

## AVALAND BERHAD (FORMERLY KNOWN AS MCT BERHAD)

### ISLAMIC MEDIUM TERM NOTES PROGRAMME OF RINGGIT MALAYSIA ONE BILLION (RM1,000,000,000.00) IN NOMINAL VALUE BASED ON THE SHARIAH PRINCIPLE OF MURABAHAH (VIA TAWARRUQ ARRANGEMENT)

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#### Other terms and conditions

- (a) Utilisation of proceeds      The proceeds of the Sukuk Murabahah (other than the SRI-Linked Sukuk Murabahah and the Sustainability-Linked Sukuk Murabahah) under the Sukuk Murabahah Programme shall be utilised for the following Shariah-compliant purposes:

- (1) to fund the Eligible Projects (as defined herein);
- (2) to refinance the existing conventional borrowings, the existing Shariah-compliant financing facilities and/or the future Shariah-compliant financing facilities which have been utilised to fund the Eligible Projects;
- (3) to fund the Avaland Group's operating and capital expenditures which are related to the Eligible Projects; and
- (4) to pay all the fees, costs and expenses which are related to the Eligible Projects (including payment of fees, costs and expenses which are related to the Sukuk Murabahah Programme and deposit of the relevant Minimum Required Amount into the relevant Finance Service Reserve Account).

**"Eligible Projects"** refers to the eligible property development projects undertaken by the Avaland Group that meet any one of the eligibility criteria as set out in the applicable Sustainability Frameworks and the Avaland Sustainability Sukuk Framework. The relevant Eligible Projects shall be specified in the relevant Pricing Supplement.

The eligibility criteria for the utilisation of proceeds under the Avaland Sustainability Sukuk Framework shall include the following categories of the Eligible Projects as set out under paragraph 7.08 Part 3 of Section B of the LOLA Guidelines:

- (1) green projects that relate to green buildings which meet regional, national or internationally recognised standards or certifications;
- (2) social projects that relate to affordable housing; and

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- (3) projects which are the combination of green and social projects as described above.

The proceeds of the SRI-Linked Sukuk Murabahah and the Sustainability-Linked Sukuk Murabahah under the Sukuk Murabahah Programme shall be utilised for the following Shariah-compliant purposes:

- (1) to refinance the existing conventional borrowings, the existing Shariah-compliant financing facilities and/or the future Shariah-compliant financing facilities of the Avaland Group;
- (2) to finance the Avaland Group's capital expenditures and investments comprising the purchase of lands, buildings, Shariah-compliant shares and/or properties and/or payment into joint ventures;
- (3) to finance the Avaland Group's working capital; and
- (4) to pay all the fees, costs and expenses which are related to the Sukuk Murabahah Programme (including deposit of the relevant Minimum Required Amount into the relevant Finance Service Reserve Account).

For the avoidance of doubt, the proceeds of the Sukuk Murabahah under the Sukuk Murabahah Programme shall at all times be utilised for Shariah-compliant purposes only.

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| (b) | Identified asset or Trust asset   | Shariah-compliant commodities, which shall include but not limited to crude palm oil or such other acceptable commodities (excluding ribawi items in the category of medium of exchange such as currency, gold and silver) which are provided through the commodity trading platform, Bursa Suq Al-Sila' and/or other independent commodity brokers acceptable to the Shariah Adviser (" <b>Commodities</b> "). |
| (c) | Purchase and selling price or rental, where applicable – compliance with asset pricing requirements | <p><b><u>Purchase Price</u></b></p> <p>The Purchase Price shall be determined prior to the issuance of the Sukuk Murabahah under the Sukuk Murabahah Programme and shall be an amount equivalent to the proceeds from the issuance of the</p>   |

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Sukuk Murabahah under the Sukuk Murabahah Programme. The Purchase Price shall be in compliance with the asset pricing requirements stipulated under the ICMPs Guidelines.

**Deferred Sale Price**

The Deferred Sale Price shall be determined prior to the issuance of the Sukuk Murabahah under the Sukuk Murabahah Programme and shall be an amount equivalent to the aggregate of the Purchase Price and the Profit Margin (as defined herein), payable on a deferred payment basis ("**Deferred Sale Price**").

