

KL East Sdn Bhd (KL East or the Issuer)

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

(A) CORPORATE INFORMATION OF ISSUER

- (1) Name : KL East Sdn Bhd ("KL East" or the "Issuer")
- (2) Address : Registered Address: S P Setia Berhad Corporate HQ No. 12, Persiaran Setia Dagang Setia Alam, Seksyen U13 40170 Shah Alam Selangor Business Address: S P Setia Berhad Corporate HQ No. 12, Persiaran Setia Dagang Setia Alam, Seksyen U13 40170 Shah Alam Selangor
- (3) Date of incorporation: 12 June 2009
- (4) Place of incorporation : Malaysia
- (5) Business registration: 860589-P
number
- (6) Residence status : Resident Controlled Company
- (7) Place of listing : Not Listed
- (8) Date of listing : Not Listed
- (9) Principal activities : Investment holding
- (10) Issued and paid-up : **Issued share capital of the Issuer as at 31 December 2018:**
share capital 250,000 ordinary shares.
- Note: The concept of authorised share capital is no longer applicable under the Companies Act 2016, as may be amended and/or substituted from time to time ("Companies Act").
- (11) Structure of : As at 31 December 2018:
shareholdings and
names of
shareholders or, in
the case of a public
company, names of
- | Name | No. of shares held | % of shareholding |
|------------------|-------------------------|-------------------|
| S P Setia Berhad | 250,000 ordinary shares | 100.00 |

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

all substantial
shareholders

(12) Board of directors :

No.	Name
1	Dato' Khor Chap Jen
2	Datuk Wong Tuck Wai

Additional Notes:
As at 31 December 2018.

(13) Disclosure of the :
following

(i) If the issuer or : None.
its board
members have
been convicted
or charged with
any offence
under any
securities laws,
corporation
laws or other
laws involving
fraud or
dishonesty in a
court of law, or
if any action
has been
initiated against
the issuer or its
board members
for breaches of
the same, for
the past ten
years prior to
the lodgement/
since
incorporation
(for issuer
incorporated
less than ten
years)

(ii) If the issuer has : Not applicable.
been subjected

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

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 lodgement

(B) CORPORATE INFORMATION OF GUARANTOR

- (1) Name : S P Setia Berhad ("S P Setia" or "Guarantor")
- (2) Address : Registered Address: S P Setia Berhad Corporate HQ No. 12, Persiaran Setia Dagang Setia Alam, Seksyen U13 40170 Shah Alam Selangor Business Address: S P Setia Berhad Corporate HQ No. 12, Persiaran Setia Dagang Setia Alam, Seksyen U13 40170 Shah Alam Selangor
- (3) Date of incorporation: 8 August 1974
- (4) Place of incorporation : Malaysia
- (5) Business registration: 19698-X
number
- (6) Residence status : Resident Controlled Company
- (7) Place of listing : Bursa Malaysia
- (8) Date of listing : 12 April 1993
- (9) Principal activities : Investment holding

Issued share capital of the Guarantor as at 31 December 2018:

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

- (10) Issued and paid-up : RM10,414,088,131.12 comprising of:
share capital (a) 3,956,928,438 ordinary shares;
(b) 1,094,184,426 Islamic redeemable convertible preference shares ("RCPS-i A");
and
(c) 1,187,219,184 Class B Islamic redeemable convertible preference shares ("RCPS-i B")

Note: The concept of authorised share capital is no longer applicable under the Companies Act.

- (11) Structure of : As at 31 December 2018, the substantial shareholders of the Guarantor are as
shareholdings and follows:
names of
shareholders or, in
the case of a public
company, names of
all substantial
shareholders

Substantial	Direct		Indirect	
	No. of Shares Held	% of Shareholdin g	No. of Shares Held	% of Shareholdin g
Permodalan Nasional	1,017,134,994	25.69	-	-
Amanahraya Trustees	955,930,361	24.15	-	-
Kumpulan Wang	282,187,163	7.13	19,600,870(i)	0.50
Employees Provident	418,413,584	10.57	-	-
Yayasan Pelaburan	-	-	1,017,134,994(ii)	25.69

Notes:

(i) Deemed interested by virtue of shares held by its fund managers.

(ii) Deemed interested by virtue of its interest in PNB pursuant to Section 8 of the Companies Act 2016.

- (12) Board of directors :

No.	Name
1	Tan Sri Dato' Seri Dr. Wan Mohd Zahid Bin Mohd Noordin
2	Dato' Khor Chap Jen
3	Dato' Halipah Binti Esa
4	Dato' Ahmad Pardas Bin Senin
5	Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob
6	Dato' Zuraidah Binti Atan
7	Tengku Dato' Ab. Aziz Bin Tengku Mahmud

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

8	Noraini Binti Che Dan
9	Philip Tan Puay Koon
10	Dato' Azmi Bin Mohd Ali

Additional Notes:
As at 31 December 2018.

(13) Disclosure of the :
following

- (i) If the guarantor : None.
or its board
members have
been convicted
or charged with
any offence
under any
securities laws,
corporation
laws or other
laws involving
fraud or
dishonesty in a
court of law, or
if any action
has been
initiated against
the guarantor or
its board
members for
breaches of the
same, for the
past ten years
prior to the
lodgement/
since
incorporation
(for guarantor
incorporated
less than ten
years)
- (ii) If the guarantor : None.
has been
subjected to
any action by

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

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 lodgement

(C) PARTIES TO THE TRANSACTION

(a) Origination

No.	Roles	Name of parties
1	Issuer	KL East
2	Corporate Guarantor	S P Setia
3	Principal Adviser	Maybank Investment Bank Berhad
4	Lead Arranger	Maybank Investment Bank Berhad ("Maybank IB" or "PA"/"LA")
5	Solicitors	Messrs. Wong & Partners
6	Shariah Adviser	Maybank Islamic Berhad ("Maybank Islamic")
7	Sukuk Trustee	Pacific Trustees Berhad ("Pacific Trustees")
8	Security Agents	Maybank IB

(b) At the point of distribution

No.	Roles	Name of parties
1	Issuer	KL East

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

2	Lead Manager	Maybank IB ("LM")
3	Facility Agent	Maybank IB
4	Central Depository	Bank Negara Malaysia ("BNM")
5	Paying Agent	BNM
6	Shariah Adviser	Maybank Islamic

(c) After distribution

No.	Roles	Name of parties
1	Issuer	KL East
2	Principal Adviser	Maybank Investment Bank Berhad
3	Facility Agent	Maybank IB
4	Security Agents	Maybank IB
5	Sukuk Trustee	Pacific Trustees
6	Central Depository	BNM
7	Paying Agent	BNM

(D) DETAILS OF FACILITY/PROGRAMME

- (1) Name of facility : An unrated Islamic medium term notes ("Sukuk Murabahah") programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) ("Sukuk Murabahah Programme").
- (2) One-time issue or programme : Programme

An unrated Islamic medium term notes (**Sukuk Murabahah**) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (**Sukuk Murabahah Programme**).

Principal Terms and Conditions

- (3) Shariah principles : 1. Murabahah (via Tawarruq arrangement)
(for sukuk)
- (4) Facility description : A Sukuk Murabahah Programme pursuant to which the Issuer may from time to time issue Sukuk Murabahah under the Shariah principle of Murabahah (via ringgit-denominated sukuk, to provide description as cleared by the SC) Tawarruq arrangement) where the aggregate outstanding nominal value of such Sukuk Murabahah shall not exceed RM358.1 million at any one time. The Shariah principle of Murabahah (via Tawarruq arrangement) is one of the Shariah principles approved by the SAC of SC.

Underlying Transaction

(a) The Sukuk Trustee (on behalf of the investors of the Sukuk Murabahah ("**Sukukholders**")), shall appoint the Issuer as agent/wakeel of the Sukukholders (in such capacity, the "**Agent**") to purchase and sell certain Commodities (as defined in the section entitled (Identified assets)).

