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Confirmation of your representation: In order to be eligible to view the attached offering circular, recipients must not be a U.S. person (within the meaning of Regulation S under the United States Securities Act of 1933, as amended (the “**Securities Act**”). You have accessed the attached offering circular on the basis that you have confirmed to us that, by accepting the e-mail and accessing the attached offering circular, you shall be deemed to have represented to us that: (1) you are not located in the United States of America, its territories and possessions, any State of the United States and the District of Columbia and you are not, and you are not acting on behalf of, a U.S. person, as defined in Regulation S under the Securities Act, and “possessions” include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Island, and the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States; and (2) you consent to delivery of the attached offering circular and any amendments or supplements thereto by electronic transmission.

The attached offering circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of CIMB Investment Bank Berhad, DBS Bank Ltd., Standard Chartered Bank, Danga Capital Berhad, Khazanah Nasional Berhad, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers accepts any liability or responsibility whatsoever in respect of any difference between the offering circular distributed to you in electronic format and the hard copy version. You are reminded that the attached offering circular has been delivered to you on the basis that you are a person into whose possession the offering circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached offering circular, electronically or otherwise, to any other person.

Restrictions: Nothing in this electronic transmission constitutes an offer of securities for sale in any jurisdiction where such offer or sale is not permitted. Any securities to be issued will not be registered under the Securities Act and may not be offered or sold in the United States or to or for the account or benefit of U.S. persons unless registered under the Securities Act or pursuant to an exemption from such registration. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities. You are reminded that the information contained in the attached document is not complete and may be changed.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and CIMB Investment Bank Berhad, DBS Bank Ltd., Standard Chartered Bank or any of their affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by each of them in such jurisdiction.

THE ATTACHED OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Danga Capital Berhad
Company No. 835648-X
(incorporated in Malaysia with limited liability under the Companies Act, 1965)

U.S.\$750,000,000 Trust Certificates due 2021

with recourse to



**KHAZANAH
NASIONAL**

Khazanah Nasional Berhad

Company No. 275505-K

(incorporated in Malaysia with limited liability under the Companies Act, 1965)

Issue price: 100 per cent.

Under a Multicurrency Islamic Securities Issuance Programme described in this Offering Circular (the “**Programme**”), Danga Capital Berhad (the “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Islamic securities.

The U.S.\$750,000,000 Trust Certificates due 2021 (the “**Trust Certificates**”) of the Issuer will be issued pursuant to the Programme and will be constituted by a supplemental trust deed to be dated 1 March 2016 (the “**Closing Date**”) made between the Issuer and the Trustee (as defined herein) (the “**Supplemental Trust Deed**”), which amends and supplements the amended and restated trust deed dated 18 December 2015 made between the Issuer and the Trustee relating to the Programme. The Trust Certificates shall also be known as Series 4 of the Programme, for the purposes of identifying the number of issuances which have been made pursuant to the Programme.

Pursuant to a wakalah agreement to be entered into between the Issuer and Khazanah Nasional Berhad (in its capacity as the agent of the Issuer, the “**Wakeel**”) on the Closing Date (a “**Wakalah Agreement**”), the proceeds from the issue (the “**Proceeds**”) will be applied by the Issuer (acting through the Wakeel as agent) to invest in a wakalah venture (the “**Wakalah Venture**”) comprising investments in certain Shariah-compliant Shares (as defined herein) and a Commodity Murabahah Investment (as defined herein) in accordance with the terms of the Wakalah Agreement and the Investment Plan (as defined herein). The Investment Plan requires the Wakeel to invest the Proceeds with effect from the Closing Date in the Wakalah Venture which generates expected returns at least equal to the Periodic Distribution Amount (as defined herein) for each Periodic Distribution Period (as defined herein) for the term of the Trust Certificates and to ensure satisfaction of certain conditions relating to the preservation of value of the Investments (as defined herein) comprised in the Wakalah Venture (the “**Investment Conditions**”). The Investment Conditions require the Wakeel to, *inter alia*, (i) invest on the Closing Date an amount equal to no more than 49 per cent. of the Proceeds in the Commodity Murabahah Investment on the Closing Date; (ii) invest on the Closing Date an amount equal to at least 51 per cent. of the Proceeds to acquire certain Shariah-compliant Shares, by way of transfer of beneficial ownership, and thereafter to ensure that all shares comprised in the Series Wakalah Venture are Shariah-compliant Shares, and (iii) ensure that at all times during the term of the Trust Certificates, the aggregate value of the shares comprised in the Wakalah Venture is at least equal to one-third of the value of the Wakalah Venture as a whole, all as valued in accordance with the Valuation Principles (as defined herein).

Pursuant to the Supplemental Trust Deed, the Issuer will declare, *inter alia*, that it shall hold the rights, title, interest, entitlement and benefit in, to and under the Wakalah Venture and the Transaction Documents (as defined herein) as trustee for the Trust Certificates Holders (as defined herein) and the Trust Certificates will confer on the Trust Certificates Holders from time to time the right to receive payments (as more particularly described therein) in accordance with the terms and conditions of the Trust Certificates.

See “**Investment Considerations**” for a discussion of certain factors to be considered in connection with an investment in the Trust Certificates.

Approval in-principle has been obtained for the primary listing of the Trust Certificates on the Labuan International Financial Exchange Inc. (“**LFX**”) and for the listing and quotation of the Trust Certificates on the Official List of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) but there can be no assurance that such listings will occur on or prior to the Closing Date or at all. Bursa Malaysia Securities Berhad (“**BMS**”) granted its approval to list the Programme (under the exempt regime) on 30 December 2009. The Trust Certificates will be listed on BMS on, or as soon as reasonably practicable after, the Closing Date but will not be quoted for trading on BMS. Neither the SGX-ST, BMS nor LFX assumes any responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Trust Certificates to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, Khazanah Nasional Berhad (in its capacity as the obligor, the “**Obligor**”), the Khazanah Group (as defined herein) or the Trust Certificates. The Trust Certificates will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 for so long as the Trust Certificates are listed on the SGX-ST and the rules of the SGX-ST so require. Admission of the Trust Certificates to the LFX or BMS is not to be taken as an indication of the merits of the Issuer, the Obligor, the Khazanah Group or the Trust Certificates and will not result in any Trust Certificates being quoted for trading on the LFX or BMS.

NEITHER BMS NOR THE LFX TAKES ANY RESPONSIBILITY FOR THE CONTENTS OF THIS OFFERING CIRCULAR, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON ANY PART OF THE CONTENTS OF THIS OFFERING CIRCULAR. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS OFFERING CIRCULAR BEFORE INVESTING. IF IN DOUBT, THE INVESTORS SHOULD CONSULT HIS OR HER ADVISER.

The Trust Certificates have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”). The Trust Certificates are being offered outside the United States by the Joint Lead Managers (as defined herein) in accordance with Regulation S under the Securities Act (“**Regulation S**”), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Securities Commission Malaysia (“**SC**”) approved the Programme on 24 December 2008 and a lodgement was made to the SC in relation to an increase in the programme limit of the Programme on 12 October 2015.

