

## IJM CORPORATION BERHAD

### PROPOSED ISSUANCE OF SUKUK MURABAHAH ("SUKUK MURABAHAH") PURSUANT TO A SUKUK MURABAHAH PROGRAMME OF UP TO RM3,000.0 MILLION IN NOMINAL VALUE ("PROPOSAL")

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#### PRINCIPAL TERMS AND CONDITIONS OF THE PROPOSAL

##### 1. BACKGROUND INFORMATION ON THE ISSUER

- (i) **Name** : IJM Corporation Berhad (~~%Issuer~~).
- (ii) **Address** : **Registered address**  
2<sup>nd</sup> Floor, Wisma IJM,  
Jalan Yong Shook Lin,  
46050 Petaling Jaya,  
Selangor Darul Ehsan,  
Malaysia.
- (iii) **Business registration number** : 104131-A.
- (iv) **Date and place of incorporation** : 16 July 1983, Malaysia.
- (v) **Date of listing, where applicable** : 29 September 1986.
- (vi) **Status on residence, i.e. whether it is a resident controlled company or a non-resident controlled company** : Resident controlled company.
- (vii) **Principal activities** : The Issuer is principally engaged in construction and investment holding activities. The Issuer Group's activities are in construction, property development, manufacturing and quarrying, hotel operations, port operations, tollway operations, plantations and investment holding.
- (viii) **Board of directors** : The board of directors of the Issuer as at 30 September 2013 are as follows:
1. Tan Sri Abdul Halim bin Ali, Independent Non-Executive Chairman
  2. Tan Sri Datoq Tan Boon Seng @ Krishnan, Executive Deputy Chairman

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3. DatoqTeh Kean Ming, CEO & Managing Director
4. DatoqSoam Heng Choon, Deputy CEO & Deputy Managing Director
5. Datuk Lee Teck Yuen, Senior Independent Non-Executive Director
6. Datoq David Frederick Wilson, Non-Executive Director
7. DatoqIr. Hamzah bin Hasan, Independent Non-Executive Director
8. Pushpanathan a/l S A Kanagarayar, Independent Non-Executive Director

(ix) **Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders**

: The substantial shareholders and the shareholdings structure of the Issuer as at 30 September 2013 are as follows:

<b>Name of Ordinary Shareholder</b>	<b>No. of Ordinary Shares held</b>	<b>(%)*</b>
Employees Provident Fund Board	144,023,289	10.3%
Kumpulan Wang Persaraan (Diperbadankan)	121,690,380	8.7%
Amanahraya Trustees Berhad-Skim Amanah Saham Bumiputera	145,000,000	10.3%
Lembaga Tabung Haji	74,560,620	5.3%
<b>Total</b>	<b>485,274,289</b>	<b>34.6%</b>

(x) **Authorised, issued and paid-up capital** : **Authorised share capital of the Issuer as at 30 September 2013**

RM3,000,000,000.00 comprising 3,000,000,000 ordinary shares of par value RM1.00 each

**Issued and paid-up share capital of the Issuer as at 30 September 2013**

RM1,403,885,077.00 comprising  
1,403,885,077\* ordinary shares of par value  
RM1.00 each

Note:

\*inclusive of 37,000 shares bought back by the Issuer and retained as treasury shares as at 30 September 2013

(xi) Disclosure of the following:

- If the issuer or its board members have been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five years prior to the date of application; and : None.
  
- If the issuer has been subjected to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange, for the past five years prior to the date of application. : None.

2. PRINCIPAL TERMS AND CONDITIONS

(a) Name of parties involved in the proposal, where applicable

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|--------|---|--|
| (i)    | <b>Principal Adviser</b>  | RHB Investment Bank Berhad (" <b>RHB Investment Bank</b> ").   |
| (ii)   | <b>Joint Lead Arrangers</b>   | Affin Investment Bank Berhad<br>CIMB Investment Bank Berhad<br>HSBC Amanah Malaysia Berhad<br>Maybank Investment Bank Berhad<br>RHB Investment Bank<br>(collectively, the " <b>Joint Lead Arrangers</b> " or " <b>JLAs</b> "). |
| (iii)  | <b>Co-arranger</b>  | Not applicable.  |
| (iv)   | <b>Solicitor</b>  | Messrs Zul Rafique & partners (" <b>Solicitors</b> ").   |
| (v)    | <b>Financial adviser</b>  | Newfields Advisors Sdn Bhd.  |
| (vi)   | <b>Technical adviser</b>  | Not applicable.  |
| (vii)  | <b>Sukuk trustee</b>  | Pacific Trustees Berhad (" <b>Sukuk Trustee</b> ").  |
| (viii) | <b>Shariah adviser</b>  | RHB Islamic Bank Berhad (" <b>Shariah Adviser</b> ").  |
| (ix)   | <b>Guarantor</b>  | Not applicable.  |
| (x)    | <b>Valuer</b>   | Not applicable.  |
| (xi)   | <b>Facility agent</b>   | RHB Investment Bank (" <b>Facility Agent</b> ").   |
| (xii)  | <b>Primary subscriber (under a bought-deal arrangement) and amount subscribed</b> | The primary subscriber(s) will be determined prior to each issuance of the Sukuk Murabahah in the event of a bought-deal issue.  |
| (xiii) | <b>Underwriter and amount underwritten</b>  | Not applicable.  |
| (xiv)  | <b>Central depository</b>   | Bank Negara Malaysia (" <b>BNM</b> ").   |
| (xv)   | <b>Paying agent</b>   | BNM.   |