(b) The Agent will then appoint the Facility Agent as its sub-agent/wakeel (in such capacity, the "**Sub-Agent**") to act as the sub-agent to purchase the Commodities. The Agent will also appoint the Facility Agent as its sub-agent/wakeel (in such capacity, the "**Selling Agent**") on behalf of the Sukukholders to sell the Commodities to the Issuer (as purchaser for itself, and in such capacity, the "**Purchaser**").

(c) The Issuer, as the Purchaser, will enter into a commodity Murabahah master agreement ("**Commodity Murabahah Master Agreement**") with the Facility Agent as the Sub-Agent and the Selling Agent. Pursuant to the Commodity Murabahah Master Agreement, the Purchaser shall from time to time, issue a purchase order ("**Purchase Order**") to the Agent, the Sub-Agent and the Selling Agent to purchase the Commodities. In the Purchase Order, the Purchaser will request the Agent and the Sub-Agent to purchase the Commodities on behalf of the Sukukholders and will irrevocably and unconditionally undertake to purchase the Commodities from the Sukukholders via the Selling Agent at a Deferred Sale Price (as defined herein).

(d) Upon receiving the Purchase Order from the Purchaser, the Sub-Agent will purchase on a spot basis, the Commodities, from commodity vendor(s) in the Bursa Suq Al-Sila' commodity platform and/or other independent commodity brokers, which shall be identified prior to each issuance of the Sukuk Murabahah ("**Commodity Seller**"), through a Commodity Trading Participant ("**CTP**"), at a purchase price which shall be an amount equivalent to the proceeds from the issuance of the Sukuk Murabahah ("**Purchase Price**"). The Purchase Price shall be in line with the asset pricing requirement stipulated under the LOLA Guidelines.

The Purchase Price shall be payable to such Commodity Seller.

(e) The Issuer shall concurrently with item (d) above, issue the Sukuk Murabahah to the Sukukholders whereby the proceeds thereof shall be used to pay the Purchase Price by the Sub-Agent to the Commodity Seller. The Sukuk Murabahah shall evidence the Sukukholders' ownership of the Commodities and all rights thereto (including all rights against the Purchaser under the Purchase Order). Once the Commodities are sold to the Purchaser, the Sukuk Murabahah shall represent the Sukukholders' entitlement to receive the Deferred Sale Price.

(f) Thereafter, the Selling Agent (on behalf of the Agent as wakeel to the Sukukholders) shall sell the Commodities to the Purchaser at the Deferred Sale

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

Price.

(g) Upon completion of such purchase, the Purchaser shall appoint and instruct the Selling Agent to sell, on a spot basis, the Commodities to the Bursa Suq Al-Sila' commodity platform and/or other independent commodity brokers, which shall be identified prior to each issuance of the Sukuk Murabahah ("**Commodity Buyer**"), through a CTP, for a cash consideration equivalent to the Purchase Price payable to the Purchaser for the sale of the Commodities.

(h) The Sukuk Murabahah will be issued with periodic profit payments ("**Periodic Profit Payments**") based on floating profit rate to be agreed between the Issuer and the PA/LA/LM prior to each issuance of the Sukuk Murabahah. During the tenure of the Sukuk Murabahah, the Purchaser, as part of its obligation to pay the Deferred Sale Price, shall make periodic payments (based on the effective rate) to the Sukukholder(s). Each such payment shall pro tanto reduce the obligation of the Purchaser on the Deferred Sale Price payable for the purchase of the Commodities from the Selling Agent (on behalf of the Agent as wakeel of the Sukukholders).

(i) (i) On the maturity date of the relevant Sukuk Murabahah; or (ii) upon the declaration of an Event of Default; or (iii) upon early redemption of the relevant Sukuk Murabahah, whichever is earlier, all amounts then outstanding on the Deferred Sale Price (subject to Ibra', where applicable), shall be paid by the Purchaser (as part of its obligation to pay the Deferred Sale Price) to the Sukukholders as final settlement of the same, whereupon the relevant Sukuk Murabahah shall be cancelled.

(j) The Guarantor, pursuant to an unconditional and irrevocable corporate guarantee (under the Shariah principle of Kafalah), shall guarantee all obligations of the Issuer (in its capacity as the Purchaser) to pay the Deferred Sale Price up to an amount equivalent to the aggregate of the nominal value of the Sukuk Murabahah and the accrued but unpaid Periodic Profit Payments.

- | | | |
|--|---|---|
| (5) Currency | : | Ringgit |
| (6) Expected facility/
programme size | : | Up to MYR 358,100,000.00 |
| (7) Option to upsize (for :
programme) | : | Yes |
| (8) Tenure of facility/
programme | : | 10 year(s) |
| (9) Availability period for:
debt/ sukuk
programme | : | The Sukuk Murabahah shall be available for issuance upon completion of the Transaction Documents and fulfillment of the conditions precedent of the Sukuk Murabahah Programme to the satisfaction of the PA/LA (unless otherwise waived or deferred by the PA/LA) and ending on the expiry date of the Sukuk Murabahah Programme. |

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

The first issuance of Sukuk Murabahah under the Sukuk Murabahah Programme shall be made within sixty (60) business days from the lodgement date.

(10) Clearing and settlement platform : Paynet

(11) Mode of issue : ☒ Private/direct placement
☒ Bought deal
☒ Book building

(12) Selling restrictions : (i) At issuance:

- ☒ Part 1 of Schedule 6 of the Capital Markets & Services Act, 2007 (CMSA)
- ☒ Part 1 of Schedule 7 of the CMSA
- ☒ Read together with Schedule 9 of CMSA
- ☒ Section 2(6) of the Companies Act 2016
- ☒ Other-Selling Restrictions at Issuance The Sukuk Murabahah under the Sukuk Murabahah Programme may only be offered, sold, transferred or otherwise disposed directly or indirectly to persons falling within the relevant category of the persons specified in Section 2(6) of the Companies Act, 2016 ("Companies Act"), and persons to whom an offer or invitation to subscribe the Sukuk Murabahah and to whom the Sukuk Murabahah may be made and to whom the Sukuk Murabahah are issued falling within Part 1 of Schedule 6 or Section 229(1)(b) and Part 1 of Schedule 7 (or Section 230(1)(b) of the CMSA, to be read together with Schedule 9 or Section 257(3) of the CMSA and does not constitute an offer to the public within the categories specified in Section 2(6) of the Companies Act and subject to any applicable law, order, regulation or official directive of BNM and/or the SC from time to time.

(ii) After issuance:

- ☒ Part 1 of Schedule 6 of the CMSA
- ☒ Read together with Schedule 9 of CMSA
- ☒ Section 2(6) of the Companies Act 2016
- ☒ Other-Selling Restrictions Thereafter The Sukuk Murabahah under the Sukuk Murabahah Programme may only be offered, sold, transferred or otherwise disposed directly or indirectly to persons to whom an offer or invitation to purchase the Sukuk Murabahah falling within the relevant category of the persons specified in Section 2(6) of the Companies Act, and persons to whom an offer or invitation to purchase the Sukuk Murabahah falling within Part 1 of Schedule 6 or Section 229(1)(b) of the CMSA to be read together with Schedule 9 or Section 257(3) of the CMSA and does not constitute an offer to the public under Section 2(6) of the Companies Act and subject to any applicable law, order, regulation or official directive of BNM and/or the SC from time to time.

(13) Tradability and transferability : Size in Ringgit which are tradable and transferable:
Not applicable
Size in Ringgit which are non-tradable and non-transferable:

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

Not applicable

Additional Notes:

Note: Transferable within the licensed Islamic banks and licensed commercial banks in Malaysia only, save for development financial institutions.

"development financial institutions" means the development financial institutions incorporated in Malaysia listed in the Bank Negara Malaysia's website.