**"Profit Margin"** means:

- (a) in respect of the Sukuk Murabahah with Periodic Profit Payments and issued at a discount, the aggregate of the Periodic Profit Payments plus the Discounted Amount (as defined herein);
- (b) in respect of the Sukuk Murabahah with Periodic Profit Payments and issued at par, the aggregate of the Periodic Profit Payments;
- (c) in respect of the Sukuk Murabahah with Periodic Profit Payments and issued at a premium, the aggregate of the Periodic Profit Payments less the Premium Amount (as defined herein); and
- (d) in respect of the Sukuk Murabahah without Periodic Profit Payments and issued at a discount, the Discounted Amount,

provided that for the purposes of calculating the aggregate of the Periodic Profit Payments in determining the Deferred Sale Price in respect of the Sukuk Murabahah which are issued on floating rate basis, the profit rate shall be based on the Ceiling Profit Rate (as defined herein).

**"Discounted Amount"** means, in the case of the Sukuk Murabahah issued at a discount, the difference between:

- (a) the nominal value of the relevant Sukuk Murabahah; and

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- (b) the Purchase Price of the relevant Sukuk Murabahah.

**“Premium Amount”** means, in the case of the Sukuk Murabahah issued at a premium, the difference between:

- (a) the Purchase Price of the relevant Sukuk Murabahah; and
- (b) the nominal value of the relevant Sukuk Murabahah.

- (d) Form Denomination and Issuance of the Sukuk Murabahah shall be in accordance with:

- (1) the Participation Rules for Payments and Securities Services (as amended or modified or revised or substituted from time to time) issued by BNM or its successor-in-title, assigns or any successor in such capacity (**“BNM Rules”**);
- (2) the Operational Procedures for Securities Services (as amended or modified or revised or substituted from time to time) and the Operational Procedures for Malaysian Ringgit (MYR) Settlement in the Real Time Electronic Transfer of Funds and Securities System (RENTAS) (as amended or modified or revised or substituted from time to time) both issued by BNM or its successor-in-title, assigns or any successor in such capacity (**“BNM Procedures”**); and
- (3) any other procedures/guidelines/rules (as amended or modified or revised or substituted from time to time) issued by the relevant authorities from time to time.

**Form**

The Sukuk Murabahah shall be represented by a global certificate to be deposited with BNM and is exchangeable for definitive bearer certificates only in certain limited circumstances.

**Denomination**

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The denomination of the Sukuk Murabahah shall be Ringgit Malaysia One Million (RM1,000,000.00) or such other denomination as may be agreed between the Issuer and the Joint Lead Managers as may be allowed under the BNM Rules and the BNM Procedures.

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| (e) | Profit/ coupon/ rental payment frequency | In respect of the Sukuk Murabahah issued with Periodic Profit Payments, the Periodic Profit Payments are payable at semi-annual intervals or such other periodic intervals in arrears to be determined and agreed between the Issuer and the Joint Lead Managers and/or the relevant qualified investors of the Sukuk Murabahah prior to the issuance of such Sukuk Murabahah. |
| (f) | Profit/ coupon/ rental payment basis     | In respect of the Sukuk Murabahah issued with Periodic Profit Payments, the Periodic Profit Payments shall be calculated on an actual number of days over three hundred and sixty five (365) days basis.   |
| (g) | Profit/ coupon/ rental payment rate      | The Sukuk Murabahah may be issued with or without Periodic Profit Payments.  |

For the Sukuk Murabahah issued with Periodic Profit Payments:

The profit rate shall be on a fixed rate basis or a floating rate basis to be determined and agreed between the Issuer and the Joint Lead Managers and/or the relevant qualified investors of the Sukuk Murabahah prior to the issuance of such Sukuk Murabahah.

In respect of the Sukuk Murabahah issued on floating rate basis, the profit rate shall be a credit spread (%) per annum (rate to be determined prior to the issuance of such Sukuk Murabahah) above such reference benchmark to be determined and agreed between the Issuer and the Joint Lead Managers and/or the relevant qualified investors of the Sukuk Murabahah prior to the issuance of such Sukuk Murabahah and expressed as a rate in per cent per annum ("**Effective Profit Rate**"). The Effective Profit Rate may vary based on the movement of the relevant reference rate provided always that it shall not exceed the Ceiling Profit Rate. Ibra' shall be granted in the event that the Effective Profit Rate is lower than the Ceiling Profit Rate. If the Effective Profit Rate is higher than the Ceiling Profit Rate, the Issuer shall be obliged to make the Periodic

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Profit Payments at the agreed Ceiling Profit Rate only.