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(xvi) <b>Reporting accountant</b>	Not applicable.
(xvii) <b>Calculation agent</b>	Not applicable.
(xviii) <b>Others (please specify)</b>	<p><u>Joint Lead Managers ("JLMs")</u>                      Affin Investment Bank Berhad                      CIMB Investment Bank Berhad                      HSBC Amanah Malaysia Berhad                      Maybank Investment Bank Berhad                      RHB Investment Bank                      and/or such other financial institution(s) to be appointed.</p>
(b) <b>Islamic principles used</b>	<p>Murabahah (Cost-Plus Sale).</p> <p>A contract that refers to the sale and purchase transaction for the financing of an asset whereby the cost and profit margin (mark-up) are made known and agreed by all parties involved.</p>
(c) <b>Facility description</b>	<p>A Sukuk Murabahah issuance programme of up to RM3,000.0 million in nominal value ("<b>Programme</b>").</p> <p>The Sukuk Murabahah will be issued based on the Shariah principle of Murabahah (via a tawarruq arrangement) based on Commodity Murabahah structure in the following form:</p> <p><u>Commodity Murabahah</u></p> <p>The Issuer will be appointed as agent/wakeel ("<b>Wakeel</b>") for the investor(s) ("<b>Murabahah Investor(s)</b>" or "<b>Sukukholder(s)</b>") to buy Shariah-compliant commodities* ("<b>Commodities</b>").</p> <p>The Wakeel will then appoint the Facility Agent (as its sub-purchase agent) to purchase the Commodities. The Issuer will issue a purchase order ("<b>Purchase Order</b>") to the Wakeel and the Facility Agent from time to time. In the Purchase Order, the Issuer will irrevocably undertake to purchase the Commodities from the Murabahah Investor(s) at a price equivalent to the Purchase Price (as defined below) and a mark-up (profit) payable on a deferred payment basis ("<b>Deferred Sale Price</b>").</p>

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The Facility Agent will purchase the Commodities from commodity vendor(s) in the Bursa Suq Al-Sila commodity market (through a Commodity Trading Participant ("**CTP**")) at a purchase price ("**Purchase Price**") on a spot basis, which shall be equivalent to the proceeds of the Sukuk Murabahah.

The Purchase Price will be in compliance with the asset pricing requirements as set out in the Securities Commission Malaysia ("**SC**") Guidelines on Sukuk (revised and effective on 28 December 2012) as may be replaced, substituted or revised from time to time ("**Sukuk Guidelines**").

Subsequently, the Issuer shall issue the Sukuk Murabahah to the Murabahah Investor(s) whereupon the Sukuk Murabahah shall evidence the Murabahah Investor(s) ownership of the Commodities and all such rights thereto (including all rights against the Issuer under the Purchase Order as well as the rights to the Deferred Sale Price once the Commodities are sold to the Issuer).

Proceeds received from the issuances of the Sukuk Murabahah shall be used by or deemed to have been used by the Facility Agent to pay the Purchase Price of the Commodities.

Thereafter, the Facility Agent as instructed by the Sukukholder(s), shall sell the Commodities to the Issuer at the Deferred Sale Price.

Upon completion of such purchase, the Issuer shall appoint the Facility Agent to sell the Commodities in the Bursa Suq Al-Sila (through a CTP) for a cash consideration equal to the Purchase Price on a spot basis.

The Sukuk Murabahah may be issued with or without periodic payments. During the tenure of the Sukuk Murabahah, the Issuer shall make payment of the Deferred Sale Price periodically (in the case of Sukuk Murabahah with periodic payments) to the Sukuk Trustee (acting for the Sukukholder(s)) amounting to its obligation to pay the Deferred Sale Price to the Sukukholder(s). Each such payment shall pro tanto reduce the obligation of the Issuer on the Deferred Sale Price payable for the Commodities. On the date

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of maturity of the Sukuk Murabahah, all amounts then outstanding on the Deferred Sale Price shall be paid by the Issuer to the Sukuk Trustee whereupon the Sukuk Murabahah shall be cancelled.

Note(\*):

*Shariah-compliant commodities would exclude ribawi items in the category of medium of exchange such as currency, gold and silver.*

A diagrammatical illustration of the transaction structure is set out in **Appendix 1**.

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| <b>(d) Identified assets</b>                                    | Shariah-compliant Commodities available at Bursa Suq Al-Sila which would exclude ribawi items in the category of medium of exchange such as currency, gold and silver, and which will be identified, from time to time, at or around the time of each issuance of the Sukuk Murabahah.   |
| <b>(e) Purchase and selling price/rental (where applicable)</b> | To be determined prior to each issuance of the Sukuk Murabahah under the Programme.  |
| <b>(f) Issue/sukuk programme size</b>                           | <p>Up to RM3,000.0 million in nominal value.</p> <p>The aggregate nominal value of all the outstanding tranches of Sukuk Murabahah issued under the Programme at any point in time shall not exceed RM3,000.0 million.</p>   |
| <b>(g) Tenure of issue/sukuk programme</b>                      | <p><u>The Programme</u></p> <p>Subject to the conditions herein, the tenure of the Programme is up to twenty (20) years from the first issuance date, provided that the first issue of the Sukuk Murabahah shall not be later than two (2) years from the date of the SC<math>\text{\textcircled{C}}</math> approval and authorisation.</p> <p><u>Sukuk Murabahah Tenure</u></p> <p>More than one (1) year and up to twenty (20) years from the issuance date, provided always that the maturity of each tranche of Sukuk Murabahah does not exceed the tenure of the Programme.</p> |
| <b>(h) Availability period of sukuk programme</b>               | The Sukuk Murabahah may be issued at any time during the tenure of the Programme, provided that the  |

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first issuance under the Programme shall be within two (2) years from the date of the SC $\S$  approval and authorisation and subject to completion of all documentation and, unless waived by the Joint Lead Arrangers, compliance of all conditions precedent therein and all other applicable conditions to the satisfaction of the Joint Lead Arrangers.

- (i) **Profit/coupon/rental rate** **Sukuk Murabahah with periodic payments**  
The profit rate shall be determined and agreed prior to each issuance of such Sukuk Murabahah.