"licensed commercial banks" means the commercial banks incorporated in Malaysia listed in the Bank Negara Malaysia's website.

"licensed Islamic banks" means the Islamic banks incorporated in Malaysia listed in Bank Negara Malaysia's website.

- (14) Secured/combinatio :
n of unsecured and
secured, if
applicable
- The Sukuk Murabahah under the Sukuk Murabahah Programme shall be secured by the following security documents ("**Security Documents**") in favour of the Security Agent (for the benefit of the Sukukholders):
- (a) an open monies first party first legal charge over all those pieces of land held under the titles bearing particulars:
 - (i) H.S.(D) 184053, PT No. 47384, Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor; and
 - (ii) H.S.(D) 184054, PT No. 47385, Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor,
 - (collectively, the "**Project Land**") ("**Land Charge**");
 - (b) a first party legal assignment and charge of the FSRA (as defined herein) and monies standing to the credit of the FSRA, including the Permitted Investments (as defined herein) ("**Assignment and Charge of FSRA**");
 - (c) an unconditional and irrevocable guarantee by the Guarantor guaranteeing the payment obligations of the Issuer in relation to the Sukuk Murabahah Programme and undertake to fund any shortfall in the financing obligations of the Issuer (including all principal and periodic profit payments) under the Sukuk Murabahah Programme ("**Corporate Guarantee**"); and
 - (d) any other security documents as may be required by the PA/LA in relation to the Sukuk Murabahah Programme and/or as advised by the Solicitors, to be mutually agreed between the Issuer and the PA/LA.
- (15) Details of guarantee,:
if applicable
- The Guarantor shall provide an unconditional and irrevocable guarantee in favour of the Security Agent (for the benefit of the Sukuk holder under a Kafalah Agreement) for all the payment obligations of the Issuer in relation to the Sukuk Murabahah Programme and undertake to fund any shortfall in the financing obligations of the Issuer (including all principal and profit payments) under the Sukuk Murabahah Programme.

The Guarantor will upon demand from the Security Agent, pay such sum to the Security Agent if for whatsoever reason the Issuer does not pay any sum outstanding, owing or payable by the Issuer under or in connection with the Sukuk Murabahah and/or the Sukuk Murabahah Programme, by the time and on the due date thereof as provided in the Transaction Documents (as the case may be) and

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

in accordance with the Transaction Documents.

(16) Convertibility of : Non-convertible
issuance and details
of the convertability

(17) Exchangeability of : Non-exchangeable
issuance and details
of the
exchangeability

(18) Call option and : No call option
details, if applicable

(19) Put option and : No put option
details, if applicable

(20) Details of covenants : Positive Covenants

To include but not limited to the following:

(1) The Issuer and the Guarantor 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 be necessary:

(a) to enable the Issuer and the Guarantor to own their respective assets, to carry on their respective business as they are being, and is proposed to be conducted;

(b) for the Issuer and the Guarantor to enter into or perform their respective obligations under the Transaction Documents; and

(c) to ensure the validity, enforceability, admissibility in evidence of the obligations of the Issuer and/or the Guarantor or the priority or rights of the Sukukholders under the Transaction Documents,

and each of them shall comply with all conditions as stipulated in such authorisations, consents, rights, licences, approvals and permits (governmental and otherwise).

(2) The Issuer and the Guarantor shall execute all such further documents and do all such further acts as the Sukuk Trustee may consider necessary or expedient at any time or times to give effect to the terms and conditions of the Transaction Documents to which it is a party and/or the full benefits of all rights, powers and remedies conferred upon the Sukuk Trustee and/or the Security Agent, as the case may be, in the Transaction Documents to which it is a party.

(3) The Issuer and the Guarantor shall exercise reasonable diligence in carrying out their respective business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices of the

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

industry and in accordance with their respective constitution within the meaning given to it in the Companies Act ("**Constitution**") and regulatory requirements applicable to the Issuer and the Guarantor respectively.

(4) The Issuer and the Guarantor shall promptly perform and carry out all their respective obligations under all the Transaction Documents to which it is a party (including but not limited to redeeming the Sukuk Murabahah on the relevant maturity date(s) or any other date on which the Sukuk Murabahah are due and payable) and the Issuer and the Guarantor shall immediately notify the Sukuk Trustee in the event that it is unable to fulfill or comply with any of the provisions of the Transaction Documents to which it is a party.

(5) The Issuer and the Guarantor shall keep and maintain proper accounts, books and records at all times and prepare all their respective financial statements in compliance with applicable statutory requirements and in accordance with approved accounting standards in Malaysia and these financial statements shall give a true and fair view of the results of the operations of the Issuer and/or the Guarantor, as the case may be, 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 and/or the Guarantor, as the case may be, and the Issuer and the Guarantor shall permit the Sukuk Trustee or its agent and/or any person appointed or authorised by each of them to have access to and inspect its books of accounts and records to the extent permitted by law.

(6) The Issuer and the Guarantor shall promptly provide to the Sukuk Trustee, such information relating to the Issuer's and the Guarantor's business, affairs, operations 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.

(7) The Issuer and the Guarantor shall promptly comply with all applicable laws and regulations including the provisions of the CMSA and/or any notes, circulars, conditions or guidelines issued by the SC and/or BNM from time to time in relation to sukuk or Islamic securities and/or including any applicable anti-money laundering and terrorism financing laws.

(8) The Issuer shall maintain at all times a Paying Agent in Malaysia in accordance with the relevant laws and regulations as provided in the Trust Deed.

(9) The Issuer shall procure that the Paying Agent shall notify the Sukuk Trustee in the event that the Paying Agent does not receive payment from the Issuer on the relevant due dates as required under the Transaction Documents.

(10) The Issuer shall remain as a direct or indirect wholly-owned subsidiary of the Guarantor at all times.

(11) The Guarantor shall cover any cash shortfall and/or financial obligations of the Issuer, including but not limited to principal and profit payment obligations under the Sukuk Murabahah Programme.

(12) The Issuer and the Guarantor shall promptly pay all taxes and/or other government charges when due and any accrued penalty or interests in connection with such taxes and/or government charges, save for those taxes, government charges, penalties and/or interests accrued on such taxes and/or government charges which are being contested in good faith by the Issuer and the Guarantor and by appropriate means, for which the Issuer and the Guarantor is not required

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

under the applicable law to make such payment pending determination of the matter and sufficient funds have been set aside or reserved for such payment.

(13) The Issuer and the Guarantor shall provide the Sukuk Trustee (in sufficient copies for distribution) with full and particular financial statements of their respective business.

(14) The Guarantor shall at all times remains listed in the Main Market of Bursa Malaysia Berhad.

(15) The Guarantor shall cause, procure and ensure that Permodalan Nasional Berhad (Company No. 38218-X), its subsidiaries and/or funds managed by its subsidiaries, collectively, shall at all times remain as the controlling shareholders of the Guarantor.

(16) Any other positive covenant as may be required by the PA/LA in relation to the Sukuk Murabahah Programme and/or as advised by the Solicitors, to be mutually agreed between the Issuer and the PA/LA and stated in the Transaction Documents.

Negative covenants

To include but not be limited to the following:-

(1) The Issuer shall not create or permit to exist any encumbrances, mortgages, debenture, charges (whether fixed or floating), pledges, liens, hypothecations, right of set-off, assignments by way of security, title retention, trust arrangements, any other agreements or arrangements having substantially the same effect or any encumbrance or security interest whatsoever however created or arising ("**Security Interest**") over all or part of any of its assets save and except for Security Interest over its assets (other than the Project Land) created or to be created in connection with any debt financing facilities for purpose of redeeming the Sukuk Murabahah in whole.

(2) The Issuer shall not obtain or permit to exist any borrowing and/or financing other than Permitted Indebtedness.

