

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

11.1 Related party transactions

Under the Listing Requirements, a “**related party transaction**” is a transaction entered into by a listed issuer or its subsidiaries that involves the interest, direct or indirect, of a related party. A “**related party**” of a listed issuer (not being a special purpose acquisition company) is:

- (i) a director, having the meaning given in subsection 2(1) of the CMSA, and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company; or
- (ii) a major shareholder, and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or its subsidiaries or holding company, and has or had an interest or interests in one or more voting shares in a corporation and the nominal amount of that share or the aggregate of the nominal amounts of those shares is:
 - (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or
 - (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation; or
- (iii) a person connected with such director or major shareholder.

Certain transactions, despite falling within the definition of a related party transaction above, are not normally regarded as related party transactions. These are detailed in Paragraphs 10.08(1) of the Listing Requirements.

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11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

11.2 Related party transactions of the Issuer and Khazanah**11.2.1 Related party transactions of the Issuer**

The Issuer had not entered into nor presently proposes to enter into any material related party transactions for the FYEs 31 December 2015 and 31 December 2016 and the subsequent financial period immediately preceding the LPD.

11.2.2 Related party transactions of Khazanah

Khazanah had not entered into nor presently proposes to enter into any material related party transactions for the three (3) FYEs 31 December 2014, 31 December 2015 and 31 December 2016 and the subsequent financial period immediately preceding the LPD, which would impair Khazanah's ability to honour its financial obligations under the Retail Sukuk Ihsan.

11.2.3 Transactions entered into that are unusual in their nature or conditions

There were no transactions entered into with related parties that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which the Issuer or Khazanah were a party in respect of the past 3 FYEs 31 December 2014, 31 December 2015 and 31 December 2016, and for the subsequent financial period immediately preceding the LPD which, in the case of Khazanah, would impair its ability to honour its financial obligations under the Retail Sukuk Ihsan.

11.2.4 Loans made to or for the benefit of related parties

There were no loans made to or for the benefit of related parties to which the Issuer or Khazanah were a party to in respect of the past 3 FYEs 31 December 2014, 31 December 2015 and 31 December 2016, and for the subsequent financial period immediately preceding the LPD which, in the case of Khazanah, would impair its ability to honour its financial obligations under the Retail Sukuk Ihsan.

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11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(cont'd)*

11.3 Declarations by advisers on conflicts of interest

11.3.1 Declaration by CIMB

As at the LPD, Khazanah is a 29.14% shareholder of CIMB Group Holdings, which in turn holds 99.9% of CIMB Group. As at the LPD, CIMB Group holds a 100% equity stake in CIMB. Additionally, Dato' Sri Nazir, the chairman and non-independent non-executive director of CIMB Group Holdings, and deputy chairman and non-independent non-executive director of CIMB Bank Berhad, is a director of Khazanah. Further, Dato' Sri Nazir is the brother of Dato' Sri Mohd Najib who is the Chairman of the Board of Khazanah.

CIMB is of the view that the abovementioned does not result in a conflict of interest in respect of its capacity as the Principal Adviser and Lead Arranger of the Sukuk Programme and Joint Lead Manager of the Retail Sukuk Ihsan due to the following:

- (i) CIMB is a licensed investment bank and its appointment as, amongst others, the Principal Adviser and Lead Arranger of the Sukuk Programme and the Lead Manager for the Retail Sukuk Ihsan is in the ordinary course of its business;
- (ii) a due diligence review pursuant to the Sukuk Programme has been undertaken together with other independent professional advisers;
- (iii) the conduct of CIMB is regulated by BNM and the SC and governed under, inter alia, the Financial Services Act 2013, the CMSA and by its own internal controls and checks; and
- (iv) Dato' Sri Nazir's directorships do not extend to day-to-day management and operations of CIMB and in Khazanah.

11.3.2 Declaration by CIMB Islamic

As at the LPD, Khazanah is a 29.14% shareholder of CIMB Group Holdings, which in turn holds 99.9% of CIMB Group. As at the LPD, CIMB Group holds a 99.99% equity stake in CIMB Bank which in turn holds 100% of CIMB Islamic. Additionally, Dato' Sri Nazir, the chairman and non-independent non-executive director of CIMB Group Holdings, and deputy chairman and non-independent non-executive director of CIMB Bank, is a director of Khazanah. Further, Dato' Sri Nazir is the brother of Dato' Sri Mohd Najib who is the Chairman of the Board of Khazanah.

CIMB Islamic is of the view that the abovementioned does not result in a conflict of interest in respect of its capacity as a Joint Shariah Adviser in relation to the Sukuk Programme due to the following:

- (i) CIMB Islamic is a licensed Islamic bank and its appointment as a Joint Shariah Adviser for the Sukuk Programme is in the ordinary course of its business;
- (ii) a due diligence review pursuant to the Sukuk Programme has been undertaken together with other independent professional advisers;
- (iii) the conduct of CIMB Islamic is regulated by the Islamic Financial Services Act 2013 and by its own internal controls and checks; and
- (iv) Dato' Sri Nazir's directorships do not extend to day-to-day management and operations of CIMB Islamic and in Khazanah.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)**11.3.3 Declaration by Amanie Advisors Sdn Bhd**

As at the LPD and after making enquiries as were reasonable in the circumstances, Amanie Advisors Sdn Bhd confirms that, there are no existing or potential conflict-of-interests in its capacity as a Joint Shariah Adviser in relation to the Sukuk Programme.

11.3.4 Declaration by Zaid Ibrahim & Co.

As at the LPD and after making enquiries as were reasonable in the circumstances, Messrs Zaid Ibrahim & Co. confirms that there is no existing or potential conflicts of interest in its capacity as the legal counsel to CIMB as the Principal Adviser and Lead Arranger of the Sukuk Programme and the Joint Lead Manager for the Retail Sukuk Ihsan.

11.3.5 Declaration by CIMB Islamic Trustee Berhad

As at the LPD, Khazanah is a 29.14% shareholder of CIMB Group Holdings, which in turn holds 99.9% of CIMB Group. As at the LPD, CIMB Group is the ultimate holding company of the Sukuk Trustee. Additionally, Dato' Sri Nazir, the chairman and non-independent non-executive director of CIMB Group Holdings, and deputy chairman and non-independent non-executive director of CIMB Bank Berhad, is a director of Khazanah. Further, Dato' Sri Nazir is the brother of Dato' Sri Mohd Najib who is the Chairman of the Board of Khazanah.

The Sukuk Trustee is of the view that the abovementioned does not result in a conflict of interest in respect of its capacity as the Sukuk Trustee in relation to the Sukuk Programme due to the following:

- (i) the Sukuk Trustee is a licensed trustee company and its appointment as the Sukuk Trustee for the Sukuk Programme is in the ordinary course of its business;
- (ii) a due diligence review pursuant to the Sukuk Programme has been undertaken together with other independent professional advisers;
- (iii) the role of the Sukuk Trustee will be governed by the relevant agreements and documentations which shall clearly set out the rights, duties and responsibilities of the Sukuk Trustee in its capacity as the Sukuk Trustee in relation to the Sukuk Programme, and shall be carried out on an arms-length basis and independently by the Sukuk Trustee;
- (iv) the conduct of the Sukuk Trustee is regulated strictly by the CMSA and by its own internal controls and checks; and
- (v) Dato' Sri Nazir's directorships do not extend to day-to-day management and operations of the Sukuk Trustee and in Khazanah.

11.3.6 Declaration by Maybank IB

As at the LPD and after making enquiries as were reasonable in the circumstances, Maybank IB confirms that, to the best of its knowledge that there are no existing or potential conflicts of interest in its capacity as the Joint Lead Manager of the Retail Offering.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(cont'd)*

11.3.7 Declaration by RHB IB

As at the LPD and after making enquiries as were reasonable in the circumstances, RHB IB is not aware of any circumstances that would give rise to a conflict of interest situation, arising from its role as the Joint Lead Manager in relation to the Retail Offering.

11.3.8 Declaration by RAM Ratings

As at the LPD and after making enquiries as were reasonable in the circumstances, RAM Ratings is not aware of any circumstance that would give rise to a conflict of interest situation, arising from its role as the Rating Agency in relation to the Retail Offering.

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12. RIGHTS OF THE RETAIL SUKUKHOLDERS

The rights of the Retail Sukukholders, extracted from the Trust Deed, are described as follows:

12.1 Rights of Transfer/Sale

Tradability of the Retail Sukuk Ihsan	The Retail Sukuk Ihsan shall be tradable on Bursa Securities as “Exchange Traded Bonds and Sukuk” upon their listing and quotation on Bursa Securities.
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12.2 Meetings of Sukukholders

(i)	Notice of meetings	<p>The Issuer at any time may request the Sukuk Trustee to convene a meeting of the Sukukholders. The Sukuk Trustee at any time may (at the request of the Issuer or otherwise), and shall (subject to it being indemnified to its satisfaction against all costs and expenses thereby occasioned):</p> <p>(a) upon a request in writing of any one or more of the Sukukholders holding or representing not less than ten per cent. (10%) of the nominal value of the outstanding Sukuk; or</p> <p>(b) at its discretion, upon the occurrence of a Dissolution Event,</p> <p>convene a meeting of the Sukukholders. Every such meeting (whether or not adjourned) shall be held at such place as the Sukuk Trustee may determine or approve. Notwithstanding anything to the contrary contained herein, it is hereby expressly agreed that any meeting for the consideration of the removal of the Sukuk Trustee may be requisitioned by any Sukukholder regardless of the amount of outstanding Sukuk then held by it. Notice of any such meeting may be given by such Sukukholders in accordance with the Conditions and any such meeting may be held at such place and time within the official business hours of the Issuer on a Business Day as stated in such notice.</p> <p>At least:</p> <p>(a) twenty-one (21) days’ notice (exclusive of the day on which the notice is given and the day on which the meeting is to be held) in relation to a meeting for the purpose of passing a Special Resolution; and</p> <p>(b) at least fourteen (14) days’ notice (exclusive of the day on which the notice is given and the day on which the meeting is to be held) in relation to any meeting for any other purpose,</p> <p>(or such shorter notice period as may be approved by the Sukukholders by Special Resolution), specifying the day, time and place of the meeting shall be given to the Sukukholders and the Issuer (unless the meeting is convened by the Issuer). In the event where there is Retail Sukuk Ihsan that is outstanding, the Sukuk Trustee will notify Khazanah to make such notice available by (a) publishing it in at least one (1) national newspaper in either the Malay Language or the English Language, which newspaper shall be a newspaper which is published daily and circulated generally throughout Malaysia, and (b) in writing to Bursa Malaysia. Such notice shall unless in any particular case the Sukuk Trustee otherwise agrees, specify the terms of the resolutions to be proposed. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any persons entitled to receive notice shall not invalidate the proceedings at that meeting and the Sukuk Trustee shall not be held responsible or liable for such omission or non-receipt thereof.</p>
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12. RIGHTS OF THE RETAIL SUKUKHOLDERS (*cont'd*)

(ii)	Chairman of meetings	A person (who may, but need not, be a Sukukholder) nominated in writing by the Sukuk Trustee shall be entitled to take the chair at every meeting but if no such nomination is made or if at any meeting the person nominated shall not be present within fifteen (15) minutes after the time appointed for the holding of such meeting the Sukukholders present shall choose one of them to be chairman and failing such choice, the Issuer may appoint a chairman who may or may not be a Sukukholder.
(iii)	Quorum	<p>At any such meeting two (2) or more Sukukholders present in person (not being the Issuer or related corporation of the Issuer or any shareholder thereof or any nominee therefor) or by proxy having a share in the aggregate of:</p> <p>(a) in the case of a meeting for the purposes of passing a Special Resolution, not less than fifty one per cent. (51%); and</p> <p>(b) in the case of any other meeting, not less than ten per cent. (10%),</p> <p>of the total votes exercisable at the date of the meeting shall form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of business.</p> <p>If within half an hour after the time appointed for any meeting a quorum is not present the meeting shall, if convened by the Sukuk Trustee upon the requisition of the Sukukholders, be dissolved. In any other case it shall stand adjourned to such day and time being not less than fourteen (14) days thereafter and to such place within Selangor or Kuala Lumpur as may be appointed by the chairman and at such adjourned meeting, two (2) or more Sukukholders (not being the Issuer or related corporation of the Issuer or any shareholder thereof or any nominee therefor) shall form a quorum and whatever the votes exercisable by them and such Sukukholders shall have the power to pass any resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had a quorum been present at such meeting save and except the case where the meeting is to consider declaring a Dissolution Event, in which event the quorum at such adjourned meeting shall be two (2) persons present being Sukukholders or proxies for Sukukholders holding in the aggregate of not less than thirty three per cent. (33%) of the Sukuk Ihsan for the time being outstanding. At least seven (7) days' notice (exclusive as aforesaid) of any adjourned meeting of Sukukholders at which a Special Resolution is to be submitted shall be given in the manner as for an original meeting and such notice shall state the two (2) persons present being Sukukholders or being proxies for Sukukholders at the adjourned meeting (whatever the value of Sukuk Ihsan held or represented by them) will form a quorum, other than for a Special Resolution for the purposes of declaring a Dissolution Event.</p>
(iv)	Voting as a single class	<p>(a) in the case of Non Retail Sukuk Ihsan:</p> <p>(i) a bearer of any Definitive Certificates; or</p> <p>(ii) each SSDS Participant who has for the time being a particular amount of the Sukuk Ihsan credited to his Own Securities Account in the records of the Central Securities Depository, and in the case where a particular amount of the Sukuk Ihsan is credited to an Aggregate Customers' Securities Account, the several persons being the beneficial owners of the Sukuk Ihsan as evidenced by the</p>

12. RIGHTS OF THE RETAIL SUKUKHOLDERS (cont'd)

		<p>records maintained by a SSDS Participant and authenticated in a manner satisfactory to the Sukuk Trustee, as at forty eight (48) hours prior to the date of any meeting, and for the purposes of that meeting,</p> <p>(b) in the case of Retail Sukuk Ihsan:</p> <p>(i) the bearer of any Definitive Certificates; or</p> <p>(ii) each Depositor who has for the time being a particular amount of the Retail Sukuk Ihsan credited to its name in the Record of Depositors, and authenticated in a manner satisfactory to the Sukuk Trustee,</p> <p>shall be treated as a person entitled to exercise (1) voting rights of the relevant Sukukholder and (2) the right to appoint a proxy in respect of the relevant Sukuk Ihsan. All the Retail Sukukholders and Non Retail Sukukholders shall constitute a single class for the transaction of business at any meeting of Sukukholders and the voting by the Retail Sukukholders and Non Retail Sukukholders shall be carried out on a collective basis. "business" includes (without limitation) the passing or rejection of any resolution.</p>
(v)	Manner of voting	<p>At any meeting a resolution put to the vote of the meeting shall be decided in the first instance by a show of hands and unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, the Issuer or the Sukuk Trustee or by one or more Sukukholders present in person or by proxy and holding or representing at least ten per cent. (10%) of the total votes exercisable by the Sukukholders, a declaration by the chairman that the resolution has been carried or carried by a particular majority, or lost, or not carried by any particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.</p>
(vi)	Voting by poll	<p>If at any meeting a poll is so demanded it shall be taken in such manner as the chairman may determine and the results of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded. A poll demanded on the election of a chairman for any meeting of Sukukholders or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place as the chairman directs. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. The demand for a poll may be withdrawn.</p>
(vii)	Right to attend meetings or to vote	<p>The Sukuk Trustee and the Sukuk Trustee's solicitors and any director or officer of a corporation being a trustee hereof and any director and the secretary and solicitors of the Issuer or the Obligor and any other person authorised in that behalf by the Sukuk Trustee or the Issuer or the Obligor may attend and be heard at any meeting. Save as aforesaid no person shall be entitled to attend or vote at any meeting of the Sukukholders or to join with others in requesting the convening of such a meeting unless he produces evidence acceptable to the Sukuk Trustee that he is or is a duly authorised representative of a Sukukholder (PROVIDED THAT the Sukuk Trustee shall have the right to invite the Issuer and its solicitors to any meeting of the Sukukholders and if so invited, the Issuer and its solicitors shall be entitled to attend and speak at such meeting). The production of an acknowledgment of interest from the Central Securities Depository or a</p>

12. RIGHTS OF THE RETAIL SUKUKHOLDERS (cont'd)

		<p>depository receipt from Bursa Depository in respect of the Sukuk Ihsan of which a Sukukholder is the Sukukholder shall be deemed sufficient evidence for this purpose. No votes may be exercised in respect of the Sukuk Ihsan held by the Issuer or its related corporation (as defined in the Act) or interested persons (including directors, major shareholders and chief executive or persons connected to them) or the Obligor. For the purposes of this paragraph, interested persons shall not include major shareholders who hold the shares whether directly or indirectly for the benefit of the public, including:</p> <ul style="list-style-type: none"> (a) a statutory institution who is managing funds belonging to the general public; (b) a closed end fund, unit trust or investment fund (but excluding an investment holding company); (c) a licensed bank as defined under the Financial Services Act 2013, a licensed Islamic bank as defined under Islamic Financial Services Act 2013 and a development financial institution as defined under the Development Financial Institutions Act 2002; and (d) an insurance corporation or a takaful operator whose activities are regulated by any written law relating to insurance or takaful and are subject to supervision by BNM and the said insurance corporation or takaful operator is managing its insurance funds or takaful funds (together with its own shareholders' funds or otherwise). For the purposes of this sub-paragraph, 'insurance funds' has the meaning given in section 2 of the Financial Services Act 2013 and 'takaful funds' has the meaning given in section 2 of the Islamic Financial Services Act 2013.
(viii)	Proxies	<ul style="list-style-type: none"> (a) A proxy need not be a Sukukholder. (b) The instrument appointing a proxy and any power of attorney or other authority under which it is signed or a notarially certified copy of such power of attorney shall be deposited at the registered office of the Issuer or such other place as the Sukuk Trustee shall approve in the case of a proxy, not less than forty eight (48) hours and in the case of the power of attorney or other authority (if any), before the time appointed for holding the meeting in respect of which such proxy is to be used unless the notice convening the meeting shall otherwise direct and in default, any such instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months after the date named in it as the date of its execution. (c) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed provided that no notification in writing of such death, insanity or revocation shall have been received at the registered office of the Issuer or at such other place (if any) for the deposit of instruments of proxy as may have been specified in the notice convening the meeting before the commencement of the meeting or adjourned meeting at which the proxy is used. (d) The instrument appointing a proxy shall be in the following form or such other form as the Issuer and the Sukuk Trustee may approve and shall be in writing under the hand of the appointor or of his

12. RIGHTS OF THE RETAIL SUKUKHOLDERS (cont'd)

		<p>attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney duly authorised and such instrument shall be deemed to confer authority to demand or join in demanding a poll:</p> <p style="text-align: center;">“IHSAN SUKUK BERHAD (Company No. 1117716-P) SUKUKHOLDERS MEETING</p> <p>I/We of being a Sukukholder(s) entitled to the benefit of the Trust Deed dated [] made between (1) Ihsan Sukuk Berhad, (2) Khazanah Nasional Berhad and (3) CIMB Islamic Trustee Berhad, and to vote at any meeting of the Sukukholders convened under the said Trust Deed hereby appoint of, or, failing him, the Chairman of the meeting, as my/our proxy for me/us and on my/our behalf at the general meeting of the Sukukholders to be held on the ... day of ... and at any adjournment thereof.</p> <p>The proxy shall vote in accordance with the following instructions: <i>[*to insert manner of voting]</i></p> <p>IN WITNESS whereof I (We) hereunto set our hand/seal [Signature(s) [or seal] of or on behalf of Sukukholder(s)”</p>
(ix)	Counting of Votes	<p>Subject as provided in the Trust Deed, at any meeting of the Sukukholders:</p> <p>(a) on a show of hands every Sukukholder who is present in person or by its duly authorised representative or proxy and produces the necessary evidence as aforesaid shall have one vote; and</p> <p>(b) on a poll every Sukukholder who is so present in person or by its duly authorised representative or proxy shall have one vote in respect of every Ringgit One (RM1.00) of the nominal value of the outstanding Sukuk Ihsan held by it. On a poll, votes may be given either personally or by proxy and a Sukukholder entitled to more than one (1) vote need not (if he votes) use all his votes or cast all the votes he uses in the same way.</p>
(x)	Corporate representatives	<p>Where a Sukukholder is a body corporate, such body corporate may by resolution of its directors or other governing body authorise such person as it may deem fit to act as its representative at any meeting of the Sukukholders.</p>
(xi)	Voting of joint holders	<p>If two (2) or more persons are entered as joint Sukukholders in the records of the Central Securities Depository or the SSDS Participants or in the Record of Depositors, as the case may be, the vote of the senior who tenders the vote, whether in person or by proxy, shall be accepted to the exclusion of the other joint holders; and for this purpose seniority shall be determined by the order in which the name stand in the records of the Central Securities Depository or the SSDS Participants or in the Record of Depositors, as the case may be.</p>
(xii)	Chairman to have casting vote	<p>In case of equality of votes, the chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Sukukholder.</p>

12. RIGHTS OF THE RETAIL SUKUKHOLDERS (cont'd)

(xiii)	Approvals by Special Resolution	<p>A meeting of the Sukukholders shall in addition to any other powers have the following powers, exercisable by Special Resolution only, namely:</p> <ul style="list-style-type: none"> (a) to sanction any scheme of arrangement or any scheme for the reconstruction or reorganisation of the Issuer or for the amalgamation merger or consolidation of the Issuer with any other company; (b) to sanction any modification, variation, compromise, abrogation or arrangement in respect of the rights of the Sukukholders against the Issuer whether such rights shall arise under the Trust Deed or the Sukuk Ihsan or the other Transaction Documents or otherwise; (c) to assent to any modification, variation or abrogation of the covenants or provisions contained in the Trust Deed proposed or agreed to by the Issuer and to authorise the Sukuk Trustee to concur in and execute all such further documents and do all such acts as may be necessary to carry out and give effect to any Special Resolution; (d) to remove the Sukuk Trustee pursuant to the Trust Deed; (e) to agree to the release or exoneration of the Sukuk Trustee from any liability in respect of anything done or omitted to be done by the Sukuk Trustee before the giving of such release or exoneration; (f) to give any sanction, direction or request which under any of the provisions of the Trust Deed is required or entitled to be given by Special Resolution; (g) to sanction the release of the Issuer from the payment of all or any part of the nominal value or any amounts stated to be due and payable on the Sukuk Ihsan and other moneys payable to the Sukukholders pursuant to the Trust Deed and/or the Sukuk Ihsan and to agree to waive any default by the Issuer or the Obligor; (h) to sanction and effect the exchange, conversion or substitution of the Sukuk Ihsan for shares, stock, debentures, debenture stock or other obligations or securities of the Issuer or any other company corporation trust or other body formed or to be formed or to the exchange of the Sukuk Ihsan for cash; (i) to discharge the Sukuk Trustee from all or any of the trusts of these presents or the other Transaction Documents; (j) to appoint any persons (whether Sukukholders or not) as a committee to represent the interests of the Sukukholders and to confer upon such committee any powers or discretion which the Sukukholders could themselves exercise; (k) to declare that a Dissolution Event has occurred; and (l) to waive any Dissolution Event.
(xiv)	Approval by Ordinary Resolution	<p>Unless any matter is expressly required pursuant to the Trust Deed to be approved by way of a Special Resolution, all such matters shall be capable of being approved by way of an Ordinary Resolution.</p>

12. RIGHTS OF THE RETAIL SUKUKHOLDERS (cont'd)

(xv)	Resolutions passed at meetings	A resolution passed at a meeting of the Sukukholders duly convened and held in accordance with the Trust Deed shall be binding upon all the Sukukholders, whether present or not at such meeting, and each of the Sukukholders and the Sukuk Trustee (subject to the provisions for its indemnity contained in the Trust Deed) shall be bound to give effect thereto accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances of any such resolution justify the passing thereof. The passing of any such resolution shall be notified to the Sukukholders and the Issuer by the Sukuk Trustee within seven (7) business days of the passing of such resolution.
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Subject to all other provisions contained in the Trust Deed, the Sukuk Trustee may without the consent of the Sukukholders prescribe such further regulations regarding the requisitioning and/or holding of meetings of Sukukholders and attendance and voting thereat as the Sukuk Trustee may in its sole discretion determine.