**Sukuk Murabahah without periodic payments**  
Not applicable

- (j) **Profit/coupon/rental payment frequency** **Sukuk Murabahah with periodic payments**  
The profits are payable at semi-annual intervals or such other periodic intervals to be agreed between the Issuer and the relevant JLMs prior to the issuance of such Sukuk Murabahah.

**Sukuk Murabahah without periodic payments**  
Not applicable

- (k) **Profit/coupon/rental payment basis** **Sukuk Murabahah with periodic payments**  
The profit payments shall be calculated on an actual number of days based on 365-day basis, or in any event, in accordance with the MyClear Rules and Procedures (as defined below).

**Sukuk Murabahah without periodic payments**  
Not applicable

- (l) **Security/collateral, if applicable** None.

- (m) **Details on utilisation of proceeds by issuer** The proceeds raised from the Sukuk Murabahah shall be utilised to finance working capital requirements, future investments, capital expenditure, other general corporate purposes, refinancing of borrowings of the IJM Group and to defray expenses relating to the Programme.

**%IJM Group+** means the Issuer and its subsidiaries from time to time.

For the avoidance of doubt, the utilisation of the proceeds of the Sukuk Murabahah shall at all times be

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- for Shariah-compliant purposes and will not be utilized for IJM Group's hotel operations.
- (n) **Sinking fund and designated accounts, where applicable** Not applicable.
- (o) **Rating**
- **Credit rating(s) assigned and whether the rating is final or indicative. In the case of a sukuk programme where the credit rating is not assigned for the full amount, disclosures set out in paragraph 9.04 of these guidelines must be made** Indicative long term rating of AA3.
  - **Name of rating agency** RAM Rating Services Berhad.
- (p) **Mode of issue**
- The Sukuk Murabahah may be issued via private placement on a best effort basis or on a bought deal basis or on a book running on a best effort basis.
- Issuance of Sukuk Murabahah under the Programme shall be in accordance with:
- (i) the Operational Procedures for Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("**MyClear**") effective on 10 October 2013; and
  - (ii) the Participation and Operation Rules for Payment and Securities Services issued by MyClear effective on 10 October 2013,
- as amended and substituted from time to time ("**MyClear Rules and Procedures**").
- (q) **Selling restriction, including tradability, i.e. whether tradable or non-** The Sukuk Murabahah are tradable but shall not be offered, sold, transferred or otherwise disposed, directly or indirectly other than to persons falling within

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- tradable** any of the categories of persons or in the circumstances specified under the following schedules of the Capital Markets and Services Act, 2007 (**CMSA**):
- (i) at the point of issuance of the Sukuk Murabahah Schedule 6 (or Section 229(1)(b)) and Schedule 7 (or Section 230(1)(b)), read together with Schedule 9 (or Section 257(3)) of the CMSA as amended from time to time.
  - (ii) after the issuance of the Sukuk Murabahah Schedule 6 (or Section 229(1)(b)) read together with Schedule 9 (or Section 257(3)) of the CMSA as amended from time to time.
- (r) **Listing status and types of listing, where applicable** The Sukuk Murabahah will not be listed on Bursa Malaysia Securities Berhad ("**Bursa Securities**") or any other stock exchange.
- (s) **Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase sukuk, and whether or not obtained** None.
- (t) **Conditions precedent** Conditions precedent to the availability of the Programme include but not limited to the following:
- Main Documentation
- The transaction documents, have been duly executed and, where applicable, stamped (unless otherwise exempted) and presented for registration.
- The Issuer
- (i) Certified true copies of the Certificate of Incorporation and the Memorandum and Articles of Association of the Issuer.
  - (ii) Certified true copies of the latest Forms 24, 44 and 49 of the Issuer.
  - (iii) An extract of the board resolution of the Issuer authorising, among others, the establishment of

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the Programme, the issuance of the Sukuk Murabahah and the execution of all the transaction documents.

- (iv) A list of the Issuer's authorised signatories and their respective specimen signatures.
- (v) A report of the relevant company search of the Issuer.
- (vi) A report of the relevant winding up search or the relevant statutory declaration of the Issuer.

General

- (i) The approval and authorisation of the SC in respect of the Programme.
- (ii) All necessary approvals and consents required (including but not limited to the existing lenders/financiers of the Issuer) for the implementation of the Programme (if required) and the execution of the transaction documents have been obtained and compliance with all conditions of such approvals and consents.
- (iii) Evidence of confirmation from the Shariah Adviser that the structure and mechanism together with the transaction documents of the Programme is in compliance with Shariah principles.
- (iv) The Programme shall have been assigned a credit rating of AA3 or its equivalent.
- (v) Arrangement (acceptable to the Joint Lead Arrangers) for the payment of all relevant transaction fees, costs and expenses in relation to the Programme.
- (vi) The Joint Lead Arrangers have received from its legal counsel a favourable legal opinion addressed to it advising with respect to, among others, the legality, validity and enforceability of the transaction documents and a confirmation addressed to the Joint Lead Arrangers that all the conditions precedent have been fulfilled.

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- (vii) All due diligence exercise deemed necessary have been undertaken/conducted to the satisfaction of the Principal Adviser.
- (viii) Documentary evidence that the Trusteesq Reimbursement Account (as defined below) has been established and the deposit of RM30,000 has been made.
- (ix) Any other conditions as may be advised by the Solicitors and to be agreed by the Issuer.

Each issuance of the Sukuk Murabahah shall be subject to certain conditions as may be advised by the Solicitors and mutually agreed by the Issuer and the JLMs, including a condition that no Event of Default having occurred or which would occur if the relevant issuance is made.