"**Permitted Indebtedness**" means:

(a) the Sukuk Murabahah;

(b) any indebtedness for purposes of refinancing or early redeeming in part or in whole of the Sukuk Murabahah then outstanding before their respective maturity date; and

(c) any indebtedness incurred with the prior written consent of the Sukuk Trustee (acting upon the instructions of the Sukukholders).

(3) The Issuer shall not make any payment, repayment and/or prepayment of any loans, financing or advances from its shareholders and/or related corporations, save and except for reimbursement to its shareholders and/or related corporations in respect of such loans, financing or advances made to the Issuer for the payment of the following:

(a) the purchase consideration of the Project Land amounting to Ringgit Malaysia Four Hundred Forty Seven Million Five Hundred and Seventy Nine Thousand (RM447,579,000.00) only at a margin of advance of seventy per cent. (70%) or Ringgit Malaysia Three Hundred Thirteen Million Three Hundred and Five

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

Thousand and Three Hundred (RM313,305,300.00) only, whichever is lower ("**Purchase Consideration**");

(b) the land conversion premium of the Project Land amounting to Ringgit Malaysia Eighty Nine Million Five Hundred and Thirteen Thousand (RM89,513,000.00) only, at a margin of advance of fifty per cent. (50%) or Ringgit Malaysia Forty Four Million Seven Hundred and Fifty Six Thousand and Five Hundred (RM44,756,500.00) only, whichever is lower ("**Land Conversion Premium**"); and

(c) the development cost in respect of the project to be undertaken by the Issuer on the Project Land which will involve the development and construction of residential and commercial properties such as terraced houses, cluster homes, affordable homes and shop offices ("**Project**").

(4) The Issuer and the Guarantor shall not take steps to wind-up or dissolve itself.

(5) The Issuer shall not declare or pay any dividends or make any distribution whether income or capital in nature to its shareholders provided that no Event of Default has occurred and is continuing or will occur as a result of such payment or distribution.

(6) The Issuer and the Guarantor shall not add to, delete, vary, amend or substitute its Constitution in a manner which may be materially prejudicial to the interests of the Sukukholders or inconsistent with the provisions of the Transaction Documents to which it is a party unless required by law.

(7) The Issuer shall not reduce or in any way whatsoever alter (other than by way of increase) its paid-up share capital whether by varying the amount, structure or value thereof or the rights attached thereto, or by converting any of its share capital into stocks, or by consolidating, dividing or sub-dividing all or any of its shares.

(8) The Issuer shall not change the utilisation of the proceeds arising from the issuance of the Sukuk Murabahah from such purposes set out in the Transaction Documents.

(9) The Issuer and the Guarantor shall not enter into any transaction, whether directly or indirectly with interested persons (including directors, major shareholders and chief executive of the Issuer or the Guarantor, as the case may be, or persons connected with them) (collectively, "**Interested Persons**") (for the purpose of this covenant, the term "transaction" shall have the same meaning as ascribed to "related party transaction" in the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad ("**MMLR**") unless:

(a) such transaction shall be on terms that are no less favourable to the Issuer and/or the Guarantor than those which could have been obtained in a comparable transaction from persons who are not Interested Persons;

(b) with respect to transactions involving a percentage ratio of five per cent (5%) or more, as provided and computed based on the MMLR, the Issuer and/or the Guarantor obtains certification from an independent adviser (who is a corporate finance adviser within the meaning of the Principal Adviser Guidelines of the SC) that the transaction is carried out on fair and reasonable terms;

PROVIDED THAT:

(1) the Issuer and/or the Guarantor certifies to the Sukuk Trustee that the transaction complies with paragraph (a) above;

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

(2) the Issuer and/or the Guarantor has received the certification referred to in paragraph (b) (where applicable); and

(3) the transaction has been approved by the majority of the board of directors of the Issuer and/or the Guarantor and, where applicable, the shareholders of the Issuer and/or the shareholders of the Guarantor in a general meeting, as the case may require; and

(c) with respect to transactions constituting a recurrent related-party transaction ("RRPT") of a revenue or trading nature which are provided for and permitted under the MMLR;

PROVIDED THAT the Issuer and/or the Guarantor certifies to the Sukuk Trustee that the transaction complies with sub-paragraph (a) above, that the Issuer and/or the Guarantor has obtained or renewed (where applicable), the shareholders' mandate in accordance with the MMLR and that the Issuer and/or the Guarantor furnishes at least one (1) certificate to the Sukuk Trustee in respect of the RRPT contemplated under one shareholders' mandate.

(10) The Issuer and the Guarantor shall not, either in a single transaction or a series of transactions, whether related or not and whether voluntarily or involuntarily (and shall not agree to, conditionally or unconditionally), sell, transfer, lease or otherwise dispose of or encumber or cease to exercise control over the whole or substantial part of their respective assets or investments unless such sale transaction is entered into in the ordinary course of business and on ordinary commercial terms on the basis of arm's length transaction and is permitted under the Constitution of the Issuer and/or the Guarantor, as the case may be.

(11) The Issuer and the Guarantor shall not acquire any company, business or enter into, invest in, acquire (or agree to acquire) any stocks, shares or debentures or other interest in or with or make any other investment or enter into any speculative transactions if:-

- (i) an Event of Default has occurred or would occur following such acquisition or investment; or
- (ii) such investment or acquisition would or could result in an event which would have a Material Adverse Effect;

(12) The Issuer and the Guarantor shall not undertake or permit or enter into any amalgamation, demerger, merger, consolidation or corporation reconstruction or reorganisation of any nature if such amalgamation, demerger, merger, consolidation or corporation reconstruction or reorganisation will materially and adversely affect the Issuer's or the Guarantor's financial condition and/or the performance of its obligation under the Transaction Documents.

(13) The Issuer and the Guarantor shall not permit any judgment passed against the Issuer or the Guarantor, as the case may be which would have a Material Adverse Effect by any court of competent jurisdiction to remain unsatisfied for more than fourteen (14) days from the date such judgment is passed unless such judgments are stayed or a bona fide appeal has been filed against such judgment within the requisite time period permitted by law.

(14) The Issuer and the Guarantor shall not cancel, surrender, abandon or otherwise amend or make any alteration to the related licences, grants or agreements in any way which would have material adverse effect on their respective business or operations or on the ability of the Issuer or the Guarantor, as the case may be, in performing its obligations under the Transaction

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

Documents.

(15) The Issuer and the Guarantor shall not surrender, transfer, assign, relinquish or otherwise dispose of any of its rights and interests under any Transaction Documents or do or omit to do any act or execute or omit to execute any document which may render any Transaction Documents to be illegal, void, voidable or unenforceable.

(16) The Issuer and the Guarantor shall not do or suffer or permit any act, matter or things to happen whereby any Takaful/insurances may be rendered void, voidable or incapable of being effected or maintained or render any sum paid out thereunder repayable in whole or in part or any provision thereof may be suspended, impaired or defeated nor apply in the application of any proceeds of any such policy.

(17) The Issuer and the Guarantor shall not enter into any agreement or obligation which has or which would likely to have a Material Adverse Effect; and

(18) Any other negative covenant as may be required by the LA in relation to the Sukuk Murabahah Programme and/or as advised by the Solicitors, to be mutually agreed between the Issuer and the LA and stated in the Transaction Documents.