12.3 Events of Default and Enforcement Events

Events of Default and Enforcement Events, where applicable, including recourse available to investors:	<p><u>Dissolution Events in relation to the Issuer and the Obligor</u></p> <p><u>A. Issuer</u></p> <p>(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 and such default continues for a period of seven (7) business days;</p> <p>(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 Ihsan and/or any of the transaction documents proves to have been incorrect or misleading in any material respect on or as of the date made or given or deemed made or given, and in the case of a failure which in the reasonable opinion of the Sukuk Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of thirty (30) days after the Issuer became aware or having been notified by the Sukuk Trustee of the failure;</p> <p>(iii) The Issuer fails to observe or perform its obligations under any of the Transaction Documents or the Sukuk Ihsan or under any undertaking or arrangement entered into in connection therewith other than an obligation of the type referred to in paragraph (A.(i)) above, and in the case of a failure which in the reasonable opinion of the Sukuk Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of thirty (30) days after the Issuer became aware or having been notified by the Sukuk Trustee of the failure;</p> <p>(iv) Any indebtedness for borrowed moneys of the Issuer 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 is not discharged at maturity or when called or the Issuer goes into default under, or commits a breach of, any agreement or instrument relating to any such indebtedness, guarantee or other obligations, or any security created to secure such indebtedness becomes enforceable, provided that (i) such indebtedness, borrowed</p>
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12. RIGHTS OF THE RETAIL SUKUKHOLDERS *(cont'd)*

	<p>moneys, guarantee or security remain outstanding for ten (10) business days; (ii) the aggregate amount equals or exceeds US\$50,000,000 or its equivalent in another currency; and (iii) the Issuer is not contesting the relevant claim or declaration in good faith prior to an order or award being made;</p> <p>(v) An encumbrancer takes possession of, or a trustee, receiver, receiver and manager or similar officer is appointed in respect of the whole or any part of the business or assets of the Issuer, or distress, legal process, sequestration or any form of execution is levied or enforced or sued out against the Issuer which may have a Material Adverse Effect on the Issuer, or any security interest which may for the time being affect any of its assets becomes enforceable;</p> <p>(vi) The Issuer fails to satisfy any judgement passed against it by any court of competent jurisdiction and no appeal against such judgement or no application for a stay of execution has been made to any appropriate appellate court within the time prescribed by law or such appeal or application for a stay of execution has been dismissed;</p> <p>(vii) Any step is taken for the winding up, dissolution or liquidation of the Issuer or a resolution is passed for the winding up of the Issuer or a petition for winding up is presented against the Issuer and the Issuer has not taken any action in good faith to set aside such petition within sixty (60) days from the date of service of such winding up petition or a winding up order has been made against the Issuer;</p> <p>(viii) The Issuer convenes a meeting of its creditors or proposes or makes any arrangement including any scheme of arrangement or composition or begins negotiations with its creditors, or takes any proceedings or other steps, with a view to a 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 for the benefit of its creditors (other than for the purposes of and followed by a reconstruction previously approved in writing by the Sukuk Trustee, upon the instructions of the Sukukholders, unless during or following such reconstruction the Issuer becomes or is declared to be insolvent) or where a scheme of arrangement under Section 366 of the Act has been instituted against the Issuer;</p> <p>(ix) At any time any of the provisions of the transaction documents is or becomes illegal, void, voidable or unenforceable;</p> <p>(x) The Issuer repudiates any of the transaction documents;</p> <p>(xi) Any substantial part of the assets, undertakings, rights or revenue of the Issuer are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body;</p> <p>(xii) Where there is a revocation, withholding, invalidation or modification of any licence, authorization, approval or consent granted to or held by the Issuer which impairs or prejudices the Issuer's ability to comply with the terms and conditions of the Transaction Documents; or</p>
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12. RIGHTS OF THE RETAIL SUKUKHOLDERS (cont'd)

	<p>(xiii) Any event or events has or have occurred or a situation exists which in the opinion of the Sukuk Trustee may have a Material Adverse Effect on the Issuer, and in the case of the occurrence of such event or situation which in the opinion of the Sukuk Trustee is capable of being remedied, the Issuer does not remedy it within a period of thirty (30) days after the Issuer became aware or having been notified by the Sukuk Trustee of the event or situation.</p> <p><u>B. Obligor</u></p> <p>(i) The Obligor fails to pay any amount due from it under any of the transaction documents on the due date or, if so payable, on demand and such default continues for a period of seven (7) business days;</p> <p>(ii) Any step is taken for the winding up, dissolution or liquidation of the Obligor to the extent that a petition for winding up is presented against the Obligor and the Obligor has not taken any action in good faith to set aside such petition within sixty (60) days from the date of service of such winding up petition or a winding up order has been made against the Obligor, or the passing of any resolution for the winding up, dissolution or liquidation of the Obligor;</p> <p>(iii) The Obligor enters into a scheme of arrangement under Section 366 of the Act or any similar type of arrangement with the Obligor's creditor or such a scheme is instituted against or in respect of the Obligor (save and except pursuant to an internal reorganisation which has been approved by the Sukuk Trustee, upon the instructions of the Sukukholders);</p> <p>(iv) An encumbrancer takes possession or a receiver, liquidator or similar officer is appointed over the whole or a substantial part of the assets or undertaking of the Obligor;</p> <p>(v) The Obligor commits and breach of or omits to observe any of the obligations, undertakings or covenants expressed to be assumed by it under any of the transaction documents (other than a failure as referred to in paragraph (B.(i)) above and (except where the Sukuk Trustee reasonably considers that such default is not capable of remedy) (a) the same has not been remedied to the Sukuk Trustee's reasonable satisfaction within thirty (30) days of a written notice by the Sukuk Trustee requiring such remedy and (b) the Sukuk Trustee does not certify that such unremedied breach or omission is not materially prejudicial to the interests of the Sukukholders;</p> <p>(vi) Any indebtedness of the Obligor becomes enforceable or capable, in accordance with the relevant terms thereof, of being declared due prematurely by reason of a default by the Obligor in its obligations in respect of the same, or the Obligor fails to make any payment in respect thereof on the due date for such payment or when called or the security for any such indebtedness becomes enforceable, provided that (i) such indebtedness, borrowed moneys, guarantee or security remain outstanding for ten (10) business days; (ii) the aggregate amount equals or exceeds US\$50,000,000 or its equivalent in another currency; and (iii) the</p>
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12. RIGHTS OF THE RETAIL SUKUKHOLDERS (cont'd)

	<p>Obligor is not contesting the relevant claim or declaration in good faith prior to an order or award being made;</p> <p>(vii) Any consent, authorisation, licence, approval or registration with or declaration to governmental or public bodies or authorities or courts (if any) required by the Obligor to authorise or required by the Obligor in connection with the execution, issue, delivery, validity, enforceability or admissibility in evidence of any Transaction Document or the performance by the Obligor of its obligations under any Transaction Document as the case may be, is modified to such degree as would be prejudicial to the interest of any Sukukholder or is not granted or is revoked or terminated or expired and is not renewed or otherwise ceases to be in full force and effect; or</p> <p>(viii) The Minister of Finance (Incorporated), a body corporate incorporated pursuant to the Minister of Finance (Incorporation) Act 1957 ceases to own, directly or indirectly, all the shares of the Obligor save for one (1) share presently owned by Pesuruhjaya Tanah Persekutuan either by way of disposal or transfer of any share in the Obligor or issue any new share in the Obligor to other person.</p> <p>then, the Sukuk Trustee may, if so directed by a Special Resolution of the Sukukholders shall (subject to its rights to be indemnified to its satisfaction) declare (by giving notice to the Issuer and Obligor) that a Dissolution Event has occurred and the Sukuk Trustee is entitled to enforce its rights under the Transaction Documents, including requiring the Obligor to purchase the Tangible Assets and pay the Exercise Price under the Purchase Undertaking, and pay the outstanding amounts of the Deferred Sale Price (subject to the Ibra'). The Sukuk Trustee will use the proceeds thereof to redeem the Sukuk Ihsan at the Dissolution Distribution Amount.</p>
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12.4 Amendments, Waiver and Authorisations of the Sukuk Ihsan

<p>Amendments, Waiver and Authorisation of the Sukuk Ihsan</p>	<p>The Sukuk Trustee may at any time or times without the consent or sanction of the Sukukholders concur with the Issuer in making any modifications to the Trust Deed and the other Transaction Documents to which the Sukuk Trustee is a party which in the opinion of the Sukuk Trustee will not be materially prejudicial to the interests of the Sukukholders or is to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and it has informed the Sukukholders of such request in writing at least three (3) business days prior to giving its consent, Provided That:</p> <p>(i) if such modifications have any Shariah implications, the Issuer has referred such matters to the Joint Shariah Advisers; and</p> <p>(ii) the Sukuk Trustee shall not exercise its powers if it is directed not to do so by the Sukukholders by Special Resolution, or if it receives a request under to declare that the Sukuk Ihsan are immediately due and payable.</p> <p>If the Sukuk Trustee:</p> <p>(i) is satisfied that the interests of the Sukukholders will not thereby be</p>
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12. RIGHTS OF THE RETAIL SUKUKHOLDERS (cont'd)

	<p>materially prejudiced; or</p> <p>(ii) is authorised to do so by the Sukukholders by Special Resolution,</p> <p>the Sukuk Trustee may from time to time waive or authorise on such terms and conditions (if any) as shall seem expedient to the Sukuk Trustee any breach or proposed breach by Issuer or the Obligor of any of the covenants, conditions, provisions or obligations on either of their part contained in the Trust Deed and the other Transaction Documents to which the Sukuk Trustee is a party PROVIDED ALWAYS the Sukuk Trustee shall not exercise any powers conferred on it in contravention of any express direction given to it by the Sukukholders (such direction not being inconsistent with any of the express terms and conditions of the Trust Deed or the Sukuk Ihsan) but no such direction shall affect any such authorisation or waiver previously given or made. Any such waiver or authorisation shall be without prejudice to the rights of the Sukuk Trustee in respect of any subsequent breach thereof.</p> <p>Any amendment, waiver or determination by the Sukuk Trustee as the case may be, shall be conclusive and binds all the Sukukholders.</p> <p>Nothing in the Trust Deed implies or requires the Sukuk Trustee to seek the approval of the Sukukholders prior to making any determination or granting any waivers or authorisations or doing any act in the furtherance of its duties unless expressly stated in the Trust Deed.</p> <p>Any modification, waiver or authorisation shall be notified to the Sukukholders in writing as soon as practicable thereafter if, and only if, the Sukuk Trustee shall so require.</p>
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13. INFORMATION RELATING TO THE SUKUK TRUSTEE AND THE TRUST DEED**13.1 Information relating to the Sukuk Trustee****13.1.1 Powers of the Sukuk Trustee**

The Sukuk Trustee shall have all the powers conferred on trustees by the Trustee Act 1949 and by way of supplement to the Trustee Act 1949 and the CMSA and by way of supplemental thereto, it is expressly declared in the Trust Deed as follows:

- (a) the Sukuk Trustee is duly qualified to act as trustee under the CMSA;
- (b) the Sukuk Trustee may, in relation to the Trust Deed and the other Transaction Documents, engage and pay for the advice or services of, and rely and act on the opinion, certificate or advice of, or information obtained from, any lawyer, valuer, surveyor, auctioneer, banker, broker, accountant, auditor or other expert and, provided that the Sukuk Trustee has exercised reasonable care in the selection of such advisor or expert, the Sukuk Trustee shall not be responsible for any loss or damage of whatever nature whatsoever and howsoever occasioned by so acting;
- (c) any such opinion, certificate, advice or information may be sent or obtained by letter or facsimile transmission and the Sukuk Trustee shall not be liable for acting in good faith on any opinion, certificate, advice or information purporting to be conveyed by any such letter or facsimile transmission although the same shall contain some error or shall not be authentic;
- (d) the Sukuk Trustee shall not be responsible for any monies subscribed by the relevant investors for any Sukuk Ihsan, or be bound to see to the application thereof;
- (e) the Sukuk Trustee may call for and shall be at liberty to accept a certificate signed by any authorised signatory of the Issuer or the Obligor (as the case may be) as to any fact or matter on which the Sukuk Trustee in the exercise of the trusts, powers, duties, authorities, discretion and provisions of the Trust Deed may need or wish to be satisfied as sufficient evidence thereof and a like certificate relating to such subject matter, shall be treated as sufficient evidence that it is expedient and the Sukuk Trustee shall not be bound in any such case to call for further evidence nor be responsible for any loss that may be occasioned by its failing to do so or by its acting on any such certificate;
- (f) the Sukuk Trustee shall not be bound to give notice to any person of the execution of the Trust Deed or any other Transaction Documents nor shall it be liable for any failure, omission or defect in perfecting any rights conferred pursuant to the Trust Deed or the other Transaction Documents (other than in relation to itself) including, without prejudice to the generality of the foregoing, failure to obtain any licence, consent or other authority for the execution of the Trust Deed or the other Transaction Documents (other than in relation to itself);
- (g) with a view to facilitating dealings under any provisions of the Trust Deed or the other Transaction Documents, the Sukuk Trustee shall have full power prospectively to consent to any specified transaction conditionally on the same conforming to any specified conditions laid down or approved by the Sukuk Trustee;
- (h) the Sukuk Trustee shall have full power to determine as between itself and the Sukukholders all questions and doubts arising in relation to any of the provisions of the Trust Deed or the other Transaction Documents and every such determination whether made upon a question actually raised or implied in the acts or proceedings of the Sukuk Trustee shall be conclusive and shall bind the Sukuk Trustee and the Sukukholders;

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13. INFORMATION RELATING TO THE SUKUK TRUSTEE AND THE TRUST DEED (cont'd)

- (i) the Sukuk Trustee shall exercise reasonable diligence to ascertain based on the accounts, reports, certificates, circulars or opinions furnished to the Sukuk Trustee whether the Issuer or the Obligor has committed any breach of the Conditions, the Trust Deed or any other Transaction Document or whether any Dissolution Event has occurred or is continuing and in the case where a Dissolution Event has occurred and is continuing, the Sukuk Trustee shall exercise such rights and powers vested in it by the Trust Deed and use a reasonable degree of skill and diligence in exercising such rights and powers;
- (j) subject to the provisions in the Trust Deed, the Sukuk Trustee shall not be concerned with or liable or responsible for any consolidation, amalgamation or merger of the Issuer or the Obligor or any sale or transfer of all or substantially all of its assets or the form or substance of any plan relating thereto or the consequences thereof to any Sukukholders;
- (k) the Sukuk Trustee shall not be responsible for having acted in good faith upon any resolution purporting to have been passed at any meeting of the Sukukholders in respect whereof minutes have been made and signed by the chairman of such meeting even though it may subsequently be found that there was some defect in the constitution of such meeting or the passing of such resolution or that for any reason such resolution was not valid or binding upon the Sukukholders;
- (l) the Sukuk Trustee shall keep copies of the Trust Deed, the other Transaction Documents and any deeds or documents relating to the Trust Deed at its business office in Kuala Lumpur, Malaysia and such copies are available for inspection by the Sukukholders and the Sukukholders may request for a copy of any such documents subject to payment of a nominal fee. The Sukuk Trustee shall keep the original of the Trust Deed and the other Transaction Documents in a secure location in accordance with its usual operating procedures;
- (m) save as expressly provided in the Trust Deed, the Sukuk Trustee shall as between itself and the Sukukholders, as regards to all the duties, trusts, powers, authorities, rights and discretions vested in it by the Trust Deed and the other Transaction Documents, have absolute and uncontrolled discretion as to the exercise thereof and provided that it shall not have acted with negligence, wilful default or fraudulently, it shall be in no way responsible for any loss, costs, damages, expenses or inconvenience which may result from the exercise or non-exercise thereof and whenever the Sukuk Trustee is under the provisions of the Trust Deed and the other Transaction Documents bound to act at the request or direction of the Sukukholders by Special Resolution, the Sukuk Trustee shall nevertheless not be so bound unless first fully indemnified against all actions, proceedings, claims and demands to which it may render itself liable and all reasonable costs, reasonable charges, damages, reasonable expenses and liabilities which it may incur by so doing;
- (n) in circumstances where the Sukuk Trustee determines that it is impractical or inexpedient for the Sukuk Trustee to act personally, or where the Sukuk Trustee determines that any matter is not within its expertise, the Sukuk Trustee may, in the conduct of the trusts of the Trust Deed and the other Transaction Documents, instead of acting personally, employ and pay an agent, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Sukuk Trustee (including the receipt and payment of money) and any trustee for the time being of the Trust Deed and the other Transaction Documents, such agent being a lawyer, accountant, banker, broker, valuer, surveyor or other person engaged in any profession or business), shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him or any partner of his or by his firm in connection with such trusts and also his reasonable charges in addition to disbursements for all other work and business done and all time spent by him or his partner or firm on matters arising in connection with the Trust Deed and the other Transaction Documents, including matters which might or should have been attended to in person by a trustee not being engaged in any profession or business, and Provided That the Sukuk Trustee shall

13. INFORMATION RELATING TO THE SUKUK TRUSTEE AND THE TRUST DEED (cont'd)

act responsibly and not negligently in the selection of such expert and be bound to supervise the proceedings or acts of any such person;

- (o) it is agreed that:
- (i) upon occurrence of a Dissolution Event, whenever the Sukuk Trustee thinks fit, necessary or desirable; or
 - (ii) if no Dissolution Event has occurred, with the Issuer's and the Obligor's consent,

the Sukuk Trustee may delegate to any person or fluctuating body of persons all or any of the duties, trusts, powers, authorities, rights and discretion vested in the Sukuk Trustee by the Trust Deed and the other Transaction Documents and any such delegation may be by a power of attorney or in such other manner as the Sukuk Trustee may think fit and may be made upon such terms and conditions including power to sub-delegate, and subject to such regulations as the Sukuk Trustee may think fit, and Provided That the Sukuk Trustee has exercised reasonable care in the selection of such agent, the Sukuk Trustee shall not be in any way responsible for any loss incurred by reason of any misconduct or default on the part of such delegate or sub-delegate or be bound to supervise the proceedings or acts of any such person. The Sukuk Trustee shall, within a reasonable time of any such delegation or any renewal, extension or termination thereof, give notice thereof to the Sukukholders, the Issuer and the Obligor, and shall procure that any delegate shall give notice to the Sukukholders, the Issuer and the Obligor of any appointment of any sub-delegate;

