTPTN and the Security Agent shall confirm (with necessary calculations) to the JLAs (as defined in the section entitled “Parties Involved in the Proposed Transaction” below) and JLMs (as defined in the section entitled “Parties Involved in the Proposed Transaction” below) that the Aggregate Amount (as defined in the section entitled “Guarantee” below) will not exceed the Guarantee Limit (as defined in the section entitled “Guarantee” below) as a result of such issuance and/or drawing.

<b>Facilities Limit</b>	The aggregate limit of the outstanding nominal value of the Sukuk under the Sukuk Programme together with the outstanding principal sum under the Credit Facilities shall be up to RM12.3 billion (“ <b>Facilities Limit</b> ”) which is irrevocably and unconditionally guaranteed by GOM.
-------------------------	---

For the avoidance of doubt, the aggregate outstanding nominal amount under the Sukuk Programme and outstanding principal sum

**Perbadanan Tabung Pendidikan Tinggi Nasional**  
**Principal Terms and Conditions - Sukuk Programme**  
**Private and Confidential**

---

under Credit Facilities shall not exceed the Facilities Limit and Guarantee Limit.

<b>Parties Involved in the Proposed Transaction</b>	Joint Lead Arrangers (“JLAs”)	: (i) AmInvestment Bank Berhad (“AmInvestment”); (ii) CIMB Investment Bank Berhad (“CIMB”); (iii) Maybank Investment Bank Berhad (“Maybank IB”); and (iv) RHB Investment Bank Berhad (“RHB IB”).
	Joint Lead Managers/Joint Bookrunners (if applicable) (“JLMs”)	: (i) Affin Hwang Investment Bank Berhad; (ii) AmInvestment; (iii) Bank Islam Malaysia Berhad; (iv) CIMB; (v) Kenanga Investment Bank Berhad; (vi) Maybank IB; and (vii) RHB IB.
	Primary Subscriber(s) and Amount Subscribed	: The Primary Subscribers (if any) will be determined prior to the issuance of the relevant Sukuk (as defined below), in the case where the Sukuk are issued via bought deal or direct placement on a best effort basis.  The ICPs and IMTNs are collectively referred to as “Sukuk”.
	Shariah Adviser	: Maybank Islamic Berhad.
	Legal Counsel of the JLAs and the JLMs	: Adnan Sundra & Low.
	Central Depository and Paying Agent	: Bank Negara Malaysia (“BNM”).
	Facility Agent	: RHB IB.
Security Agent	: RHB IB.	
<b>Islamic Principle Used</b>	(a)	Murabahah (via Tawarruq arrangement); and/or
	(b)	such other Shariah principle(s) (including but not limited to Wakalah Bi Al-Istithmar or Musharakah) acceptable to the JLAs and the Issuer, and approved by the Shariah Adviser;

to be determined by the Issuer prior to each Sukuk issuance.

**Facility Description**

The Transaction Documents (as defined in the section entitled “Transaction Documents” below) will provide that no approval from the holders of any Sukuk (“**Sukukholders**”) will be required, throughout the tenure of the Sukuk Programme for the Issuer:

- (i) to issue Sukuk under the Sukuk Programme based on Shariah principles other than Murabahah (via Tawarruq arrangement) (including but not limited to Wakalah Bi Al-Istithmar or Musharakah);
- (ii) to amend the structure described in these Principal Terms and Conditions so as to comply with any future requirements of the structure under the principle of Murabahah (via Tawarruq arrangement); or
- (iii) to amend the structure of any Shariah principles (other than Murabahah (via Tawarruq arrangement)) which may be adopted by the Issuer, so as to comply with any future requirements of the structure under those Shariah principles.

Prior approval from the Shariah Adviser will have to be obtained in respect of items (i), (ii) and (iii) above.

For the avoidance of doubt, any changes to the structure of the Shariah principle(s) of any Sukuk which are outstanding shall require the prior approval of the Sukukholders of such outstanding Sukuk.

Murabahah (via Tawarruq arrangement)

1. The Facility Agent, on behalf of the Sukukholders and the Issuer shall enter into an agency agreement (“**Agency Agreement**”), pursuant to which the Issuer is appointed as the agent of the Sukukholders (in such capacity, the “**Purchase Agent**”) for the purchase of and the sale of the Commodities (as defined in the section entitled “Identified Assets” below). The Purchase Agent shall then enter into a sub-agency agreement (“**Sub-Agency Agreement**”) to appoint the Facility Agent as a sub agent (in such capacity, the “**Sub Agent**”) to purchase and sell the Commodities.
2. Pursuant to a commodity Murabahah master agreement (“**Commodity Murabahah Master Agreement**”), prior to the date on which the relevant series of Sukuk is issued, PTPTN (as “**Purchaser**”) shall, from time to time, issue a purchase order (“**Purchase Order**”) in relation to the said series, to the Purchase Agent and the Sub Agent. In the Purchase Order, the Purchaser will:
  - a) request the Purchase Agent and the Sub Agent to purchase the Commodities on behalf of the