**“Ceiling Profit Rate”** means the agreed fixed ceiling rate to be determined and agreed between the Issuer and the Joint Lead Managers and/or the relevant qualified investors prior to the issuance of the relevant Sukuk Murabahah for the purpose of calculating the aggregate Periodic Profit Payments in determining the relevant Deferred Sale Price where the profit rate is on floating rate basis.

For the Sukuk Murabahah issued without Periodic Profit Payments:

The profit rate shall not be applicable for the Sukuk Murabahah issued without Periodic Profit Payments.

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| (h) | Tenure of the Sukuk Murabahah Programme               | The tenure of the Sukuk Murabahah Programme is perpetual.  |
| (i) | Tenure of the Sukuk Murabahah                         | Each Tranche of the Sukuk Murabahah shall have a tenure of at least one (1) year from the issue date.  |
| (j) | Listing status and types of listing, where applicable | The Sukuk Murabahah are not and will not be listed on Bursa Malaysia or any other stock exchanges.   |
| (k) | Issue price   | The Sukuk Murabahah may be issued at par, at a premium or at a discount as may be agreed between the Issuer and the Joint Lead Managers prior to each issuance of the Sukuk Murabahah. The issue price shall be calculated in accordance with the BNM Rules and the BNM Procedures.  |
| (l) | Option to upsize                                      | <p>The Issuer shall have the option to upsize the Sukuk Murabahah Programme and the Sukukholders shall via the Trust Deed provide their upfront consent and be deemed to have consented to any upsizing of the Sukuk Murabahah Programme provided that the following conditions are fulfilled prior to such upsizing being implemented:</p> <ul style="list-style-type: none"><li>(1) where applicable, there is no adverse impact on the credit rating of the Sukuk Murabahah Programme;</li><li>(2) all relevant requirements of the LOLA Guidelines</li></ul> |

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in relation to such upsizing of the Sukuk Murabahah Programme have been complied with; and

- (3) the relevant regulatory approvals have been obtained (if applicable).

For the avoidance of doubt, no consent is required from the Sukuk Trustee, the Security Trustee, the existing Sukukholders or any other party under the Sukuk Murabahah Programme when the option to upsize the Sukuk Murabahah Programme is exercised by the Issuer subject to the fulfilment of the conditions above.

(m) Reopening

The Issuer may, from time to time, at its discretion and without requiring the consent of the Sukukholders, increase the size of an existing Tranche by offering for subscription, additional Sukuk Murabahah having the same terms and conditions as that particular Tranche ("**Reopened Sukuk Murabahah**") under that Tranche provided always that:

- (1) the aggregate outstanding nominal value of the Sukuk Murabahah issued under the Sukuk Murabahah Programme will not exceed Ringgit Malaysia One Billion (RM1,000,000,000.00);
- (2) the Consolidated Net Finance to Equity Ratio of not more than one point two five (1.25) times shall have been met after the issuance of such Reopened Sukuk Murabahah;
- (3) if applicable, the security cover ratio applicable to the relevant Series of which that Tranche is related (if any) shall continue to be complied with after the issuance of such Reopened Sukuk Murabahah; and
- (4) if applicable, there is no adverse impact on the credit rating of the relevant Series of which that Tranche is related.

The Reopened Sukuk Murabahah shall adhere to the same terms and conditions as that particular Tranche in all respects (except for the issue price, if applicable) and shall form a single Tranche with that particular Tranche of the Sukuk Murabahah. For the avoidance of doubt, the Reopened Sukuk Murabahah shall have the same issue

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date, the same profit payment dates and the same maturity date with that particular Tranche.

The issue price of each Reopened Sukuk Murabahah shall take into consideration, where applicable, the accrued Periodic Profit Payments from and including the original issue date or the last preceding profit payment date, whichever is later of that particular Tranche, to and excluding the date of the reopening, except when the date of the reopening falls on a profit payment date.