- (p) the Sukuk Trustee shall not be liable to the Issuer, the Obligor or any of the Sukukholders by reason of having accepted as valid or not having rejected any Sukuk Ihsan purporting to be such and subsequently found to be forged, stolen or not authentic unless the Sukuk Trustee has prior express knowledge or has previously been expressly informed in writing of the forgery, theft or lack of authenticity of that Sukuk Ihsan;
- (q) the Sukuk Trustee may determine whether or not a failure to perform by the Issuer or the Obligor (as the case may be) of any obligation under the provisions of the Trust Deed or any other Transaction Document is in its opinion capable of remedy and/or is materially prejudicial to the interests of the Sukukholders and any such determination bona fide made shall be conclusive and binding upon the Sukukholders unless otherwise directed by the Sukukholders by Special Resolution;
- (r) any consent given by the Sukuk Trustee for the purposes of the Trust Deed and the other Transaction Documents may be given on such terms and conditions (if any) as the Sukuk Trustee reasonably thinks fit;
- (s) the Sukuk Trustee shall not (unless ordered so to do by a court of competent jurisdiction) be required to disclose to any Sukukholder any confidential, financial, price sensitive, or other information (save and except for such information (i) which are not confidential and (ii) which relate to an event that may lead to a Dissolution Event) made available to the Sukuk Trustee by the Issuer and the Obligor and no Sukukholder shall be entitled to take any action to obtain from the Sukuk Trustee any such information. For the avoidance of doubt, the Sukuk Trustee shall be authorised to disclose the terms of the Sukuk Ihsan and the audited financial statements of the Issuer and the Obligor to any Sukukholder;
- (t) the Sukuk Trustee shall provide necessary information to the Rating Agency upon the Rating Agency's reasonable inquiry over occurrence of the following material events in respect of the Sukuk Ihsan:
- (i) a declaration of a Dissolution Event by the Sukuk Trustee in accordance with the Trust Deed; and
 - (ii) a material breach of the terms of the Trust Deed or the other Transaction Documents which has been communicated by the Sukuk Trustee to the Sukukholders unless such breach would be or would have been remedied by

13. INFORMATION RELATING TO THE SUKUK TRUSTEE AND THE TRUST DEED (cont'd)

the Issuer or the Obligor (as the case may be) to the satisfaction of the Sukuk Trustee;

- (u) unless otherwise specified, any moneys which under the trusts in the Trust Deed or the other Transaction Documents contained ought to or may be invested by the Sukuk Trustee may be invested at the discretion of the Sukuk Trustee, in the name or under the control of the Sukuk Trustee in any Shariah-compliant investments for the time being authorised by Malaysian law for the investment by trustees of trust moneys or in any other investments, whether similar to the aforesaid or not which may be selected by the Issuer and approved by the Sukuk Trustee or by placing the same on deposit in the name or under the control of the Sukuk Trustee at such bank (including, if a banker, the Sukuk Trustee or any holding or subsidiary company of the Sukuk Trustee or any subsidiary company of any such holding company) as the Sukuk Trustee may think fit in such currency as the Sukuk Trustee may in its absolute discretion determine. Provided that the Sukuk Trustee shall not have acted with negligence, fraudulently or in wilful default, the Sukuk Trustee shall not be responsible for any loss occasioned thereby or resulting from the depreciation in value of any investment or otherwise as a result of any such investment or deposit, fluctuation in exchange rates or otherwise. Notwithstanding the discretion of the Sukuk Trustee to invest as set out in this sub-clause (u), if any payment by or on behalf of or from the Issuer is made to the Sukuk Trustee in same day funds in accordance with the provisions of the Trust Deed, the Issuer's obligation in respect of the payment shall be discharged to the extent of such payment;
- (v) in the exercise of its powers or discretions (including, without limitation, any modification, waiver, authorisation or substitution) the Sukuk Trustee shall have regard to the interest of the Sukukholders as a class and, in particular but without limitation, need not have regard to the tax or other consequences of the exercise of its trusts, powers or discretions for individual Sukukholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Sukuk Trustee shall not be entitled to require, nor shall any Sukukholder, be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence upon individual Sukukholders;
- (w) the Sukuk Trustee does not make any representation as to the validity, sufficiency, accuracy or enforceability of the Trust Deed and the other Transaction Documents or any part thereof (other than in respect of the validity, sufficiency, accuracy or enforceability of the Trust Deed against itself); and
- (x) the Sukuk Trustee shall be entitled to rely on the certificate of a duly authorised officer of any Sukukholder or the Registrar, as to the principal amount payable in respect of the Sukuk Ihsan due to it or on the records of RENTAS, Record of Depositors or any information provided by the Central Securities Depository or Bursa Depository as to the identity and entitlements of the Sukukholders and/or the amounts at any time due and payable by the Issuer to the Sukukholders.

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13. INFORMATION RELATING TO THE SUKUK TRUSTEE AND THE TRUST DEED (cont'd)**13.2 Information relating to the Trust Deed**

This Section discloses the salient terms of the Trust Deed and is not meant to be exhaustive. For full details of the Trust Deed, please refer to the Trust Deed which is available for inspection at the registered office of the Issuer.

The main terms of the Trust Deed are as follows:-

Issue of Sukuk Ihsan	<p>The Sukuk Ihsan may be issued:</p> <p>(i) at par; or</p> <p>(ii) at a discount;</p> <p>to the nominal value of the Sukuk Ihsan and the issue price of each Sukuk Ihsan shall be calculated in accordance with the formula as prescribed under the MyClear Rules and Procedures, the Rules and/or such rules and procedures issued by such other regulatory authorities as may be applicable from time to time, determined prior to each issuance of Sukuk Ihsan. The Sukuk Ihsan shall be issued with or without Periodic Distributions. In relation to the Sukuk Ihsan issued with Periodic Distributions, such Periodic Distribution which shall be made semi-annually and/or at such other frequency agreed by the Issuer and the lead manager prior to such issuance calculated on the basis of the actual number of days elapsed and 365 days in a year (actual/365 days).</p>
Manner of payment	<p>Subject to the provisions in the Trust Deed and the provisions of MyClear Rules and Procedures, the Rules or such other regulations as may be prescribed by BNM or Bursa Securities from time to time, the Issuer shall:</p> <p>(i) not later than 10.30 a.m. on each Scheduled Dissolution Date, pay the Dissolution Distribution Amount, due and payable in respect of the outstanding Sukuk on such Scheduled Dissolution Date;</p> <p>(ii) not later than 10.30 a.m. on each Periodic Distribution Date, pay the Periodic Distribution Amount specified in the Sukuk Ihsan then due (if applicable);</p> <p>to:</p> <p>(A) the specified account of the Facility Agent, in accordance with the MyClear Rules and Procedures or in accordance with the Rules, as the case may be; or</p> <p>(B) if the Global Certificates have been exchanged for Definitive Certificates, to each Sukukholder through the specified account of the relevant paying agent against surrender of the relevant Definitive Certificates.</p> <p>For the avoidance of doubt, all payments in respect of the Sukuk Ihsan will be made in Kuala Lumpur in Ringgit.</p> <p>For the purposes of this provision in the Trust Deed and subject always to the provisions of MyClear Rules and Procedures, the Rules and/or such rules and procedures issued by such other regulatory authorities as may be applicable from time to time, in the case of any payments to be made in accordance with this provision in the Trust Deed, if a payment is due on a day which is not a Business Day and is a Saturday, Sunday or an expected holiday, the payment shall be made on the preceding Business Day and if a payment date falls on a day</p>

13. INFORMATION RELATING TO THE SUKUK TRUSTEE AND THE TRUST DEED (cont'd)

	<p>which is an unexpected holiday, the payment shall be made on the next succeeding Business Day (irrespective of whether it falls in the next month or not).</p>
Form of Sukuk Ihsan	<p>Global Certificates</p> <p>(a) Unless and until the circumstances relating to the issuance of the Definitive Certificates as more particularly described in the Trust Deed shall occur, each tranche of the Sukuk Ihsan shall be represented by a Global Certificate issued in accordance with the Trust Deed.</p> <p>(b) The Issuer shall in respect of each tranche of Sukuk Ihsan, issue one (1) Global Certificate representing such Tranche with a nominal value as specified in the relevant issue request.</p> <p>(c) The Issuer shall comply with the provisions of the Global Certificate and the Conditions. The Global Certificate shall be held subject in all respects to the Conditions which shall be deemed to be incorporated therein and shall be binding upon the Issuer and the Sukukholders and all persons claiming through or under them respectively.</p> <p>(d) The Issuer shall issue and forward the duly executed Global Certificates so as to enable the Facility Agent to deliver the Global Certificates to the Central Securities Depository no later than three (3) business days prior to the relevant Issue Date or otherwise in accordance with the MyClear Rules and Procedures.</p> <p>(e) The Global Certificates shall be printed or typed and executed by way of common seal of the Issuer in accordance with the Constitution of the Issuer and have attached to it the Conditions and shall be authenticated by the Facility Agent.</p> <p>(f) The Global Certificates issued in accordance with the Trust Deed constitutes valid and binding obligations of the Issuer.</p> <p>Exchange for Definitive Certificates</p> <p>(a) A Sukukholder may, by giving at least thirty (30) days' prior written notice to the Issuer and the Sukuk Trustee, require the exchange of the Global Certificates for Definitive Certificates, if:</p> <p>(i) permitted to do so under the MyClear Rules and Procedures, the Rules and/or such rules and procedures issued by such other regulatory authorities as may be applicable from time to time;</p> <p>(ii) the Central Securities Depository ceases its role as the central securities depository, provided that the cessation of such role by the Central Securities Depository shall not take effect until the appointment of a new central securities depository; and</p> <p>(iii) the Sukukholders, by a Special Resolution request such exchange or if the Sukuk Trustee makes a declaration of Dissolution Event pursuant to the Trust Deed.</p> <p>(b) If a Sukukholder exercises its right to require the exchange of the Global Certificates for Definitive Certificates pursuant to the Trust Deed:</p> <p>(i) the Issuer shall:</p>

13. INFORMATION RELATING TO THE SUKUK TRUSTEE AND THE TRUST DEED (cont'd)

	<p>(1) as soon as practicable notify the Central Securities Depository of that fact;</p> <p>(2) as soon as practicable procure the appointment of a new central securities depository and paying agent and an issue agent (where applicable) for the Sukuk Ihsan and upon such appointment unless the context does not admit, references to "Central Securities Depository" and "Paying Agent" in the Trust Deed and all other Transaction Documents shall mean and be construed to apply to, the said new depository and paying agent; and</p> <p>(3) as soon as practicable after the expiry of the thirty (30) day period of notice prescribed by the Trust Deed (but not earlier than the date on which the new depository and paying agent is appointed) execute, procure the authentication of, and issue, the Definitive Certificates;</p> <p>(ii) the Issuer shall immediately after the execution, authentication and issuance of the Definitive Certificates:</p> <p>(1) cause such Definitive Certificates to be delivered by the issue agent to the new depository and paying agent appointed pursuant to the Trust Deed for the relevant Sukukholders; and</p> <p>(2) inform the Central Securities Depository that such Definitive Certificates have been delivered to the new depository and paying agent;</p> <p>(iii) the Central Securities Depository shall immediately after being so informed, cancel the Global Certificates and deliver them to the Sukuk Trustee;</p> <p>(iv) the Sukuk Trustee shall:</p> <p>(1) immediately upon receipt of the cancelled Global Certificates, destroy them; and</p> <p>(2) as soon as practicable after that, issue to the Issuer a certificate stating that the cancelled Global Certificates have been destroyed by the Sukuk Trustee.</p> <p>(c) Until the Global Certificates have been exchanged for the Definitive Certificates, a Sukukholder shall be entitled to the same rights and benefits under the Trust Deed as if it was the holder of Definitive Certificates.</p> <p>(d) After the Global Certificates are made available for exchange, and unless such exchange of the Global Certificates with the Definitive Certificates is delayed, or improperly withheld or refused, payments of amounts due on the Sukuk Ihsan shall be made only against presentation and surrender of the Definitive Certificates.</p> <p>(e) The Issuer shall bear all costs and expenses in relation to the issuance of Definitive Certificates.</p>
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13. INFORMATION RELATING TO THE SUKUK TRUSTEE AND THE TRUST DEED (cont'd)

	<p>Denomination and form of Definitive Certificates</p> <p>(a) The Definitive Certificates shall be issued in denominations of Ringgit One Hundred (RM100.00) each or in multiples of Ringgit One Thousand (RM1,000.00), or such other denominations as may be agreed between the Issuer and the Facility Agent at the time of issuance, subject to MyClear Rules and Procedures, the Rules and/or such rules and procedures issued by such other regulatory authorities as may be applicable from time to time. The Definitive Certificates shall be serially numbered.</p> <p>(b) The Definitive Certificates shall be signed manually or in facsimile on behalf of the Issuer by duly authorised signatory or signatories of the Issuer and shall have attached to them the Conditions.</p> <p>(c) The Issuer may use a facsimile signature of any person who, at the date of printing, is a duly authorised signatory notwithstanding the fact that the person has ceased to hold the relevant authority on the date of issue or delivery of the Definitive Certificates.</p> <p>(d) The Definitive Certificates executed in accordance with the Trust Deed constitute valid and binding obligations of the Issuer in accordance with their terms.</p> <p>Title to and ownership of Sukuk Ihsan</p> <p>(a) Title to the Sukuk Ihsan passes on delivery (if the Global Certificates have been exchanged for Definitive Certificates in accordance with the provisions in the Trust Deed) or as prescribed under the MyClear Rules and Procedures, the Rules and/or such rules and procedures issued by such other regulatory authorities as may be applicable from time to time, whereas the title to the Sukuk Ihsan (in the form of Global Certificates) is evidenced:</p> <p style="padding-left: 20px;">(i) by the records of BNM and the relevant SSDS Participants, in the case of Non Retail Sukuk Ihsan; and</p> <p style="padding-left: 20px;">(ii) the Record of Depositors, in the case of Retail Sukuk Ihsan.</p> <p>(b) Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Sukuk Trustee, the Facility Agent, the Paying Agent, the Central Securities Depository, Bursa Malaysia may deem and treat:</p> <p style="padding-left: 20px;">(i) in the case of Non Retail Sukuk Ihsan:</p> <p style="padding-left: 40px;">(1) the bearer of any Definitive Certificates; and</p> <p style="padding-left: 40px;">(2) each SSDS Participant who has for the time being a particular amount of the Non Retail Sukuk Ihsan credited to his Own Securities Account in the records of the Central Securities Depository, and in the case where a particular amount of the Non Retail Sukuk Ihsan is credited to an Aggregate Customers' Securities Account, the several persons being the beneficial owners of the Non Retail Sukuk Ihsan as evidenced by the records maintained by such SSDS Participant and authenticated in</p>
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13. INFORMATION RELATING TO THE SUKUK TRUSTEE AND THE TRUST DEED (cont'd)

	<p>a manner satisfactory to the Sukuk Trustee;</p> <p>(ii) in the case of Retail Sukuk Ihsan:</p> <p>(1) the bearer of any Definitive Certificates; and</p> <p>(2) each Depositor who has for the time being a particular amount of the Retail Sukuk Ihsan credited to its name in the Record of Depositors, and authenticated in a manner satisfactory to the Sukuk Trustee,</p> <p>as the absolute owner thereof for all purposes and notwithstanding any of the following:</p> <p>(1) the fact that the payment for the Sukuk Ihsan are overdue and outstanding;</p> <p>(2) any notation of ownership or other writing on the Sukuk Ihsan or notice of any previous loss or theft thereof or trust or other notice therein; or</p> <p>(3) any notice to the contrary,</p> <p>and shall not be required to obtain proof of ownership (other than, in the case of any person who is for the time being the beneficial owner of the Non Retail Sukuk Ihsan as evidenced by the records maintained by SSDS Participant in respect of its Aggregate Customers' Securities Account, authenticated in a manner satisfactory to the Sukuk Trustee or in the case of any person who is for the time being the beneficial owner of the Retail Sukuk Ihsan who has for the time being a particular amount of the Retail Sukuk Ihsan credited to its name in the Record of Depositors, and authenticated in a manner satisfactory to the Sukuk Trustee).</p> <p>(c) All payments made to any such Sukukholders shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for the moneys payable under the Sukuk Ihsan.</p>
<p>Exercise of Rights</p>	<p>Exercise upon instruction</p> <p>The Sukuk Trustee may at its discretion refrain from exercising any right, power or discretion vested in the Sukuk Trustee under the Trust Deed and the other Transaction Documents unless and until, subject to the provisions in the Trust Deed, instructed by the Sukukholders by Special Resolution as to whether or not such right, power or discretion is to be exercised and, if it is to be exercised, as to the manner in which it should be exercised.</p> <p>No Proceeding Directly</p> <p>No Sukukholder may proceed directly against the Issuer or the Obligor unless the Sukuk Trustee, having become bound to proceed pursuant to the provisions of the Trust Deed fails to do so within a period (which in any event shall not exceed thirty (30) days after the Sukuk Trustee is bound to proceed) and such failure is continuing. No Sukukholder will have any power to require the Sukuk Trustee to take any action otherwise than in accordance with this Deed or to take any action itself which the Sukuk Trustee would not be entitled to take under the Trust Deed or the Conditions.</p>

13. INFORMATION RELATING TO THE SUKUK TRUSTEE AND THE TRUST DEED (cont'd)

<p>Application of Proceeds and Authority</p>	<p>After the Transaction Documents have become immediately enforceable, the Sukuk Trustee shall hold all and any monies received by it under the Trust Deed and/or the other Transaction Documents upon trust for the Sukukholders and to apply the same in the following manner:</p> <ul style="list-style-type: none"> (a) FIRST, in or towards the payment of or provision for all reasonable costs, fees, charges and expenses properly incurred and liabilities incurred by the Sukuk Trustee, the Lead Arranger, the lead manager and the Facility Agent in or incidental to the exercise or performance of any power, right, discretion or authority conferred on them under the Trust Deed, the Sukuk Ihsan or the other Transaction Documents; (b) SECOND, in or towards the payment of any taxes, levies, duties or governmental charges imposed in connection with the Sukuk Ihsan; (c) THIRD, in respect of Sukuk Ihsan with Periodic Distribution, in or towards payment pari passu and rateably of all Periodic Distribution Amounts due and unpaid in respect of such Sukuk Ihsan; (d) FOURTH, in or towards payment pari passu and rateably of all arrears in amounts payable and unpaid in respect of the nominal value of the Sukuk Ihsan; and (e) FIFTH, in payment of the surplus (if any), without profit, to or to the order of the Investment Wakeel as incentive fee.
<p>Obligations of Sukuk Trustee</p>	<ul style="list-style-type: none"> (a) Subject to paragraph (b) below, the Sukuk Trustee shall be entitled, but not be bound to take any steps to enforce the performance of any provision of the Trust Deed and the other Transaction Documents unless: <ul style="list-style-type: none"> (i) expressly provided in the Trust Deed or the other Transaction Documents; or (ii) directed to do so by the Sukukholders by Special Resolution, <p>and only if it is first fully indemnified to its satisfaction by the Sukukholders directing it to act, against all actions, proceedings, claims and demands to which it may be or become liable and all reasonable costs, reasonable charges, damages and reasonable expenses which may be incurred by it in connection with that enforcement in the absence of negligence, fraud, wilful default or failure to exercise reasonable degree of care and diligence on the part of the Sukuk Trustee. Notwithstanding the above, the Sukuk Trustee may demand, prior to taking any such action, that they be paid in advance such sums as it reasonably considers (without prejudice to any further demand) shall be sufficient so as to indemnify it and on such demand being made the Issuer shall be obliged to make payment of such sums.</p> (b) In any legal proceedings by the Sukuk Trustee or a Sukukholder against the Issuer to enforce any obligation under the Trust Deed, or the other Transaction Documents, or under the Sukuk Ihsan, proof that the Issuer has defaulted in paying any amount due to a Sukukholder in respect of some or all of its Sukuk Ihsan is, unless the contrary be proved, sufficient

13. INFORMATION RELATING TO THE SUKUK TRUSTEE AND THE TRUST DEED (cont'd)

	<p>evidence that the Issuer has similarly defaulted as regards to all other Sukukholders whose Sukuk Ihsan are then due and payable.</p> <p>(c) Nothing in the Trust Deed or the Sukuk Ihsan should be construed as relieving, exempting or indemnifying the Sukuk Trustee from liability for:</p> <ul style="list-style-type: none"> (i) contravention of any provision in the CMSA or any other laws; (ii) breach of trust or fraud; (iii) failure to show reasonable degree of care and diligence required of it as a trustee; or (iv) breach of the terms of the Trust Deed or any of the other Transaction Documents. <p>(d) Notwithstanding anything to the contrary expressed or implied herein, the Trustee shall not:</p> <ul style="list-style-type: none"> (i) be bound to account to any Sukukholder for any sum or the profit element of any sum received by it for its own account whether in connection with the Trust Deed or otherwise; (ii) be bound to disclose to any other person any information relating to the Issuer if such disclosure would or might in its opinion constitute a breach of any law or regulation or be otherwise actionable at the suit of any person; or (iii) be under any obligations other than those for which express provision is made herein. <p>(e) Each of the Sukukholders agree that it will not assert or seek to assert against any director, officer or employee of the Sukuk Trustee any claim it might have against any of them in respect of the matters referred to in the Trust Deed.</p> <p>(f) Notwithstanding anything else herein contained, the Sukuk Trustee may refrain from doing anything which would or might in its opinion be contrary to any relevant law of any jurisdiction or any relevant directive or regulation of any agency of any state or which would or might otherwise render it liable to any person, and may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.</p>
Obligations of Sukukholder	<p>It is understood and agreed by each Sukukholder that:</p> <ul style="list-style-type: none"> (a) all purchases of the Sukuk Ihsan by it and any offer, sale or delivery of the Sukuk Ihsan purchased by it shall be on the terms of and subject to the restrictions set out in the Sukuk Ihsan and that each Sukukholder shall comply with such restrictions set out in the Sukuk Ihsan; (b) without prejudice to the provisions in the Trust Deed, each Sukukholder has obtained, or shall obtain, and shall maintain any consent, approval or permission required by it for the purchase, offer, sale, distribution or delivery by it of the Sukuk Ihsan under, and it has complied, and shall comply, with, the laws and regulations of every jurisdiction to which it is subject in relation to such purchase, offer, sale, distribution or delivery or in which it may make any such purchase, offer, sale, distribution or delivery; and