IN ACCORDANCE WITH THE CAPITAL MARKETS AND SERVICES ACT 2007 OF MALAYSIA, A COPY OF THIS OFFERING CIRCULAR WILL BE DEPOSITED WITH THE SC, WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS. THE ISSUE, OFFER OR INVITATION IN RELATION TO THE PROGRAMME OR OTHERWISE ARE SUBJECT TO THE FULFILMENT OF VARIOUS CONDITIONS PRECEDENT. EACH RECIPIENT OF THIS OFFERING CIRCULAR ACKNOWLEDGES AND AGREES THAT THE APPROVAL OF AND THE LODGEMENT WITH THE SC SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE SUBSCRIPTION OR PURCHASE OF THE TRUST CERTIFICATES. THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE ISSUER AND THE OBLIGOR AND ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS OFFERING CIRCULAR.

The Trust Certificates will be offered and sold in registered form in denominations of U.S.\$200,000 each or integral multiples thereof. Upon issue, the Trust Certificates will be represented by a Global Certificate, registered in the name of a nominee of, and deposited with, a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) on or about the Closing Date. Except as described herein, definitive certificates for Trust Certificates will not be issued in exchange for beneficial interests in the Global Certificate. See “Summary of Provisions Relating to the Trust Certificates in Global Form”.

Whilst CIMB Islamic Bank Berhad, in its capacity as the Shariah Adviser (the “**Shariah Adviser**”), has structured the offering of the Trust Certificates in accordance with the principles of Shariah and an executed fatwa has been issued by the Shariah Adviser confirming such compliance, a prospective investor contemplating purchasing the Trust Certificates should make its own independent investigation and determination as to whether the offering and the investment in the Trust Certificates will comply with the principles of Shariah.

This Offering Circular is an advertisement and is not a prospectus for the purposes of EU Directive 2003/71/EC.

Joint Global Coordinators

CIMB

DBS Bank Ltd.

Joint Lead Managers and Joint Bookrunners

CIMB

DBS Bank Ltd.

Standard Chartered Bank

This Offering Circular includes particulars given in compliance with the Main Market Listing Requirements of BMS (under the exempt regime), the Listing Requirements under the LFX's Rules of the Exchange and the SGX-ST Listing Manual for the purpose of giving information with regard to the Issuer, the Obligor and the Trust Certificates. The Issuer and the Obligor collectively and individually accept full responsibility for the accuracy of the information contained in this document.

The Board of Directors of each of the Issuer and the Obligor, having made all reasonable enquiries, confirms that, this Offering Circular contains all information which is material in the context of the issue and offering of the Trust Certificates, that the information contained herein is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions, that there are no other facts the omission of which would, in the context of the issue and offering of the Trust Certificates, make this Offering Circular as a whole or any of such information contained herein or the expression of any such opinions or intentions herein misleading in any material respect. The Board of Directors of each of the Issuer and the Obligor accepts responsibility accordingly. Where information contained in this Offering Circular includes extracts from summaries of information and data from public sources, the Board of Directors of each of the Issuer and the Obligor accepts responsibility for accurately reproducing such summaries and data.

The Joint Global Coordinators are CIMB Investment Bank Berhad and DBS Bank Ltd. The Joint Lead Managers and Joint Bookrunners are CIMB Investment Bank Berhad, DBS Bank Ltd. and Standard Chartered Bank (the "**Joint Lead Managers**").

This Offering Circular is to be read in conjunction with all the documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*").

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Obligor, the Trustee, any of the Agents (as defined in the Conditions of the Trust Certificates) or the Joint Lead Managers to subscribe for or purchase any of, the Trust Certificates and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. The distribution of this Offering Circular and the offering of the Trust Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by each of the Issuer, the Obligor, the Joint Lead Managers, the Trustee and the Agents to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the Trust Certificates and distribution of this Offering Circular, see "*Subscription and Sale*".

In particular, the Trust Certificates have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Trust Certificates may not be offered or sold in the United States or to U.S. persons. To the fullest extent permitted by law, none of the Joint Lead Managers accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by a Joint Lead Manager or on its behalf in connection with the Issuer, the Obligor, the Khazanah Group or the issue and offering of the Trust Certificates. Each Joint Lead Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Joint Lead Managers, the Trustee or any of the Agents as to the accuracy or completeness of the information contained in this Offering Circular or any other information supplied in connection with the Trust Certificates. Each person receiving this Offering Circular acknowledges that such person has not relied on any of the Joint Lead Managers, the Trustee or any of the Agents nor on any person affiliated with the Joint Lead Managers, the Trustee or any of the Agents in connection with its investigation of the accuracy of such information or its investment decision.

Neither this Offering Circular nor any other information supplied in connection with the Trust Certificates is intended to provide the basis of any credit or other evaluation, nor should it be considered as a recommendation by the Issuer, the Obligor, any of the Joint Lead Managers, the Trustee or any of the Agents that any recipient of this Offering Circular should purchase the Trust Certificates.

EACH POTENTIAL PURCHASER IS ADVISED TO CONSULT ITS TAX ADVISER, LEGAL ADVISER AND BUSINESS ADVISER AS TO TAX, LEGAL, BUSINESS AND RELATED MATTERS CONCERNING THE PURCHASE OF THE TRUST CERTIFICATES.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not contained herein must not be relied upon as having been authorised by the Issuer, the Obligor, any of the Joint Lead Managers, the Trustee or any of the Agents. Neither the delivery of this Offering Circular nor any sale or allotment made in connection with the issue of the Trust Certificates shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer, the Obligor or the Khazanah Group since the date hereof or that there has been no adverse change in the financial position of the Issuer, the Obligor or the Khazanah Group since the date hereof or that the information contained in it or any other information supplied in connection with the Trust Certificates is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

NOTICE TO UK RESIDENTS

The Trust Certificates represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000 (the “**FSMA**”)) which has not been authorised, recognised or otherwise approved by the Financial Services Authority. Accordingly, this Offering Circular is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

The distribution in the United Kingdom of this Offering Circular and any other marketing materials relating to the Trust Certificates: (A) if effected by a person who is not an authorised person under the FSMA, is being addressed to, or directed at, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Financial Promotion Order**”); and (ii) persons falling within any of the categories of persons described in Article 49(2) (High net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (B) if effected by a person who is an authorised person under the FSMA, is being addressed to, or directed at, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the “**Promotion of CISs Order**”); (ii) persons falling within any of the categories of person described in Article 22(2)(a)–(d) (High net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Promotion of CISs Order. Persons of any other description in the United Kingdom may not receive and should not act or rely on this Offering Circular or any other marketing materials in relation to the Trust Certificates.

Potential investors in the United Kingdom are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Trust Certificates and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.

Any individual intending to invest in any investment described in this Offering Circular should consult his professional adviser and ensure that he fully understands all the risks associated with making such an investment and that he has sufficient financial resources to sustain any loss that may arise from such investment.

CERTAIN TERMS AND CONVENTIONS

Unless indicated otherwise, in this Offering Circular all references to (i) the “Issuer” are to Danga Capital Berhad, (ii) the “Obligor” and “Khazanah” are to Khazanah Nasional Berhad and (iii) the “Khazanah Group” are to the Obligor and its consolidated subsidiaries and associate companies.