- Sukukholders; and
- b) irrevocably undertake to subsequently purchase the Commodities from the Sukukholders via the Sub Agent at the Deferred Sale Price (as defined below).
3. Based on the Purchase Order, the Sub Agent (pursuant to a CTP (as defined below) purchase agreement entered into between the Sub Agent and the commodity trading participant ("**CTP**") ("**CTP Purchase Agreement**")) shall appoint the CTP to purchase on a spot basis the Commodities from Commodities suppliers in Bursa Suq Al-Sila' or such other supplier(s) as may be designated by the Issuer (as Purchase Agent) and acceptable to the JLAs and the Shariah Adviser ("**Commodity Seller**") at a purchase price which shall be an amount equivalent to the Sukuk proceeds ("**Purchase Price**"). The Purchase Price shall be in line with the asset pricing requirement stipulated under the Securities Commission Malaysia ("**SC**")'s Guidelines on Unlisted Capital Markets Products under the Lodge and Launch Framework (issued by the SC on 9 March 2015, effective on 15 June 2015 and revised on 30 June 2020 (as amended from time to time)) ("**LOLA Guidelines**").
4. The Issuer shall then issue the Sukuk whereby the proceeds thereof shall be used to pay for the Purchase Price. The Sukuk shall evidence, amongst others, the Sukukholders' ownership of the Commodities and subsequently once the Commodities are sold to the Purchaser, the Sukukholders' entitlement to receive the Deferred Sale Price.
5. Thereafter, pursuant to a sale and purchase agreement ("**Sale and Purchase Agreement**"), the Sub Agent (acting as agent to the Purchase Agent) shall sell the Commodities to the Purchaser based on the Murabahah principle at a sale price which shall be the Purchase Price plus the profit margin, i.e. the aggregate of the periodic profit payments ("**Periodic Profit Payments**") (if applicable) and the Discounted Amount (as defined below) (if applicable) payable on a deferred basis by the Issuer ("**Deferred Sale Price**").
6. Upon completion of such purchase, the Purchaser (pursuant to a CTP sale agreement to be entered into between the Purchaser and the CTP ("**CTP Sale Agreement**")) shall appoint the CTP to sell the Commodities to Bursa Malaysia Islamic Services Sdn Bhd or such other commodity buyer as may be designated by the Issuer (as Purchaser) and acceptable to the JLAs and the Shariah Adviser ("**Commodity Buyer**") on a spot basis for an amount equal to the Purchase Price. The CTP Sale Agreement will provide for the CTP (on behalf of the Purchaser) to directly sell the Commodities to the

Commodity Buyer upon notice by the Purchaser that the Sale and Purchase Agreement has been completed and executed. Proceeds realised from such sale shall be utilised by the Issuer in accordance with the Details of Utilisation of Proceeds (as defined in the section entitled "Details of Utilisation of Proceeds" below).

7. During the tenure of the Sukuk, the Purchaser shall make Periodic Profit Payments on the Periodic Profit Payment Dates (as defined in the section entitled "Profit Payment Frequency and Basis" below) (in the case of Sukuk with Periodic Profit Payments) forming part of the Deferred Sale Price and on the date of maturity of the Sukuk ("**Maturity Date**") to the Sukukholders. On the Maturity Date or upon any declaration of an Event of Default (as defined in the section entitled "Events of Default" below), the Purchaser shall pay all amounts then outstanding on the Deferred Sale Price as a final settlement of the same (subject to the Ibra' (Rebate) (as defined in the section entitled "Ibra' (Rebate)" below), where applicable) whereupon the Sukuk shall be cancelled.
8. The Government shall issue an irrevocable and unconditional Guarantee in favour of the Security Agent (acting for and on behalf of the Sukukholders) whereby the Government will guarantee the proper and punctual payment by PTPTN of the Guaranteed Amounts and will irrevocably and unconditionally undertake as a continuing obligation to the Security Agent that if for any reason and at any time and from time to time PTPTN fails to make payment of any monies due, owing or payable by PTPTN in relation to the Sukuk Programme, that it will make payment of the same pursuant to the Guarantee.

A diagrammatical illustration of the Murabahah (via Tawarruq arrangement) structure is set out in Annexure 1.

The ICPs shall be issued without Periodic Profit Payments where the Deferred Sale Price will represent the Purchase Price plus the Discounted Amount calculated at the issue date of such ICPs (if applicable).

The IMTNs may be issued with or without Periodic Profit Payments. The Deferred Sale Price will represent the Purchase Price plus the applicable profit margin i.e. the aggregate Periodic Profit Payments based on a profit rate to be agreed at the time of issuance (if applicable) plus the Discounted Amount calculated at the issue date of such IMTNs (if applicable).

"**Discounted Amount**" means the difference between (i) the nominal value of the relevant Sukuk and (ii) the Purchase Price of the relevant Sukuk, in the case of any Sukuk issued at a discount.

<b>Issue Price</b>	<p><u>ICPs</u></p> <p>The ICPs may be issued at a discount to face value and the issue price for each ICP issuance shall be calculated in accordance with the PayNet Procedures and Rules (as defined in the section entitled “Form and Denomination” below) issued by Payments Network Malaysia Sdn Bhd (“<b>PayNet</b>”), as amended or substituted from time to time. The issue price of the relevant Sukuk shall be determined prior to each issuance.</p> <p><u>IMTNs</u></p> <p>The IMTNs may be issued at a premium, at par or at a discount, and the issue price shall be calculated in accordance with the PayNet Procedures and Rules. The issue price of the relevant Sukuk shall be determined prior to each issuance.</p>
<b>Tenure</b>	<p><u>Tenure of the Sukuk Programme</u></p> <p>The tenure of the Sukuk Programme shall be thirty (30) years from the date of the first issuance under the Sukuk Programme.</p> <p><u>Tenure of the ICPs</u></p> <p>The ICPs shall have a tenure of up to twelve (12) months as the Issuer may select, provided that the maturity date of the ICPs shall not extend beyond the tenure of the Sukuk Programme.</p> <p><u>Tenure of the IMTNs</u></p> <p>The IMTNs shall have a tenure of more than one (1) year and up to thirty (30) years provided that the maturity date of the IMTNs shall not extend beyond the tenure of the Sukuk Programme.</p>
<b>Availability Period</b>	<p>Upon the completion of the relevant documentation and, unless waived by the JLAs, compliance of all conditions precedent and ending on 5.00 p.m. in Kuala Lumpur on the final day of the Tenure of the Sukuk Programme.</p>
<b>Profit Rate</b>	<p><u>ICPs</u></p> <p>Not applicable.</p> <p><u>IMTNs</u></p> <p>In the case of IMTNs with Periodic Profit Payments, the periodic profit rate shall be determined prior to each issuance of the IMTNs (“<b>Periodic Profit Rate</b>”).</p> <p>Not applicable for IMTNs without Periodic Profit Payments.</p>
<b>Profit Payment Frequency and Basis</b>	<p><u>ICPs</u></p> <p>Not applicable.</p> <p><u>IMTNs</u></p> <p>In the case of IMTNs with Periodic Profit Payments, the frequency</p>

of the Periodic Profit Payments shall be on a semi-annual basis or such other period of frequency to be agreed between PTPTN and the JLMs prior to each issuance of IMTNs (“**Periodic Profit Payment Period**”).