13. INFORMATION RELATING TO THE SUKUK TRUSTEE AND THE TRUST DEED (cont'd)

	<p>(c) save as provided in the provisions of the Trust Deed, each Sukukholder shall be solely responsible for making its own independent appraisal of and investigations into the financial condition, creditworthiness, affairs, status and nature of the Issuer and accordingly, each Sukukholder shall not be entitled to rely on the Sukuk Trustee:</p> <p>(i) to check or enquire on its behalf on the adequacy, accuracy or completeness of any information provided by the Issuer or any other person in connection with the Sukuk Ihsan or the transactions herein contemplated (whether or not such information has been or is hereafter circulated to such Sukukholder by the Sukuk Trustee);</p> <p>(ii) to check or enquire on its behalf on the adequacy, accuracy or completeness of any communication delivered to it in relation to the Sukuk Ihsan, any legal or other opinions, reports, valuations, certificates, appraisals or other documents delivered or made or required to be delivered or made at any time in connection with the Sukuk Ihsan or any other report or other document, statement or information circulated, delivered or made, whether orally or otherwise and whether before, on or after the date of the Trust Deed;</p> <p>(iii) to check or enquire on its behalf into the due execution, delivery, validity, legality, adequacy, suitability, performance, enforceability or admissibility in evidence of the Trust Deed or any other documents referred to in the provisions of the Trust Deed or any guarantee or indemnity given or created thereby or any obligations imposed thereby or assume thereunder; and</p> <p>(iv) to assess or keep under review on its behalf the financial conditions creditworthiness, conditions, affairs, status or nature of the Issuer.</p>
<p>Resignation of Sukuk Trustee</p>	<p>The Sukuk Trustee may at any time by giving not less than three (3) months' notice in writing, notify the Issuer, the Obligor, the Lead Arranger, the Sukukholders, the Facility Agent and the Paying Agent of its proposed resignation. After the giving of any such notice of proposed resignation, the Issuer shall in writing appoint a successor as trustee (such successor which shall be a trustee corporation for the purposes of the CMSA and qualified as a trustee under the CMSA and shall be approved by the Sukukholders by way of a Special Resolution). If such successor has not accepted in writing the appointment within thirty (30) days after the notice of proposed resignation, the Sukuk Trustee may, within a further thirty (30) days appoint, on behalf of the Sukukholders, a successor which shall be a trustee corporation for the purposes of the CMSA and qualified as a trustee with an office in Kuala Lumpur and shall be approved by the Sukukholders by way of an Ordinary Resolution. Upon the written acceptance by a successor of its appointment and notification of such appointment to the Issuer and the Sukukholders in accordance with the provisions of the Sukuk Ihsan:</p> <p>(i) such successor shall become bound by all the obligations of the Sukuk Trustee and become entitled to all the rights, privileges, powers, authorities and discretions of the Sukuk Trustee hereunder without prejudice however to any liabilities which the retiring Sukuk Trustee may have incurred prior to its</p>

13. INFORMATION RELATING TO THE SUKUK TRUSTEE AND THE TRUST DEED (cont'd)

	<p>resignation;</p> <p>(ii) the appointment of the retiring Sukuk Trustee shall terminate;</p> <p>(iii) the retiring Sukuk Trustee shall after the aforesaid resignation be discharged from any further liability or obligation under the Trust Deed and the other Transaction Documents to which it is a party but without prejudice to any antecedent breach of those documents by the retiring Sukuk Trustee prior to the termination of its appointment;</p> <p>(iv) the retiring Sukuk Trustee shall refund to the Issuer the relevant portion of fees paid to the Sukuk Trustee by the Issuer which relates to such period for which the Sukuk Trustee's fees has been paid in advance;</p> <p>(v) the provisions of the Trust Deed and the other Transaction Documents shall continue in effect for the benefit of any retiring Sukuk Trustee in respect of any actions taken or omitted to be taken by it or by any event occurring before the termination of its appointment; and</p> <p>(vi) the retiring Sukuk Trustee shall deliver to the new trustee the Trust Deed and the other Transaction Documents to which it is a party held in its possession and upon such delivery shall cease to have any further liability or obligation in relation to the Trust Deed and the other Transaction Documents.</p>
<p>Removal of Sukuk Trustee</p>	<p>Removal by Sukukholders</p> <p>Without prejudice to the right to remove the Sukuk Trustee in law given to the Sukukholders, the Sukukholders shall have the power exercisable by a Special Resolution of the Sukukholders to remove the Sukuk Trustee at any time by giving notice in writing of such removal to the Issuer and the Sukuk Trustee and thereupon, the provisions of the Trust Deed relating to the appointment of a successor to the Sukuk Trustee shall, <i>mutatis mutandis</i>, apply as if each reference to the retiring Sukuk Trustee were a like reference to the Sukuk Trustee so removed by the Sukukholders.</p> <p>Removal by Issuer</p> <p>The Issuer shall have the right to remove the Sukuk Trustee (subject to the approval of the Sukukholders by Special Resolution) by giving notice in writing of such removal to the Sukuk Trustee and copied to the Facility Agent, the Lead Arranger and the Paying Agent and thereupon, the provisions of the Trust Deed relating to the appointment of a successor to the Sukuk Trustee shall, <i>mutatis mutandis</i>, apply as if each reference to the retiring Sukuk Trustee were a like reference to the Sukuk Trustee so removed by the Issuer.</p> <p>For the avoidance of doubt, no resignation shall take effect unless a successor trustee has been appointed in the manner provided in the Trust Deed.</p>

14. EXPERT'S REPORT

14.1 Summary of the Shariah pronouncements from the Joint Shariah Advisers

Joint Shariah Adviser	Summary of Shariah pronouncements dated 6 July 2017
Amanie Advisors Sdn Bhd	Having reviewed the structure, mechanism and the Shariah considerations contained therein, we hereby confirm that the Retail Sukuk Ihsan is in compliance with the Shariah principles and is an allowable sukuk under Shariah, subject to satisfactory documentation and proper execution of the same.
CIMB Islamic	Given the prevailing circumstances and the jurisdiction under which the Issuer is established, the structure and mechanism as set out above are acceptable within the principles of Shariah, subject to satisfactory documentation and proper execution of the same.

Please see Appendix 3 for the Shariah pronouncements in relation to the issuance of Retail Sukuk Ihsan.

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15. DISCLOSURES

15.1 Disclosures by the Issuer and Khazanah

There are no significant changes that have occurred which may have a material adverse effect on the financial position and results of Khazanah or the Issuer, respectively, since the date of the most recent (i) annual audited financial statements, or (ii) in the case of the Issuer, interim audited financial statements if any, in either case up to the LPD before the date of issue of this Prospectus.

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16. CONSENTS

16.1 Consents

The written consents of the Obligor, Company Secretaries of the Issuer, Principal Adviser, Lead Arranger, Joint Lead Managers, Facility Agent, Rating Agency, Sukuk Trustee, Joint Shariah Advisers, Solicitor, Issuing House and Registrar as set out in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of Yayasan AMIR for the inclusion of its name in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of the Paying Agent is not required as the Retail Sukuk Ihsan are issued on a scripless basis, deposited and settled in RENTAS. As such, pursuant to the Central Securities Depository and Paying Agency Rules - May 2017 issued by BNM and MyClear, only BNM may act as the Paying Agent for the Retail Sukuk Ihsan.

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17. DOCUMENTS AVAILABLE FOR INSPECTION

17.1 Documents available for inspection

Copies of the following documents may be inspected at the Issuer's registered office at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur during office hours for a period of 12 months from the date of this Prospectus:

- (a) the Constitution of the Issuer and Khazanah;
- (b) the Trust Deed as referred to in Sections 12 and 13 of this Prospectus;
- (c) the credit rating report of the Sukuk Programme as referred to in Section 4.4 of this Prospectus;
- (d) the Shariah pronouncements as referred to in Section 3 and Section 14 of this Prospectus;
- (e) the letters of consent referred to in Section 16 of this Prospectus;
- (f) the audited financial statements of the Issuer for the FYEs 2015 and 2016; and
- (g) the audited financial statements of Khazanah and its Group for the FYEs 2014, 2015 and 2016.

Copies of the following documents may be inspected at the Issuer's registered office at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur during office hours for a period of 12 months from the issue date of the Retail Sukuk Ihsan:

- (a) the programme agreement;
- (b) the subscription agreement; and
- (c) the securities lodgement form.

In relation to the Islamic principle of Wakalah Bi Al-Istithmar:

- (a) the Wakalah Agreement;
- (b) the sub-wakalah agreement,
- (c) the master asset purchase agreement;
- (d) the substitution agreement;
- (e) the Purchase Undertaking;
- (f) the power of attorney;
- (g) the Commodity Murabahah Master Agreement;
- (h) the asset purchase agreement;
- (i) the purchase order;
- (j) the commodity trading participant ("CTP") purchase agreement;
- (k) the sale and purchase agreement; and
- (l) the CTP sale agreement.

18. RESPONSIBILITY STATEMENTS

18.1 Directors' Responsibility Statements

The directors of the Issuer have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this prospectus false or misleading.

The directors of Khazanah have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this prospectus false or misleading.

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE

19.1 Opening and closing of applications

OPENING OF THE RETAIL OFFERING: 10.00 A.M., 13 July 2017

CLOSING OF THE RETAIL OFFERING: 5.00 P.M., 26 July 2017

Applications for the Retail Offering will open and close at the dates stated above or such other date or dates as the Issuer's Directors and Khazanah's Executive Committee in their absolute discretion may decide. If the closing date and/or time of the Retail Offering is extended, the dates for the balloting and allotment of the Retail Sukuk Ihsan, and the Listing will be extended accordingly. Any such extension will be announced via FAST or on Bursa Securities.

Late applications will not be accepted.

Copies of the Application Form together with this Prospectus may be obtained, subject to availability, from the Issuing House, and selected branches of the Participating Financial Institutions as set out in Section 20 ("Selected Branches").

19.2 Methods of application and category of investors

19.2.1 Application for the Retail Sukuk Ihsan under the Retail Offering

Applications for the Retail Sukuk Ihsan pursuant to the Retail Offering may be made using any of the following ways:

<u>Type of Application Form</u>	<u>Category of investors</u>
Application Form or Electronic Retail Sukuk Ihsan Application ⁽¹⁾ or Internet Retail Sukuk Ihsan Application ⁽²⁾	Malaysian Public (for individuals)
Application Form only	Malaysian Public (for non-individuals e.g. corporations, institutions, etc.)

Notes:

- (1) The following processing fee* per Electronic Retail Sukuk Ihsan Application will be charged by the respective Participating Financial Institution:
 - (i) CIMB Bank Berhad – RM2.50;
 - (ii) Malayan Banking Berhad – RM1.00;
 - (iii) RHB Bank Berhad – RM2.50; or
- (2) The following processing fee* per Internet Retail Sukuk Ihsan Application will be charged by the respective Internet Participating Financial Institution:
 - (i) CIMB (www.eipocimb.com) – RM2.00 per Internet Retail Sukuk Ihsan Application for payment via CIMB Bank Berhad or Malayan Banking Berhad;
 - (ii) CIMB Bank Berhad (www.cimbclicks.com.my) – RM2.00 for applicants with CDS accounts held with CIMB and RM2.50 for applicants with CDS accounts with other ADAs;
 - (iii) Maybank (www.maybank2u.com) – RM1.00 per Internet Retail Sukuk Ihsan Application;
 - (iv) RHB Bank Berhad (www.rhbgroup.com) – RM2.50 per Internet Retail Sukuk Ihsan Application.

Sub Notes:

* the processing fees exclude GST, which must be borne by the applicants.

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

Applications must be made in relation to and subject to the terms of this Prospectus.

19.2.2 Eligibility

You can only apply for the Retail Sukuk Ihsan if you fulfil all of the following:

- (i) You must have a CDS account. If you do not have a CDS account, you are required to open a CDS account at any ADAs. You may open a CDS account by contacting the following Participating Financial Institutions who are ADAs:
 - (a) CIMB Investment Bank Berhad;
 - (b) Maybank Investment Bank Berhad; or
 - (c) RHB Investment Bank Berhad.
- (ii) You must be one of the following:
 - (a) a Malaysian citizen who has attained 18 years of age as at the closing date of the Retail Offering with a Malaysian address; or
 - (b) a corporation / institution incorporated in Malaysia where there is a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a body corporate, society, co-operative, or institution established or operating in Malaysia.

We will not accept applications from trustees, persons under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations / institutions referred to in (ii)(b) or (c) above or the trustees thereof; and
- (iii) You must not be a director or employee of the Issuing House or their immediate family members.

19.3 Procedures for application by way of Application Form

Each application for the Retail Sukuk Ihsan under the Retail Offering must be made on the correct Application Form issued together with this Prospectus and must be completed in accordance with the notes and instructions contained in the Application Form. The Application Form together with the notes and instructions shall accompany this Prospectus. Applications which do not conform **STRICTLY** to the terms of this Prospectus or the Application Form or notes and instructions or which are illegible may not be accepted at the absolute discretion of the Issuer's Directors and Khazanah's Executive Committee.

Full instructions for the application for the Retail Sukuk Ihsan and the procedures to be followed are set out in the Application Form. All applicants are advised to read the Application Form and the notes and instructions contained there carefully.

The Malaysian Public should follow the following procedures in making their applications under the Retail Offering.

Step 1: Obtain application documents

Obtain the relevant Application Form together with the Official "A" and "B" envelopes and this Prospectus.

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

The Application Form can be obtained from the selected branches of the Participating Financial Institutions, subject to availability, of the following:

- (i) CIMB Bank Berhad;
- (ii) CIMB;
- (iii) Maybank;
- (iv) Maybank IB;
- (v) RHB Bank Berhad; and
- (vi) RHB IB.

Step 2: Read this Prospectus

In accordance with subsection 232(2) of the CMSA, the Application Form is accompanied by this Prospectus. You are advised to read and understand this Prospectus before making your application.

Step 3: Complete the relevant Application Form

Complete the relevant Application Form legibly and **STRICTLY** in accordance with the notes and instructions printed on it and in this Prospectus.

(i) Personal particulars

You must ensure that your personal particulars submitted in your application are identical with the records maintained by Bursa Depository. You are required to inform Bursa Depository promptly of any changes to your personal particulars.

If you are an individual and you are not a member of the armed forces or police, the name and national registration identity card ("**NRIC**") numbers must be the same as:

- your NRIC; or
- any valid temporary identity document issued by the National Registration Department from time to time; or
- your "Resit Pengenalan Sementara (KPPK 09)" issued pursuant to Peraturan 5(5), Peraturan-Peraturan Pendaftaran Negara 1990.

If you are a member of the armed forces or police, your name and your armed forces or police personnel number, as the case may be, must be exactly as that stated in your authority card.

For corporations/institutions, the name and certificate of incorporation numbers must be the same as that stated in the certificate of incorporation or notice of registration or the certificate of change of name or notice of registration of new name, where applicable.

(ii) CDS account number

You must state your CDS account number in the space provided in the Application Form. Invalid or nominee or third party CDS accounts will **not** be accepted.

(iii) Details of payment

You must state the details of your payment in the appropriate boxes provided in the Application Form.

(iv) Number of Retail Sukuk Ihsan applied

Applications must be for at least a minimum subscription of ten (10) units, and in multiples of ten (10) units of Retail Sukuk Ihsan thereafter for applicants using the Application Form. The nominal value of ten (10) units of Retail Sukuk Ihsan is RM1,000 and the nominal value for one (1) unit of Retail Sukuk Ihsan is RM100.

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**Step 4: Prepare appropriate form of payment**

You must prepare the correct form of payment in RM for the FULL amount payable based on the Retail Price, which is 100% of the nominal value of the Retail Sukuk Ihsan being subscribed.

Payment must be made out in favour of “MIH Unit Account Number 584” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address. Only the following forms of payment will be accepted:

- (i) Banker’s Draft or Cashier’s Order purchased within Malaysia only and drawn on a bank in Kuala Lumpur;
- (ii) Money Order or Postal Order (for applicants from Sabah and Sarawak only); or
- (iii) Guaranteed Giro Order (“**GGO**”) from Bank Simpanan Nasional Malaysia Berhad.

We will not accept applications with excess or insufficient remittances or inappropriate forms of payment. Remittances must be completed in the appropriate boxes provided in the Application Form.

Step 5: Finalise application

Insert the relevant Application Form together with payment and a legible photocopy of your identification document (NRIC) / valid temporary identity document issued by the National Registration Department / “Resit Pengenalan Sementara (KPPK 09)” / authority card for armed forces or police personnel / certificate of incorporation or notice of registration or certificate of change of name or notice of registration of new name for corporate or institutional applicant or passport (where applicable) into the Official “A” envelope and seal it. You must write your name and address on the outside of the Official “A” and “B” envelopes.

The name and address written must be identical to your name and address as per your NRIC / valid temporary identity document issued by the National Registration Department / “Resit Pengenalan Sementara (KPPK 09)” / authority card for armed forces or police personnel / certificate of incorporation or notice of registration or the certificate of change of name or notice of registration of new name for corporate or institutional applicant or passport (where applicable).

Affix an 80 sen stamp on the Official “A” envelope and insert the Official “A” envelope into the Official “B” envelope.

Step 6: Submit application

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd (258345-X)
 Level 6, Symphony House
 Pusat Dagangan Dana 1
 Jalan PJU 1A/46
 47301 Petaling Jaya
 Selangor Darul Ehsan

or

P.O. Box 8269
 Pejabat Pos Kelana Jaya
 46785 Petaling Jaya

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan,

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

so as to arrive not later than 5.00 p.m. on 26 July 2017, or such later date or dates as the Issuer's Directors and Khazanah's Executive Committee in their absolute discretion may decide.

The Issuer and Khazanah, together with the Issuing House will not issue any acknowledgement of the receipt of your Application Form or application monies. Please direct all your enquiries in respect of the Application Form to the Issuing House.

19.4 Procedures for application by way of Electronic Retail Sukuk Ihsan Applications

Only Malaysian individuals may apply for the Retail Sukuk Ihsan by way of Electronic Retail Sukuk Ihsan Application in respect of the Retail Sukuk Ihsan made available to the Malaysian Public.

19.4.1 Steps for Electronic Retail Sukuk Ihsan Applications through a Participating Financial Institution's ATM

- (i) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for the Retail Sukuk Ihsan at an ATM belonging to other Participating Financial Institutions;
- (ii) You must have a CDS account;
- (iii) You are advised to read and understand this Prospectus before making the application; and
- (iv) You may apply for the Retail Sukuk Ihsan via the ATM of the Participating Financial Institution by choosing the Electronic Retail Sukuk Ihsan Application option. Mandatory statements required in the application are set out in Section 19.4.3 of this Prospectus. You are to submit at least the following information through the ATM, where the instructions on the ATM screen, require you to do so:
 - (a) Personal Identification Number (PIN);
 - (b) MIH Unit Account Number 584;
 - (c) Your CDS account number;
 - (d) Number of Retail Sukuk Ihsan applied for and/or the RM amount to be debited from the account; and
 - (e) Confirmation of several mandatory statements as set out in Section 19.4.3 of this Prospectus.

19.4.2 Participating Financial Institutions

Electronic Retail Sukuk Ihsan Applications may be made through an ATM of the following Participating Financial Institutions and their branches:

- (i) CIMB Bank Berhad;
- (ii) Malayan Banking Berhad; or
- (iii) RHB Bank Berhad.

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

19.4.3 Terms and Conditions of Electronic Retail Sukuk Ihsan Applications

The procedures for Electronic Retail Sukuk Ihsan Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (“**Steps**”), similar to the steps set out in Section 19.4.1 of this Prospectus. The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Retail Sukuk Ihsan Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Retail Sukuk Ihsan Applications set out below before making an Electronic Retail Sukuk Ihsan Application.

You must have a CDS account to be eligible to use the Electronic Retail Sukuk Ihsan Application. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted.

Upon the completion of your Electronic Retail Sukuk Ihsan Application transaction at the ATM, you will receive a computer-generated transaction slip (“**Transaction Record**”), confirming the details of your Electronic Retail Sukuk Ihsan Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Retail Sukuk Ihsan Application or any data relating to such an Electronic Retail Sukuk Ihsan Application by the Issuer, the Obligor or the Issuing House. The Transaction Record is for your records and should not be submitted with any Application Form.

Upon the closing of the Retail Offering on 26 July 2017 at 5.00 p.m. (“**Closing Date and Time**”), the Participating Financial Institutions shall submit a magnetic tape containing their respective customers’ applications for the Retail Sukuk Ihsan to the Issuing House as soon as practicable but not later than 12.00 p.m. of the second Market Day after the Closing Date and Time.

You will be allowed to make only one (1) application and shall not make any other application for the Retail Sukuk Ihsan under the Retail Offering, whether at the ATMs of any Participating Financial Institution or using Internet Retail Sukuk Ihsan Application or using the Application Form.

YOU MUST ENSURE THAT YOU USE YOUR OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC RETAIL SUKUK IHSAN APPLICATION. IF YOU OPERATE A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION, YOU MUST ENSURE THAT YOU ENTER YOUR OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR OWN NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE ABOVE.