**(u) Representations and warranties**

Representations and warranties typical and customary for a facility of this nature as advised by the Solicitors including but not limited to the following:

- (i) the Issuer is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, has full power to carry on its business and to own its property and assets, and has full beneficial ownership of all its property and assets;
- (ii) the Memorandum and Articles of Association of the Issuer incorporate provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of any administrative, governmental or other authority or body in Malaysia have been duly obtained and are in full force and effect which are required to authorise, the Issuer to execute and deliver and perform the transactions contemplated in the transaction documents in accordance with their terms;
- (iii) neither the execution and delivery of any of the transaction documents nor the performance of any of the transactions contemplated by the transaction documents did or does as at the date this representation and warranty is made or

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repeated (a) contravene or constitute a default under any provision contained in any agreement, instrument, law, ordinance, decree, judgment, order, rule, regulation, licence, permit or consent by which the Issuer or any of its property and assets is bound or which is applicable to the Issuer or any of its property and assets, (b) cause any limitation on the Issuer or the powers of its directors, whether imposed by or contained in its memorandum and articles of association or in any agreement, instrument, law, ordinance, decree, order, rule, regulation, judgment or otherwise, to be exceeded, or (c) cause the creation or imposition of any security interest or restriction of any nature on any of the Issuer's property and assets;

- (iv) each of the transaction documents is or will when executed and/or issued, as the case may be, be in full force and effect and constitutes, or will when executed or issued, as the case may be, constitute, valid and legally binding obligations of the Issuer enforceable in accordance with its terms;
- (v) the Issuer's audited accounts are prepared in accordance with approved accounting standards and they give a true and fair view of the Issuer's financial position for the period to which the financial statements are made up and disclose or provide against all liabilities (actual or contingent) of the Issuer;
- (vi) no tax liabilities of any kind are outstanding in payments and all computations and payments that should be or should have been made to the taxation authority or other relevant authorities have been made within the requisite periods and are up-to-date, correct and made on a proper basis with the taxation authority and other relevant authorities;
- (vii) no litigation or arbitration is current which if adversely determined would have a Material Adverse Effect (as defined below); and

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- (viii) such other representations and warranties as may be advised by the Solicitors and to be agreed by the Issuer.
- (v) Events of default, dissolution event and enforcement event, where applicable**

Events of Default typical and customary for a facility of this nature as advised by the Solicitors, including but not limited to the following:

  - (i) the Issuer fails to pay any amount due from it under any of the transaction documents on the due date or, if so payable, on demand;
  - (ii) any representation or warranty made or given by the Issuer under the transaction documents or which is contained in any certificate, document or statement furnished at any time pursuant to the terms of the Sukuk Murabahah and/or any of the transaction documents is or proves to have been incorrect or misleading in any material respect on or as of the date made or given or deemed made or given or if repeated at any time with reference to the facts and circumstances subsisting at such time, would not be accurate or would be misleading in any material respect, and in the case of a failure which in the opinion of the Sukuk Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of ten (10) Business Days after the Issuer became aware or having been notified by the Sukuk Trustee of the failure, whichever is earlier;
  - (iii) the Issuer fails to observe or perform its obligations under any of the transaction documents or the Sukuk Murabahah or under any undertaking or arrangement entered into in connection therewith other than an obligation of the type referred to in sub-paragraph (i) above, and in the case of a failure which in the opinion of the Sukuk Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of ten (10) Business Days after the Issuer became aware or having been notified by the Sukuk Trustee of the failure, whichever is earlier;

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- (iv) there has been a breach by the Issuer of any obligation under any of the Issuer's existing contractual obligations which in the opinion of the Sukuk Trustee may have a Material Adverse Effect and, if in the opinion of the Sukuk Trustee is capable of being remedied, the Issuer does not remedy the breach within a period of ten (10) Business Days after the Issuer became aware or having been notified by the Sukuk Trustee of the breach, whichever is earlier;
- (v) any indebtedness with financial institutions for borrowed moneys of the Issuer or any of its Material Subsidiaries (as defined below) becomes due or payable or capable of being declared due or payable prior to its stated maturity or any guarantee or similar obligations of the Issuer or any of its Material Subsidiaries is not discharged or paid in accordance with its terms and such event is not resolved or disputed in good faith by the Issuer or such Material Subsidiaries in a court of competent jurisdiction or with the relevant arbitral forum within ten (10) Business Days from the date of such event occurring, or the Issuer or any of its Material Subsidiaries goes into default under, or commits a breach of, any agreement or instrument relating to any such indebtedness, guarantee or other obligations, or any security created to secure such indebtedness, guarantee or other obligations becomes enforceable PROVIDED THAT in the case of the Material Subsidiaries, such event shall not constitute an Event of Default unless the Sukuk Trustee is of the opinion that such event may have a Material Adverse Effect;
- (vi) an encumbrancer takes possession of, or a trustee, receiver, receiver and manager or similar officer is appointed in respect of the whole or substantial part of the business property or assets of the Issuer or any of its Material Subsidiaries, or distress, legal process, sequestration or any form of execution or process is levied or enforced or sued out against the Issuer or any of its Material Subsidiaries or any of its/their assets

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and is not discharged within ten (10) Business Days after being levied, enforced or sued out PROVIDED THAT in the case of the Material Subsidiaries, such event shall not constitute an Event of Default unless the Sukuk Trustee is of the opinion that such event may have a Material Adverse Effect;