The Periodic Profit Payments shall be calculated at the Periodic Profit Rate on the nominal value of the relevant series of the IMTNs for the relevant Periodic Profit Payment Period based on an actual/365 days’ basis.

“**Periodic Profit Payment Date**” is the date falling on the last day of a particular Periodic Profit Payment Period.

Not applicable to IMTNs without Periodic Profit Payments.

**Yield-to-Maturity**

The yield-to-maturity shall be determined prior to each issuance of the Sukuk.

**Guarantee**

The Guarantee by the Government in favour of the Security Agent (acting for and on behalf of the Sukukholders and the financiers of the Credit Facilities) whereby the Government guarantees, as a continuing obligation, the proper and punctual payment by PTPTN of the Guaranteed Amounts and irrevocably and unconditionally undertakes, as a continuing obligation, with the Security Agent (acting for and on behalf of the Sukukholders and the financiers of Credit Facilities), that, if for any reason and at any time and from time to time PTPTN does not make payment of any amount of the Guaranteed Amounts, the Guarantor shall pay the amounts not so paid within thirty (30) business days upon receipt of the written demand delivered by the Security Agent (“**Payment Period**”).

“**Guaranteed Amounts**” refers to all monies and liabilities which are now or shall at any time hereafter become due, owing or payable by PTPTN:

- (1) in relation to the Sukuk Programme:
  - (i) the nominal value of the Sukuk (or in the case of IMTNs without Periodic Profit Payments, the accreted value of the IMTNs); and
  - (ii) in the case of IMTNs with Periodic Profit Payments, any accrued but unpaid profit thereon.
- (2) in relation to the Credit Facilities, the outstanding principal sums and accrued interest/profit under the Credit Facilities.

Provided that:

- a) the aggregate outstanding nominal value of the Sukuk and outstanding principal sums under the Credit Facilities respectively guaranteed by the Guarantor shall not exceed the Guarantee Limit at any one time;
- b) any double-counting shall be disregarded; and

- c) the Guarantee Limit may, at the option of the Guarantor, be reduced accordingly so long as and subject to the Security Agent's confirmation that, the Aggregate Amount (as defined below), as notified by the Issuer to the Security Agent prior to the exercise of the option, do not exceed the reduced Guarantee Limit.

**"Guarantee Limit"** means the total sum of Ringgit Malaysia Twelve Billion Three Hundred Million (RM12,300,000,000.00) under the Guarantee, or such reduced amount:

- (i) pursuant to paragraph (c) above; or
- (ii) pursuant to any redemption or Purchase and Cancellation (as set out in the section entitled "Purchase and Cancellation" below) of the outstanding IMTNs under the Sukuk Programme (save where prior written confirmation has been obtained from the Guarantor confirming that the Guarantee Limit in respect of such outstanding IMTNs will not be reduced upon redemption or Purchase and Cancellation of such outstanding IMTNs); or
- (iii) pursuant to any payments of the Credit Facilities (save where prior written confirmation has been obtained from the Guarantor confirming that the Guarantee Limit in respect of such Credit Facilities will not be reduced upon payments of such Credit Facilities).

For the avoidance of doubt, the Guaranteed Amounts shall not include Ta'widh (Compensation) (as referred to in the section entitled "Ta'widh (Compensation)" below) payable under the Sukuk Programme.

**"Aggregate Amount"** means the combined aggregate of, where applicable, (i) the outstanding nominal value of Sukuk issued under the Sukuk Programme; (ii) the outstanding principal sums under the Credit Facilities; (iii) the nominal value of the Sukuk to be issued; and (iv) the principal sums under the Credit Facilities to be disbursed.

For the avoidance of doubt, the Aggregate Amount shall exclude the nominal value of any proposed Sukuk to be issued for the purpose of refinancing and/or redeeming the existing Credit Facilities and/or any outstanding Sukuk on the same day as the proposed date of issuance of the Sukuk. The Aggregate Amount shall at all times not exceed the Guarantee Limit.

For the purposes of the Guarantee, the Guarantee will set out the Government's agreement to the appointment of the Security Agent to hold the benefit of the Guarantee on trust for and on behalf of the Sukukholders and the relevant lenders/financiers/agent of the Credit Facilities. The Security Agent will enter into a security sharing agreement with, *inter alia*, the Issuer, the Facility Agent and the relevant lenders/financiers/agent of the Credit Facilities to set

out, *inter alia*, the *pari passu* sharing and enforcement of the Guarantee.

<b>Rating</b>	The Sukuk Programme and the Sukuk issued under the Sukuk Programme will not be rated.
<b>Details of Utilisation of Proceeds</b>	The proceeds from the Sukuk issued under the Sukuk Programme shall be utilised by PTPTN for the provision of educational Shariah-compliant financing in accordance with the PTPTN Act (as defined in the section entitled "Conditions Precedent" below) and for refinancing of its existing financing/borrowings/sukuk.
<b>Form and Denomination</b>	<p>The Sukuk shall be issued in accordance with the:</p> <ol style="list-style-type: none"><li>(1) Operational Procedures for Securities Services and Operational Procedures for Ringgit Settlement in the Real Time Electronic Transfer of Funds and Securities System issued by PayNet or its successor-in-title or successor in such capacity ("<b>PayNet Procedures</b>"); and</li><li>(2) Participation and Operation Rules for Payment and Securities Services issued by PayNet or its successor-in-title or successor in such capacity ("<b>PayNet Rules</b>") (PayNet Procedures and PayNet Rules are collectively referred to as "<b>PayNet Procedures and Rules</b>" as amended and/or substituted from time to time).</li></ol> <p>Each tranche of the Sukuk 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 Sukuk shall be RM1,000.00 or in multiples of RM1,000.00 at the time of issuance.</p>
<b>Status of the Sukuk</b>	The Sukuk shall constitute direct, unconditional, unsecured and unsubordinated obligations of PTPTN and shall at all times rank <i>pari passu</i> , without discrimination, preference or priority amongst themselves and at least <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of PTPTN, subject to the provisions of the Transaction Documents and those preferred by law.
<b>Status of the Guarantee</b>	The liabilities of the Guarantor under the Guarantee shall rank at least equally and rateably <i>pari passu</i> with all its other unsecured and unsubordinated liabilities from time to time, both actual and contingent (subject to those preferred by law and except liabilities which are subject to liens or rights of set-off wherein the aggregate amount of which is not material in the opinion of the Security Agent).
<b>Mode of Issue</b>	<p><u>ICPs</u></p> <p>The ICPs may be issued through any of the following modes to be determined by the Issuer and the JLMs:</p>

- (i) via competitive tender;
- (ii) via direct placement on a best effort basis; or
- (iii) via bought deal basis.