Financial Covenants

No financial covenant

Information Covenants

To include but not limited to the following:

(1) The Issuer and the Guarantor shall deliver to the Sukuk Trustee the following:

(a) as soon as they become available (and in any event within one hundred and eighty (180) days after the end of each of their respective financial years) copies of the Issuer's and the Guarantor's audited consolidated financial statements for that year, which shall contain the income statements and balance sheets of the Issuer and the Guarantor and which are audited and certified without qualification by a firm of independent certified public accountants together with a compliance certificate signed by a Director or authorised signatory of the Issuer or the Guarantor, as the case may be, and addressed to the Sukuk Trustee, confirming that: (i) it has complied with all its obligations under the Transaction Documents; and (ii) there does not exist or had not existed, from the date the Sukuk Murabahah were issued or the date of the previous certificate, as the case may be, any Event of Default or any event which upon the giving of notice and/or the lapse of time and/or the issue of a certificate and/or the fulfilment of the relevant requirement as contemplated under the Transaction Documents would constitute an Event of Default ("**Potential Event of Default**"), and if such is not the case, to specify the same;

(b) as soon as they become available (and in any event within sixty (60) days after the end of each quarter of each of their respective financial year) copies of the Issuer's and the Guarantor's unaudited financial statements (or if applicable, the Issuer's and the Guarantor's unaudited consolidated financial statements) and the Issuer's and the Guarantor's management accounts for that quarter (which shall contain the income statements and balance sheets) duly certified by one (1) director of the Issuer and the Guarantor, as the case may be

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

(c) promptly, any information as the Sukuk Trustee may from time to time reasonably request in writing in order to discharge its duties and obligations as Sukuk Trustee under the Trust Deed relating to the Issuer's affairs to the extent permitted by law;

(d) promptly, such additional financial or other information in its possession or control as the Sukuk Trustee may from time to time reasonably request;

(e) promptly, all accounts, reports, notices, statements, circulars or other documents received by the Issuer from any of its shareholders or its creditors, and a copy of all documents dispatched by the Issuer 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 and that the Sukuk Trustee may in its discretion circulate such accounts, reports, notices, statements, circulars to the Sukukholders and the qualified investors;

(f) promptly, all accounts, reports, notices, statements, circulars or other documents received by the Guarantor from any of its shareholders or its creditors, and a copy of all documents dispatched by the Guarantor 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 which contents may materially and adversely affect the interests of the Sukukholders and that the Sukuk Trustee may in its discretion circulate such accounts, reports, notices, statements, circulars to the Sukukholders and the qualified investors;

(2) The Issuer and/or the Guarantor shall promptly notify the Sukuk Trustee in writing of any material adverse change in its condition (financial or otherwise).

(3) The Issuer and/or the Guarantor shall promptly notify the Sukuk Trustee in writing of the details of any litigation, arbitration or investigative or administrative proceedings which are current, threatened or pending against it which may materially and adversely affect the operations and/or financial condition of the Issuer or the Guarantor, as the case may be;

(4) The Issuer and/or the Guarantor shall immediately give notice to the Sukuk Trustee in writing of the following:

(a) the occurrence of any Event of Default or Potential Event of Default forthwith upon becoming aware thereof, and it shall take all steps and/or such other steps as may be requested by the Sukuk Trustee to remedy and/or mitigate the effect of the Event of Default or the Potential Event of Default;

(b) the occurrence of any event that has caused or could cause (1) any amount secured and payable under the Sukuk Murabahah to become immediately payable; or (2) the Sukuk Murabahah to become immediately enforceable; (3) the securities created under the Sukuk Murabahah Programme and the Corporate Guarantee to become immediately enforceable; or (4) any other right or remedy under the terms and conditions of the Transaction Documents or the Sukuk Murabahah to become immediately enforceable;

(c) the occurrence of any circumstances that would materially prejudice the Issuer, the Guarantor and/or any security created by the relevant Transaction Documents; or

(d) any substantial change in the nature of the business of the Issuer or the Guarantor;

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

- (e) any change in the name of the Issuer or the Guarantor;
- (f) any cessation of liability of any security party for the payment of the whole or part of the moneys for which they were liable under the relevant Security Documents;
- (g) any change in the authorised signatories of the Issuer and/or the Guarantor;
- (h) any changes in the residential status (within the meaning of the Companies Act) of the Issuer and/or the Guarantor;
- (i) any change in withholding tax position or taxing jurisdiction of the Issuer and/or the Guarantor;
- (j) any change in the utilisation of proceeds arising from the issuance of the Sukuk Murabahah under the Sukuk Murabahah Programme;
- (k) promptly upon the Issuer or the Guarantor becoming aware, any of its directors, shareholders, managers, agents, guarantors becomes related or connected to any director, officer or employee of the PA/LA/LM and/or the Issuer or the Guarantor is in breach of Bank Negara Malaysia's Guidelines on Credit Transactions and Exposures with Connected Parties for Islamic Banks and/or any replacement guidelines, specifications or circulars issued pursuant to the Financial Services Act 2013 ("FSA") or the Islamic Financial Services Act 2013 ("IFSA"); or
- (l) any other matter or information that may materially prejudice the interest of the Sukukholders under the Transaction Documents.

- (21) Details of designated account, if applicable : Name of account:
Finance Service Reserve Account which shall be Shariah-compliant ("FSRA")
- Parties responsible for opening the account:
The FSRA will be opened and maintained by the Issuer.
- Parties responsible for maintaining/operating account:
The FSRA will be maintained/operated by: (i) prior to the occurrence of an Event of Default, the Facility Agent; and (ii) upon occurrence of an Event of Default, the Security Agent.
- Signatories to account:
The signatory to the FSRA is:
- (i) prior to the occurrence of an Event of Default, the Facility Agent; and
 - (ii) upon occurrence of an Event of Default, the Security Agent.
- Sources of funds:
The Issuer shall deposit and maintain or cause to be deposited in the FSRA in the following manner:
- (i) on or prior to the first issue date ("**First Issue Date**"), an amount which is equivalent to the then prevailing Minimum Required Balance; and
 - (ii) in the event if the Issuer fails to furnish the cashflow projections in respect of the Project (in such form and substance satisfactory to the Sukukholders) to the Sukuk Trustee within twenty four (24) months from the First Issue Date, an amount

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

equivalent to:

(1) the Minimum Required Balance plus the agreed early redemption amount of the Sukuk Murabahah falling due and payable on an Early Redemption Date on such date falling one (1) month prior to the Early Redemption Date of that Sukuk Murabahah; or

(2) the Minimum Required Balance plus the nominal value of the Sukuk Murabahah falling due and payable on the respective maturity dates on such date falling one (1) month prior to the respective maturity dates of that Sukuk Murabahah.

The Issuer shall, at all times, ensure that the balance standing to the credit of the FSRA is of an amount not less than the then prevailing Minimum Required Balance or the then prevailing Revised Minimum Required Balance, as the case may be. Any failure in maintaining the then prevailing Minimum Required Balance or the then prevailing Revised Minimum Required Balance, as the case may be shall constitute an Event of Default if such shortfall remains unremedied for more than three (3) business days from the date of any shortfall.

"Minimum Required Balance" means, at any time, in relation to the next three (3) months period, such sum representing the Periodic Profit Payments falling due and payable during such period, at that time.

"Revised Minimum Required Balance" means the Minimum Required Balance plus an amount equivalent to (i) the nominal value of the Sukuk Murabahah falling due and payable on the respective maturity dates; or (ii) the agreed early redemption amount falling due and payable on an Early Redemption Date, as the case may be.

Utilisation of funds:

The monies standing to the credit of the FSRA shall be utilised in the following order of priority:

- (a) such withdrawal(s) to pay for Periodic Profit Payments falling due and payable;
- (b) such withdrawal(s) to pay for the early redemption amount of the Sukuk Murabahah falling due and payable;
- (c) such withdrawal(s) to pay for the nominal value of the Sukuk Murabahah falling due and payable; and
- (d) such withdrawal(s) to invest in the Permitted Investments provided that (i) such monies utilised for Permitted Investments shall be remitted back into the FSRA at least fourteen (14) days prior to the date on which any payment obligations under the Sukuk Murabahah or the Transaction Documents becoming due and payable; (ii) such Permitted Investments shall be denominated in Ringgit Malaysia; and (iii) no Event of Default has occurred and is continuing.