- (vii) the Issuer or any of its Material Subsidiaries fails to satisfy any judgement passed against it by any court of competent jurisdiction and no appeal against such judgement or application for a stay of execution has been made to any appropriate appellate court within the time prescribed by law or such appeal or application for a stay of execution has been dismissed PROVIDED THAT in the case of the Material Subsidiaries, such event shall not constitute an Event of Default unless the Sukuk Trustee is of the opinion that such event may have a Material Adverse Effect;
- (viii) any step is taken for the winding up, dissolution or liquidation of the Issuer or any of its Material Subsidiaries or a resolution is passed for the winding up of the Issuer or any of its Material Subsidiaries or a petition for winding up is presented against the Issuer or any of its Material Subsidiaries and the Issuer or such Material Subsidiaries has not taken any action in good faith to set aside such petition within ten (10) Business Days from the date of service of such winding up petition or a winding up order has been made against the Issuer or any of its Material Subsidiaries PROVIDED THAT in the case of the Material Subsidiaries, such event shall not constitute an Event of Default unless the Sukuk Trustee is of the opinion that such event may have a Material Adverse Effect;
- (ix) the Issuer or any of its Material Subsidiaries convenes a meeting of its creditors or proposes or makes any arrangement including any scheme of arrangement (whether instituted against it or otherwise, and whether or not pursuant to Section 176 of the Companies Act 1965) or composition or begins

negotiations with its creditors, or takes any proceedings or other steps with any relevant court, or with the Corporate Debt Restructuring Committee or any other similar agencies or bodies, with a view to a rescheduling or deferral of all or any part of its indebtedness or a moratorium is agreed or declared by a court of competent jurisdiction in respect of or affecting all or any part of its indebtedness or any assignment is made for the benefit of its creditors (other than for the purposes of and followed by a reconstruction which has been approved in writing by the Sukuk Trustee, unless during or following such reconstruction the Issuer becomes or is declared to be insolvent) PROVIDED THAT in the case of the Material Subsidiaries, such event shall not constitute an Event of Default unless the Sukuk Trustee is of the opinion that such event may have a Material Adverse Effect;

- (x) the Issuer is for the purpose of section 218 (2) of the Companies Act 1965 deemed unable to pay any of its debts or becomes unable to pay any of its debts as they fall due or the Issuer suspends or stops or notifies in writing to the relevant creditor that it will suspend or stop making payments with respect to any of its financial indebtedness;
- (xi) where there is a revocation, withholding or modification of any license, authorisation, approval or consent which in the opinion of the Sukuk Trustee may have a Material Adverse Effect;
- (xii) the Issuer changes or notifies any person in writing that it intends or proposes to change the nature of or scope of a substantial part of its business, or suspends or ceases or notifies any person in writing that it intends or proposes to suspend or cease the operation of a substantial part of its business which it now conducts directly or indirectly and such change, suspension or cessation or proposed change, suspension or cessation in the opinion of the Sukuk Trustee may have a Material Adverse Effect;

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- (xiii) at any time any of the provisions of the transaction documents is or becomes illegal, void, voidable or unenforceable;
- (xiv) material adverse change in the condition (financial or otherwise) of the Issuer or any of its Material Subsidiaries that impairs or prejudices the Issuer's ability to comply with the terms and conditions of any of the documents relating to the Programme; and
- (xv) such other events of default as may be advised by the Solicitors and to be agreed by the Issuer.

Upon the declaration of an Event of Default, no further issuance of the Sukuk Murabahah may be made under the Programme and the Sukuk Trustee may at its discretion or, upon the Sukukholders' instruction, shall institute such proceedings as it thinks fit against the Issuer to enforce payment of the Redemption Amount and all other sum payable under the Programme and to enforce its rights under the transaction documents.

**%Material Adverse Effect+** means any material adverse effect on the business or condition (financial or otherwise) or results of the operations of the IJM Group or the occurrence of any event which may materially and adversely affect the ability of the Issuer to perform any of its obligations under any of the transaction documents.

**%Material Subsidiaries+** means any present and future subsidiary of the Issuer whose profit before tax, as shown by the latest audited accounts of such subsidiary (at company level) is at least 10% of the consolidated profit before tax of the Issuer.

**%Redemption Amount+** means the amount equivalent to the Deferred Sale Price at the Issue Date less the aggregate of periodic payments paid (if any) less the Rebate (Ibraq (if any)).

**"Issue Date+** means in relation to any Sukuk Murabahah, the date on which the Sukuk Murabahah are issued.

**(w) Covenants**

**(i) Positive covenants** To include but not limited to the following:

- (i) the Issuer shall maintain in full force and effect all relevant authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) and will promptly obtain any further authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) which is or may become necessary to enable it to own its assets, to carry on its business or for the Issuer to enter into or perform its obligations under the transaction documents or to ensure the validity, enforceability, admissibility in evidence of the obligations of the Issuer or the rights of the Sukukholders, the Sukuk Trustee, the Joint Lead Arrangers, JLMs and/or the Facility Agent under the transaction documents and the Issuer shall comply with the same;
- (ii) the Issuer shall at all times on demand execute and cause and procure the execution of all such further documents and do all such further acts reasonably necessary at any time or times to give effect to the terms and conditions of the transaction documents;
- (iii) the Issuer shall exercise and shall cause and procure all its subsidiaries to exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner;
- (iv) the Issuer shall promptly perform and carry out all its obligations under all the transaction documents (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 ensure that it shall immediately notify the Facility Agent and/or Sukuk Trustee in the event that the Issuer is unable to fulfil or comply with any of the provisions of the transaction documents;

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- (v) the Issuer shall prepare its financial statements on a basis consistently applied in accordance with approved accounting standards in Malaysia and those financial statements shall give a true and fair view of the results of the operations of the Issuer for the period to which the financial statements are made up and shall disclose or provide against all liabilities (actual or contingent) of the Issuer;
- (vi) the Issuer shall comply with all provisions of the transaction documents;
- (vii) the Issuer shall maintain a Paying Agent in Malaysia at all times; and
- (viii) others as advised by the appointed Solicitors and to be agreed by the Issuer including but not limited to the requirements under the SC's Trust Deeds Guidelines (revised on 12 July 2011 and effective on 12 August 2011) issued by the SC as may be replaced, substituted or revised from time to time (the **Trust Deeds Guidelines**).