#### IMTNs

The IMTNs may be issued through any of the following modes to be determined by the Issuer and the JLMs:

- (i) via direct placement on a best effort basis;
- (ii) via bought deal basis; or
- (iii) via book running on a best effort basis.

#### **Issue**

The Sukuk may be issued in multiples of RM1,000.00, but subject to the PayNet Procedures and Rules and other standard conditions including, without limitation, the following:

- (i) a minimum issue size of RM10.0 million for each issue; and
- (ii) the issue notice shall be given to the JLAs at least eight (8) business days (for the first Sukuk issue) and six (6) business days (for subsequent Sukuk issues) prior to and excluding the date of proposed issue.

#### **Listing**

The Sukuk will not be listed on Bursa Malaysia Securities Berhad or any other stock exchange.

#### **Identified Asset**

Shariah-compliant commodities available at Bursa Suq al-Sila' and/or such other independent commodity trading platform acceptable to the Issuer and the JLAs as approved by the Shariah Adviser (excluding ribawi items in the category of medium of exchange such as currency, gold and silver) ("**Commodities**").

#### **Redemption**

Unless previously redeemed, purchased or cancelled, the Sukuk will be redeemed by PTPTN at 100% of their nominal value on their respective Maturity Dates.

#### **Purchase and Cancellation**

PTPTN may at any time purchase the Sukuk at any price in the open market or by private treaty, but these purchased Sukuk shall be cancelled and cannot be reissued.

#### **Conditions Precedent**

To include condition precedent for each issuance but not limited to the following (all have to be in form and substance acceptable to the JLAs):

##### **A. Main Documentation**

- (i) The relevant Transaction Documents have been duly executed by the parties thereto;
- (ii) The delivery of the certified true copy of the list of authorised signatories of PTPTN and their specimen signatures, duly certified by any of its directors; and
- (iii) The delivery of a certified true copy each of the constitutive

documents of PTPTN and the resolution duly passed by the Board of Management of PTPTN authorising, inter alia, the establishment of the Sukuk Programme, the issuance of the Sukuk, the execution and carrying out of all obligations under the Transaction Documents and the appointment of authorised signatories to execute such Transaction Documents.

**B. General**

- (i) The relevant approvals and orders required from the Government and/or Minister of Finance (including under the Loans Guarantee (Bodies Corporate) Act 1965), where applicable, and any other regulatory authorities as advised by the Legal Counsel of the JLAs as required for purposes of the Sukuk and/or the Sukuk Programme have been obtained:
  - (a) The Minister of Finance has granted the relevant tax and stamp duty remissions for purposes of the Sukuk and/or the Sukuk Programme;
  - (b) The relevant approval from the Minister of Education under Section 14 of the Perbadanan Tabung Pendidikan Tinggi Nasional Act 1997 (“**PTPTN Act**”) with the consent from the Minister of Finance to undertake the Sukuk Programme; and
  - (c) Receipt of the relevant approval and consent from the Minister of Finance pursuant to Sections 5(1) and 6 of the Loans Guarantee (Bodies Corporate) Act 1965.
- (ii) Evidence that all transaction fees, costs and expenses relating to the Sukuk Programme will be paid in full;
- (iii) Receipt of a certificate from PTPTN to confirm among others the representations and warranties contained in the Transaction Documents are true and accurate in all material respects and no Event of Default has occurred and is continuing;
- (iv) The Legal Counsel of the JLAs and the JLMs has issued a legal opinion addressed to the JLAs, the JLMs and the Facility Agent 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; and
- (v) Evidence of confirmation from the Shariah Adviser that the structure, mechanism and the Transaction Documents of the Sukuk Programme are in compliance with Shariah.

**Additional condition precedent for each issuance of Sukuk under the Sukuk Programme:**

Prior to each issuance of the Sukuk, the JLAs and the JLMs shall

have received satisfactory (i) written confirmation from the Issuer and the Security Agent (with necessary calculations) that the Aggregate Amount on the proposed date of issue of the Sukuk under the Sukuk Programme does not exceed the Guarantee Limit; and (ii) written confirmation from the Issuer that (1) there has been no occurrence of any Event of Default (as defined in the section entitled “Events of Default” below); and (2) the relevant approvals and orders required from the Government and/or Minister of Finance, where applicable, and any other regulatory authorities, as required for the issuance of Sukuk under the Sukuk Programme have been obtained and/or complied with.