All references in this Offering Circular to the “Government” are to the Government of Malaysia. All references in this Offering Circular to the “United States” are to the United States of America. All references in this Offering Circular to “BMS” are to Bursa Malaysia Securities Berhad, all references in this Offering Circular to the “LFX” are to the Labuan International Financial Exchange Inc. and all references in this Offering Circular to the “SGX-ST” are to the Singapore Exchange Securities Trading Limited.

All references to “U.S. dollars” and “U.S.\$” are to the currency of the United States of America, all references to “Singapore dollars” and “S\$” are to the currency of Singapore, all references to “Renminbi” and “RMB” are to the currency of the People’s Republic of China and all references to “Ringgit” and “RM” are to the currency of Malaysia.

Certain figures included in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

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DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with the Directors' Report and Audited Financial Statements 31 December 2014 of Khazanah (the "**Audited Consolidated Financial Statements**") which have been filed with the Companies Commission of Malaysia.

Investors may obtain copies of the Audited Consolidated Financial Statements from the Companies Commission of Malaysia by paying a fee to the Companies Commission of Malaysia.

The Audited Consolidated Financial Statements were prepared and presented in accordance with Approved Accounting Standards issued by the Malaysian Accounting Standards Board, which differ in certain material respects from generally accepted accounting principles in certain other jurisdictions, including International Accounting Standards or International Financial Reporting Standards and auditing standards with which prospective investors may be familiar with in other countries. The Audited Consolidated Financial Statements shall be deemed to be incorporated in, and form part of, this Offering Circular. Ernst & Young have audited, and rendered unqualified audit reports on, the Audited Consolidated Financial Statements and have given and not withdrawn their consent to the issue of this Offering Circular with the incorporation of the Audited Consolidated Financial Statements and their Audit Report relating to the Audited Consolidated Financial Statements in the form and context in which they are incorporated. The audits were performed solely for compliance with the Malaysian Companies Act, 1965 only.

The documents incorporated herein by reference are current only as at the date of such documents, and the incorporation by reference of such documents shall not create any implication that there has been no change in the affairs of Khazanah, since the date thereof or that the information contained therein is current as at any time subsequent to its date. Any statement contained therein shall be deemed to be modified or superseded for the purposes of this Offering Circular to the extent that a subsequent statement contained herein modifies or supersedes that statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular. In addition, any statement contained in such documents shall be deemed to be superseded for the purpose of this Offering Circular to the extent that a discussion contained herein relating to the same subject matter omits such statement. Any such statements omitted shall not be deemed to constitute part of this Offering Circular.

SUMMARY OF THE OFFERING

The summary below describes the principal terms of the Trust Certificates and the Transaction Documents. The sections of this Offering Circular entitled “Conditions of the Trust Certificates” and “Summary of Principal Transaction Documents” contain a more detailed description of the Trust Certificates and the Transaction Documents.

Issuer	Danga Capital Berhad.
Obligor	Khazanah Nasional Berhad.
Wakeel	Khazanah Nasional Berhad.
Trustee	Deutsche Trustees Malaysia Berhad.
Issuing and Paying Agent	Deutsche Bank AG, Hong Kong Branch.
Registrar and Transfer Agent	Deutsche Bank Luxembourg S.A.
Joint Global Coordinators	CIMB Investment Bank Berhad and DBS Bank Ltd.
Joint Lead Managers	CIMB Investment Bank Berhad, DBS Bank Ltd. and Standard Chartered Bank.
Shariah Adviser	CIMB Islamic Bank Berhad.
Trust Certificates	U.S.\$750,000,000 Trust Certificates due 2021 (the “ Trust Certificates ”) issued pursuant to the Multicurrency Islamic Securities Issuance Programme established by Danga Capital Berhad on 10 February 2009 and updated on 18 December 2015 (the “ Programme ”).
	The Trust Certificates will be constituted by a Supplemental Trust Deed dated the Closing Date (the “ Supplemental Trust Deed ”), which amends and supplements the Amended and Restated Trust Deed dated 18 December 2015 relating to the Programme (the “ Master Trust Deed ”, together with the Supplemental Trust Deed, the “ Trust Deed ”).
	The aggregate of the Nominal Value (as defined in the Supplemental Trust Deed) of Islamic securities outstanding under the Programme (including the Trust Certificates) and the face value of Islamic securities outstanding under a Ringgit-Denominated Islamic Securities Programme established by Danga Capital Berhad on 6 February 2009 and updated on 30 December 2015 (the “ Ringgit Programme ”) shall not exceed at any time RM20,000,000,000 (or its equivalent in any other currency).
Closing Date	1 March 2016.
Maturity Date	The Trust Certificates will expire on 1 March 2021, unless previously redeemed or purchased and cancelled as provided herein.
Issue Price	100 per cent.
The Offering	The Trust Certificates are being offered by the Joint Lead Managers outside the United States to non-U.S. persons in accordance with Regulation S under the Securities Act.

- Form of the Trust Certificates** The Trust Certificates will be represented by a Global Certificate deposited with and registered in the name of a nominee of, and deposited with, a common depository for Euroclear and Clearstream, Luxembourg on or before the Closing Date. Individual Certificates (as defined herein) evidencing holdings of Trust Certificates will only be available in limited circumstances more fully described in “Summary of Provisions relating to the Trust Certificates in Global Form”.
- Denomination** The Trust Certificates will be issued in registered form in the denominations of U.S.\$200,000 each or integral multiples thereof. The Trust Certificates will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 for so long as the Trust Certificates are listed on the SGX-ST and the rules of the SGX-ST so require.
- Status of the Trust Certificates** The Trust Certificates constitute undivided proportionate beneficial ownership interests in the Trust Assets and will at all times rank *pari passu* and rateably, without discrimination, preference or priority among themselves, subject to priorities or rights preferred by law.
- Negative Pledge** In respect of the Issuer only, see Condition 14(a).
- Purchase Undertaking** The Obligor shall on the Closing Date issue a Purchase Undertaking in favour of the Issuer and the Trustee (for the benefit of the Trust Certificates Holders) under which the Obligor undertakes to purchase from the Issuer all of the Investments in the Wakalah Venture at their fair market value (the “**Purchase Price**”) on the earlier of the Maturity Date or following a Dissolution Event, as the case may be. The Purchase Price of the Investments shall be determined in accordance with the Valuation Principles. The Purchase Price payable by the Obligor pursuant to the terms of the Purchase Undertaking shall be utilised to pay the Dissolution Distribution Amount (as defined below) due on the Trust Certificates to the Trust Certificates Holders, provided that the Purchase Price is sufficient to satisfy the same.
- All of the Issuer’s rights, title, interest, entitlement and benefit under the Wakalah Venture, including without limitation the beneficial ownership in all shares comprised therein, all of the Issuer’s rights under the Commodity Murabahah Investment, and all rights and other distributions accruing to or forming part of the Wakalah Venture are the “**Investments**”.
- The Obligor’s payment obligations under the Purchase Undertaking shall, save for such exceptions as may be provided by applicable legislation, at all times rank equally with all its other present and future unsecured and unsubordinated obligations.
- The Wakalah Agreement** The Issuer and Khazanah Nasional Berhad (in its capacity as agent of the Issuer, the “**Wakeel**”) shall on the Closing Date enter into a wakalah agreement (the “**Wakalah Agreement**”)

pursuant to which the Issuer (on behalf of the Trust Certificates Holders) shall appoint the Wakeel as its agent and shall instruct the Wakeel to invest the proceeds from the issue of the Trust Certificates (the “**Proceeds**”) in a wakalah venture (the “**Wakalah Venture**”) in accordance with the terms of the Wakalah Agreement and an investment plan attached thereto (the “**Investment Plan**”).