**(ii) Negative covenants**

The Issuer shall not without the prior written consent of the Sukuk Trustee (acting on instructions of the Sukukholders):

- (i) add, delete, amend or substitute its Memorandum or Articles of Association in a manner inconsistent with the provisions of the transaction documents;
- (ii) use the proceeds of the Programme except for the purposes set out herein;
- (iii) other than the Programme and any other existing borrowings disclosed prior to first issue:
  - (a) obtain or permit to exist any additional borrowings; or
  - (b) allow or permit any company within the IJM Group to obtain or permit to exist any additional borrowings,

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if there has been a breach of the Financial Covenant and such breach is continuing or such additional borrowings will result in a breach of the Financial Covenant;

- (iv) create or permit to exist any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind including, without limitation, title transfer and/or retention arrangements having a similar effect or any agreement to create any of the foregoing, save and except for any liens arising in the ordinary course of business by operation of law and not by way of contract;
- (v) sell, transfer, lease (other than by way of operating lease) or otherwise dispose of or in any case, cease to exercise control over, whether by a single transaction or a number of transactions, related or not, the whole or part of the Issuer's undertaking, business or assets save and except for:
  - (a) sale or disposal of the Issuer's undertaking, business or its assets which is on ordinary commercial terms and on the basis of an arms-length transaction and which will not have a Material Adverse Effect; and/or
  - (b) sale or disposal of the Issuer's undertaking, business or its assets due to obsolescence and/or deterioration and which will not have a Material Adverse Effect;
- (vi) reduce or in any way whatsoever alter (except by way of an increase), its authorised or 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 stock, or by consolidating, dividing or sub-dividing all or any of its shares unless all of the following criteria are met:

Principal Terms and Conditions of the Proposal

- (a) all obligations in relation to the Programme under the transaction documents will be complied with by the Issuer at the time of the proposed reduction or alteration;
  - (b) no Event of Default has occurred (or if this is not the case, such event is no longer continuing or has been waived) and no Event of Default would occur if such proposed reduction or alteration is made; and
  - (c) no breach of Financial Covenant has occurred (or if this is not the case, such breach is no longer continuing or has been waived) and no breach of Financial Covenant would occur if such proposed reduction or alteration is made;
- (vii) declare or pay any dividends or make any distribution whether income or capital in nature to its shareholders or make any payments (whether in relation to principal, interest or otherwise) to its shareholders in connection with any loans or advances from its shareholders unless all of the following criteria are met:
  - (a) all obligations in relation to the Programme under the transaction documents have been complied with by the Issuer at such time of declaration and will be complied with at the time of payment or distribution, as the case may be;
  - (b) no Event of Default has occurred (of if this is not the case, such event is no longer continuing or has been waived) and no Event of Default would occur if such declaration, payment or distribution is made; and
  - (c) no breach of Financial Covenant has occurred (or if this is not the case, such breach is no longer continuing or

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has been waived) and no breach of Financial Covenant would occur if such declaration, payment or distribution is made;

- (viii) lend any money or advance to any person other than: (a) to the Issuer's directors, officers or employees as part of their terms of employment, (b) to contract counterparties pursuant to contracts entered into in the ordinary course of business, and (c) to its subsidiaries, associated companies and joint ventures which the Issuer is a party to; and
- (ix) others as advised by the appointed Solicitors and to be agreed by the Issuer including but not limited to the requirements under the SC& Trust Deeds Guidelines.

**(iii) Information covenants**

To include but not limited to the following:

- (i) the Issuer shall provide to the Sukuk Trustee on an annual basis, a certificate signed by any two (2) directors of the Issuer confirming that it has observed, complied with and performed all its covenants and obligations under the transaction documents and the terms and conditions of the Sukuk Murabahah and that there did not exist or had not existed, from the date the Sukuk Murabahah were first issued or the date of the previous certificate, as the case may be, any Event of Default or enforcement, where applicable, and if such is not the case, to specify the same;
- (ii) the Issuer 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 its financial years) copies of its annual consolidated financial statements for that year which shall contain the income statements and balance sheets of the Issuer and which are audited and certified without any qualification that may materially and adversely affect the

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- interests of the Sukukholders, by a firm of independent certified public accountants;
- (b) as soon as they become available (and in any event within ninety (90) days after the end of each half year period of its financial year in accordance with the quarterly reporting format as required by Bursa Securities) copies of its unaudited half yearly consolidated financial statements for that period as announced to Bursa Securities which shall contain the consolidated income statements and balance sheets of the Issuer;
  - (c) promptly, to the extent permitted by applicable laws, regulations, rules and orders, such additional financial or other information relating to the Issuer's business and its operations, shareholders or creditors as the Sukuk Trustee may from time to time reasonably request, and also, such information as the Sukuk Trustee may require in order for the Sukuk Trustee to discharge its duties and obligations as Sukuk Trustee under the transaction documents;
  - (d) promptly, any other accounts, report, notice, statement or circular issued by it to its shareholders.
- (iii) the Issuer shall promptly notify the Sukuk Trustee of any change in its board of directors;
  - (iv) the Issuer shall promptly notify the Sukuk Trustee of any adverse change in its condition (financial or otherwise) and of any litigation or other proceedings of any nature whatsoever being initiated against the Issuer before any court or tribunal or administrative agency which may have a Material Adverse Effect;
  - (v) the Issuer shall promptly give notice to the Sukuk Trustee of the occurrence of any Event of Default or any event which, upon the giving

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of notice and/or lapse of time and/or the issue of a certificate and/or the fulfilment of the relevant requirement as contemplated under the relevant transaction document would constitute an Event of Default forthwith upon becoming aware thereof, and it shall take all reasonable steps and/or such other steps as may reasonably be requested by the Sukuk Trustee to remedy and/or mitigate the effect of the Event of Default as the case may be; and

- (vi) others as advised by the appointed Solicitors and to be agreed by the Issuer including but not limited to the requirements under the SC~~o~~ Trust Deeds Guidelines.

**(iv) Financial Covenants**

Throughout the tenure of the Programme, the Issuer shall ensure that the Consolidated Gearing Ratio shall not be greater than 1.25 times.