**Representations and Warranties of PTPTN**

The representations and warranties of PTPTN are as follows:

- (i) it is a body corporate duly established and existing under the PTPTN Act and has full power and authority to carry on its business and to own its properties and assets, and has full legal and beneficial ownership of all its assets and has complied with all legal requirements relative to its business;
- (ii) it has the power and authority to enter into, exercise its rights under and perform its obligations under the Transaction Documents to which it is a party to;
- (iii) all necessary authorisations, licences, consents and approvals required for its performance under the Transaction Documents to which it is a party to have been obtained, renewed, fulfilled and remain in full force and effect;
- (iv) no registration and no payment of any duty or tax (subject to the relevant tax and stamp duty exemption and/or remission being obtained) or other action is necessary to ensure the legality, validity, enforceability or admissibility as evidence in Malaysia of the Transaction Documents to which it is a party;
- (v) its entry into, exercise of its rights under, and performance of its obligations under the Transaction Documents to which it is a party to, do not and will not violate any law or agreement to which it is a party;
- (vi) no litigation or arbitration is current, or to its knowledge, is threatened which if adversely determined, may have a Material Adverse Effect;

For the purposes of this term sheet, “**Material Adverse Effect**” means any material adverse effect on (i) the financial condition of PTPTN; and/or (ii) the ability of PTPTN to perform any of its obligations under any of the Transaction Documents to which it is a party to;

- (vii) it is subject to civil and commercial law with respect to its obligations under the Transaction Documents to which it is a party to, the transactions contemplated hereby and thereby constitute private and commercial acts done for private and commercial purposes and it is not entitled to immunity on the grounds of sovereignty or otherwise from any legal action or proceeding (which may include, without limitation, suits,

- execution or other enforcement in Malaysia);
- (viii) each of the Transaction Documents is or will when executed and/or issued, be in full force and effect and constitutes, or will when executed or issued, constitutes its valid and legally binding obligations enforceable in accordance with its terms and conditions;
  - (ix) the Sukuk constitute direct, unconditional, unsecured and unsubordinated obligations of PTPTN and shall at all times rank pari passu without discrimination, preference or priority among themselves and at least pari passu with all other unsecured and unsubordinated obligations of PTPTN, subject to the provisions of the Transaction Documents and those preferred by law;
  - (x) its audited financial statements have been or will be prepared in accordance with approved accounting standards in Malaysia and the laws of Malaysia and audited and certified by qualified auditors;
  - (xi) no step or action is or has been taken by the Issuer for the dissolution of the Issuer or an order is made by any third party for the dissolution of the Issuer or where any legislative or governmental action is taken for the dissolution of the Issuer;
  - (xii) the information furnished by it in writing in connection with the Sukuk Programme and the Transaction Documents, to which it is a party to, does not contain any false or misleading statement or any material omission and any opinions contained therein were honestly made on reasonable grounds after its due and careful enquiry; and
  - (xiii) no Event of Default has occurred and is continuing.

**Information  
Covenants**

The information covenants of PTPTN are as follows:

- (i) PTPTN shall provide to the Facility Agent at least on an annual basis, a certificate confirming that it has complied with all its obligations under the Transaction Documents to which it is a party to and the terms and conditions of the Sukuk and that there does not exist or had not existed, from the date the Sukuk were issued or the date of the previous certificate, as the case may be, any Event of Default or any other matters that may materially prejudice the interests of the Sukukholders and if such is not the case, to specify the same;
- (ii) PTPTN shall deliver to the Facility Agent as soon as they become available (after approval from Parliament has been obtained pursuant to Section 52 of the PTPTN Act) copies of its financial statements for that year or if applicable, its consolidated financial statements for that year, which shall contain the income statements and balance sheets of PTPTN and which are audited and certified without qualification by a firm of independent certified public

- accountants acceptable to the Facility Agent;
- (iii) PTPTN shall promptly notify the Facility Agent of any change in circumstances which may have a Material Adverse Effect on PTPTN;
  - (iv) PTPTN shall promptly notify the Facility Agent of any litigation or other proceedings against PTPTN before any court which may have a Material Adverse Effect;
  - (v) PTPTN shall promptly give notice to the Facility Agent of the occurrence of any 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 Facility Agent to remedy and/or mitigate the effect of the Event of Default; and
  - (vi) PTPTN shall promptly give to the Facility Agent such financial information relating to PTPTN's business and its operations as the Facility Agent may reasonably require for the performance of its duties and the exercise of its powers to the extent permitted under the law.

**Positive Covenants**

The positive covenants of PTPTN are as follows:

- (i) PTPTN shall maintain in full force and effect, and promptly deliver certified true copies or procure the delivery of certified true copies to the Facility Agent upon demand, 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 for PTPTN to enter into or perform its obligations under the Transaction Documents or to ensure the validity, enforceability, admissibility in evidence of the obligations of PTPTN or rights of the Sukukholders under the Transaction Documents and PTPTN shall comply with the same;
- (ii) PTPTN shall carry out its business and affairs in a proper and efficient manner;
- (iii) PTPTN shall utilise the proceeds from the Sukuk Programme in accordance with the Shariah-compliant purposes as set out herein;
- (iv) PTPTN shall at all times ensure that the Aggregate Amount does not exceed the Guarantee Limit;
- (v) PTPTN shall execute all such further documents and do all such further acts as the Facility Agent may reasonably consider necessary or expedient at any time or times to give effect to the terms and conditions of the Transaction Documents;
- (vi) PTPTN shall promptly perform and carry out all its obligations under all the Transaction Documents to which it is a party to (including but not limited to redeeming the Sukuk on the relevant maturity date(s) or any other date on

which the Sukuk are due and payable) and ensure that it shall immediately notify the Facility Agent in the event that PTPTN is unable to fulfill or comply with any of the provisions of the Transaction Documents to which it is a party to;

- (vii) PTPTN shall 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 the Issuer for the period to which the financial statements are made up and shall disclose or provide against all liabilities (actual or contingent) of the Issuer;
- (viii) PTPTN shall promptly comply with the PTPTN Act and all applicable laws relating to the entry into and performance by PTPTN of its obligations under the Transaction Documents to which it is a party; and
- (ix) PTPTN will instruct its auditors to disclose to the Facility Agent such information as the Facility Agent may reasonably require in connection with any calculation or matter arising under the Transaction Documents or as the Facility Agent may reasonably require for the purpose of performing its duties and exercising its powers.

**Negative Covenants**

The negative covenants are as follows:

- (i) PTPTN shall not take steps to dissolve itself;
- (ii) PTPTN shall not create or permit to exist any Security Interest (as defined in the section entitled "Events of Default" below), save for:
  - a) the Security Interest as contemplated under the Transaction Documents; and
  - b) the Security Interest created by lien or the operation of law; and
- (iii) PTPTN shall not declare or pay any dividends or make any distribution whether income or capital in nature if:
  - (a) an Event of Default has occurred, is continuing and has not been remedied or waived; or
  - (b) any payments under the arrangements pertaining to the Sukuk is overdue and unpaid or if any of the payments under the arrangements pertaining to the Sukuk which has become payable has not been paid as a consequence of default by PTPTN.