(22) Name of credit rating: Not rated
agency, credit rating
and amount rated, if
applicable

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

- (23) Conditions precedent : Conditions precedent relating to the establishment of the Sukuk Murabahah Programme
To include but not limited to the following (all be in form and substance acceptable to the LA unless waived by the LA, as the case may be):

A. Main Documentation

B. The Issuer

C. The Guarantor

Receipt of the following documents:

- (1) Certified true copies of the Certificate of Incorporation and the Constitution of the Guarantor;
- (2) Certified true copies of the Return for Allotment of Shares (or Form 24 as prescribed under the Companies Act 1965), the Notification of Change in the Registered Address (or Form 44 as prescribed under the Companies Act 1965), Form 49 as prescribed under the Companies Act 1965 and the Notification of Change in the Register of Directors, Managers and Secretaries as prescribed under the Companies Act) of the Guarantor;
- (3) A certified true copy of board resolutions of the Guarantor authorising, among others, the execution of the Corporate Guarantee and other Security Documents to which it is a party;
- (4) A list of the Guarantor's authorised signatories and their respective specimen signatures;
- (5) A report of the company search of the Guarantor; and
- (6) A report of the winding-up search on the Guarantor conducted at the Department of Insolvency of Malaysia.

D. General

- (1) Evidence that all relevant endorsement, approvals and acknowledgements including the SAC of SC endorsement and acknowledgement in respect of the lodgement of the Sukuk Murabahah Programme from the SC, have been obtained;
- (2) Evidence that all transaction fees, costs and expenses in relation to the Sukuk Murabahah Programme have been or will be paid in full;
- (3) Evidence of the completion of satisfactory legal due diligence exercise on the Issuer and the Guarantor and the receipt of the legal due diligence report by the PA/LA from the Solicitors;
- (4) The PA/LA have received from their Solicitors a legal opinion addressed to them and the Sukuk Trustee advising with respect to, among others, the legality,

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

validity and enforceability of the Transaction Documents and a confirmation addressed to the PA/LA that all the conditions precedent have been fulfilled;

(5) Confirmation that the FSRA has been opened with such financial institution acceptable to the LA and a certified true copy of the Issuer's board of directors' resolution in relation to the opening and maintenance of the FSRA;

(6) Confirmation that the TRA has been opened and established with such financial institution acceptable to the LA and a certified true copy of the Issuer's board of directors' resolution in relation to the opening and maintenance of the TRA and a sum of Ringgit Malaysia Thirty Thousand (RM30,000.00) has been deposited therein;

(7) Evidence of confirmation from the Shariah Adviser that the structure and the mechanism of the Sukuk Murabahah Programme and the Transaction Documents are in compliance with Shariah, subject to satisfactory documentation and proper execution of the same;

(8) Evidence of acknowledgement from the SC in respect of the Lodgement under the LOLA Guidelines for the establishment of the Sukuk Murabahah Programme;

(9) Receipt of documentary evidence confirming that the paid-up capital of the Issuer is RM250,000;

(10) Evidence that the relevant Security Documents have been presented and lodged with the Companies Commission of Malaysia, the relevant land office and the High Court of Malaya;

(11) Evidence that a private caveat has been lodged against the Project Land with the relevant land office;

(12) Evidence that all requisite notice of assignment under the Assignment and Charge of FSRA have been served to the account bank and the receipt of the acknowledgement thereof; and

(13) Such other conditions precedent as advised by the PA/LA/LM and/or the Solicitors and agreed by the Issuer and stated in the Transaction Documents.

(24) Representations and warranties

To include but are not limited to the following:

(1) the Issuer is a limited liability company duly established and validly existing under the laws of Malaysia, has full power to carry on its business and to own its assets, and has full beneficial ownership of its assets;

(2) the Guarantor is a public 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 assets, and has full beneficial ownership of its assets;

(3) each of the Issuer and the Guarantor has the power to enter into, exercise its rights under and perform its obligations under the Transaction Documents to which it is a party;

(4) all necessary authorisations, licences, and consents required for each of the Issuer and the Guarantor to own their respective assets, carry on their respective business and for their respective performance under the Transaction Documents to which it is a party have been obtained, renewed, fulfilled and remain in full force and effect;

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

(5) no registration and no payment of any duty or tax or other action is necessary to ensure the validity, enforceability or admissibility in evidence in Malaysia of the Transaction Documents to which the Issuer and/or the Guarantor is a party except for:

(a) the payment of stamp duty or endorsement as being exempted from stamp duty of each of the Transaction Documents under the Malaysian Stamp Act 1949;

(b) the registration of the power of attorney contained in the Trust Deed, the Assignment and Charge of FSRA and/or other Security Documents with the High Court of Malaya;

(c) the lodgement of the Statement of Particulars to be Lodged with Charge (as prescribed under the Companies Act) in relation to the charge created under the Assignment and Charge of FSRA, the Land Charge and/or other Security Documents with the Companies Commission of Malaysia; and

(d) the presentation of the Land Charge at the relevant land office;

(6) to the best knowledge of the Issuer and the Guarantor, no litigation, arbitration or administrative proceeding is presently in progress, pending or instituted or threatened against the Issuer and the Guarantor, which has or might have a Material Adverse Effect;

(7) each of the Issuer and the Guarantor is subject to civil and commercial law with respect to their respective obligations under the Transaction Documents, the transactions contemplated hereby and the execution, delivery and performance of the Transaction Documents constitutes private and commercial acts done for private and commercial purposes rather than governmental or public acts and each of the Issuer and the Guarantor and their respective assets are not entitled to immunity on the grounds of sovereignty or otherwise from any suits, judgements, executions, legal action or proceeding or other legal process;

(8) each of the Transaction Documents and the pricing supplement (if any) 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, constitute valid and legally binding enforceable obligations of the Issuer and the Guarantor;

(9) the Sukuk Murabahah constitute direct, unconditional and secured obligations of the Issuer 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 the Issuer and the Guarantor subject to the provisions of the Transaction Documents and those preferred by law;

(10) each of the Issuer's and the Guarantor's audited financial statements have been prepared in accordance with approved accounting standards in Malaysia and in accordance with all procedures required by its Constitution and the laws of Malaysia and audited and certified by qualified auditors;

(11) all information furnished by it in connection with the Sukuk Murabahah, the Sukuk Murabahah Programme and the Transaction Documents does not contain any false or misleading statement or any material omission;

(12) no Event of Default or Potential Event of Default has occurred and is continuing; and

(13) any other representations and warranties as advised by the Solicitors and

KL East Sdn Bhd (KL East or the Issuer)

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

agreed by the Issuer.

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

- (25) Events of defaults or : Customary events of default which shall include but are not limited to the following:
enforcement events,
where applicable,
including recourse
available to
investors
- (1) the Issuer fails to pay any amount due from it under the Sukuk Murabahah and/or any of the Transaction Documents relating to the Sukuk Murabahah Programme on the due date or, if so payable, on demand unless:
 - (a) its failure to pay is caused by:
 - (i) administrative or technical error; or
 - (ii) a disruption event; and
 - (b) full payment is made within five (5) days of its due date;
 - (2) any representation or warranty made or implied or deemed to be made by the Issuer or the Guarantor in any Transaction Documents or which is contained in any certificate, statement, legal opinion, notice or other documents provided under or in connection herewith or therewith or delivered pursuant to any Transaction Document proves to be incorrect or misleading in any respect as of the date on which it was made or deemed to have been made with reference to the facts and circumstances subsisting which would have a Material Adverse Effect;
 - (3) the Issuer or the Guarantor fails to observe or perform any of its obligations under the Transaction Documents or under any undertaking or arrangement entered into in connection herewith or therewith, (other than an obligation of the type referred to in paragraph (1) above and paragraph (21) below) and, in the case of a failure capable of being remedied, the Issuer or the Guarantor has failed to remedy such breach in full to the satisfaction of the Sukuk Trustee within thirty (30) days after the notice from the Sukuk Trustee to the Issuer or the Guarantor requiring the same to be remedied;
 - (4) there has been a breach by the Issuer and/or the Guarantor of any obligation under any of the Issuer's existing contractual obligations (other than an obligation of the type referred to in paragraph (3) above) which have a Material Adverse Effect;
 - (5)
 - (a) any indebtedness of the Issuer or the Guarantor is not paid when due nor within any originally applicable grace period;
 - (b) any indebtedness of the Issuer or the Guarantor is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described);
 - (c) any commitment for any indebtedness of the Issuer or the Guarantor is cancelled or suspended by any of its creditors as a result of an event of default (however described);
 - (d) any creditor of the Issuer or the Guarantor becomes entitled to declare any indebtedness of the Issuer or the Guarantor due and payable prior to its specified maturity as a result of an event of default (however described); or
 - (e) any security created for any of the indebtedness referred to in sub-paragraphs (a) to (d) above becomes enforceable,
- PROVIDED ALWAYS THAT no Event of Default will occur under this paragraph (5) if:
- (i) the Issuer or the Guarantor has, within thirty (30) days from the date of