The Wakeel shall act as agent of the Issuer (on behalf of the Trust Certificates Holders) at all times in respect of its rights and obligations under the Wakalah Agreement, the Investment Plan and the Wakalah Venture Contracts. “**Wakalah Venture Contracts**” means the Commodity Murabahah Investment Agreement (as defined below), the Sale and Purchase Agreement (as defined below), and any ancillary contracts in relation thereto entered into from time to time, including but not limited to the Closing Date Deed of Surrender (as defined below), the Issuer Undertaking (as defined below), the Obligor Undertaking (as defined below), the Purchase Undertaking and any sale and purchase agreements or substitution agreements entered into pursuant such undertakings.

The Investment Plan requires that (i) the Wakeel invests the Proceeds with effect from the Closing Date in the Wakalah Venture which generates expected returns at least equal to the Periodic Distribution Amount for each Periodic Distribution Period for the term of the Trust Certificates (the “**Expected Return**”); and (ii) the Investments included in the Wakalah Venture will comply with certain additional requirements described under “*Summary of Principal Transaction Documents — The Wakalah Agreement*”.

The Wakeel will carry out its obligations in accordance with the Wakalah Agreement and Investment Plan as agent for the Issuer.

See “*Summary of Principal Transaction Documents — The Wakalah Agreement*”.

The Investments The Wakalah Venture shall comprise investments in (i) certain Shariah-compliant shares and (ii) a Commodity Murabahah Investment, in each case as described below.

“**Commodity Murabahah Investment**” means a commodity murabahah investment forming part of the Wakalah Venture and which will be in the form of the Commodity Murabahah Investment Agreement.

Any loss incurred under the Wakalah Venture shall be borne by the Trust Certificates Holders in proportion to the Nominal Value of the Trust Certificates held by each Trust Certificates Holder.

Shariah-compliant Shares The Wakalah Agreement requires that on the Closing Date an amount equal to at least 51 per cent. of the Proceeds shall be

applied to acquire certain Shariah-compliant Shares, by way of transfer of beneficial ownership, to be held as part of the Wakalah Venture.

“**Shariah-compliant Shares**” means Shariah-compliant shares in one or more companies, whether listed or not listed on any stock exchange, identified by the Wakeel in its discretion and approved by the Shariah Adviser as Shariah-compliant from time to time throughout the term of the Trust Certificates, and as approved by the Shariah Adviser as Shariah-compliant on the Closing Date.

Pursuant to a sale and purchase agreement (the “**Sale and Purchase Agreement**”) entered into by the Issuer (acting through the Wakeel as agent) and the Obligor on the Closing Date, the Issuer (acting through the Wakeel as agent) shall purchase from the Obligor certain Shariah-compliant Shares, by way of transfer of beneficial ownership, at their fair market value calculated in accordance with the Valuation Principles. In respect of the Trust Certificates, U.S.\$431,906,240 of the Proceeds will be applied in the purchase of Shariah-compliant Shares by way of transfer of beneficial ownership on the Closing Date.

On the Closing Date (in respect of the Shariah-compliant Shares purchased pursuant to the terms of the Sale and Purchase Agreement) and subsequently (in respect of any other shares which form part of the Wakalah Venture), the Issuer (acting through the Wakeel as agent) shall execute a deed of surrender (the deed of surrender executed on the Closing Date being the “**Closing Date Deed of Surrender**” and any subsequent deed of surrender being a “**Deed of Surrender**”) surrendering in each case in favour of the Obligor any and all of its voting rights in respect of such shares.

In accordance with the terms of the Wakalah Agreement, the Wakeel shall manage the shares forming part of the Wakalah Venture and shall exercise all rights as beneficial shareholder on behalf of the Issuer and shall instruct the Obligor as registered legal owner of the relevant shares to take all necessary steps to give effect to such decisions.

During the term of the Trust Certificates, the aggregate fair market value of the shares comprised in the Wakalah Venture must be at least equal to one-third of the value of the Wakalah Venture as a whole (the “**Shares Investment Minimum Value**”), all as determined in accordance with the Valuation Principles.

Pursuant to the terms of the Shariah Adviser appointment letter, the Shariah Adviser shall assess the shares comprised in the Wakalah Venture and certify to the Issuer, the Trustee, the Wakeel and the Obligor whether or not in its opinion they continue to be Shariah-compliant Shares.

The shares comprised in the Wakalah Venture shall be dealt with in accordance with the terms of the Wakalah Agreement

and certain additional documents entered into on the Closing Date in connection therewith, including (i) an undertaking granted by the Obligor in favour of the Issuer and the Wakeel as its agent (the “**Obligor Undertaking**”) and (ii) an undertaking granted by the Issuer (on behalf of the Trust Certificates Holders) in favour of the Obligor (the “**Issuer Undertaking**”). The Obligor Undertaking and the Issuer Undertaking are described further under “*Summary of Principal Transaction Documents*”.

**Dividends and Other
Distributions**

The Wakeel shall maintain records of all dividends (whether in the form of cash, shares or any other form) and other distributions accruing to the Issuer as beneficial owner of the shares comprised in the Wakalah Venture (on behalf of the Trust Certificates Holders) during each Periodic Distribution Period.

If shareholders are able to elect the form in which dividends or other distributions are to be paid, the Wakeel shall make such election and shall instruct the Obligor as registered legal owner of the relevant shares to take all necessary steps to give effect to such election.

All such dividends and other distributions shall form part of the Wakalah Venture and shall be dealt with as described below.

If any dividends or other distributions accrue to the Wakalah Venture other than in the form of cash or shares, or if any other rights of any kind are given to shareholders (including without limitation the right to subscribe for new shares in the relevant company (a “**Rights Issue**”)), the Wakeel shall on behalf of the Issuer direct the Obligor to exercise such rights in accordance with the Wakeel’s instructions, all as further described under the “*Summary of Principal Transaction Documents*” sections.

In respect of each Periodic Distribution Period, the aggregate amount of (i) all dividends and other distributions, in each case in the form of cash, accruing to the Issuer as beneficial owner of the shares comprised in the Wakalah Venture (on behalf of the Trust Certificates Holders) during each Periodic Distribution Period, and (ii) the Excess Shares Purchase Price (if any) payable on the corresponding Valuation Date (each as defined herein), in each case determined in accordance with the Valuation Principles, shall be expressed as a sum in U.S. dollars and is referred to as the “Share Distribution”. Subject as provided below, the Wakeel shall be obliged to pay to the Issuer on the day falling one Business Day before each Periodic Distribution Date a sum in U.S. dollars equal to the Share Distribution.