**Events of Default**

The events of default ("**Event of Default**") are as follows:

- (i) PTPTN fails to pay any amount in respect of the Sukuk Programme and/or the Transaction Documents as and when it falls due or on demand if so payable, under any of the Transaction Documents;

- (ii) Any indebtedness of PTPTN becomes capable, in accordance with the relevant terms thereof, of being declared due prematurely by reason of a default by PTPTN in its obligations in respect of the same, or PTPTN fails to make any payment in respect thereof on the due date for such payment or if due on demand when demanded or the Security Interest created for any such indebtedness becomes enforceable and such declaration of indebtedness being due or payable or demanded is not discharged or disputed in good faith by PTPTN in a court of competent jurisdiction within thirty (30) days from the date of such declaration or demand;

For the purposes of this term sheet, “**Security Interest**” means 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.

- (iii) Any representation or warranty made or given by PTPTN 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 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;
- (iv) Any representation or warranty made or given by the Guarantor under the Guarantee proves to have been incorrect or misleading in any material respect on or as of the date made or given or deemed made or deemed given;
- (v) PTPTN fails to observe or perform its obligations under any of the Transaction Documents or the Sukuk or under any undertaking or arrangement entered into in connection therewith other than an obligation of the type referred to in paragraph (i) above of this section, and such failure shall continue for a period of thirty (30) days or more after having been notified of the same by the Facility Agent;
- (vi) Any consent, authorisation, licence, approval or registration with or declaration to governmental or public bodies or authorities or courts required by PTPTN to authorise or required by PTPTN in connection with the execution, issue, delivery, validity, legality, enforceability or admissibility in evidence of any of the Transaction Documents or the performance by PTPTN of its obligations under any of the Transaction Documents is not approved or is revoked or expired or is not renewed or otherwise ceases to be in full force and effect, unless in respect of the foregoing, such non-approval, revocation, expiration, or non-renewal will not have a Material Adverse Effect;
- (vii) Any step or action is taken by the Issuer for the dissolution

- of the Issuer or an order is made by any third party for the dissolution of the Issuer or where any legislative or governmental action is taken for the dissolution of the Issuer, unless in the case of the order by such third parties, it has been set aside or stayed within sixty (60) days of the order being served on the Issuer;
- (viii) A receiver, receiver and manager or similar officer takes possession of or is appointed in respect of any part of the business or assets of PTPTN, or distress, legal process, sequestration or any form of execution is levied or enforced or sued out against PTPTN which may have a Material Adverse Effect and no proceedings are initiated in court by PTPTN within thirty (30) days of receipt of notice, or any Security Interest which may for the time being affect any of its assets becomes enforceable;
  - (ix) PTPTN changes the nature or scope of a substantial part of its business, or suspends or ceases the operation of a substantial part of its business which it now conducts directly or indirectly and such change or suspension or cessation has a Material Adverse Effect;
  - (x) Any 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 has a Material Adverse Effect;
  - (xi) PTPTN fails to satisfy judgment(s) passed against it by any court in Malaysia, and such failure may result in a Material Adverse Effect on the Issuer, 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 and in the case of any judgement obtained in default of appearance, no application has been made to set such judgement aside within thirty (30) days of PTPTN becoming aware of such judgement;
  - (xii) At any time any of the provisions of the Transaction Documents relating to the payment obligations of the Issuer and/or the Guarantor is or becomes invalid, illegal, void, voidable or unenforceable; and
  - (xiii) PTPTN or the Guarantor repudiates any of the Transaction Documents or PTPTN or the Guarantor does or causes to be done any act or take any steps to repudiate any of the Transaction Documents.

On the occurrence of any of the events above, the Facility Agent shall, if directed to do so by a special resolution of the Sukukholders, declare that an Event of Default has occurred in respect of the Sukuk, whereupon the Facility Agent shall enforce its rights under the Transaction Documents.

**Ta'widh**

In the event of any delays in payment of any amounts due and

**(Compensation)** payable to Sukukholders, PTPTN shall pay the compensation on such overdue amounts at the rate and manner prescribed by the SC's Shariah Advisory Council from time to time.

**Ibra' (Rebate)** Ibra' (Rebate) refers to an act of releasing absolutely or conditionally the Sukukholders' 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 partial or in full.

The Sukukholders in subscribing to the Sukuk hereby consent to grant an Ibra' (Rebate) to the Issuer, where applicable.

The Ibra' (Rebate) shall be calculated as follows:

- (i) in the case of IMTNs with Periodic Profit Payments and issued at a discount, the aggregate of unearned Periodic Profit Payments;
- (ii) in the case of IMTNs without Periodic Profit Payments and issued at a discount, the unearned Discounted Amount;
- (iii) in the case of IMTNs with Periodic Profit Payments and issued at par, the aggregate of unearned Periodic Profit Payments;

The Ibra' (Rebate) in relation to (i), (ii) and (iii) above shall be granted in the event the IMTNs are redeemed upon the declaration of an Event of Default and such Rebate shall be calculated from the date of the declaration of an Event of Default up to the Maturity Date.

- (iv) in the case of IMTNs with Periodic Profit Payments issued at a premium, the aggregate of unearned Periodic Profit Payments (if applicable) and the premium amount.

The Ibra' (Rebate) in relation to (iv) above shall be granted in the event the IMTNs are redeemed:

- (A) upon the declaration of an Event of Default; or
- (B) on the Maturity Date,

and such Ibra' (Rebate) shall be calculated:

- (a) in relation to (A), from the date of the declaration of the Event of Default up to the Maturity Date; and
- (b) in relation to (B), on the Maturity Date.