The Electronic Retail Sukuk Ihsan Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below and in Section 19.6 of this Prospectus:

- (i) Your Electronic Retail Sukuk Ihsan Application shall be made in relation to and subject to the terms of this Prospectus.
- (ii) You are required to confirm the following statements (by pressing predesignated keys (or buttons) on the ATM keyboard) and undertake that the following information given are true and correct:
 - (a) You have attained 18 years of age as at the Closing Date and Time;
 - (b) You are a Malaysian citizen residing in Malaysia;
 - (c) You have read this Prospectus and understood and agreed with the terms and conditions of the application;
 - (d) This is the only application that you are submitting; and

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

- (e) You give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to the Issuing House and any other relevant authorities.

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institutions. By doing so, you shall be deemed to have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 134 of the Financial Services Act 2013 and Section 45 of the SICDA to the disclosure by the relevant Participating Financial Institutions or Bursa Depository, as the case may be, of any of your particulars to the Issuing House, or any relevant regulatory bodies.

- (iii) **You confirm that you are not applying for the Retail Sukuk Ihsan as a nominee of any other person and that the Electronic Retail Sukuk Ihsan Application that you make is made by you as the beneficial owner. You shall only make one (1) Electronic Retail Sukuk Ihsan Application and shall not make any other application for the Retail Sukuk Ihsan under the Retail Offering, whether at the ATMs of any Participating Financial Institution or using Internet Retail Sukuk Ihsan Application or on any prescribed Application Form.**
- (iv) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time the Electronic Retail Sukuk Ihsan Application is made, failing which the Electronic Retail Sukuk Ihsan Application will not be completed. Any Electronic Retail Sukuk Ihsan Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Retail Sukuk Ihsan Application is being made, will be rejected.
- (v) You agree and undertake to purchase and to accept the number of Retail Sukuk Ihsan applied for as stated on the Transaction Record or any lesser number of Retail Sukuk Ihsan that may be allotted to you in respect of the Electronic Retail Sukuk Ihsan Application. If the Issuer decides to allot or allocate a lesser number of such Retail Sukuk Ihsan or not to allot or allocate any Retail Sukuk Ihsan to you, you agree to accept any such decision as final. If the Electronic Retail Sukuk Ihsan Application is successful, your confirmation (by your action of pressing the predesignated keys (or buttons) on the ATM keyboard) of the number of Retail Sukuk Ihsan applied for shall signify, and shall be treated as, your acceptance of the number of Retail Sukuk Ihsan that may be allotted to you.
- (vi) The Issuing House, on the authority of the Issuer's Board or the Khazanah's Executive Committee, reserves the right not to accept any Electronic Retail Sukuk Ihsan Application or accept any Electronic Retail Sukuk Ihsan Application in whole or in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting the Retail Sukuk Ihsan to a reasonable number of applicants with a view to establishing a liquid and adequate market for the Retail Sukuk Ihsan.
- (vii) Where an Electronic Retail Sukuk Ihsan Application is unsuccessful or successful in part only, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful applications. If your Electronic Retail Sukuk Ihsan Application is unsuccessful the relevant Participating Financial Institution will credit the full amount of the application monies (without interest or any share of revenue or benefit arising therefrom) into your account with that Participating Financial Institution within two (2) Market Days after the receipt of confirmation from the Issuing House. The Issuing House shall inform the Participating Financial Institutions of the

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

unsuccessful or partially successful applications within two (2) Market Days after the balloting date. You may check your account on the fifth (5th) Market Day from the balloting date.

If your Electronic Retail Sukuk Ihsan Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies (without interest or any share of revenue or benefit arising therefrom) into your account with the Participating Financial Institution within two (2) Market Days after the receipt of confirmation from the Issuing House. A number of applications will, however, be held in reserve to replace any successfully balloted applications, which are subsequently rejected. For such applications, which are subsequently rejected, the application monies (without interest or any share of revenue or benefit arising therefrom) will be refunded to applicants by the Issuing House by crediting into your account with the Participating Financial Institution no later than ten (10) Market Days from the balloting date.

Should you encounter any problems in your application, you may refer to the Participating Financial Institutions.

- (viii) You request and authorise us to credit the Retail Sukuk Ihsan allotted to you into your CDS account.
- (ix) You acknowledge that your Electronic Retail Sukuk Ihsan Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the Issuer's control, the Issuing House, Bursa Depository or the Participating Financial Institution and irrevocably agree that if:
 - (a) the Issuer, Khazanah or the Issuing House does not receive your Electronic Retail Sukuk Ihsan Application; and
 - (b) the data relating to your Electronic Retail Sukuk Ihsan Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to the Issuer or Issuing House,
 you shall be deemed not to have made an Electronic Retail Sukuk Ihsan Application and shall not make any claim whatsoever against the Issuer, Issuing House or the Participating Financial Institution for the Retail Sukuk Ihsan applied for or for any compensation, loss or damage.
- (x) All of your particulars in the records of the relevant Participating Financial Institution at the time of making the Electronic Retail Sukuk Ihsan Application shall be deemed to be true and correct, and the Issuer, the Obligor, the Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (xi) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Retail Sukuk Ihsan Application is liable to be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allotment will be sent to your registered address last maintained with Bursa Depository.
- (xii) By making and completing an Electronic Retail Sukuk Ihsan Application, you agree that:
 - (a) in consideration of the Issuer and Khazanah agreeing to allow and accept the making of any application for Retail Sukuk Ihsan via the Electronic Retail Sukuk Ihsan Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Retail Sukuk Ihsan Application is irrevocable;

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

- (b) we, the Participating Financial Institutions, Bursa Depository and the Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Retail Sukuk Ihsan Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our/their control;
 - (c) notwithstanding the receipt of any payment by or on behalf of the Issuer, the acceptance of your offer to subscribe for and purchase the Retail Sukuk Ihsan for which the Electronic Retail Sukuk Ihsan Application has been successfully completed shall be constituted by the issue of notices of allotment in respect of the said Retail Sukuk Ihsan;
 - (d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the Retail Sukuk Ihsan allocated to you; and
 - (e) you agree that in relation to any legal action, proceedings or disputes arising out of or in relation to the contract between the parties and/or the Electronic Retail Sukuk Ihsan Application and/or any terms here, all rights, obligations and liabilities of the parties to the Retail Offering shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies of Malaysia and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (xiii) If you are successful in your application, the Issuer's Directors and Khazanah's Executive Committee reserve the right to require you to appear in person at the registered office of the Issuing House within fourteen (14) days of the date of the notice issued to you prior to the listing of and quotation of the Retail Sukuk Ihsan on the Main Market of Bursa Securities to ascertain the genuineness and validity of your application. The Issuer's Directors and Khazanah's Executive Committee shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (xiv) The Issuing House, on the authority of the Issuer's Directors and Khazanah's Executive Committee reserves the right to reject applications which do not conform to these instructions.

19.5 Procedures for application by way of Internet Retail Sukuk Ihsan Applications

Only Malaysian individuals may use the Internet Retail Sukuk Ihsan Application to apply for the Retail Sukuk Ihsan.

Please read carefully and follow the terms of this Prospectus, the procedures, terms and conditions for Internet Retail Sukuk Ihsan Application and the procedures set out on the internet financial services website of the Internet Participating Financial Institution before making an Internet Retail Sukuk Ihsan Application.

Internet Participating Financial Institution

Internet Retail Sukuk Ihsan Applications may be made through an internet financial services website of the following Internet Participating Financial Institutions:

- (i) CIMB Bank Berhad;
- (ii) CIMB Investment Bank Berhad;
- (iii) Malayan Banking Berhad; or

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

(iv) RHB Bank Berhad.

Step 1: Set up of account

Before making an application by way of Internet Retail Sukuk Ihsan Application, you **must have all** of the following:

- (i) an existing account with access to internet financial services with:
 - (a) CIMB Bank Berhad at www.cimbclicks.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
 - (b) CIMB at www.eipocimb.com; or
 - (c) Malayan Banking Berhad at www.maybank2u.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
 - (d) RHB Bank Berhad at www.rhbgroup.com (via hyperlink to Bursa Securities' website at www.bursamalaysia.com).

You need to have your user identification and PIN / password for the internet financial services facility; and

- (ii) an individual CDS account registered in your name (and not in a nominee's name) and in the case of a joint account an individual CDS account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS account registered in the joint account holder's name.

Step 2: Read this Prospectus

You are advised to read and understand this Prospectus before making your application.

Step 3: Apply through internet

The following steps for an application of the Retail Sukuk Ihsan via Internet Retail Sukuk Ihsan Application have been set out for illustration purposes only.

PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET RETAIL SUKUK IHSAN APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION MAY DIFFER FROM THE STEPS OUTLINED BELOW.

- (i) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have an account;
- (ii) Log in to the internet financial services facility by entering your user identification and PIN / password;
- (iii) Navigate to the section of the website on applications in respect of the Retail Offering;
- (iv) Select the counter in respect of the Retail Sukuk Ihsan to launch the Electronic Prospectus and the terms and conditions of the Internet Retail Sukuk Ihsan Application;
- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions;
- (vi) At the next screen, complete the online application form;
- (vii) Check that the information contained in the online application form, such as the counter, NRIC number, CDS account number, number of Retail Sukuk Ihsan applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form;
- (viii) After selecting the designated hyperlink on the screen, you will have to confirm and undertake that the following mandatory statements are true and correct:
 - (a) You have attained 18 years of age as at the Closing Date and Time;
 - (b) You are a Malaysian citizen residing in Malaysia;

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

- (c) You have, prior to making the Internet Retail Sukuk Ihsan Application, received and/or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;
- (d) You agree to all the terms and conditions of the Internet Retail Sukuk Ihsan Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus, before making the Internet Retail Sukuk Ihsan Application;
- (e) Your Internet Retail Sukuk Ihsan Application is the only application that you are submitting for the Retail Sukuk Ihsan under the offering to the Malaysian Public;
- (f) You authorise the financial institution with which you have an account to deduct the full amount payable for the Retail Sukuk Ihsan from your account with the said financial institution (“**Authorised Financial Institution**”);
- (g) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 134 of the Financial Services Act 2013 and Section 45 of the SICDA) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Retail Sukuk Ihsan Application made by you or your account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant regulatory bodies;
- (h) You are not applying for the Retail Sukuk Ihsan as a nominee of any other person and the application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
- (i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, Bursa Securities or other relevant parties in connection with the Retail Offering, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Retail Sukuk Ihsan Application services or if such disclosure is requested or required in connection with the Retail Offering. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information provided by you to the Internet Participating Financial Institution in connection with the use of the Internet Retail Sukuk Ihsan Application services;
- (ix) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment for your Application;
- (x) You must pay for the Retail Sukuk Ihsan through the website of the Authorised Financial Institution, failing which the Internet Retail Sukuk Ihsan Application is **not completed**, despite the display of the Confirmation Screen. “**Confirmation Screen**” refers to the screen which appears or is displayed on the internet financial services website, which confirms that the Internet Retail Sukuk Ihsan Application has been completed and states the details of your Internet Retail Sukuk Ihsan Application, including the number of Retail Sukuk Ihsan applied for, which can be printed out by you for record purposes;
- (xi) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the Retail Sukuk Ihsan is being made. Subsequently, the Internet Participating Financial Institution shall confirm that the Internet Retail Sukuk Ihsan Application has been completed, via the Confirmation Screen on its website; and

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

- (xii) You are advised to print out the Confirmation Screen for reference and retention.

19.6 Terms and conditions

The terms and conditions outlined below supplement the additional terms and conditions for Internet Retail Sukuk Ihsan Application contained in the internet financial services website of the Internet Participating Financial Institution. Please refer to the Internet Financial Services website of the Internet Participating Financial Institution for the exact terms and conditions and instructions.

- (i) You are required to pay the Retail Price for each Retail Sukuk Ihsan applied for.
- (ii) You can submit only 1 application for the Retail Sukuk Ihsan offered to the Malaysian Public. For example, if you submit an application using an Application Form, you cannot submit an Electronic Retail Sukuk Ihsan Application or Internet Retail Sukuk Ihsan Application.

The Issuing House, acting under the authority of the Issuer's Directors and Khazanah's Executive Committee has the discretion to reject applications that appear to be multiple applications under each category of applicants.

We wish to caution you that if you submit more than 1 application in your own name or by using the name of others, with or without their consent, you will be committing an offence under Section 179 of the CMSA and may be punished with a minimum fine of RM1,000,000 and a jail term of up to 10 years under Section 182 of the CMSA.

- (iii) Each application under the Application Form, Electronic Retail Sukuk Ihsan Application and Internet Retail Sukuk Ihsan Application must be for at least ten (10) units of Retail Sukuk Ihsan and thereafter in multiples of ten (10) units of Retail Sukuk Ihsan.
- (iv) Each application must be made in connection with and subject to this Prospectus.
- (v) Your submission of an application does not necessarily mean that your application will be successful. Any submission of application is irrevocable.
- (vi) The Issuer, the Obligor or the Issuing House will not issue any acknowledgement of the receipt of your application or application monies.
- (vii) You must ensure that your personal particulars submitted in your application and/or your personal particulars as recorded by the Internet Participating Financial Institution are correct and accurate and identical with the records maintained by the Bursa Depository. Otherwise, your application is liable to be rejected. You will have to promptly notify the Bursa Depository of any change in your address failing which the notification letter of successful allocation will be sent to your registered / correspondence addresses last maintained with the Bursa Depository.
- (viii) No application shall be deemed to have been accepted by reason of the remittances having been presented for payment.

The Issuer's or the Obligor's acceptance of your application to subscribe for or purchase the Retail Sukuk Ihsan shall be constituted by the issue of notices of allotment for the Retail Sukuk Ihsan to the applicants.

- (ix) Submission of your CDS account number in your application includes your authority / consent in accordance with Malaysian laws of the right of the Bursa Depository, the Participating Financial Institution and Internet Participating Financial Institution (as the case may be) to disclose information pertaining to your CDS account and other relevant information to us, the Issuing House and any relevant authorities (as the case may be).

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

- (x) **You agree to accept the Issuer's and the Obligor's decision as final should the Issuer's and the Obligor's decide not to allot any Retail Sukuk Ihsan to you or to allot a lesser number of Retail Sukuk Ihsan than the number of Retail Sukuk Ihsan applied for.**
- (xi) Additional terms and conditions for Electronic Retail Sukuk Ihsan Application are as follows:
- (a) You agree and undertake to subscribe for or purchase and to accept the number of Retail Sukuk Ihsan applied for as stated in the Transaction Record or any lesser amount that may be allotted to you.
 - (b) Your confirmation by pressing the key or button on the ATM shall be treated as your acceptance of the number of Retail Sukuk Ihsan allotted to you.
 - (c) You confirm that you are not applying for Retail Sukuk Ihsan as a nominee of other persons and that your Electronic Retail Sukuk Ihsan Application is made on your own account as a beneficial owner.
 - (d) You request and authorise the Issuer to credit the Retail Sukuk Ihsan allotted to you into your CDS account.
 - (e) You acknowledge that your application is subject to electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events which are not in the control of the Issuer, the Issuing House, the Participating Financial Institution or the Bursa Depository. You irrevocably agree that you are deemed not to have made an application if the Issuer, Khazanah or the Issuing House do not receive your application or your application data is wholly or partially lost, corrupted or inaccessible to the Issuer or the Issuing House. You shall not make any claim whatsoever against the Issuer, Khazanah, the Issuing House, the Participating Financial Institution or the Bursa Depository.
 - (f) You irrevocably authorise the Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the transfer of the Retail Sukuk Ihsan allotted to you.
 - (g) You agree that in the event of legal disputes arising from the use of Electronic Retail Sukuk Ihsan Applications, the mutual rights, obligations and liabilities of the parties to the Retail Offering shall be determined under the laws of Malaysia and be bound by decisions of the Courts of Malaysia.
- (xii) Additional terms and conditions for Internet Retail Sukuk Ihsan Application are as follows:
- (a) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Retail Sukuk Ihsan Application which would result in the internet financial services website displaying the Confirmation Screen. You are required to complete the Internet Retail Sukuk Ihsan Application by the Closing Date and Time.
 - (b) You irrevocably agree and undertake to subscribe for or purchase and to accept the number of Retail Sukuk Ihsan applied for as stated on the Confirmation Screen or any lesser amount that may be allotted to you. Your confirmation by clicking the designated hyperlink on the relevant screen of the website shall be treated as your acceptance of the number of Retail Sukuk Ihsan allotted to you.
 - (c) You request and authorise the Issuer to credit the Retail Sukuk Ihsan allotted to you into your CDS account.
 - (d) You irrevocably agree and acknowledge that the Internet Retail Sukuk Ihsan Application is subject to risks of electrical, electronic, technical and computer-

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Issuer, the Obligor, the Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution. If, in any such event, the Issuer, the Obligor, the Issuing House and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Retail Sukuk Ihsan Application and/or payment, or if any data relating to the Internet Retail Sukuk Ihsan Application or the tape or any other devices containing such data is wholly or partially lost, corrupted, destroyed or otherwise not accessible for any reason, you shall be deemed not to have made an Internet Retail Sukuk Ihsan Application and you shall have no claim whatsoever against the Issuer, the Obligor, the Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution.

- (e) You irrevocably authorise the Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the transfer of the Retail Sukuk Ihsan allotted to you.
- (f) You agree that in the event of legal disputes arising from the use of Internet Retail Sukuk Ihsan Application, the mutual rights, obligations and liabilities of the parties to the Retail Offering shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
- (g) You shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Retail Sukuk Ihsan Application by the Issuer, the Obligor, the Issuing House and/or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/or incomplete details provided by the applicant, or any other cause beyond the control of the Internet Participating Financial Institution.
- (h) You are not entitled to exercise any remedy of rescission for misrepresentation at any time after the Issuer has accepted your Internet Retail Sukuk Ihsan Application.
- (i) In making the Internet Retail Sukuk Ihsan Application, you have relied solely on the information contained in this Prospectus. The Issuer, the Obligor, the Principal Adviser/Lead Arranger, the Joint Lead Managers and any other person involved in the Retail Offering shall not be liable for any information not contained in this Prospectus which may have been relied by you in making the Internet Retail Sukuk Ihsan Application.

19.7 Authority of the Issuer's Directors and Khazanah's Executive Committee and the Issuing House

You will be selected in a manner to be determined by the Issuer's Directors and Khazanah's Executive Committee. Due consideration will be given to the desirability of allotting our Retail Sukuk Ihsan to a reasonable number of applicants with a view to establishing a liquid and adequate market for the Retail Sukuk Ihsan.

The Issuing House, on the authority of the Issuer's Directors and Khazanah's Executive Committee reserves the right to:

- (i) reject applications which do not conform to the instructions in this Prospectus, Application Form, Electronic Retail Sukuk Ihsan Application and Internet Retail Sukuk Ihsan Application (where applicable) or are illegible, incomplete or inaccurate;

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

- (ii) reject or accept any application, in whole or in part, on a non-discriminatory basis without assigning any reason therefor; and
- (iii) bank in all application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest or any share of revenue or benefit arising therefrom), by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by ordinary post/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository.

If you are successful in your application, the Issuer's Directors and Khazanah's Executive Committee reserve the right to require you to appear in person at the registered office of the Issuing House within fourteen (14) days of the date of the notice issued to you prior to the listing of and quotation of the Retail Sukuk Ihsan on the Main Market of Bursa Securities to ascertain the genuineness and validity of your application. The Issuer's Directors and Khazanah's Executive Committee are not responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

19.8 Over-subscription

In the event of over-subscription in the Retail Offering, the Issuing House will conduct a ballot in the manner approved by the Issuer's Directors and Khazanah's Executive Committee to determine the acceptance of applications in a fair and equitable manner. In determining the manner of balloting, the Issuer's Directors and Khazanah's Executive Committee will consider the desirability of distributing the Retail Sukuk Ihsan to a reasonable number of applicants for the purpose of establishing a liquid and adequate market in the trading of the Retail Sukuk Ihsan.

19.9 Unsuccessful / Partially successful applicants

Application monies in respect of the unsuccessful / partially successful applicants will be returned without interest or any share of revenue or benefit arising therefrom in the following manner.

19.9.1 For applications by way of Application Form

- (i) The application monies or the balance of it, as the case may be, will be returned to you via the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account for purposes of cash dividend / distribution if you have provided such bank account information to Bursa Depository or by registered post to your address maintained at Bursa Depository (for partially successful applications) within ten (10) Market Days from the date of the final ballot if you have not provided such bank account information to Bursa Depository.
- (ii) If your application was rejected because you did not provide a CDS account number, your application monies will be sent to your address as stated in the NRIC or "Resit Pengenalan Sementara" (KPPK 09) or any valid temporary identity document issued by the National Registration Department from time to time at your own risk.
- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which were subsequently rejected or unsuccessful or only partly successful will be refunded (without interest or any share of revenue or benefit arising therefrom) by the Issuing House as per item (i) and (ii) above (as the case may be).

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

- (iv) The Issuing House reserves the right to bank in all application monies from unsuccessful applicants. These monies will be refunded within ten (10) Market Days from the date of the final ballot by crediting into your bank account for purposes of cash dividend / distribution if you have provided such bank account information to Bursa Depository or by ordinary / registered post to your address maintained at Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

19.9.2 For applications by way of Electronic Retail Sukuk Ihsan Application

- (i) The Issuing House shall inform the Participating Financial Institutions of the unsuccessful or partially successful applications within two (2) Market Days after the balloting date. The application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution within two (2) Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the fifth (5th) Market Day from the balloting day.
- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution not later than ten (10) Market Days from the balloting date.