The Wakeel shall calculate, on the day falling one Business Day before each Periodic Distribution Date, the income in respect of the Wakalah Venture (the “**Periodic Income**”) being the aggregate of (i) the Share Distribution and (ii) all amounts received by the Issuer (acting through the Wakeel as agent)

under the Commodity Murabahah Investment Agreement, in each case in respect of the immediately preceding Periodic Distribution Period.

Provided that the Periodic Income is sufficient to satisfy the aggregate of (i) the Periodic Distribution Amount and (ii) all amounts (if any) payable prior thereto in accordance with Condition 4.2, the Wakeel shall be entitled to retain an incentive fee from the Periodic Income in respect of any excess (“**Interim Incentive Fee**”). The Wakeel shall transfer to the Issuer on the day falling one Business Day before the Periodic Distribution Date the Periodic Income less the Interim Incentive Fee (if any).

Commodity Murabahah

Investment

The Wakalah Agreement provides that on the Closing Date an amount equal to no more than 49 per cent. of the Proceeds shall be invested in a Commodity Murabahah Investment. Therefore, on the Closing Date, a commodity murabahah investment agreement (the “**Commodity Murabahah Investment Agreement**”) will be entered into between Khazanah Nasional Berhad as Buyer (the “**Buyer**”), the Issuer (acting through the Wakeel as agent) and CIMB Islamic Bank Berhad as facility agent (the “**Facility Agent**”).

In respect of the Trust Certificates, U.S.\$318,093,760 of the Proceeds will be applied in the purchase of commodities on the Closing Date and as further described below. The amount of the Proceeds applied as aforesaid is referred to as the “**Commodity Purchase Price**”.

Pursuant to the Commodity Murabahah Investment Agreement, the Buyer shall deliver to the Issuer a purchase order and an undertaking to buy commodities. The Issuer (acting through the Wakeel as agent) shall appoint the Facility Agent to act as its agent to procure the purchase of commodities from a third party commodity broker solicited at the discretion of the Facility Agent (“**Broker A**”) at the spot price using the Commodity Purchase Price. The Issuer (acting through the Wakeel as agent) shall sell the commodities so purchased on its behalf by the Facility Agent to the Buyer on the settlement date specified in the purchase order in consideration for a deferred sale price payable in accordance with a predetermined payment schedule (“**Payment Schedule**”) (the “**Deferred Sale Price**”). On the settlement date, the Buyer shall appoint the Facility Agent to act as its agent to sell the commodities which it purchased from the Issuer (acting through the Wakeel as agent) to a third party commodity broker other than Broker A solicited at the discretion of the Facility Agent (“**Broker B**”) on the settlement date at the spot price equivalent to the Commodity Purchase Price.

The Deferred Sale Price payable by the Buyer to the Issuer (acting through the Wakeel as agent) shall be equal to U.S.\$863,812,500 (such amount being equal to the sum of the

aggregate Periodic Distribution Amounts and the Nominal Value of the Trust Certificates). In accordance with the Payment Schedule, the relevant portion of the Deferred Sale Price will be payable as follows:

- (i) on the day falling one Business Day before each of the Periodic Distribution Dates; and
- (ii) on the day falling one Business Day before the Maturity Date, or on the Dissolution Event Redemption Date (as applicable).

Valuation Principles For the purposes of calculating the value of the Wakalah Venture and the Investments comprised within the Wakalah Venture, certain principles (“**Valuation Principles**”) shall apply.

The Issuer has in the Wakalah Agreement appointed the Wakeel (or such other calculation agent, approved by the Trustee, from time to time) to act as calculation agent for the purposes of making all calculations and determinations required to be made in accordance with the Valuation Principles. The Valuation Principles are set out in full in Condition 4.1(e).

Trust Assets Pursuant to and in accordance with the terms of the Supplemental Trust Deed, the Issuer will declare a trust over the assets specified below (the “**Trust Assets**”):

- (a) all of its rights, title, interest, entitlement and benefit in, to and under the Wakalah Venture;
- (b) all of its rights, title, interest, entitlement and benefit in, to and under the Transaction Documents; and
- (c) all proceeds of the foregoing,

upon trust absolutely for the Trust Certificates Holders pro rata according to the outstanding Nominal Value of Trust Certificates held by each Trust Certificates Holder in accordance with the Supplemental Trust Deed and the terms and conditions of the Trust Certificates (the “**Conditions**”).

Transaction Documents The Supplemental Trust Deed, the Supplemental Agency Agreement, the Supplemental Costs Undertaking Deed, the Wakalah Agreement, the Sale and Purchase Agreement, the Closing Date Deed of Surrender, the Obligor Undertaking, the Issuer Undertaking, the Obligor Power of Attorney, the Issuer Power of Attorney, the Commodity Murabahah Investment Agreement, the Purchase Undertaking, the Trust Certificates (each as defined herein), any other agreements and documents delivered or executed in connection therewith and any other amendments, variations and/or supplementals made or entered into from time to time, are collectively referred to herein as the “**Transaction Documents**”.

Periodic Distribution Dates 1 March and 1 September in each year, commencing on 1 September 2016 and up to and including the Maturity Date.

Periodic Distribution Amount On each Periodic Distribution Date, Trust Certificates Holders will receive, provided that the Periodic Income is sufficient to satisfy the same, a Periodic Distribution Amount in U.S. dollars of 3.035 per cent. per annum calculated on the basis of the Nominal Value of the Trust Certificates held by each Trust Certificates Holder per annum, calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

Dissolution on the Maturity Date ... The Trust Certificates will, provided that the Purchase Price referred to below is sufficient to satisfy the same, be redeemed at the Dissolution Distribution Amount on the Maturity Date, unless previously redeemed, or purchased and cancelled, in their entirety, as provided herein.

“Dissolution Distribution Amount” means an amount equal to the Aggregate Nominal Value (as defined in Condition 22) of the Trust Certificates outstanding, plus any accrued but unpaid Periodic Distribution Amounts.

The Obligor shall be required to pay the Purchase Price to the Issuer on the day falling one Business Day before the Maturity Date in consideration for the Investments. The Dissolution Distribution Amount will be payable from the proceeds of the Purchase Price to the extent that the Purchase Price is sufficient to satisfy the Dissolution Distribution Amount. Provided that no amounts remain outstanding in respect of the Trust Certificates or under Condition 4.2, the Wakeel shall be entitled to an incentive fee from the Purchase Price in respect of any excess (**“Final Incentive Fee”**).

The Trust shall only be dissolved following payment to the Trust Certificates Holders such Dissolution Distribution Amount in full.

**Dissolution following a
Dissolution Event**

Following a Dissolution Event (being those events described in Condition 13), the Trustee may (pursuant to the terms of the Trust Deed), and if so requested in writing by the holders of not less than one-fifth in Nominal Value of the Trust Certificates then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) (subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) shall, declare the Trust Certificates immediately due and payable at its Dissolution Distribution Amount.

In such case, the Trustee shall exercise its rights under the Purchase Undertaking by serving an exercise notice (the **“Exercise Notice”**) on the Obligor and the Obligor shall be required to pay the Purchase Price to the Trustee on the date specified in the Exercise Notice (the **“Dissolution Event Redemption Date”**) in consideration for the Investments. The Dissolution Distribution Amount will be payable from the

proceeds of the Purchase Price, to the extent that the Purchase Price is sufficient to satisfy the Dissolution Distribution Amount. Provided that no amounts remain outstanding in respect of the Trust Certificates or under Condition 4.2, the Wakeel shall be entitled to an incentive fee from the Purchase Price in respect of any excess (also a “**Final Incentive Fee**”).