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

(9)

(a) the Issuer or the Guarantor is unable, or admits inability, to pay its debts (or any class of them) as they fall due or suspends making payments on any of its debts unless such debt is disputed in good faith by the Issuer or the Guarantor, as the case may be; or

(b) if the Issuer or the Guarantor is unable or admits inability to pay its debts (or any class of them) which resulting in or leading to the Issuer or the Guarantor commencing negotiations with one or more of its creditors (or any class of them) with a view to rescheduling all or a substantial part of its indebtedness;

(10) an order is made for winding up, dissolution or liquidation, as the case may be, of the Issuer or the Guarantor or any step is taken for the winding up, dissolution or liquidation, as the case may be, of the Issuer or the Guarantor or a petition for winding up is presented against the Issuer or the Guarantor and in the case of a presentation of a petition for winding up against the Issuer or the Guarantor, it shall not constitute an Event of Default if an application to strike out such petition has been filed with the relevant court by the Issuer or the Guarantor within ten (10) Business Days from the date of such petition or within the time as prescribed by law, whichever is earlier;

(11) the Issuer or the Guarantor convenes a meeting of its creditors generally (or a class of such creditors) or proposes or makes any arrangement or composition with, or any assignment for the benefit of, its creditors or other steps are taken for making an administration order against the Issuer or the Guarantor, as the case may be;

(12) the Issuer or the Guarantor ceases to carry on its business or changes the nature of its business that would have Material Adverse Effect;

(13)

(a) all or a substantial part of the undertakings, properties, assets, rights or revenues of, or shares or other ownership interest in, the Issuer or the Guarantor or any of the Issuer's or the Guarantor's subsidiaries are condemned, seized, nationalised, expropriated or compulsorily acquired by any person acting or purporting to act under the authority of any governmental, regulatory or other authority which may lead to a Material Adverse Effect; or

(b) the Issuer or the Guarantor or any of the Issuer or the Guarantor's subsidiaries is prevented from exercising normal managerial control over all or any substantial part of their respective undertakings, properties, assets, rights or properties, unless such circumstance or event is discharged, withdrawn or stayed within thirty (30) days after its occurrence or it being levied or enforced;

(14) the Issuer or the Guarantor enters into or proposes to enter into, or a declaration is made by any competent court or authority, a moratorium on the payment of substantial indebtedness or other suspension of substantive payments generally which may lead to a Material Adverse Effect;

(15) any litigation, suit, arbitration, administrative, governmental, regulatory or other investigations, proceedings, disputes or action of any kind ("Legal Proceedings") which have or would have a Material Adverse Effect are commenced or instituted against the Issuer or the Guarantor or its assets unless:

(a) any such Legal Proceeding is being contested in good faith by the Issuer or the Guarantor and the Sukuk Trustee is of the reasonable opinion that the Issuer or the Guarantor, as the case may be, has a good defence in respect of such Legal

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

Proceeding; and

(b) any such Legal Proceeding is discharged or stayed within sixty (60) days from the date of commencement of such Legal Proceeding;

(16)

(a) any provision of any Transaction Document is or becomes, for any reason, invalid or unenforceable;

(b) it becomes unlawful at any time for the Issuer or the Guarantor to perform all or any of its obligations under the Transaction Documents;

(c) any Transaction Document ceases to be in full force and effect or ceases to be legal, valid, binding, enforceable or effective; or

(d) the Issuer or the Guarantor rescinds or purports to rescind or repudiates or purports to repudiate a Transaction Document or evidences an intention to rescind or repudiate a Transaction Document;

(17) any event occurs which under the laws of Malaysia has an analogous effect to any of the events referred to in any of the foregoing paragraphs;

(18) in the reasonable opinion of the Sukuk Trustee and with prior notification to the Issuer or the Guarantor, there should occur or exist any event or situation which has or would have a Material Adverse Effect and that the Issuer or the Guarantor fails to take any action to remedy or challenge such situation within thirty (30) days of the earlier of (i) the Sukuk Trustee giving notice to the Issuer or the Guarantor requiring the same to be remedied and (ii) the Issuer or the Guarantor becoming aware of such situation;

(19) the Issuer or the Guarantor is listed as a bad cheque offender by the Biro Maklumat Cek or on the Dishonoured Cheque Information System set up by Bank Negara Malaysia;

(20) there is a breach or an infringement of Bank Negara Malaysia's Guidelines on Credit Transactions and Exposures with Connected Parties for Islamic Banks and/or any replacement guidelines, specifications or circulars issued pursuant to the FSA or IFSA;

(21) the Issuer fails to maintain the then prevailing Minimum Required Balance in the FSRA and such failure remains unremedied for more than three (3) business days from the date of any shortfall; and

(22) any other events of default as advised by the Solicitors and agreed by the Issuer.

Upon the occurrence of an Event of Default, the Sukuk Trustee may or shall (if directed to do so by a special resolution of the Sukukholders) declare that the Sukuk Murabahah are immediately due and payable in accordance with the terms of the relevant Transaction Documents. Thereafter, the Sukuk Trustee may take proceedings against the Issuer, the Guarantor and the security party(ies), as it may think fit, to enforce the immediate payment of the Sukuk Murabahah (including the Redemption Amount (as defined herein)) in accordance with the terms of the relevant Transaction Documents.

occurrence of any of the above, furnished to the Sukuk Trustee documentary evidence satisfactory to the Sukuk Trustee evidencing the creditors' agreements not to declare such indebtedness to be due and payable (prematurely or otherwise)

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

or to waive such default or to withdraw such demand or not to take any further action thereunder; or

(ii) the aggregate of the indebtedness or commitment for such indebtedness falling within paragraphs 5(a) to 5(d) above do not or would not have a Material Adverse Effect and is less than five per cent. (5%) of the net tangible assets of the Guarantor;

(6) where there is a revocation, termination, withholding, invalidation or modification of any license, authorisation, approval or consent which impairs or prejudices the Issuer's or the Guarantor's ability to comply with the PTC or any Transaction Document and if such revocation, refusal, withholding or modification is capable of being remedied, is not remedied within fourteen (14) days after notice by the Sukuk Trustee to the Issuer or the Guarantor, as the case may be, requiring such remedy;

(7) an encumbrancer takes possession of, or a manager, trustee, custodian, liquidator (provisional or otherwise), administrator, receiver and/or manager, judicial manager or other receiver or similar officer is appointed in respect of, all or substantial part of the business or assets of the Issuer or the Guarantor or any of the Guarantor's subsidiaries;

(8) any distress, execution, attachment or other form of execution or process is levied or enforced upon or sued out against all/or any substantial part of the assets of the Issuer or the Guarantor and such process is not discharged or stayed within thirty (30) days from the commencement of such process;

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

(26) Governing laws : Laws of Malaysia

(27) Provisions on buy-back, if applicable : The Issuer or its subsidiaries or agent(s) of the Issuer who is/are acting for the redemption or purchase, may at any time purchase the Sukuk Murabahah at any price in the open market or by private treaty. The Sukuk Murabahah which are purchased/redeemed by the Issuer or its subsidiaries or its agent(s) shall be cancelled by the Issuer and cannot be reissued or resold.