19.9.3 For applications by way of Internet Retail Sukuk Ihsan Application

- (i) The Issuing House shall inform the Internet Participating Financial Institutions of the unsuccessful or partially successful applications within two (2) Market Days after the balloting date. The Internet Participating Financial Institution will arrange with the Authorised Financial Institution to credit the application monies or the balance of it (without interest or any share of revenue or benefit arising therefrom) into your account with the Authorised Financial Institution within two (2) Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the fifth (5th) Market Day from the balloting day.
- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded (without interest or any share of revenue or benefit arising therefrom) by the Issuing House by crediting into your account with the Internet Participating Financial Institution not later than ten (10) Market Days from the balloting date.

19.10 Successful applicants

If you are successful in your application:

- (i) The Retail Sukuk Ihsan allotted to you will be credited into your CDS account. No physical certificates representing the Sukuk Ihsan will be issued to you at issuance and you shall not be entitled to withdraw any deposited securities held with BNM as long as our Retail Sukuk Ihsan are listed on Bursa Securities.
- (ii) A notice of allotment will be despatched to you at the address last maintained with the Bursa Depository, at your own risk, before the Listing. This is your only acknowledgement of acceptance of the application.

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)***19.11 Enquiries**

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House at telephone no. +603 7841 8289, Khazanah
Electronic Retail Sukuk Ihsan Application	Participating Financial Institution
Internet Retail Sukuk Ihsan Application	Internet Participating Financial Institution and Authorised Financial Institution

You may also check the status of your application by calling your respective Participating Financial Institution at the telephone number as stated in Section 20 of this Prospectus or the Issuing House at telephone no. +603 7841 8289 within six (6) Market Days (during office hours only) after the balloting date.

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20. LIST OF SELECTED BRANCHES OF THE PARTICIPATING FINANCIAL INSTITUTIONS

The details of the Selected Branches of the Participating Financial Institutions are as follows:

CIMB INVESTMENT BANK BERHAD

No.	State/ Region/Branch	Address	Telephone
1	Kuala Lumpur Sentral	17 Floor - Central Dealing Team, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, Kuala Lumpur 50740	03-2261 0777
2	Petaling Jaya	Tropicana City Office Tower, Ground Floor & Level 1, No. 3 Jalan SS20/27 47400 Petaling Jaya Selangor	03-7717 3388

CIMB BANK BERHAD BRANCHES

No.	State/ Region/Branch	Address	Telephone
1	Cheras	3rd Floor, 2468, Jalan Mutiara Timur Satu, Taman Mutiara Cheras, 56100 Kuala Lumpur	03-9132 7428
2	Jalan Raja Laut	5th Floor, MBC, 11 Jalan Raja Laut, 50350 Kuala Lumpur	03-2619 3973
3	Kepong	1st Floor, No 4, Jalan 54, Desa Jaya, Kepong, 52100 Kuala Lumpur	03-6272 8532
4	Subang Jaya	Lot A-07-01 & Lot A-07-02, Level 7, Empire Shopping Gallery, Jalan SS 16/1, 47500 Subang Jaya, Selangor	03-5631 7934
5	Klang	2nd Floor, No 26-2, Lorong Batu Nilam 4B, Bandar Bukit Tinggi, 41200 Klang, Selangor	03-3325 7106
6	Banting	1st Floor, 135, Jalan Besar, 42700 Banting, Selangor	03- 3181 1346

20. LIST OF SELECTED BRANCHES OF THE PARTICIPATING FINANCIAL INSTITUTIONS

7	Batu Caves	1st Floor, No 26, Jalan SJ 6, Taman Selayang Jaya, 68100 Batu Caves, Selangor	03-6137 1680
8	Puchong	1st Floor, 11 & 11A, Jalan Kenari 1, Bandar Puchong Jaya, 47100 Puchong, Selangor	03-5891 6853

MALAYAN BANKING BERHAD BRANCHES

No.	State/ Region/Branch	Address	Telephone
1	Kuala Lumpur FT	1st Floor Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur	03-2074 7060
2	Bangsar Baru FT	66, 68 & 70 Jalan Maarof Bangsar Baru 59100 Kuala Lumpur	03-2284 3139
3	Bukit Bintang FT	No: 42-2, Ground and First Floor Jalan Sultan Ismail 50250 Kuala Lumpur	03-2142 9840
4	Shah Alam Main Selangor	10, Persiaran Perbandaran Section 14 40000 Shah Alam P.O. Box 7109 40702 Shah Alam Selangor	03-5519 3545
5	Damansara Utama Selangor	62-66, Jalan SS21/35 Damansara Utama 47400 Petaling Jaya Selangor	03-7728 5253
6	Petaling Jaya Main Selangor	50-52, Jalan Sultan (52/4) 46200 Petaling Jaya P.O. Box 270, Jalan Sultan 46730 Petaling Jaya Selangor	03-79578689

20. LIST OF SELECTED BRANCHES OF THE PARTICIPATING FINANCIAL INSTITUTIONS**MAYBANK INVESTMENT BANK BERHAD BRANCHES**

No.	State/ Region/Branch	Address	Telephone
1	Bangsar	Ground Floor, Level 1, Level 5 to 10 Tower C, Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur	03-2297 8888
2	Petaling Jaya	Level 1, Wisma Bentley Music No. 3, Jalan PJU 7/2 Mutiara Damansara 47810 Petaling Jaya Selangor Darul Ehsan	03-7718 8888
3	Klang	Suite 8.02, Level 8, Menara Trend Intan Millennium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan	03-3050 8888

RHB INVESTMENT BANK BERHAD BRANCHES

No.	State/ Region/Branch	Address	Telephone
1	Jalan Tun Razak Supervisory Branch	Level 1, Tower 3, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur	03-9287 3888
2	Pandan Indah	No.5 & 7, Jalan Pandan Indah 4/33, Pandan Indah, 55100 Kuala Lumpur	03-4280 4798
3	Seri Petaling	Ground Floor, No. 55, Zone J4, Jalan Radin Anum, Bandar Baru Seri Petaling, 57000 Kuala Lumpur	03-9058 7222
4	Bentong	Ground Floor and Level 1, 98 Jalan Pasdec, 28700 Bentong, Pahang	09-2234 943
5	Kepong	No. 62, 62-1, 64 and 64-1, Vista Magna, Jalan Prima, Metro Prima, 52100 Kuala Lumpur	03-6257 5869

20. LIST OF SELECTED BRANCHES OF THE PARTICIPATING FINANCIAL INSTITUTIONS

6	SS2, PJ Supervisory Branch	24,24M,24A,26M,28M,28 A,30 & 30A, Jalan SS2/63, 47300 Petaling Jaya, Selangor	03-7873 6366
7	Klang	Ground Floor & Mezzanine Floor, No. 87 & 89, Jalan Susur, Pusat Perniagaan NBC, Batu 1 1/2, Jalan Meru, 41050 Klang, Selangor	03-3343 9180
8	Rawang	First Floor, 10 & 11 Jalan Maxwell 48000 Rawang, Selangor	03-6092 8916
9	USJ Taipan	Unit 1B, 2B & 3B, USJ 10/1J, 47610 UEP Subang Jaya, Selangor	03-8022 1888
10	Kajang	No. 37, Jalan Semenyih, 43000 Kajang, Selangor	03-8736 3378

RHB BANK BERHAD BRANCHES

No.	State/ Region/Branch	Address	Telephone
1	Bangsar	Lot No G-01, Ground Floor, Bangsar Shopping Centre Office Tower, Jalan Maarof, Bangsar, 59100 Kuala Lumpur	03-2282 1568 03-2282 2635
2	Puchong	1st Floor, No. B-G-5 & B-1-5, IOI Boulevard, Jalan Kenari 5, Bandar Puchong Jaya, 47100 Puchong	03-8079 0259 03-8075 0255
3	Kuala Langat	1st Floor, No.1&3, Jalan Senangin Satu Taman Tanjung, 42800 Tanjung Sepat, Kuala Langat, Selangor	03-3197 3550 03-3197 3551
4	Kuala Lumpur	1st Floor, No. 15 & 17 Jln Tun Mohd Fuad 3, Taman Tun Dr Ismail, 60000 Kuala Lumpur	03-7727 4033 03-7728 8643

APPENDIX 1 FORM OF WAIVER NOTICE

APPENDIX 1

FORM OF WAIVER NOTICE

[on the letterhead of the Retail Sukukholder (in the case of a corporation)]

[Date]

To:

Symphony Share Registrars Sdn Bhd (as Registrar)

Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya

Attention: [***]

IHSAN SUKUK BERHAD (COMPANY NO. 1117716-P)

RETAIL SUKUK IHSAN ISSUED PURSUANT TO THE SUKUK PROGRAMME OF RM1,000,000,000.00 IN NOMINAL VALUE ESTABLISHED UNDER THE “SUSTAINABLE AND RESPONSIBLE INVESTMENT SUKUK” FRAMEWORK (“SUKUK PROGRAMME”)

We refer to the Sukuk Programme described above and the Retail Sukuk Ihsan held by us as described below:

Nominal Value of Retail Sukuk held	RM [*]
Issue Date	
Scheduled Dissolution Date	
CDS Account No.	

Terms defined in the prospectus dated 13 July 2017 in relation to the Retail Sukuk Ihsan shall have the same meanings herein.

We hereby inform you that we wish to exercise our Option to Waive, and agree to waive all our rights, titles and entitlements to the Periodic Distributions (including accrued and unpaid Periodic Distributions) and the nominal amount payable under the Retail Sukuk Ihsan held by us (in whole and not in part) by selling/transferring our holdings in the Retail Sukuk Ihsan to Khazanah for a Transfer Fee and that no monies will be paid by Khazanah to us pursuant to the Option to Waive.

We agree that such waiver shall be effective on such date notified to us by the Registrar (“**Settlement Date**”) and such Settlement Date shall be final. We agree to effect the sale/transfer of our holdings in the Retail Sukuk Ihsan to Khazanah on the Settlement Date, and acknowledge that we will not be entitled to receive the tax voucher relating to our waiver until and unless:

- (i) the Issuer and Khazanah receive the confirmation from the Registrar of our Sukukholdings; and
- (ii) such sale/transfer to Khazanah is effected on the Settlement Date.

By a copy of this Waiver Notice issued to the Registrar, we hereby instruct the Registrar to confirm our holdings of the Retail Sukuk Ihsan to the Issuer and to Khazanah on the date of the Registrar's receipt of this Waiver Notice as well as on the Settlement Date.

APPENDIX 1 FORM OF WAIVER NOTICE

We confirm that except for the transfer of the Retail Sukuk Ihsan to Khazanah on the Settlement Date, from the date of this Waiver Notice, we shall not sell, dispose or transfer any of the Retail Sukuk Ihsan held by us.

This Waiver Notice shall be continuing and binding on us and our successors-in-title.

This Waiver Notice is governed by, and shall be construed in accordance with the laws of Malaysia.

Please deliver the Acknowledgment and the relevant tax vouchers to us at:

Name	
Address	

Yours faithfully,

For and on behalf of
[name of Retail Sukukholder] [(Company No. [*])]

.....
Authorised Signatory
Name:
Designation:
NRIC:

OR

.....
Name of **Retail Sukukholder**
NRIC:

APPENDIX 1 FORM OF WAIVER NOTICE

Acknowledgement of Receipt of Waiver Notice

We refer to the above matter, and we acknowledge:

- (1) receipt of the waiver notice dated [●] ("**Waiver Notice**") from [**name of Retail Sukukholder*] ("**Retail Sukukholder**") to us in relation to the waiver by the Retail Sukukholder of all its rights, benefits and entitlements to the Periodic Distributions (including accrued and unpaid Periodic Distributions) and the nominal amount payable under the Retail Sukuk Ihsan (in whole and not in part) upon the terms stated above; and
- (2) the Settlement Date shall be on [●]

Please find below the details of the CDS account for purposes of the sale/transfer of your Sukukholding in the Retail Sukuk Ihsan to Khazanah:

[***]

In the event you receive any Periodic Distributions after the Settlement Date, please deposit such Periodic Distributions into the following account:

[**to insert details of the account of Khazanah and the bank where such account is maintained*]

Yours faithfully,

[Registrar]

.....
Authorised Signatory

Name:

Designation:

APPENDIX 2 FORM OF NOTICE FOR TAX VOUCHER

APPENDIX 2

FORM OF NOTICE FOR TAX VOUCHER

[on the letterhead of the Retail Sukukholder (in the case of a corporation)]

[Date]

To:

Symphony Share Registrars Sdn Bhd (as Registrar)

Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya

*Attention: [***]*

IHSAN SUKUK BERHAD (COMPANY NO. 1117716-P)

RETAIL SUKUK IHSAN ISSUED PURSUANT TO THE SUKUK PROGRAMME OF RM1,000,000,000.00 IN NOMINAL VALUE ESTABLISHED UNDER THE “SUSTAINABLE AND RESPONSIBLE INVESTMENT SUKUK” FRAMEWORK (“SUKUK PROGRAMME”)

We refer to the Sukuk Programme described above and the Retail Sukuk Ihsan held by us as described below:

Nominal Value of Retail Sukuk held	RM [*]
Issue Date	
Scheduled Dissolution Date	
CDS Account No.	

Terms defined in the prospectus dated 13 July 2017 in relation to the Retail Sukuk Ihsan shall have the same meanings herein.

We write to request for the tax voucher for the amount which is equal to the reduction in the nominal value of our Sukukholdings in the Retail Sukuk Ihsan.

We acknowledge that we will not be entitled to receive the tax voucher for the amount which is equal to the reduction in the nominal value of our Sukukholdings in the Retail Sukuk Ihsan until and unless the Issuer and Khazanah receive the confirmation from the Registrar of our Sukukholdings.

By a copy of this Notice for Tax Voucher issued to the Registrar, we hereby instruct the Registrar to confirm our holdings of the Retail Sukuk Ihsan to the Issuer and to Khazanah on the date of the Registrar's receipt of this Notice for Tax Voucher as well as on the Tax Voucher Date.

This Notice for Tax Voucher shall be continuing and binding on us and our successors-in-title.

This Notice for Tax Voucher is governed by, and shall be construed in accordance with the laws of Malaysia.

Please deliver the Acknowledgment and the relevant tax vouchers to us at:

APPENDIX 2 FORM OF NOTICE FOR TAX VOUCHER

Name	
Address	

Yours faithfully,

For and on behalf of
[name of Retail Sukukholder] [(Company No. [*])]

.....
Authorised Signatory
Name:
Designation:
NRIC:

OR

.....
Name of **Retail Sukukholder**
NRIC:

Acknowledgement of Receipt of Notice for Tax Voucher

We refer to the above matter, and we acknowledge receipt of the notice for tax voucher dated [●] (“**Notice for Tax Voucher**”) from [**name of Retail Sukukholder*] (“**Retail Sukukholder**”) to us in relation to its request for the tax voucher for the reduction amount in the nominal value of its Sukukholdings in the Retail Sukuk Ihsan.

Yours faithfully,

[Registrar]

.....
Authorised Signatory
Name:
Designation:



SHARIAH ENDORSEMENT

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

All praise is due to Allah, the Cherisher of the world, and peace and blessing be upon the Prophet of Allah, on his family and all his companions

IHSAN SUKUK BERHAD

PROPOSED ISSUANCE OF UP TO RM5.0 MILLION IN NOMINAL VALUE RETAIL SUKUK (“RETAIL SUKUK IHSAN”) PURSUANT TO AN ISLAMIC MEDIUM TERM NOTES (“SUKUK IHSAN”) PROGRAMME OF RM1.0 BILLION IN NOMINAL VALUE (“SUKUK PROGRAMME”) UNDER THE PRINCIPLE OF WAKALAH BI AL-ISTITHMAR

We, Amanie Advisors Sdn Bhd, as the independent Joint Shariah Adviser for Khazanah Nasional Berhad (“**Khazanah**”) for the above said Retail Sukuk Ihsan by Ihsan Sukuk Berhad (“**Ihsan**” or “**Issuer**”) under the Shariah principle of Wakalah Bil al-Istithmar, has reviewed the proposed structure and mechanism to be entered into in respect thereto to ensure Shariah compliance.

Except where defined herein, defined terms used in this Shariah Pronouncement have the same meanings given in the Principal Terms and Condition (“**PTC**”) in connection with the Sukuk Programme.

This Shariah Pronouncement has been prepared by Amanie Advisors Sdn Bhd for inclusion in the prospectus in conjunction with the proposed issuance of the Retail Sukuk Ihsan (the “**Prospectus**”).

1.0 The Description of the Sukuk Programme

The proposed Sukuk Programme will be issued under the Shariah principle of Wakalah and which will have the following key principal features:

- 1.1 Pursuant to a wakalah agreement (“**Wakalah Agreement**”) between the Sukuk Trustee (on behalf of the investors (“**Sukukholders**”)) and Ihsan, the Sukuk Trustee (on behalf of the Sukukholders) will appoint Ihsan to act as its agent (“**Wakeel**”) to invest the Sukuk Proceeds (as defined below) in Sukuk Investments (as defined below). Ihsan, in its capacity as Wakeel to the Sukukholders, shall appoint Khazanah as the sub-wakeel or agent on its behalf (“**Investment Wakeel**”) to invest the Sukuk Proceeds on behalf of the Sukukholders. Ihsan shall, from time to time, issue Sukuk Ihsan and the Sukukholders shall subscribe to the Sukuk Ihsan by paying the issue price (“**Sukuk Proceeds**”).
- 1.2 Ihsan, as the Issuer, shall declare a trust over the Sukuk Proceeds and over the Sukuk Investments. The Sukuk Ihsan shall represent the Sukukholders’ undivided and

APPENDIX 3 SHARIAH PRONOUNCEMENTS

IHSAN SUKUK BERHAD SUKUK ISSUANCE PROGRAMME

proportionate beneficial interest in the trust assets which shall comprise of the Sukuk Proceeds, the Sukuk Investments and the rights, title, interest, entitlement and benefit in relation thereto, including the relevant documents ("**Trust Assets**").

- 1.3 The Investment Wakeel shall invest the Sukuk Proceeds into the relevant investment portfolio which shall comprise of:
 - a) Shariah-compliant tangible assets ("**Tangible Assets**"); and
 - b) Shariah-compliant commodities purchased and sold under the principle of Murabahah ("**Commodity Murabahah Investment**").
- 1.4 The investments described in (a) and (b) above shall collectively be referred to as the "**Sukuk Investments**".
- 1.5 The Investment Wakeel shall invest at least 33% of the Sukuk Proceeds into the Tangible Assets ("**Asset Purchase Price**"). Pursuant to a substitution agreement, the Issuer shall have the right to substitute, via an exchange agreement from time to time, any of the Tangible Assets with qualified assets of equal value that are Shariah-compliant and approved by the Joint Shariah Advisers. The remaining balance of the Sukuk Proceeds shall be invested into the Commodity Murabahah Investment.
- 1.6 For the avoidance of doubt, the above ratio of at least 33% is only applicable at the point of initial investment of each tranche of the Sukuk Ihsan and does not need to be maintained throughout the tenure of the Sukuk Ihsan. However, the Investment Wakeel shall ensure that the Tangible Assets shall at all times be a component of the Sukuk Investments.
- 1.7 The Commodity Murabahah Investment shall be effected as follows:
 - a) Khazanah as the buyer ("**Buyer**") shall issue a purchase order ("**Purchase Order**") to the Investment Wakeel and the Sukuk Trustee (acting on behalf of the Sukukholders) or via its agent with an undertaking to purchase the Shariah-compliant commodities from the Sukukholders at the Deferred Sale Price (as defined below).
 - b) The Investment Wakeel (on behalf of the Sukukholders) or via its agent will purchase the Shariah-compliant commodities on spot basis from a commodity supplier ("**Commodity Supplier**") at a purchase price equivalent to the remaining balance of the Sukuk Proceeds in excess of the amount invested in the Tangible Assets ("**Purchase Price**"). The Purchase Price of the Shariah-compliant commodities shall be in line with the asset pricing requirements stipulated under the Securities Commission Malaysia's ("**SC**") Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors ("**Retail Guidelines**") issued on 15 June 2015, as may be amended from time to time.
 - c) Upon acquiring the Shariah-compliant commodities, the Investment Wakeel (on behalf of the Sukukholders) will thereafter sell those Shariah-compliant commodities to Khazanah as the Buyer for a price equivalent to the Sukuk Proceeds invested in

APPENDIX 3 SHARIAH PRONOUNCEMENTS

IHSAN SUKUK BERHAD SUKUK ISSUANCE PROGRAMME

the Commodity Murabahah Investment plus the aggregate profit margin and shall be payable on deferred payment basis (“**Deferred Sale Price**”). For the avoidance of doubt, the Deferred Sale Price shall be equal to the aggregate of the Periodic Distribution Amount if any, and the nominal value of the Sukuk Ihsan.

- d) Upon the purchase of the Shariah-compliant commodities, the Buyer or via its agent, will immediately sell the Shariah-compliant commodities to a commodity buyer (“**Commodity Buyer**”) on spot basis for cash, equivalent to the Purchase Price.
- 1.8 In respect of Sukuk Ihsan with Periodic Distributions, returns generated from the Sukuk Investments up to an expected amount equal to a certain percentage on the face amount of the Sukuk Ihsan per annum, calculated based on the actual number of days in the relevant period shall be distributed periodically in the form of periodic distribution (“**Periodic Distribution**”). The Periodic Distributions shall be made semi-annually or such other period to be determined prior to each issuance date of Sukuk Ihsan (each such date for distribution, a “**Periodic Distribution Date**”).
- 1.9 In respect of Sukuk Ihsan without Periodic Distributions, returns generated from the Sukuk Investments up to the expected return (yield of the Sukuk Ihsan) shall be distributed on a one-off basis upon the maturity date (“**Scheduled Dissolution Date**”) or the Dissolution Declaration Date (as defined in the PTC).
- 1.10 On the i) Periodic Distribution Date; ii) Scheduled Dissolution Date; or the iii) Dissolution Declaration Date, as the case may be, any returns from the Sukuk Investments in excess of the Periodic Distribution Amount and/or the Dissolution Distribution Amount (as defined in the PTC) due and payable under the Sukuk Ihsan shall be retained by Khazanah as an incentive fee for the Investment Wakeel. For the avoidance of doubt, the Investment Wakeel shall not be entitled to any incentive fee until all amounts due and payable under the Sukuk Ihsan have been fully settled and in the case of a Scheduled Dissolution Date and/or the Dissolution Declaration Date, the Sukuk Ihsan have been fully redeemed.