The Trust shall only be dissolved following payment to the Trust Certificates Holders of such Dissolution Distribution Amount in full.

**Application of Proceeds from
Trust Assets**

On each Periodic Distribution Date, the Maturity Date or any Dissolution Event Redemption Date, monies received pursuant to the Investments in the Wakalah Venture will be applied in the order of priority in accordance with Condition 4.2.

**Purchase and Cancellation of
Trust Certificates**

The Obligor or any of its related corporations (as defined in Condition 22) may at any time purchase the Trust Certificates in the open market or by private treaty and thereafter sell or cancel or otherwise deal with the Trust Certificates in such manner that is legally permissible, subject to the same not contravening any applicable laws and/or regulations. Any Trust Certificates held by the Obligor and/or its related corporations shall not entitle them to participate in the voting of any Trust Certificates Holders’ resolution nor form part of the quorum of any Trust Certificates Holders’ meeting.

The Issuer and its related corporations may not, at any time, purchase the Trust Certificates.

Enforcement

No Trust Certificates Holder may proceed directly against the Issuer or the Obligor unless the Trustee, having become so bound to proceed pursuant to the provisions of the Trust Deed fails to do so within a reasonable period (which in any event shall not exceed 30 days after the Trustee is bound to proceed) and such failure is continuing.

Limited Recourse

Recourse of the Trust Certificates Holders in respect of any amounts due on the Trust Certificates is limited to the Trust Assets.

No Trust Certificates Holder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of any of the Trustee, the Issuer, the Agents and/or any of their affiliates if there is a shortfall after claims in respect of the Trust Assets have been exhausted or otherwise.

Taxation

All payments by the Issuer and the Obligor in respect of the Trust Certificates and/or the Transaction Documents shall be made in full without any deduction or withholding for or on account of any present and future taxes, duties or charges of whatsoever nature imposed by Malaysia or any authority

therein or thereof having power to tax, unless the deduction or withholding is required by law. In that event, the appropriate withholding or deduction shall be made and the Issuer or the Obligor, as the case may be, shall pay additional amounts (subject to certain exceptions) to Trust Certificate Holders to compensate for such withholding or deduction.

Costs Undertaking The Obligor will execute a Supplemental Costs Undertaking Deed (as defined in Condition 22) on the Closing Date pursuant to which it will agree to reimburse, among others, the Trustees and the Agents for certain expenses incurred by them and indemnify such parties in respect of certain liabilities incurred by them in connection with the issue of the Trust Certificates.

Listing BMS granted its approval to list the Programme (under the exempt regime) on 30 December 2009. The Trust Certificates will be listed on BMS (under the exempt regime) on, or as soon as reasonably practicable after, the Closing Date. Approval in-principle has been obtained for the primary listing of the Trust Certificates on the LFX and for the listing and quotation of the Trust Certificates on the Official List of the SGX-ST. Neither the SGX-ST, BMS nor LFX assumes any responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Trust Certificates to the Official List of the SGX-ST and admission of listing of the Trust Certificates to the LFX and BMS are not to be taken as an indication of the merits of the Issuer, the Obligor and its consolidated subsidiaries and/or associate companies, or the Trust Certificates. Admission of listing of the Trust Certificates to the LFX or BMS will not result in any Trust Certificates being quoted for trading on the LFX or BMS.

Rating The Trust Certificates are not, and are not expected to be, rated by any rating agency.

Selling Restrictions There are restrictions on the distribution of this Offering Circular and the offer and sale of Trust Certificates in Hong Kong, Japan, Malaysia, Negara Brunei Darussalam, Singapore, the United Kingdom, the United States, the United Arab Emirates and the Dubai International Financial Centre and such other restrictions as may be required in connection with the offer and sale of the Trust Certificates. See “*Subscription and Sale*”.

Governing Law The Supplemental Trust Deed, the Supplemental Agency Agreement, the Supplemental Costs Undertaking Deed, the Purchase Undertaking, the Obligor Undertaking, the Issuer Undertaking, the Wakalah Agreement, the Closing Date Deed of Surrender, any Deed of Surrender and the Trust Certificates will be governed by English law.

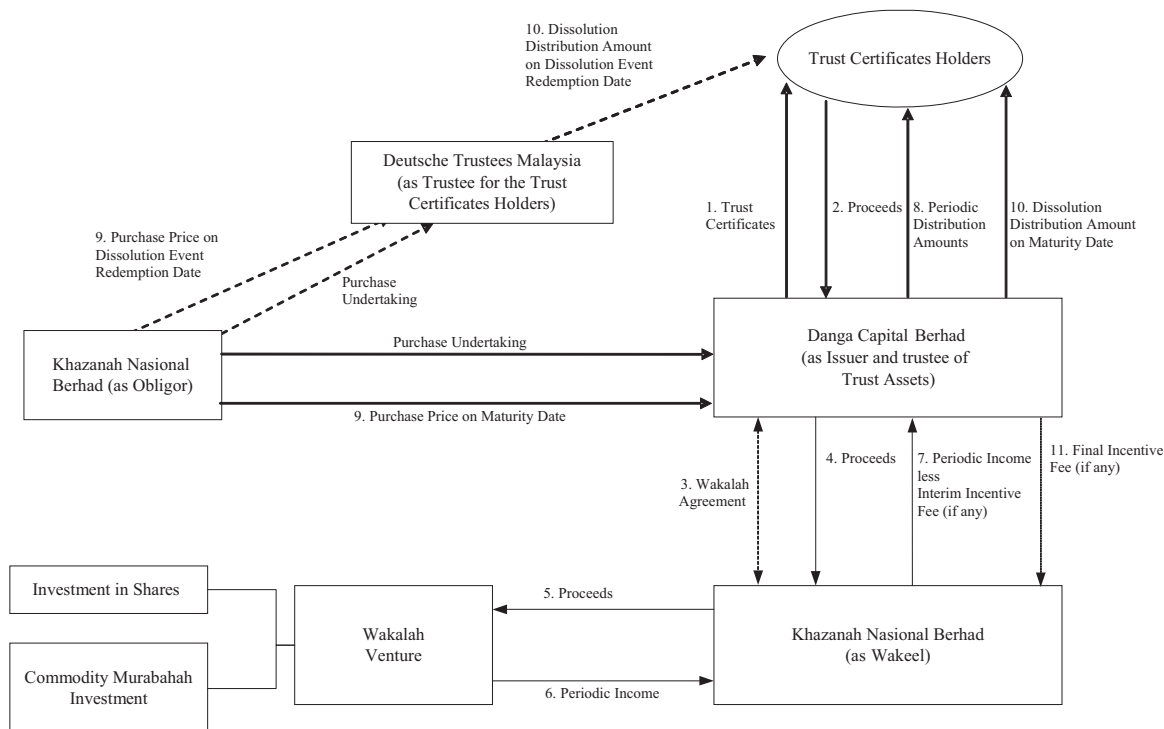
The Commodity Murabahah Investment Agreement, the Sale and Purchase Agreement, the Transfer Agreement and the Substitution Agreement will be governed by Malaysian law.