The Consolidated Gearing Ratio shall mean the ratio of indebtedness of IJM Group represented by:

- (i) all amounts outstanding under the Programme; and
- (ii) all other indebtedness for borrowed monies or under financing arrangements (be it actual or obligations under guarantees issued by any company within the IJM Group in favour of third parties), hire purchase obligations, finance lease obligations, net exposure determined on a marked to market basis under any derivative instrument  
*less*  
deposits, cash and bank balances as reported in the IJM Group~~o~~ audited consolidated financial statements,

to IJM Group~~o~~ consolidated shareholders' funds, including and not limited to any subordinated shareholders' advances and loans and retained earnings or losses, (if any) (~~o~~**Consolidated Shareholders' Funds**).

For the avoidance of doubt, the indebtedness of the IJM Group as defined above shall exclude those amounts owing to trade and other creditors and

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payables and arising from the ordinary course of business.

The Consolidated Gearing Ratio shall be calculated for each financial year during the tenure of the Programme based on the Issuer's latest audited consolidated financial statements and the Issuer shall provide to the Sukuk Trustee a yearly compliance certificate duly signed by any two (2) directors of the Issuer. For the avoidance of doubt, any double counting shall be disregarded.

**(x) Provisions on buy-back and early redemption of sukuk**

Redemption on maturity

Unless previously redeemed or purchased and cancelled, the Sukuk Murabahah will be redeemed by the Issuer at 100% of their nominal value on their respective maturity dates.

Repurchase and cancellation

The Issuer or its subsidiaries or its agent(s) may at any time purchase the Sukuk Murabahah at any price in the open market or by private treaty, but these purchased Sukuk Murabahah shall be cancelled.

For the avoidance of doubt, the Sukuk Murabahah held by any interested person shall not be counted for purposes of voting subject to exceptions set out in the Trust Deeds Guidelines.

Early redemption

The Issuer may redeem the Sukuk Murabahah prior to their maturity by giving the requisite notice period set out in the transaction documents at the Redemption Price (as defined below). The Sukuk Murabahah which are redeemed by the Issuer are to be cancelled.

Redemption Price shall be the outstanding Deferred Sale Price less the Rebate (Ibraq).

Ibraq(Rebate)

The Sukukholder(s) in subscribing or purchasing the Sukuk Murabahah consent to grant a rebate, if the Sukuk Murabahah is redeemed before the maturity date, upon the declaration of an Event of Default or

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upon such early redemption.

In case of declaration of an Event of Default, the Rebate (Ibraq) shall be the unearned profit due to the Sukukholder(s) from the date of redemption of the Sukuk Murabahah upon the declaration of an Event of Default up to the maturity of the Sukuk Murabahah.

In case of an early redemption, the Rebate (Ibraq) shall be at the discretion of the Sukukholders based on a formula which is mutually agreed by both parties.

**(y) Other principal terms and conditions for the issue**

- |   |  |
|---|--|
| <b>(i) Form and denomination</b>                      | <p>The Sukuk Murabahah will be represented by Global Certificates (which are exchangeable into Definitive Certificates in several limited circumstances) in bearer form and issued in a denomination of RM100,000 each.</p> <p>These Global Certificates shall be deposited with the Central Depository and no physical delivery of the Global Certificates is allowed.</p>  |
| <b>(ii) Status</b>                                    | <p>The obligations represented by the Sukuk Murabahah shall constitute direct, unsecured, unconditional and unsubordinated obligations of the Issuer under the laws of Malaysia (except those obligations preferred by applicable laws).</p>   |
| <b>(iii) Transaction Documents</b>                    | <p>The Programme shall be evidenced, inter alia, by the following:</p> <ul style="list-style-type: none"><li>(a) Programme Agreement;</li><li>(b) Trust Deed;</li><li>(c) Securities Lodgement Form pursuant to the Central Securities Depository and Paying Agency Rules issued by BNM;</li><li>(d) Transaction documents in relation to Commodity Murabahah transaction; and</li><li>(e) Any other relevant documentation which may be advised by the Solicitors and mutually agreed by the Issuer and the JLAs.</li></ul> |
| <b>(iv) Compensation for late payment (“Ta’widh”)</b> | <p>In the event of any delay in payment of the Deferred Sale Price under the Programme, the Issuer shall pay to the Sukukholder(s) compensation on such overdue amounts at an amount and manner prescribed by the</p>  |

**Principal Terms and Conditions of the Proposal**

SC§ Shariah Advisory Council from time to time.

- (v) Taxation**

All payments by the Issuer shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied or on behalf of Malaysia or other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law, in which event the payer shall be required to make such additional amount so that the payee would receive the full amount which the payee would have received if no such withholding or deductions are made.
- (vi) Trustees' Reimbursement Account for Sukukholders' Actions**