Khazanah (as the Obligor) shall grant a purchase undertaking (“**Purchase Undertaking**”) to the Sukuk Trustee (for the benefit of the Sukukholders), whereby on a Scheduled Dissolution Date or the Dissolution Declaration Date whichever is the earlier, the Obligor shall purchase the Sukukholders’ undivided and proportionate beneficial interest in the Tangible Assets at the Exercise Price (as defined in the PTC).

Upon the Scheduled Dissolution Date or the Dissolution Declaration Date, the Exercise Price shall be waived by the Sukukholders and kept by Khazanah as incentive fee.

- 1.11 Upon exercise of the Purchase Undertaking and the full payment of all amounts due and payable under the Sukuk Ihsan, the relevant trust in respect of the Trust Assets will be dissolved and the relevant Sukuk Ihsan held by the Sukukholders will be cancelled.

APPENDIX 3 SHARIAH PRONOUNCEMENTS

IHSAN SUKUK BERHAD SUKUK ISSUANCE PROGRAMME

- 1.12 The Sukukholders may, at their option, waive their rights, benefits and entitlements to the Periodic Distributions and the nominal amount payable under the relevant Sukuk Ihsan (in whole and not in part), by selling/transferring to Khazanah their Sukukholdings for a nominal consideration. The Sukukholders shall be entitled to exercise the option to waive the above: i) on the issue date of the relevant Sukuk Ihsan; and/or ii) such point(s) of time after the issue date but prior to the maturity of the relevant Sukuk Ihsan where such point(s) of time shall be determined prior to the issue date of the relevant Sukuk Ihsan, following which such Sukuk Ihsan shall no longer be tradeable nor transferable.
- 1.13 The Sukukholders in subscribing to or purchasing the Sukuk Ihsan consent to grant an Ibra' if the Sukuk Ihsan are redeemed before the Scheduled Dissolution Date or upon the Dissolution Declaration Date. Ibra' refers to an act of releasing absolutely or conditionally the Sukukholders' rights and claims on any obligation against the Issuer which would result in the latter being discharged of its obligations or liabilities towards the former. The release may be either partial or in full. With respect to the Murabahah contract, Ibra' refers to release of rights on debts/amount due and payable under the said contract.

For the avoidance of doubt, Ibra' will be applicable only to the Commodity Murabahah Investment portion of the Sukuk Investments, i.e. the Deferred Sale Price only.

1.14 Distribution Dissolution Amount

On the Scheduled Dissolution Date:

a) in the case of Sukuk Ihsan issued at par or at discount with Periodic Distributions

The Dissolution Distribution Amount shall be equivalent to:

- (i) the nominal value of the Sukuk Ihsan; plus
- (ii) the accrued but unpaid Periodic Distribution Amount (if any), accrued up to the Scheduled Dissolution Date; less
- (iii) any adjustment to the nominal value of the Sukuk Ihsan in the event the KPIs (as defined in the PTC) are met.

b) in the case of Sukuk Ihsan issued at discount without Periodic Distributions

The Dissolution Distribution Amount shall be equivalent to:

- (i) the nominal value of the Sukuk Ihsan; less
- (ii) any adjustment to the nominal value to the Sukuk Ihsan in the event the KPIs are met.

On the Dissolution Declaration Date:

a) in the case of Sukuk Ihsan issued at par or at discount with Periodic Distributions

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The Dissolution Distribution Amount shall be equivalent to:

- (i) the nominal value of the Sukuk Ihsan; plus
- (ii) the accrued but unpaid Periodic Distribution Amount (if any), accrued up to the Dissolution Declaration Date; less
- (iii) any adjustment to the nominal value of the Sukuk Ihsan in the event the KPIs are met.

b) in the case of Sukuk Ihsan issued at discount without Periodic Distributions

The Dissolution Distribution Amount shall be equivalent to:

- (i) the accreted value of the Sukuk Ihsan; less
- (ii) any adjustment to the accreted value of the Sukuk Ihsan in the event the KPIs are met.

2.0 Shariah Conformity

2.1 Wakalah bi Al-Istithmar

As defined in the Retail Guidelines under Part A, Chapter 2, item 2.01:

Sukuk Wakalah Bi Al-Istithmar refers to certificates of equal value evidencing the certificate holder's undivided ownership in the investment assets pursuant to their investment through the investment agent.

This arrangement has been approved by the Accounting and Auditing Organisation for Islamic Financial Institutions (“**AAOIFI**”) as provided in Shariah Standard No. 17, Item 5/1/5/8 Certificates of investment agency:

“The issuer of these certificates is the investment agent, the subscribers are the principals and the realised funds are the entrusted capital of the investment. The certificate holders own the assets represented by the certificates with its benefit and risks, and they are entitled to the profits, if any”.

(Refer 2015 AAOIFI Shari'ah Standards, page 475).

2.2 Wakeel and Sub-Wakeel Appointments

Pursuant to the Wakalah Agreement between the Sukuk Trustee (on behalf of the Sukukholders) and Ihsan, the Sukuk Trustee (on behalf of the Sukukholders) will appoint Ihsan to act as its agent (“**Wakeel**”) to invest the Sukuk Proceeds in Sukuk Investments. Ihsan, in its capacity as Wakeel to the Sukukholders, shall appoint Khazanah as the sub-wakeel or agent on its behalf (“**Investment Wakeel**”) to invest the Sukuk Proceeds on behalf of the Sukukholders. Both appointments of wakeel and sub-wakeel are with a fee of RM10.

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The appointment of Ihsan as wakeel to invest the Sukuk Proceeds in Sukuk Investment is permissible in Shariah (**2015 AAOIFI, Shari'ah Standards No. 46, 2/1**). Furthermore, the appointment of Khazanah as the sub-wakeel is permissible by Shariah and in line with **2015 AAOIFI, Shari'ah Standards No. 23, 6/4** whereby it provides that the agent has no right to appoint a sub-agent except with the permission of the principal. In this structure, the principal i.e. Sukukholder has given permission to Ihsan to appoint Khazanah as the sub-agent.

It is permissible from Shariah either the investment agency is with fee or without a fee (**2015 AAOIFI, Shari'ah Standards No. 46, 2/1**). An investment agency contract, whether remunerated or unremunerated, is binding on institutions because they are invariably fixed term contracts in which both parties agree not to terminate within a specified period (**2015 AAOIFI, Shari'ah Standards No. 46, 4/1**).

2.3 Utilisation of Sukuk Proceeds

- i. The proceeds raised from the issuance of Sukuk Ihsan under the Sukuk Programme shall be utilised by the Issuer or the Investment Wakeel to purchase the Sukuk Investments.
- ii. Khazanah will use the proceeds from the Sukuk Investments for the purpose of funding Shariah-compliant Eligible Sustainable and Responsible Investment (SRI) projects (within the definition set out in the Retail Guidelines) ("**Projects**").

For the avoidance of doubt, the proceeds from the issuance of Sukuk Ihsan under the Sukuk Programme will be utilised for Shariah-compliant purposes only.

This is in line with paragraph 8.02, Chapter 8, Part B of the Retail Guidelines, whereby it provides that for sukuk, the issuer must ensure that the proceeds from the sukuk issuance are utilised for Shariah-compliant purposes only.

Note for item (ii) above:

Under the investment in the Tangible Assets, Khazanah as seller, would obtain the proceeds from the Sukuk Investments from the Investment Wakeel (acting on behalf of the Sukukholders), via the sale of the Tangible Assets to the Investment Wakeel (acting on behalf of the Sukukholders). While under the investment in the Commodity Murabahah Investment, Khazanah as the Buyer, would obtain the proceeds from the Sukuk Investments via the sale of the Shariah-compliant commodities to the Commodity Buyer on spot basis for cash. Khazanah, as recipient of the proceeds from the Sukuk Investment, shall utilise the same to fund the Eligible SRI projects.

2.4 Shariah-Compliant Trading Ratio

For the avoidance of the doubt, at each Sukuk issuance, the initial ratio shall be 33 (Tangible Assets):67(Liquid/Monetary Assets). The initial ratio of 33:67 is in compliance with Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) Shariah Standard No. 21 that allows for up to 70% debt and up to 30% equity

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mix in order for the Sukuk under Wakalah Bi al-Istithmar to be eligible for trading in the secondary market **(2015 AAOIFI, Shari'ah Standards No. 21, 3/19)**.

The Tangible Asset ratio of at least 33% will not be maintained throughout the tenure of the Sukuk Ihsan. However, the Investment Wakeel shall ensure that the Tangible Assets shall at all times be a component of the Sukuk Investments.

2.5 Exercise Price

The Exercise Price for the purchase of the Sukukholders' undivided and proportionate interest in the Tangible Assets under the relevant Sukuk Ihsan shall be at the market value of the Tangible Assets or in the case of non-listed shares, based on net tangible assets of the underlying company, at the relevant Scheduled Dissolution Date(s) or the Dissolution Declaration Date, as the case may be.

It is permissible for the issuer to redeem Sukuk of ownership of the usufruct of tangible assets from the holder, after allotment, and payment of the subscription price, at the market price or at a price agreed upon between the parties at the time of redemption, on the condition that the subscription amount or redemption price is not deferred **(2015 AAOIFI, Shari'ah Standards No. 17, 5/2/7)**.

2.6 Substitution of Tangible Assets

It is not permitted under Shariah to have non Shariah-compliant assets as underlying assets, hence from a Shariah perspective, it is permissible for the Issuer to substitute the Tangible Assets which are no longer Shariah-compliant with other qualified Shariah-compliant assets via a substitution agreement in order to avoid any disputes regarding the permissibility of a component of the assets.

This is in line with paragraph 17.03(a), Chapter 17, Part D of the Retail Guidelines whereby it provides that an asset, whether tangible or intangible, available for such sukuk issuance shall subject to the identified asset and its use must comply with Shariah requirements.

2.7 Waiver of Exercise Price of the Tangible Asset and Incentive FeeWaiver of Right (Tanazul)

The concept of Tanazul is applied in this Sukuk Ihsan where Sukukholders, will waive the amount equivalent to the Exercise Price received from the Purchase Undertaking of the Tangible Asset by the Obligor upon the Scheduled Dissolution Date or the Dissolution Declaration Date and has willingly given the investment profit to Khazanah, as Investment Wakeel in a form of incentive fee.

By virtue of paragraph 18.27, Chapter 18, Part D of the Retail Guidelines, sukukholders may waive their rights to the profit payment from the wakalah arrangement. Therefore, based on the provision, the sukukholders are also allowed to waive the Exercise Price pursuant to the Purchase Undertaking to Khazanah as incentive fee.

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The Sukukholders shall waive a certain percentage of the nominal value of their Sukukholdings if KPIs are achieved and, furthermore, have the option to waive all their rights, benefits and entitlements to the Periodic Distribution and the nominal amount payable under the Retail Sukuk Ihsan (in whole and not in part), by selling/transferring to Khazanah their Sukukholdings for a nominal consideration. SAC has resolved that the sukuk structure based on the Shariah principle of Wakalah Bi al-Istithmar which has the feature of waiver of rights by the sukukholders over a certain percentage of the nominal value of the sukuk in the event that certain KPIs are met is permissible. The waiver of rights is based on the concept of taradhi (mutual consent) as outlined in Shariah. (Refer: https://www.sc.com.my/wp-content/uploads/eng/html/icm/Resolution_SAC_%202016.pdf, page 62-63)

Incentive Fee

Incentive fee is given based on the principle that the Investment Wakeel is entitled to a fee for his services and in addition, any profit made above an agreed profit rate may be paid to the Investment Wakeel as an incentive fee pursuant to the terms of the Declaration of Trust and Agency Agreement. This is in line with **2015 AAOIFI Shari'ah Standard No. 23, Item 4/2/5 and 4/2/6** in relation to the Paid Agency under Wakalah Standard, which states respectively:

- a) "Remuneration for agency may be any gain in excess of a specific amount of output of the operation, or a share of the output."
- b) "A certain share of the output may be added to the specific remuneration of the agent, as a motivation."

2.8 Purchase Undertaking by Obligor

The Obligor undertakes to purchase the Sukukholders' undivided and proportionate beneficial interest in the Tangible Assets from the Trustee (acting on behalf of the Sukukholders) at the Exercise Price via a Purchase Undertaking at the Scheduled Dissolution Date or the Dissolution Declaration Date, whichever is the earlier.

From Shariah point of view, the permissibility of the Purchase Undertaking mechanism as mentioned above would be based on the following:

- a) The Obligor, undertakes to purchase the Sukukholders' undivided proportionate beneficial ownership in the Tangible Assets from the Trustee on behalf of the Sukukholders pursuant to the Purchase Undertaking. This undertaking is based on the Obligor's promise (Wa'ad Mulzim) to purchase the beneficial ownership in the Tangible Assets at a price to be agreed based on mutual consent and according to an agreed formula.
- b) The purpose of this Purchase Undertaking is for the Obligor to purchase the Sukukholders' undivided proportionate beneficial interest in the Tangible Assets from the Trustee at the Exercise Price at the Scheduled Dissolution Date or the

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Dissolution Declaration Date, whichever is the earlier. Such undertaking by the Obligor to purchase the Sukukholders' undivided proportionate beneficial interest in the Tangible Assets is permissible and is not a investment guarantee as the undertaking can only be exercised if the assets are still available. Unlike investment guarantee which requires the Obligor to refund the full investment irrespective of the availability of the assets, the purchase undertaking by the Obligor will and could only be exercised if the assets are available to make the purchase contract valid. Thus, this Purchase Undertaking could not be exercised if the assets, due to some reasons, cease to exist.

This is in line with Shariah Resolution by Shariah Advisory Council of Securities Commission in resolving the principles of wa'd which are applicable for the Purchase Undertaking in this Sukuk (reference: https://www.sc.com.my/wp-content/uploads/eng/html/icm/Resolution_SAC_%202016.pdf, page 14-15).

2.9 Ta'widh (Compensation):

For Sukuk Ihsan issued under Wakalah Bi Al-Istithmar:

In the event the Issuer breaches its fiduciary duty as an investment manager due to its failure to distribute any realised Periodic Distributions and/or due to any delays in the payment of any amounts due and payable to the Sukukholders under the Purchase Undertaking and/or the Deferred Sale Price, the Issuer and/or the Obligor shall pay to the Sukuk Trustee (acting on behalf of the Sukukholders) Ta'widh (compensation) on such overdue amounts at the rate and in the manner prescribed by the SC's Shariah Advisory Council from time to time in accordance with Shariah.

For Sukuk Ihsan issued under other Islamic principles (other than Wakalah Bi Al-Istithmar):

The Ta'widh (Compensation) shall be in accordance with the Retail Guidelines and at the rate and in the manner prescribed by the SC SAC from time to time in accordance with Shariah.

This is in line with the Hadith of Prophet Muhammad, "The rich who delay the payment of a debt are committing tyranny" (Narrated by Al-Bukhari and Muslim). Furthermore, the SAC had resolved that the imposition of *ta'widh* is permissible under sukuk wakalah bi al-istithmar if the issuer/ wakil (agent):

- (a) breaches its fiduciary duty as an investment manager due to its failure to distribute the realised profit to the sukukholders on the agreed date; or
- (b) delays the payment of any amount due and payable to the sukukholders upon dissolution of wakalah arrangement.

This is in line with paragraph 17.12, Chapter 17, Part D of the Retail Guidelines and the Shariah Resolution by Shariah Advisory Council of Securities Commission at

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https://www.sc.com.my/wp-content/uploads/eng/html/icm/Resolution_SAC_%202016.pdf, page 4-7.

2.10 Ibra'

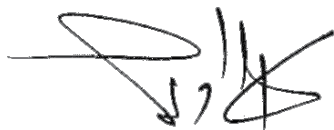
Ibra' refers to an act of releasing absolutely or conditionally one's rights and claims on any obligation against another party which would result in the latter being discharged of his/its obligation or liabilities towards the former. The release may be either partially or in full.

By virtue of paragraph 17.08, Chapter 17, Part D of the Retail Guidelines, the ibra' clause and the formula for the computation of early settlement may be stated in the main agreement of sukuk which is based on uqud mu'awadat (contract of exchange). However, the Ibra' clause in the main agreement shall be separated from the part related to the price of the transacted asset. The Ibra' clause shall only be stated under the section for mode of payment or settlement in the said agreement. This is also in line with Shariah Resolution by Shariah Advisory Council of Securities Commission at https://www.sc.com.my/wp-content/uploads/eng/html/icm/Resolution_SAC_%202016.pdf, page 12-13.

3.0 Approval

This Shariah Pronouncement provided herein is after our perusal of the transaction structure and the terms and conditions of this Sukuk Programme. Accordingly, having reviewed the structure, mechanism and the Shariah considerations contained therein, we hereby confirm that the Retail Sukuk Ihsan is in compliance with the Shariah principles and is an allowable sukuk under Shariah, subject to satisfactory documentation and proper execution of the same.

Yours faithfully,
On behalf of Amanie Advisors Sdn Bhd,



.....
Datuk Dr. Mohd Daud Bakar
Executive Chairman

Date: 6 July 2017

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SHARIAH PRONOUNCEMENT

*In the name of Allah, the Most Gracious, the Most Merciful
All praise is due to Allah, the Cherisher of the world, and peace and blessing upon
The Prophet of Allah, on his family and all his companions*

IHSAN SUKUK BERHAD

PROPOSED ISSUANCE OF UP TO RM5.0 MILLION IN NOMINAL VALUE RETAIL SUKUK (“RETAIL SUKUK IHSAN”) PURSUANT TO AN ISLAMIC MEDIUM TERM NOTES (“SUKUK IHSAN”) PROGRAMME OF RM1.0 BILLION IN NOMINAL VALUE (“SUKUK PROGRAMME”) UNDER THE PRINCIPLE OF WAKALAH BI AL-ISTITHMAR

CIMB Islamic Bank Berhad (“**CIMB Islamic**”) as the Shariah Adviser has reviewed the proposed structure and mechanism of the Retail Sukuk Ihsan by **Ihsan Sukuk Berhad** (“**Ihsan**” or “**the Issuer**”) (“**Sukuk Issuance**”) to ensure compliance with Shariah principles.

Except where defined herein, defined terms used in this Shariah Pronouncement have the meanings given to them in the Principal Terms and Conditions (“**PTC**”) in connection with the Sukuk Programme.

This Shariah Pronouncement has been prepared by CIMB Islamic for inclusion in the prospectus in conjunction with the proposed issuance of the Retail Sukuk Ihsan (the “**Prospectus**”).

1. STRUCTURE AND MECHANISM

Wakalah Bi Al-Istithmar

The issuance of each tranche of the Sukuk Ihsan shall be effected as follows:

1. Pursuant to a wakalah agreement (“**Wakalah Agreement**”) between the Sukuk Trustee (on behalf of the investors (“**Sukukholders**”) and Ihsan, the Sukuk Trustee (on behalf of the Sukukholders) will appoint Ihsan to act as its agent (“**Wakeel**”) to invest the Sukuk Proceeds (as defined below) in Sukuk Investments (as defined below). Ihsan, in its capacity as Wakeel to the Sukukholders, shall appoint Khazanah as the sub-wakeel or agent on its behalf (“**Investment Wakeel**”) to invest the Sukuk Proceeds on behalf of the Sukukholders. Ihsan shall, from time to time, issue Sukuk Ihsan and the Sukukholders shall subscribe to the Sukuk Ihsan by paying the issue price (“**Sukuk Proceeds**”).
2. Ihsan, as the Issuer, shall declare a trust over the Sukuk Proceeds and over the Sukuk Investments. The Sukuk Ihsan shall represent the Sukukholders’ undivided and proportionate beneficial interest in the trust assets which shall comprise of the Sukuk

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Proceeds, the Sukuk Investments and the rights, title, interest, entitlement and benefit in relation thereto, including the relevant documents ("**Trust Assets**").

3. The Investment Wakeel shall invest the Sukuk Proceeds into the relevant investment portfolio which shall comprise of:
 - (i) Shariah-compliant tangible assets ("**Tangible Assets**"); and
 - (ii) Shariah-compliant commodities purchased and sold under the principle of Murabahah ("**Commodity Murabahah Investment**").

The investments described in items 3(i) and (ii) above shall collectively be referred to as the "**Sukuk Investments**".

Tangible Assets

The Investment Wakeel shall invest at least 33% of the Sukuk Proceeds into the Tangible Assets ("**Asset Purchase Price**").

Pursuant to a substitution agreement, the Issuer shall have the right to substitute, via an exchange agreement from time to time, any of the Tangible Assets with qualified assets of equal value that are Shariah-compliant and approved by the Joint Shariah Advisers.

For the avoidance of doubt, the above ratio of at least 33% is only applicable at the point of initial investment of each tranche of the Sukuk Ihsan and does not need to be maintained throughout the tenure of the Sukuk Ihsan. However, the Investment Wakeel shall ensure that the Tangible Assets shall at all times be a component of the Sukuk Investments.