Upon reopening, all references to “**Sukuk Murabahah**” shall be deemed and construed to encompass the Reopened Sukuk Murabahah whenever they occur.

To facilitate the reopening, the global certificate of that particular Tranche is required to be substituted and the underlying Islamic transaction is required to be completed in accordance with the terms of the relevant Transaction Documents.

(n) Status

The payment obligations of the Issuer under the Transaction Documents shall constitute direct, unconditional, secured and unsubordinated obligations of the Issuer and shall at all times rank pari passu, without discrimination, preference or priority amongst themselves and at least rank pari passu with all other present and future unconditional, unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law applying to companies generally.

(o) Transaction Documents

“**Transaction Documents**” means such documentation which shall include, amongst others, the following:

- (1) the Programme Agreement;
- (2) the Trust Deed;
- (3) the securities lodgement form for central securities depository and paying agency services;
- (4) the Security Documents;
- (5) the Islamic transaction documents in relation to the Sukuk Murabahah Programme;
- (6) the Sukuk Murabahah (in the form of global



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certificates and/or definitive certificates);

- (7) the subscription agreements in relation to the Sukuk Murabahah Programme;
- (8) any other documents to be executed in connection with the relevant Series of the Sukuk Murabahah to be determined and agreed between the Issuer and the Joint Lead Managers and/or the relevant qualified investors of the Sukuk Murabahah prior to the issuance of such Series of the Sukuk Murabahah which will be set out in the relevant Pricing Supplement; and
- (9) any other relevant documents to be executed in connection with the Sukuk Murabahah Programme as may be required by the Joint Lead Arrangers and/or advised by the Solicitors.

(p) Taxation

All payments by the Issuer in respect of the Sukuk Murabahah and the Transaction Documents shall be made in full without any 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 or any other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts that the payee would have otherwise received if no such withholding or deduction had been required.

(q) Sukuk Trustee's Reimbursement Account

The Issuer or where applicable the Sukuk Trustee (on behalf of the Issuer) shall open and maintain a Shariah-compliant account designated as "**Sukuk Trustee's Reimbursement Account**" with a sum of Ringgit Malaysia One Hundred Thousand (RM100,000.00) deposited therein by the Issuer wherein this sum of money shall be maintained at all times by the Issuer throughout the tenure of the Sukuk Murabahah Programme and so long as any of the Sukuk Murabahah remain outstanding. In the event that the amount standing to the credit of the Sukuk Trustee's Reimbursement Account falls below Ringgit Malaysia One Hundred Thousand (RM100,000.00) at any time during the tenure of the Sukuk Murabahah Programme and so long as any of the Sukuk Murabahah remain outstanding, the Issuer shall immediately remit such

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amount as to maintain the balance in the Sukuk Trustee's Reimbursement Account at Ringgit Malaysia One Hundred Thousand (RM100,000.00). The Sukuk Trustee's Reimbursement Account shall be operated solely by the Sukuk Trustee and the monies shall only be used strictly by the Sukuk Trustee for the purpose of carrying out its duties in relation to the occurrence of an Event of Default or enforcement which are provided in the Trust Deed.

Any unutilised money in the Sukuk Trustee's Reimbursement Account shall be returned to the Issuer upon the cancellation and/or termination of the Sukuk Murabahah Programme and the full redemption of the Sukuk Murabahah issued thereunder, provided always that no Event of Default has occurred and is continuing and there are no other amounts due under the Transaction Documents.

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| (r) | Costs and Expenses | All legal fees, stamp duties (if any) and expenses incurred in connection with the Sukuk Murabahah Programme, including professional due diligence fees and fees payable to the Central Securities Depository, the Paying Agent and the SC, where applicable, shall be for the account of the Issuer and on a full indemnity basis. |
| (s) | Jurisdiction       | The parties shall irrevocably and unconditionally submit to the exclusive jurisdiction of the courts of Malaysia.   |
| (t) | Other Conditions   | The Sukuk Murabahah shall at all times be governed by the guidelines issued and to be issued from time to time by the SC and/or BNM having jurisdiction over matters pertaining to the Sukuk Murabahah.   |