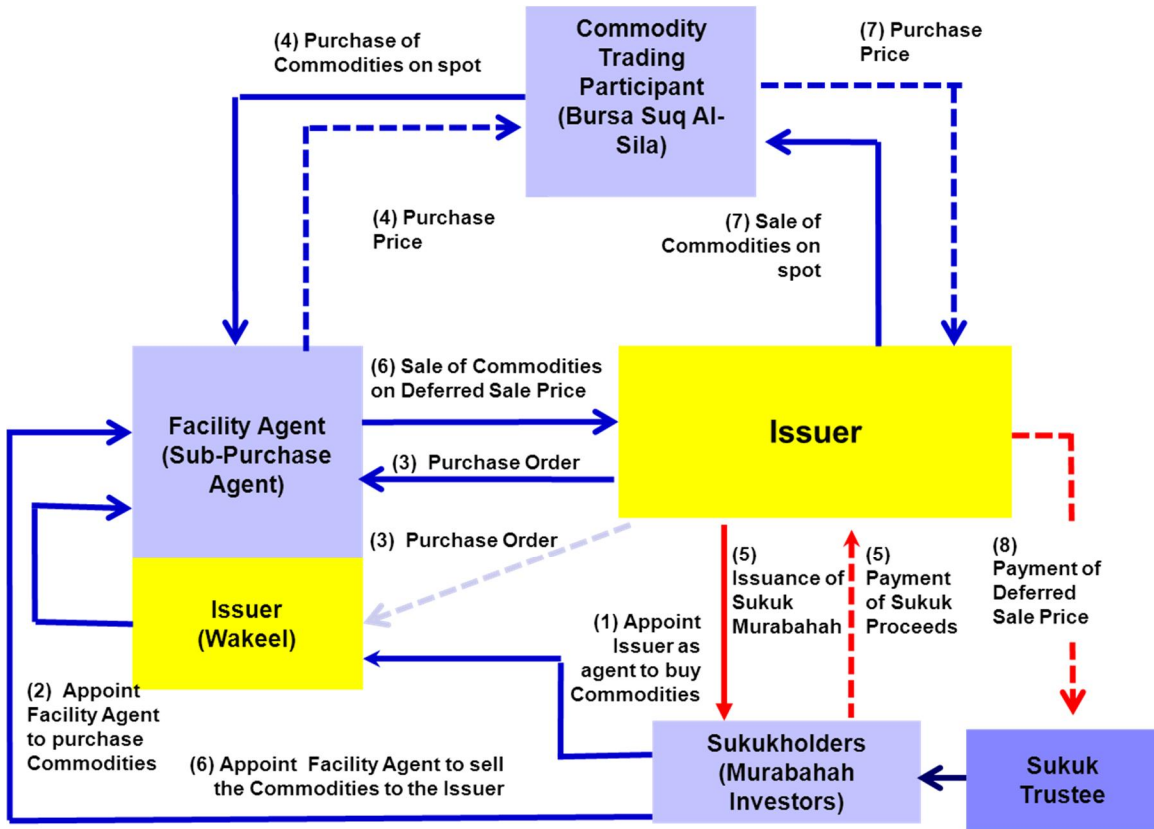
The Issuer shall set up a %Trusteesq Reimbursement Account+ with a sum of RM30,000.00 (which shall be maintained at all times throughout the tenure of the Programme). The said account shall be operated by the Sukuk Trustee and the money shall only be used strictly by the Sukuk Trustee in carrying out its duties in relation to the occurrence of an Event of Default which are to be provided in the relevant transaction documents. Any balance in the Trusteesq Reimbursement Account shall be returned to the Issuer upon expiry of the Programme.
- (vii) Governing law and jurisdiction**

Laws of Malaysia. The Issuer shall unconditionally and irrevocably submit to the exclusive jurisdiction of the courts of Malaysia.
- (viii) Costs and expenses**

All legal fees, stamp duties (if any) and reasonable expenses incurred in connection with the Sukuk Murabahah, including professional due diligence fees and fees payable to BNM, SC, MyClear and the rating agency, where applicable shall be for the account of the Issuer.
- (ix) 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, BNM and/or MyClear having jurisdiction over matters pertaining to the Sukuk Murabahah.

Overview of Transaction Structure



**Principal Terms and Conditions of the Proposal**

1. The Issuer will be appointed as agent/wakeel ("**Wakeel**") for the investor(s) ("**Murabahah Investor(s)**" or "**Sukukholder(s)**") to buy Shariah-compliant commodities, which shall mean Shariah-compliant commodities excluding ribawi items in the category of medium of exchange such as currency, gold and silver ("**Commodities**").
2. The Wakeel will then appoint the Facility Agent (as its sub-purchase agent) to purchase the Commodities.
3. The Issuer will issue a purchase order ("**Purchase Order**") to the Wakeel and the Facility Agent from time to time. In the Purchase Order, the Issuer will irrevocably undertake to purchase the Commodities from the Murabahah Investor(s) at a price equivalent to the Purchase Price and a mark-up (profit) payable on a deferred payment basis ("**Deferred Sale Price**").
4. The Facility Agent will purchase the Commodities from commodity vendor(s) in the Bursa Suq Al-Sila commodity market (through a Commodity Trading Participant ("**CTP**")) at a purchase price ("**Purchase Price**") on a spot basis, which shall be equivalent to the proceeds of the Sukuk Murabahah. The Purchase Price will be in compliance with the asset pricing requirements as set out in the Sukuk Guidelines.
5. Subsequently, the Issuer shall issue the Sukuk Murabahah to the Murabahah Investor(s) whereupon the Sukuk Murabahah shall evidence the Murabahah Investor(s)' ownership of the Commodities and all such rights thereto (including all rights against the Issuer under the Purchase Order as well as the rights to the Deferred Sale Price once the Commodities are sold to the Issuer). Proceeds received from the issuances of the Sukuk Murabahah shall be used by or deemed to have been used by the Facility Agent to pay the Purchase Price of the Commodities.
6. Thereafter, the Facility Agent as instructed by the Sukukholder(s), shall sell the Commodities to the Issuer at the Deferred Sale Price.
7. Upon completion of such purchase, the Issuer shall appoint the Facility Agent to sell the Commodities in the Bursa Suq Al-Sila (through a CTP) for a cash consideration equal to the Purchase Price on a spot basis.
8. The Sukuk Murabahah may be issued with or without periodic payments. During the tenure of the Sukuk Murabahah, the Issuer shall make payment of the Deferred Sale Price periodically (in the case of Sukuk Murabahah with periodic payments) to the Sukuk Trustee (acting for the Sukukholder(s)) amounting to its obligation to pay the Deferred Sale Price to the Sukukholder(s). Each such payment shall pro tanto reduce the obligation of the Issuer on the Deferred Sale Price payable for the Commodities. On the date of maturity of the Sukuk Murabahah, all amounts then outstanding on the Deferred Sale Price shall be paid by the Issuer to the Sukuk Trustee whereupon the Sukuk Murabahah shall be cancelled.