The Deferred Sale Price payable on the Maturity Date or the date of the declaration of an Event of Default, as the case may be, shall be calculated by the Facility Agent (which calculation, in the absence of manifest error, shall be final and conclusive) in accordance with the formula below:

Deferred Sale Price determined at the issue date less the aggregate of the Periodic Profit Payments paid (if applicable) and the nominal value paid less the Ibra' (Rebate) (if any).

For the avoidance of doubt, Ibra' (Rebate) is not applicable to the ICPs.

**Taxation**

All payments by the Issuer or the Guarantor shall be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature imposed or levied by or on behalf of Malaysia unless such withholding or deduction is required by law (in which event the Issuer or the Guarantor, as the case may be, shall be required to make such additional amount so that the payee would receive the full amount which the payee would have received if no such withholding or deductions are made),

Provided that no such additional amount shall be payable in respect of any Sukuk presented for payment:

- (1) by or on behalf of a payee who is liable to such taxes, duties, assessments or governmental charges in respect of such Sukuk by reason of it being a non-resident of Malaysia for tax purposes; or
- (2) by or on behalf of a payee who would not be liable or subject to such withholding or deduction by making declaration of residence in Malaysia or other similar claim for exemption to the relevant tax authority; or
- (3) more than thirty (30) days after the Relevant Date (as defined below), unless the payee is entitled to such additional amount upon presentation of such Sukuk for payment on the last day of such period of thirty (30) days.

For the avoidance of doubt, paragraph (3) shall not apply to such payee falling under paragraphs (1) or (2) above.

"**Relevant Date**" shall mean the date on which the payment first become due but, if the full amount of the money payable has not been received by the Facility Agent on or before the due date, it shall mean the date on which, the full payment of money having been so received.

**Governing Laws**

Laws of Malaysia.

**Jurisdiction**

PTPTN shall unconditionally and irrevocably submit to the exclusive jurisdiction of the courts of Malaysia.

**Other Expenses**

All costs, charges and expenses including legal and other professional fees, stamp duties (if any), penalties and BNM fees, and other incidental costs, charges and expenses payable under the Transaction Documents shall be borne by PTPTN, even if the Sukuk Programme is subsequently aborted for any reason whatsoever.

**Transaction Documents**

Means the following:

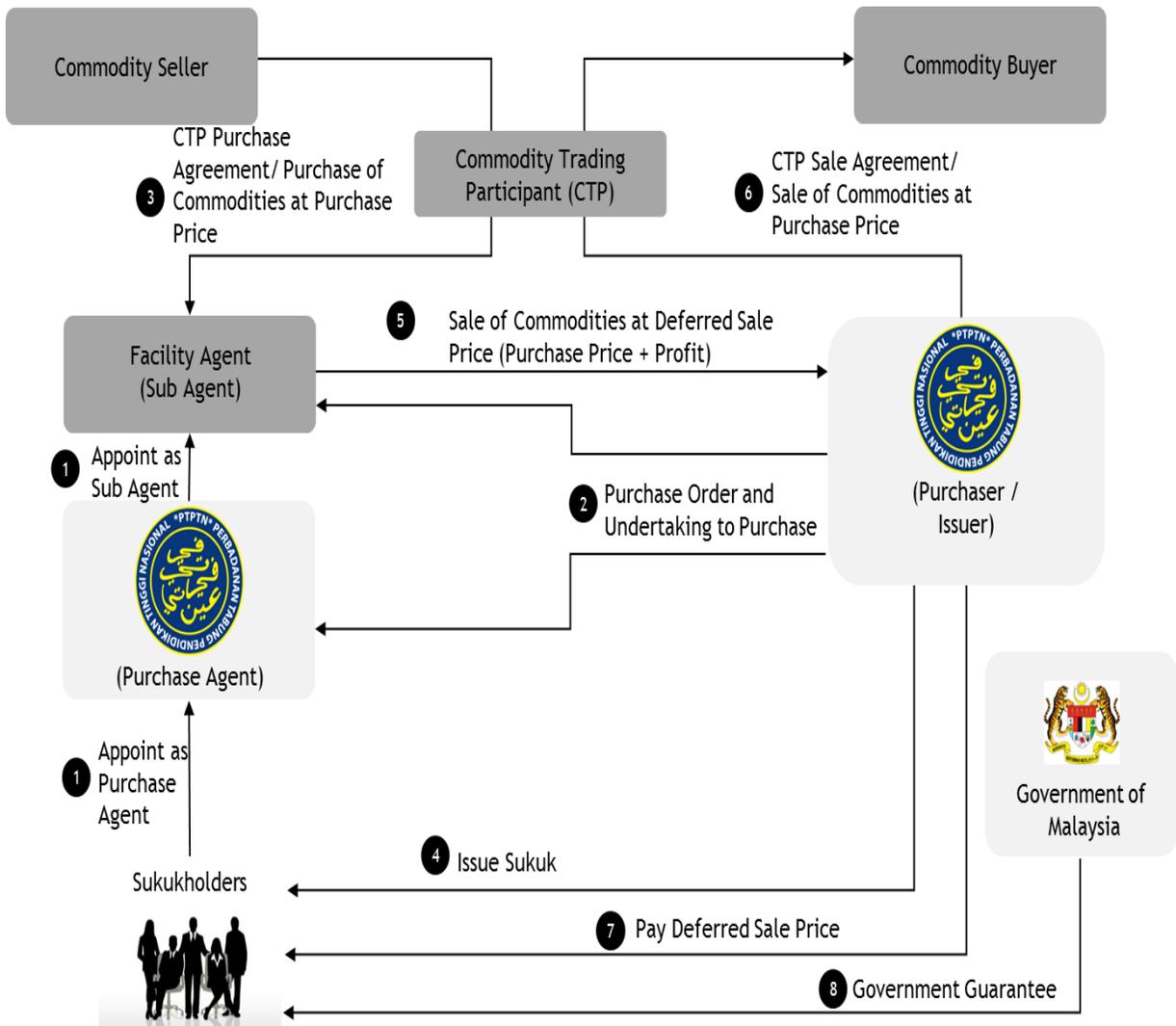
- (i) Programme Agreement;
- (ii) Facility Agency Agreement;
- (iii) Government Guarantee;
- (iv) Security Sharing Agreement;
- (v) Subscription Agreement;
- (vi) Securities Lodgement Form;
- (vii) Commodity Murabahah Master Agreement;
- (viii) Agency Agreement;
- (ix) Sub-Agency Agreement;
- (x) Purchase Order;
- (xi) CTP Sale Agreement;
- (xii) CTP Purchase Agreement;
- (xiii) Sale and Purchase Agreement;
- (xiv) Tender Panel Agreement;
- (xv) Sukuk; and;
- (xvi) such other documents executed by the Issuer in connection with the Sukuk Programme or otherwise agreed by the Issuer to be designated as a Transaction Document,

and includes any amendment, variation or supplement thereof and "**Transaction Document**" shall refer to each or any one of them.