Any of the Sukuk Murabahah purchased by the Issuer's interested persons (as defined in SC's trust deeds guidelines revised on 12 July 2011 and effective on 12 August 2011 ("**Trust Deeds Guidelines**")) or related corporations (which are not the Issuer's subsidiaries) need not be cancelled but shall not entitle them to participate in the voting of any Sukukholders' resolution nor form part of the quorum of any meeting (subject to any exemptions provided in the Trust Deeds Guidelines).

(28) Provisions on early redemption, if applicable : **Early Redemption**

The Issuer may, at its sole discretion, redeem in part or in whole of the Sukuk Murabahah then outstanding before its stated maturity date on pro rata basis at the early redemption amount to be determined by the Sukuk Trustee (acting upon the instructions of the Sukukholders) subject to the following conditions:

(i) the Issuer shall have issued a notice to the Sukuk Trustee (the "**Early Redemption Notice**") not less than thirty (30) days prior to the Early Redemption Date (as defined herein). The Early Redemption Notice must specify, among others, the Early Redemption Date and the amount intended to be redeemed;

(ii) the Early Redemption Date must fall on a Periodic Payment Date (as defined herein); and

(iii) in accordance with the manner as prescribed by the Sukuk Trustee (acting upon the instructions of the Sukukholders).

"**Early Redemption Date**" means the date on which the Issuer redeems the Sukuk Murabahah before the stated maturity date of the Sukuk Murabahah at the early redemption amount (to be determined by the Sukuk Trustee (acting upon the instructions of the Sukukholders)).

For the avoidance of doubt any early redemption proposed to be made by the Issuer shall be done on pro rata basis across all Series of the Sukuk Murabahah then outstanding under the Sukuk Murabahah Programme.

(29) Voting : Voting by the Sukukholders under the Sukuk Murabahah Programme shall be carried out as follows:

Prior to upsizing of the Sukuk Murabahah Programme:

All matters (save in relation to the upsizing of the Sukuk Murabahah Programme) which require the Sukukholders' consent under the Sukuk Murabahah Programme shall be carried out on a collective basis.

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

“**collective**” shall mean for all Sukuk Murabahah that are outstanding at the time, the Sukukholders’ consent for the Sukuk Murabahah is procured.

Post upsizing of the Sukuk Murabahah Programme:

All matters which require the Sukukholders’ consent under the Sukuk Murabahah Programme shall be carried out on a per Series basis. Sukukholders holding a requisite amount under each Series (to be determined under the Trust Deed) shall provide their consent for the relevant matters to be passed under the Sukuk Murabahah Programme and the consent from such Sukukholders in respect of the Sukuk Murabahah then outstanding under the relevant Series shall have been obtained for any such resolution to be carried.

“**Series**” shall mean, any Sukuk Murabahah with the same issue date, have the same tenure and bear the same stock code generated by FAST.

- (30) Permitted investments, if applicable : Permitted Investments shall comprise investments in Shariah compliant products approved by the SAC of SC, Shariah Advisory Council of BNM or other recognised Shariah authorities. For the purpose of the Sukuk, “**Permitted Investments**” shall mean:-
- (i) Sukuk guaranteed by the Government of Malaysia (“**GOM**”);
 - (ii) Sukuk issued in Malaysia with the approval of the GOM by any authority established under federal or state law;
 - (iii) Islamic money market instruments (where there is the flexibility of early withdrawal without incurring any penalty) such as Islamic bankers’ acceptance issued or Islamic promissory notes or Islamic certificates of deposits issued by any Islamic bank licensed pursuant to the IFSA and having a minimum long term rating of A3/A- and short term rating of P1/MARC-1 or its equivalent;
 - (iv) Other Islamic deposits or accounts with any licensed Islamic bank with minimum rating A3/A- or P1/MARC-1 pursuant to the IFSA; and/or
 - (v) Other Islamic capital market instruments of private entities having a long term rating of at least AAA and short term rating of P1/MARC-1 or its equivalent,
- Provided that such investments in sukuk which are equities in nature or incorporate loss-sharing mechanism shall not be allowed.
- (31) Ta’widh (for ringgit-denominated sukuk) : In the event of any delay in payments of the Deferred Sale Price due and payable under the Sukuk Murabahah, the Issuer (acting as the Purchaser) shall pay to the Sukuk Trustee for the benefit of the Sukukholders Ta’widh (compensation) on such delay in payment at the rate and manner prescribed by the SAC of SC from time to time.
- (32) Ibra’ (for ringgit-denominated sukuk) : Ibra’ refers to an act of releasing absolutely or conditionally one’s rights and claims on any obligation against another party which would result in the latter being discharged of his/its obligations or liabilities towards the former. The release may be either partially or in full.
- The Ibra’ shall be subject to the requirements stipulated under the LOLA Guidelines.

An unrated Islamic medium term notes (Sukuk Murabahah) programme of RM358.1 million in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (Sukuk Murabahah Programme).

Principal Terms and Conditions

The Sukukholders in subscribing or purchasing the Sukuk Murabahah, agree to grant Ibra' on the Deferred Sale Price, upon the occurrence of any of the following events:

- (1) if the Sukuk Murabahah is redeemed before the Maturity Date (if applicable); or
- (2) the declaration of an Event of Default.

The Ibra' for redemption before the Maturity Date (if applicable) shall be mutually agreed to prior to such early redemption, subject to written approval from the Shariah Adviser.

The Ibra' for redemption of the Sukuk Murabahah upon declaration of an Event of Default shall be the aggregate of the unearned Periodic Profit Payment.

The Ibra' shall be calculated from the date of the declaration of an Event of Default up to the Sukuk Murabahah's respective maturity date(s).

The Issuer (acting as the Purchaser) shall pay the Redemption Amount on the date of the declaration of an Event of Default as determined by the Facility Agent (acting on the instructions of the Sukukholders) pursuant to its obligation to pay the Deferred Sale Price.

For the purpose of this term sheet, "**Redemption Amount**" is the amount equivalent to the Deferred Sale Price determined at the issue date less the aggregate of Periodic Profit Payments and nominal value paid (if any) prior to the declaration of an Event of Default less the Ibra' (if any).

The Sukukholders agree to grant Ibra' of an amount equivalent to the difference, if any, between the Periodic Profit Payment calculated based on the agreed ceiling rate and the Periodic Profit Payment calculated based on the effective rate (as the case may be). The Ibra' shall be granted if the effective rate is lower than the ceiling rate. If the effective rate is higher than the ceiling rate, the Issuer shall be obliged to make Periodic Profit Payment at the agreed ceiling rate only.

(33) Kafalah (for ringgit-denominated sukuk) :

The Guarantor shall provide an unconditional and irrevocable guarantee for the Sukuk Murabahah Programme under the principle of Kafalah for all the payment obligations of the Issuer in relation to the Sukuk Murabahah Programme and undertake to fund any shortfall in the financing obligations of the Issuer (including all principal and periodic profit payments) under the Sukuk Murabahah Programme.

The Guarantor will upon demand from the Security Agent, pay such sum to the Security Agent if for whatsoever reason the Issuer does not pay any sum outstanding, owing or payable by the Issuer under or in connection with the Sukuk Murabahah and/or the Sukuk Murabahah Programme, by the time and on the due date thereof as provided in the Transaction Documents (as the case may be) and in accordance with the Transaction Documents.