Commodity Murabahah Investment

The remaining balance of the Sukuk Proceeds shall be invested into the Commodity Murabahah Investment.

The Commodity Murabahah Investment shall be effected as follows:

- (i) Khazanah as the buyer ("**Buyer**") shall issue a purchase order ("**Purchase Order**") to the Investment Wakeel and the Sukuk Trustee (acting on behalf of the Sukukholders) or via its agent with an undertaking to purchase the Shariah-compliant commodities from the Sukukholders at the Deferred Sale Price (as defined below).
- (ii) The Investment Wakeel (on behalf of the Sukukholders) or via its agent will purchase the Shariah-compliant commodities on spot basis from a commodity supplier ("**Commodity Supplier**") at a purchase price equivalent to the remaining balance of the Sukuk Proceeds in excess of the amount invested in the Tangible

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Assets (“**Purchase Price**”). The Purchase Price of the Shariah-compliant commodities shall be in line with the asset pricing requirements stipulated under the SC's Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors (“**Retail Guidelines**”) issued on 15 June 2015, as may be amended from time to time.

- (iii) Upon acquiring the Shariah-compliant commodities, the Investment Wakeel (on behalf of the Sukukholders) will thereafter sell those Shariah-compliant commodities to Khazanah as the Buyer for a price equivalent to the Sukuk Proceeds invested in the Commodity Murabahah Investment plus the aggregate profit margin and shall be payable on deferred payment basis (“**Deferred Sale Price**”). For the avoidance of doubt, the Deferred Sale Price shall be equal to the aggregate of the Periodic Distribution Amount if any, and the nominal value of the Sukuk Ihsan.
 - (iv) Upon the purchase of the Shariah-compliant commodities, the Buyer or via its agent, will immediately sell the Shariah-compliant commodities to a commodity buyer (“**Commodity Buyer**”) on spot basis for cash, equivalent to the Purchase Price.
4. In respect of Sukuk Ihsan with Periodic Distributions (as defined below), returns generated from the Sukuk Investments up to an expected amount equal to a certain percentage on the face amount of the Sukuk Ihsan per annum, calculated based on the actual number of days in the relevant period shall be distributed periodically in the form of periodic distribution (“**Periodic Distribution**”). The Periodic Distributions shall be made semi-annually or such other period to be determined prior to each issuance date of Sukuk Ihsan (each such date for distribution, a “**Periodic Distribution Date**”).
- In respect of Sukuk Ihsan without Periodic Distributions, returns generated from the Sukuk Investments up to the expected return (yield of the Sukuk Ihsan) shall be distributed on a one-off basis upon the maturity date (“**Scheduled Dissolution Date**”) or the Dissolution Declaration Date (as defined in the PTC).
- On the i) Periodic Distribution Date; ii) Scheduled Dissolution Date; or the iii) Dissolution Declaration Date, as the case may be, any returns from the Sukuk Investments in excess of the Periodic Distribution Amount and/or the Dissolution Distribution Amount (as defined in the PTC) due and payable under the Sukuk Ihsan shall be retained by Khazanah as an incentive fee for the Investment Wakeel. For the avoidance of doubt, the Investment Wakeel shall not be entitled to any incentive fee until all amounts due and payable under the Sukuk Ihsan have been fully settled and in the case of a Scheduled Dissolution Date and/or the Dissolution Declaration Date, the Sukuk Ihsan have been fully redeemed.
5. Khazanah (as the Obligor) shall grant a purchase undertaking (“**Purchase Undertaking**”) to the Sukuk Trustee (for the benefit of the Sukukholders), whereby on a Scheduled Dissolution Date or the Dissolution Declaration Date whichever is the earlier, the Obligor

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shall purchase the Sukukholders' undivided and proportionate beneficial interest in the Tangible Assets at the Exercise Price (as defined in the PTC).

For the avoidance of doubt, any double counting shall be disregarded.

Upon exercise of the Purchase Undertaking and the full payment of all amounts due and payable under the Sukuk Ihsan, the relevant trust in respect of the Trust Assets will be dissolved and the relevant Sukuk Ihsan held by the Sukukholders will be cancelled.

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

2. IMPORTANT HIGHLIGHTS

2.1. Tenure of Sukuk:

Tenure of the Sukuk Programme

Twenty five (25) years from the date of the first issue under the Sukuk Programme.

Tenure of the Sukuk Ihsan

More than one (1) year, provided that the Sukuk Ihsan mature on or prior to the expiry of the Sukuk Programme.

2.2. **Identified Assets:** The Sukuk Investments which comprise the Tangible Assets and the Commodity Murabahah Investment.

2.3. **Details on Utilisation of Proceeds by Issuer:** The proceeds raised from the issuance of Sukuk Ihsan under the Sukuk Programme shall be utilised by the Issuer to purchase the Sukuk Investments.

Khazanah will use the proceeds from the Sukuk Investments for the purpose of funding Shariah-compliant Eligible Sustainable and Responsible Investment (SRI) projects (within the definition set out in the Retail Guidelines) ("**Projects**").

2.4. **Exercise Price:** The Exercise Price for the purchase of the Sukukholders' undivided and proportionate interest in the Tangible Assets under the relevant Sukuk Ihsan shall be at the market value of the Tangible Assets or in the case of non-listed shares, based on the net tangible assets of the underlying company at the relevant Scheduled Dissolution Date(s) or the Dissolution Declaration Date, as the case may be.

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2.5 Dissolution Distribution Amount:

On the Scheduled Dissolution Date:

- (a) in the case of Sukuk Ihsan issued at par or at discount with Periodic Distributions

The Dissolution Distribution Amount shall be equivalent to:

- (i) the nominal value of the Sukuk Ihsan; plus
- (ii) the accrued but unpaid Periodic Distribution Amount (if any), accrued up to the Scheduled Dissolution Date; less
- (iii) any adjustment to the nominal value of the Sukuk Ihsan in the event the KPIs (as defined in the PTC) are met.

- (b) in the case of Sukuk Ihsan issued at discount without Periodic Distributions

The Dissolution Distribution Amount shall be equivalent to:

- (i) the nominal value of the Sukuk Ihsan; less
- (ii) any adjustment to the nominal value to the Sukuk Ihsan in the event the KPIs are met.

On the Dissolution Declaration Date:

- (a) in the case of Sukuk Ihsan issued at par or at discount with Periodic Distributions

The Dissolution Distribution Amount shall be equivalent to:

- (i) the nominal value of the Sukuk Ihsan; plus
- (ii) the accrued but unpaid Periodic Distribution Amount (if any), accrued up to the Dissolution Declaration Date; less
- (iii) any adjustment to the nominal value of the Sukuk Ihsan in the event the KPIs are met.

- (b) in the case of Sukuk Ihsan issued at discount without Periodic Distributions

The Dissolution Distribution Amount shall be equivalent to:

- (i) the accreted value of the Sukuk Ihsan; less
- (ii) any adjustment to the accreted value of the Sukuk Ihsan in the event the KPIs are met.

For the avoidance of doubt, any double counting shall be disregarded.

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2.6. **Ta'widh (Compensation):**

For Sukuk Ihsan issued under Wakalah Bi Al-Istithmar:

In the event the Issuer breaches its fiduciary duty as an investment manager due to its failure to distribute any realised Periodic Distributions and/or due to any delays in the payment of any amounts due and payable to the Sukukholders under the Purchase Undertaking and/or the Deferred Sale Price, the Issuer and/or the Obligor shall pay to the Sukuk Trustee (acting on behalf of the Sukukholders) Ta'widh (compensation) on such overdue amounts at the rate and in the manner prescribed by the SC's Shariah Advisory Council from time to time in accordance with Shariah.

For Sukuk Ihsan issued under other Islamic principles (other than Wakalah Bi Al-Istithmar):

The Ta'widh (compensation) shall be in accordance with the Retail Guidelines and at the rate and in the manner prescribed by the SC's Shariah Advisory Council from time to time in accordance with Shariah.

2.7. **Ibra':** The Sukukholders in subscribing to or purchasing the Sukuk Ihsan consent to grant an Ibra', if the Sukuk Ihsan are redeemed before the Scheduled Dissolution Date or upon the Dissolution Declaration Date.

Ibra' refers to an act of releasing absolutely or conditionally the Sukukholders' rights and claims on any obligation against the Issuer which would result in the latter being discharged of its obligations or liabilities towards the former. The release may be either partial or in full. With respect to the Murabahah contract, Ibra' refers to release of rights on debts/amount due and payable under the said contract.

For the avoidance of doubt, Ibra' will be applicable only to the Commodity Murabahah Investment portion of the Sukuk Investments, i.e. the Deferred Sale Price only.

For the avoidance of doubt, any double counting shall be disregarded.

This is in line with the Retail Guidelines under Part D, Chapter 17, item 17.08 which provides:

“(a) Early Redemption

(i) Sukukholders may offer ibra' to the issuer based on the application made by the issuer for early redemption of sukuk upon occurrence of any event of default, call option, regulatory redemption or tax redemption;

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(iii) *The formula for the computation of early settlement may be stated as a guide to the issuer”*

This is also in harmony with Shariah Resolution by the Shariah Advisory Council of Securities Commission at:

https://www.sc.com.my/wp-content/uploads/eng/html/icm/Resolution_SAC_%202016.pdf page 12-13.

2.8. **Substitution of Tangible Assets:** Pursuant to a substitution agreement, the Issuer shall have the right to substitute, via an exchange agreement from time to time, any of the Tangible Assets with qualified assets of equal value that are Shariah-compliant and approved by the Joint Shariah Advisers.

3. SHARIAH JUSTIFICATION

3.1. **Wakalah bi Al-Istithmar:** As defined in the Retail Guidelines under Part A, Chapter 2, item 2.01:

Sukuk Wakalah Bi Al-Istithmar refers to certificates of equal value evidencing the certificate holder’s undivided ownership in the investment assets pursuant to their investment through the investment agent.

This arrangement has been approved by the Accounting and Auditing Organisation for Islamic Financial Institutions (“**AAOIFI**”) as provided in Shariah Standard No. 17, Item 5/1/5/8 Certificates of investment agency:

“The issuer of these certificates is the investment agent, the subscribers are the principals and the realised funds are the entrusted capital of the investment. The certificate holders own the assets represented by the certificates with its benefit and risks, and they are entitled to the profits, if any”.

(Refer AAOIFI Shari’a Standards for Islamic Financial Institutions 1437A.H. - 2015, page 475).

3.2. **Tangible Assets Portfolio:** The Investment Wakeel shall invest at least 33% of the Sukuk proceeds into the tangible assets. This is in line with AAOIFI whereby in its Shari’a Standard No. 21 in relation to Financial Papers (Shares and Bonds), in particular item 3/19 where it states that “if the assets of a corporation comprise of tangible assets, benefits, cash and debts, the rule for trading in the shares of such a corporation will differ according to the primary asset, which conforms to the objective of the corporation and its usual activity. If its purpose and activity pertaining to trading in tangible assets, benefits and rights, trading in its shares is permitted without taking into account the rules of Sarf or transactions in debts; irrespective of their size as in such a case these are secondary. This is subject to the condition that the market

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value of the assets, benefits and rights are not less than 30% of the total assets which includes the tangible assets, benefits, rights, cash and debts.”

(Refer to AAOIFI Shari’a Standards for Islamic Financial Institutions 1437A.H.-2015, page 567)

The following Hadith reported by Al-Bukhaari and Muslim is also being taken into consideration while deriving at the decision to use 33% benchmark on the Investment assets:

The Prophet (pbuh) said regarding the portion of will: "Make a will in one-third (of your property), and one-third is too much (i.e. the will must not exceed one-third of the whole property)".

- 3.3. **Substitution of Tangible Assets:** It is not permitted under Shariah to have non Shariah-compliant assets as underlying assets, hence from a Shariah perspective, it is permissible for the Issuer to substitute the Tangible Assets which are no longer Shariah-compliant with other qualified Shariah-compliant assets via a substitution agreement in order to avoid any disputes regarding the permissibility of a component of the Assets. This is in line with the Retail Guidelines under Part D, Chapter 17, item 17.03 which provides that:

“In relation to sukuk bai’ bithaman ajil, sukuk murabahah, sukuk istisna’ and sukuk ijarah, an asset, whether tangible or intangible, available for such sukuk issuance are subject to the following:

a. The identified asset and its use must comply with Shariah requirements”

- 3.4. **Purchase Undertaking:** The Purchase Undertaking is a unilateral promise based on the Shariah principle of Wa’ad and not a guarantee of capital. A separate and individual sale and purchase agreement shall be executed for the respective tranches by the Obligor to purchase the Sukukholders’ undivided beneficial ownership and interest in the Tangible Assets based on formula mutually agreed by both parties. The application of Wa’d has been approved by the SC’s SAC where it was held that:

“Wa’d mulzim is permissible based on the view of fuqaha’ that wa’d which is attached to conditions is binding. The types of conditions include a particular actions, date/time and situation.”

(Refer Resolutions of the Shariah Advisory Council of Securities Commission Malaysia, page 15:

https://www.sc.com.my/wp-content/uploads/eng/html/icm/Resolution_SAC_%202016.pdf)

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The permissibility of the purchase undertaking at a pre-determined price or formula is further supported by the following arguments:-

- (i) A purchase undertaking in general is a promise to enter into sale and purchase transaction to be held in future to purchase the underlying asset of an investment. Both parties must observe the essential elements of a sale contract together with its necessary conditions. Among others, the subject matter of sale i.e. underlying assets must exist. If the underlying assets no longer exist due to loss or damage, the purchase undertaking will not have any effect as purchase of non-existence (*Bai' al-Ma'dum*) is prohibited by the Shariah. This will not happen in a guarantee (*dhoman*). Guarantee will continue to have its effect throughout the investment tenure regardless of the conditions of the underlying assets. Furthermore if the guarantee is provided on the investment including the underlying assets, in the event of total or partial loss of the underlying assets, the guarantor needs to replace the underlying assets on its own account;
- (ii) Fixing of price for a future sale transaction is a matter of mutual agreement (*taraadhi*) between the contracting parties i.e. buyer and seller. This practice is comparable to fixing of price practised in *Bai' al-Istijrar*. Both parties in this transaction are taking the risk of price fluctuation. In purchase undertaking, fixing of the underlying assets' price shall expose the seller and buyer to the same risk. The seller may gain from the sale transaction if the market price of the underlying assets depreciated and equally, the buyer may experience losses if the market price of the underlying assets depreciated;
- (iii) The seller i.e. the Issuer (acting on behalf of the Sukukholders) are not devoid of all risks as the performance of the Purchase Undertaking is still subject to the performance of the Tangible Assets and the credit standing of the Obligor respectively; and
- (iv) The principle of `Urf or common practice in the industry and the expectation of investing in fixed income instruments as long as they are free from riba, gharar and other prohibition which will render the contract invalid.

3.5. **Utilisation of Proceeds:** It is required by the Retail Guidelines under Part B, Chapter 8, item 8.02 that:

“For Sukuk, the Issuer must ensure that the proceeds from the sukuk issuance are utilised for Shariah-compliant purposes only.”

3.6. **Waiver of Exercise Price, Periodic Distribution and Nominal Value**

Exercise Price:

The Exercise Price shall be waived by the Sukukholders and kept by Khazanah as incentive fees upon the Scheduled Dissolution Date or the Dissolution Declaration

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Date. It is in harmony with the Retail Guidelines under Part D, Chapter 18, item 18.27 on Tanazul (Waiver of Right) whereby “*Sukukholders may waive their rights to the profit payment from the Wakalah arrangement.*”

Periodic Distribution and Nominal Value:

The Sukukholders may, at their option, waive their rights, benefits and entitlements to the Periodic Distributions and the nominal amount payable under the relevant Sukuk Ihsan (in whole and not in part), by selling/transferring to Khazanah their Sukukholdings for a nominal consideration. The Sukukholders shall be entitled to exercise the option to waive the above: i) on the issue date of the relevant Sukuk Ihsan; and/or ii) such point(s) of time after the issue date but prior to the maturity of the relevant Sukuk Ihsan where such point(s) of time shall be determined prior to the issue date of the relevant Sukuk Ihsan, following which such Sukuk Ihsan shall no longer be tradeable nor transferable.

The transaction documents shall detail the mechanism to exercise such option to waive including but not limited to the issuance of certain notices and the timing of such issuances.

This is in line with the SAC resolution where they resolved that the sukuk structure based on the Shariah principle of *wakalah bi al-istithmar* which has the feature of waiver of rights by the sukukholders over certain percentage of the nominal value of the sukuk in the event that certain KPIs are met is permissible. The waiver of rights is based on the concept of *taradhi* (mutual consent) as outlined in Shariah.

(Refer: Resolution of the Shariah Advisory Council of the Securities Commission Malaysia 2016:

https://www.sc.com.my/wp-content/uploads/eng/html/icm/Resolution_SAC_%202016.pdf)

- 3.7 **Incentive Fee:** Incentive fee is given based on the principle that the Wakeel is entitled to a fee for his services (if any) pursuant to the terms of the Sukuk Wakalah. As highlighted in the AAOIFI’s Shari’a Standard No. 23, Item:

4/2/5 Remuneration for agency may be any gain in excess of a specific amount of output of the operation or a share of the Sukuk output.”

4/2/6 A certain share of the output may be added to the specific remuneration of the agent as a motivation.

(Refer AAOIFI Shari’a Standards for Islamic Financial Institutions 1437A.H. - 2015, page 614).

- 3.8 **Commodity Murabahah Investment:** This is in line with the resolution from the Shariah Advisory Council (“**SAC**”) of Bank Negara Malaysia (“**BNM**”) where in its 67th meeting dated 3 May 2007, it was resolved that there is no objection in Shariah for the issuance of Sukuk Commodity Murabahah based on Tawarruq as long as the

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sale transaction involves three or more contracting parties. This is based on Shariah Resolutions in Islamic Finance Second Edition for BNM page 98. This is also in line with the Retail Guidelines Appendix 7,

- 3.9. **Ta'widh (Compensation):** This is in line with the Hadith of Prophet Muhammad, *"The rich who delay the payment of a debt are committing tyranny"* (Narrated by Al-Bukhari and Muslim).

Furthermore, the SAC resolved in the Retail Guidelines Part D, Chapter 17, item 17.12, that ta'widh is permissible under the structure of sukuk wakalah bi al-istithmar if the sukuk issuer/wakil (agent) does the following:

- (i) *Breaches its fiduciary duty as an investment manager due to failure in distributing the realised profit to the investors on the agreed date; or*
- (ii) *Delays the payment of any amount due and payable to the investors upon dissolution of wakalah agreement."*

- 3.10 **Exercise Price:** Redeeming the Sukukholders' undivided and proportionate interest in the Tangible Assets under the relevant Sukuk Ihsan at market value is in harmony with the AAOIFI which provides that:

" It is permissible for the issuer to redeem Sukuk of ownership of the usufruct of tangible assets from the holder, after allotment, and payment of the subscription price, at the market price or at a price agreed upon between the parties at the time of redemption, on the condition that the subscription amount or redemption price is not deferred"

(Refer AAOIFI Shari'ah Standards for Islamic Financial Institutions 1437 A.H. - 2015 A.D. page 479)

- 3.11 **Wakeel and Sub-Wakeel Appointments:** Pursuant to a wakalah agreement ("**Wakalah Agreement**") between the Sukuk Trustee (on behalf of the investors ("**Sukukholders**") and Ihsan, the Sukuk Trustee (on behalf of the Sukukholders) will appoint Ihsan to act as its agent ("**Wakeel**") to invest the Sukuk Proceeds in Sukuk Investments. Ihsan, in its capacity as Wakeel to the Sukukholders, shall appoint Khazanah as the sub-wakeel or agent on its behalf ("**Investment Wakeel**") to invest the Sukuk Proceeds on behalf of the Sukukholders. The fee to be paid for the appointment of both Wakeel and sub-wakeel is RM10.00 each.

It is permissible for the Issuer to appoint an Agent or Sub-Agent based on the AAOIFI Shariah Standard No. 23 which provides that:

"Agency is the act of one party delegating the other to act on its behalf in what can be a subject matter of delegation and it is, thus, permissible"

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“The agent has no right to appoint a sub-agent except with the permission of the principal. Once a sub-agent is appointed, his termination does not spontaneously follow the termination of the first agent, but the principal can terminate him.”

(Refer AAOIFI Shari’ah Standards for Islamic Financial Institutions 1437A.H. – 2015 A.D., page 610 & 619)

4. APPROVAL

- 4.1. CIMB Islamic as the Shariah Adviser is of the view that, given the prevailing circumstances and the jurisdiction under which the Issuer is established, the structure and mechanism as set out above are acceptable within the principles of Shariah, subject to satisfactory documentation and proper execution of the same.
- 4.2. In arriving at the decision, CIMB Islamic also took into consideration of the following issues:
- (i) The legal constraints under which the Sukuk Issuance is being developed;
 - (ii) The need to develop the Islamic finance industry, particularly in respect of the issuance of Islamic securities;
 - (iii) The need to facilitate the increasing needs of corporates and financiers to mobilise funds according to Shariah principles; and
 - (iv) The prevailing conditions and affairs of the Ummah and the need to remove them from the shackles of *riba*.

And He knows best.

Endorsement by the Chairman of the Shariah Committee of CIMB Islamic Bank Berhad

I, Dr. Mohamed Azam, hereby confirm that all members of the Shariah committee have been consulted and made aware of all Shariah issues in relation to this proposal.

DR MOHAMED AZAM MOHAMED ADIL

Chairman

Shariah Committee

CIMB Islamic Bank Berhad

Date: 6 July 2017