ISIN The ISIN in respect of the Trust Certificates is XS1347736008.

Common Code The Common Code in respect of the Trust Certificates is
134773600.

STRUCTURE DIAGRAM AND CASH FLOWS

The following is a simplified overview of the structure and principal cashflows relating to the Trust Certificates. This overview does not purport to be complete and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Offering Circular. Potential investors should read the entire Offering Circular, especially the risks in relation to investing in the Trust Certificates discussed under “Investment Considerations”. Capitalised terms not defined below shall have the same meanings as set out in the “Conditions of the Trust Certificates”.



Payments on the Closing Date

1. On the Closing Date, the Issuer shall issue the Trust Certificates.
2. Also on the Closing Date, investors shall subscribe for the Trust Certificates by payment of the Proceeds to the Issuer.

The Trust Certificates will be constituted by the Supplemental Trust Deed. Pursuant to and in accordance with the terms of the Supplemental Trust Deed, the Issuer will declare a trust over the Trust Assets for the Trust Certificates Holders.

3. & 4. The Issuer and the Wakeel shall on the Closing Date enter into a Wakalah Agreement pursuant to which the Issuer (on behalf of the Trust Certificates Holders) shall appoint the Wakeel as its agent and shall instruct the Wakeel to invest the Proceeds in the Wakalah Venture in accordance with the terms of the Wakalah Agreement and the Investment Plan set out therein. The Investment Plan requires that (i) the Wakeel invests the Proceeds with effect from the Closing Date in the Wakalah Venture which generates the Expected Returns; and (ii) the Investments included in the Wakalah Venture will comply with the Investment Conditions. Any loss incurred under the Wakalah Venture shall be borne by the Trust Certificates Holders in proportion to the Nominal Value of the Trust Certificates held by each Trust Certificates Holder.
5. On the Closing Date the Wakeel shall, as agent of the Issuer (on behalf of the Trust Certificates Holders), invest the Proceeds in the Wakalah Venture which shall comprise investments in certain Shariah-compliant Shares and a commodity murabahah investment. U.S.\$431,906,240

of the Proceeds will be applied in the purchase of Shariah-compliant Shares on the Closing Date. Furthermore, U.S.\$318,093,760 of the Proceeds will be applied in the purchase of commodities on the Closing Date. The Deferred Sale Price payable under the Commodity Murabahah Investment Agreement will be equal to the sum of the aggregate Periodic Distribution Amounts and the Nominal Value of the Trust Certificates issued.

Payments in respect of each Periodic Distribution Date

6. The Wakeel will receive the Periodic Income generated by the Wakalah Venture. The Periodic Income comprises (as further described herein) the income in respect of the Wakalah Venture during the relevant Periodic Distribution Period, being certain income and other distributions in respect of the shares and the commodity murabahah investment comprised within the Wakalah Venture.
7. Provided that the Periodic Income is sufficient to satisfy the aggregate of (i) the Periodic Distribution Amount and (ii) all amounts (if any) payable under Condition 4.2, the Wakeel shall be entitled to retain the Interim Incentive Fee from the Periodic Income in respect of any excess. The Wakeel shall pay to the Issuer the Periodic Income less the Interim Incentive Fee (if any).
8. Provided that the Periodic Income is sufficient to satisfy the same, the Issuer shall pay the Periodic Distribution Amount to the Trust Certificates Holders on each Periodic Distribution Date.

Payments in respect of the Maturity Date or Dissolution Event Redemption Date

9. On the day falling one Business Day before the Maturity Date, or on any Dissolution Event Redemption Date, if earlier, the Obligor shall, pursuant to the terms of the Purchase Undertaking, purchase from the Issuer all of the Investments in the Wakalah Venture at their fair market value calculated in accordance with the Valuation Principles (the “**Purchase Price**”).
10. The Issuer shall on the Maturity Date, or the Trustee shall on any Dissolution Event Redemption Date, provided that the Purchase Price is sufficient to satisfy the same, pay the Dissolution Distribution Amount to the Trust Certificates Holders.
11. Provided that no amounts remain outstanding in respect of the Trust Certificates, and all amounts payable under Condition 4.2 have been satisfied, the Wakeel shall be entitled to the Final Incentive Fee payable from the Purchase Price in respect of the excess.

SUMMARY FINANCIAL INFORMATION

The following tables present selected financial information for Khazanah on an unconsolidated basis. The income statement and balance sheet data presented below relating to the years ended 31 December 2013 and 31 December 2014 have been derived from a summary of the audited unconsolidated financial statements of Khazanah as at and for the years ended 31 December 2013 and 31 December 2014 included herein (the “**Summarised Financial Statements**”). The Summarised Financial Statements were prepared from the audited financial statements of Khazanah as at and for the years ended 31 December 2013 and 31 December 2014. Investors should read the summary financial information in conjunction with the Summarised Financial Statements and the related notes included herein.

The unconsolidated financial statements of Khazanah are prepared and presented in accordance with Approved Accounting Standards issued by the Malaysian Accounting Standards Board, which differ in certain material respects from generally accepted accounting principles in certain other jurisdictions, including International Accounting Standards or International Financial Reporting Standards and auditing standards with which prospective investors may be familiar with in other countries.

	For the year ended 31 December	
	2013 (audited)	2014 (audited)
	(RM thousands)	
Income Statement		
Income	7,099,260	5,826,426
Dividend income	6,479,871	5,175,652
Gain from divestments	471,752	551,503
Other operating income	147,637	99,271
Operating expenses	(714,717)	(853,636)
Net fair value gain	278,225	216,326
Foreign exchange (losses)/gain, net	(220,758)	(247,337)
Allowance for impairment losses in investments and other provisions	(2,775,855)	(2,657,479)
Operating profit	3,666,155	2,284,300
Finance costs	(1,154,022)	(1,278,644)
Profit before taxation	2,512,133	1,005,656
Taxation	54,356	(121,569)
Net profit for the year	2,566,489	884,087

	As at 31 December	
	2013	2014
	(audited)	(audited)
	(RM thousands)	
Balance Sheet		
<i>Assets</i>		
Cash and bank balances	2,256,378	1,313,608
Investment in money market instruments	89,362	44,711
Other financial assets	2,401,067	4,105,842
Other receivables	1,053,509	41,204
Tax recoverable	21,772	25,434
Interest in subsidiaries	34,710,577	39,981,068
Interest in associates	22,733,159	24,012,856
Interest in joint venture	30,707	—
Property and equipment	10,916	15,767
Computer software	3,462	2,141
Deferred tax assets	528,577	425,972
	<u>63,839,486</u>	<u>69,968,603</u>
Assets classified as held for sale	515,801	586,803
	<u>64,355,287</u>	<u>70,555,406</u>
<i>Liabilities</i>		
Provision and other payables	8,896,403	9,939,120
Borrowings	27,605,597	32,027,503
Derivative liabilities	255,073	638,559
	<u>36,757,073</u>	<u>42,605,182</u>
<i>Financed by:</i>		
Share capital	8,443,953	6,643,953
Share premium	3,840,248	3,840,248
Capital contribution from shareholders	—	2,324,423
Capital redemption reserve	—	1,800,000
Fair value adjustment reserve	759,000	602,500
Retained profits	14,555,013	12,739,100
Shareholders' funds	<u>27,598,214</u>	<u>27,950,224</u>
Total shareholders' funds and liabilities	<u>64,355,287</u>	<u>70,555,406</u>