*[the rest of this page has been intentionally left blank]*

Annexure 1

Diagrammatical Illustration of the Murabahah (via Tawarruq arrangement) Transaction



### **Description on the Steps of the Murabahah (via Tawarruq arrangement) Transaction**

1. The Facility Agent, on behalf of the Sukukholders and the Issuer shall enter into an agency agreement (“**Agency Agreement**”), pursuant to which the Issuer is appointed as the agent of the Sukukholders (in such capacity, the “**Purchase Agent**”) for the purchase of and the sale of the Shariah-compliant commodities available at Bursa Suq al-Sila’ and/or such other independent commodity trading platform acceptable to the Issuer and the JLAs as approved by the Shariah Adviser (excluding ribawi items in the category of medium of exchange such as currency, gold and silver) (“**Commodities**”). The Purchase Agent shall then enter into a sub-agency agreement (“**Sub-Agency Agreement**”) to appoint the Facility Agent as a sub agent (in such capacity, the “**Sub Agent**”) to purchase and sell the Commodities.
2. Pursuant to a commodity Murabahah master agreement (“**Commodity Murabahah Master Agreement**”), prior to the date on which the relevant series of Sukuk is issued, PTPTN (as “**Purchaser**”) shall, from time to time, issue a purchase order (“**Purchase Order**”) in relation to the said series, to the Purchase Agent and the Sub Agent. In the Purchase Order, the Purchaser will:
  - a) request the Purchase Agent and the Sub Agent to purchase the Commodities on behalf of the Sukukholders; and
  - b) irrevocably undertake to subsequently purchase the Commodities from the Sukukholders via the Sub Agent at the Deferred Sale Price (as defined below).
3. Based on the Purchase Order, the Sub Agent (pursuant to a CTP (as defined below) purchase agreement entered into between the Sub Agent and the commodity trading participant (“**CTP**”) (“**CTP Purchase Agreement**”)) shall appoint the CTP to purchase on a spot basis the Commodities from Commodities suppliers in Bursa Suq Al-Sila’ or such other supplier(s) as may be designated by the Issuer (as Purchase Agent) and acceptable to the JLAs and the Shariah Adviser (“**Commodity Seller**”) at a purchase price which shall be an amount equivalent to the Sukuk proceeds (“**Purchase Price**”). The Purchase Price shall be in line with the asset pricing requirement stipulated under the Securities Commission Malaysia (“**SC**”)’s Guidelines on Unlisted Capital Markets Products under the Lodge and Launch Framework (issued by the SC on 9 March 2015, effective on 15 June 2016 and revised on 30 June 2020 (as amended from time to time)) (“**LOLA Guidelines**”).
4. The Issuer shall then issue the Sukuk whereby the proceeds thereof shall be used to pay for the Purchase Price. The Sukuk shall evidence, amongst others, the Sukukholders’ ownership of the Commodities and subsequently once the Commodities are sold to the Purchaser, the Sukukholders’ entitlement to receive the Deferred Sale Price.
5. Thereafter, pursuant to a sale and purchase agreement (“**Sale and Purchase Agreement**”), the Sub Agent (acting as agent to the Purchase Agent) shall sell the Commodities to the Purchaser based on the Murabahah principle at a sale price which shall be the Purchase Price plus the profit margin, i.e. the aggregate of the periodic profit payments (“**Periodic Profit Payments**”) (if applicable) and the Discounted Amount (if applicable) payable on a deferred basis by the Issuer (“**Deferred Sale Price**”).

6. Upon completion of such purchase, the Purchaser (pursuant to a CTP sale agreement to be entered into between the Purchaser and the CTP ("**CTP Sale Agreement**")) shall appoint the CTP to sell the Commodities to Bursa Malaysia Islamic Services Sdn Bhd or such other commodity buyer as may be designated by the Issuer (as Purchaser) and acceptable to the JLAs and the Shariah Adviser ("**Commodity Buyer**") on a spot basis for an amount equal to the Purchase Price. The CTP Sale Agreement will provide for the CTP (on behalf of the Purchaser) to directly sell the Commodities to the Commodity Buyer upon notice by the Purchaser that the Sale and Purchase Agreement has been completed and executed. Proceeds realised from such sale shall be utilised by the Issuer in accordance with the section entitled "Details of Utilisation of Proceeds".
7. During the tenure of the Sukuk, the Purchaser shall make Periodic Profit Payments on the Periodic Profit Payment Dates (in the case of Sukuk with Periodic Profit Payments) forming part of the Deferred Sale Price and on the date of maturity of the Sukuk ("**Maturity Date**") to the Sukukholders. On the Maturity Date or upon any declaration of an Event of Default, the Purchaser shall pay all amounts then outstanding on the Deferred Sale Price as a final settlement of the same (subject to the Ibra' (Rebate) whereupon the Sukuk shall be cancelled.
8. The Government shall issue an irrevocable and unconditional Guarantee in favour of the Security Agent (acting for and on behalf of the Sukukholders) whereby the Government will guarantee the proper and punctual payment by PTPTN of the Guaranteed Amounts and will irrevocably and unconditionally undertake as a continuing obligation to the Security Agent that if for any reason and at any time and from time to time PTPTN fails to make payment of any monies due, owing or payable by PTPTN in relation to the Sukuk Programme, that it will make payment of the same pursuant to the Guarantee.