INVESTMENT CONSIDERATIONS

Notwithstanding that this Offering Circular does not contain all information in relation to the Issuer, the Obligor and the Trust Certificates that any individual prospective investor may deem appropriate prior to making an investment decision in relation to the Trust Certificates, prior to making such a decision, prospective investors of the Trust Certificates should carefully consider all the information set forth in this Offering Circular, including the investment considerations set out below. The investment considerations set out below do not purport to be complete or comprehensive in terms of all the investment considerations that may be involved in the businesses of the Issuer, the Obligor or the Khazanah Group or any decision to purchase, own or dispose of the Trust Certificates. There may also be additional investment considerations of which the Issuer, the Obligor, the Joint Lead Managers are currently unaware or which are not disclosed herein, which may also impair the financial condition, performance or results of operation of the Issuer or the Obligor, or affect the market price of, liquidity and/or trading in, the Trust Certificates.

Words and expressions defined in “Conditions of the Trust Certificates” shall have the same meanings in this section unless otherwise stated.

Considerations relating to this Offering Circular

This Offering Circular contains only a summary description of the Issuer and the Obligor. This Offering Circular does not purport to contain all information in relation to the Issuer, the Obligor, the Khazanah Group or the Trust Certificates that any individual prospective investor may deem appropriate prior to making an investment decision in relation to the Trust Certificates.

This Offering Circular (or any part hereof) is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Obligor, any of the Joint Lead Managers, the Trustee or any of the Agents that any recipient of this Offering Circular or any such other document or information (or such part thereof) should subscribe for or purchase any of the Trust Certificates. Each person receiving this Offering Circular acknowledges that such person has not relied on the Issuer, the Obligor, any of the Joint Lead Managers, the Trustee or any of the Agents or any person affiliated with any of them in connection with its investigation of the accuracy of the information contained herein or of any additional information considered by it to be necessary in connection with its investment decision.

Any recipient of this Offering Circular contemplating subscribing for or purchasing any of the Trust Certificates should determine for itself the relevance of the information contained herein and any such other document or information (or any part thereof) and its investment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the prospects and creditworthiness, of the Issuer, the Obligor and the Khazanah Group, the Conditions and any other factors relevant to its decision, including the merits and risks involved. In particular, recipients of this Offering Circular should note that the financial information in respect of Khazanah set out in this Offering Circular comprise only unconsolidated financial information in the form of, or derived from, Khazanah’s Summarised Financial Statements as at and for the years ended 31 December 2013 and 31 December 2014.

Considerations relating to the Issuer

The Issuer has conducted limited activities since its incorporation, has no material assets and is dependent on Khazanah to pay amounts due under the Trust Certificates.

The Issuer is a special purpose vehicle in the form of a limited liability company incorporated in Malaysia on 16 October 2008 pursuant to the Companies Act, 1965 of Malaysia and has conducted limited activities since its incorporation. Its principal activity is to issue Islamic securities pursuant to the Programme (including the Trust Certificates) and pursuant to the Ringgit-Denominated Islamic Securities Programme established by the Issuer on 6 February 2009 and updated on 30 December 2015

(the “**Ringgit Programme**”). The Issuer has previously issued RM7.1 billion in nominal amount of Islamic securities under the Ringgit Programme and S\$1.5 billion and RMB500 million in nominal amount of Islamic securities under the Programme, of which RM4.0 billion and S\$900 million remain outstanding as at the date of this Offering Circular. The Issuer’s only material assets in relation to the Trust Certificates, which will be held by it as trustee on trust for the Trust Certificates Holders, will be the Trust Assets. The Trust Certificates will not be obligations or responsibilities of, or guaranteed by, the Trustee, any of the Agents or the Joint Lead Managers.

The Issuer’s only material source of funds will be its rights under the Transaction Documents to receive periodic payments generated by the Wakalah Venture and to receive the Dissolution Distribution Amount payable upon maturity or on the Dissolution Event Redemption Date (as applicable) under the Purchase Undertaking. The ability of the Issuer to pay amounts due to the Trust Certificates Holders will therefore be dependent upon Khazanah fulfilling its obligations under the Transaction Documents. As a consequence, the Issuer’s ability to satisfy its obligations under the Trust Certificates is subject to all the risks to which Khazanah is subject that could negatively affect its ability to satisfy its obligations under the Transaction Documents.

Considerations relating to Khazanah

The Obligor has no operations of its own and is dependent on investment income from its investments for revenue and to pay dissolution amounts on the Trust Certificates.

The Obligor is a holding company for investments in its subsidiaries and associate companies and has no operations of its own. As a result, the Obligor will depend upon its investment income, including dividends and distributions from its subsidiaries, associate companies and investee companies and proceeds from divestments, to make payments if and when required, in its capacity as Wakeel under the Wakalah Agreement, in its capacity as buyer under the Commodity Murabahah Investment Agreement and in its capacity as Obligor under the Purchase Undertaking. The ability of such companies to pay dividends to their shareholders (including the Obligor) is subject to, among other things, the results of operations and funding requirements of such companies, distributable reserves, the approval of their directors and shareholders, and applicable law and restrictions contained in debt instruments of such companies, if any. Moreover, further issues of equity interests by these companies could dilute the ownership interest of the Obligor in such companies.

The Wakalah Agreement, Commodity Murabahah Investment Agreement and Purchase Undertaking will be structurally subordinate to all existing and future obligations of Khazanah’s subsidiaries and associate companies.

As a holding company with no independent operations, Khazanah’s obligations, in its capacity as Wakeel under the Wakalah Agreement, in its capacity as buyer under the Commodity Murabahah Investment Agreement and in its capacity as Obligor under the Purchase Undertaking, will be effectively subordinated to all existing and future obligations of its direct and indirect subsidiaries and associate companies. All claims of creditors of these companies, including trade creditors, lenders and all other creditors, will have priority as to the assets of such companies over claims of the Obligor and its creditors, including any claims by or on behalf of the Issuer relating to amounts payable by Khazanah pursuant to the Wakalah Agreement, the Commodity Murabahah Investment Agreement and the Purchase Undertaking.

Khazanah and its portfolio companies are subject to strategic risk.

Khazanah’s investment portfolio is subject to investment and market risks as well as concentration risks. Khazanah’s investment portfolio may be concentrated in certain sectors and geographic regions or in certain of its individual investments which may or may not be listed. Khazanah’s investment portfolio profile may change from period to period depending on various factors, including market conditions, investment opportunities, and the investments and divestments undertaken by Khazanah.

As at 31 December 2014, the top five sectors contributing to Khazanah's investment portfolio in terms of mark-to-market Realisable Asset Value ("RAV") were the telecommunications, power, financial services, healthcare and property sectors, comprising 21.6 per cent., 17.5 per cent., 14.5 per cent., 13.3 per cent. and 10.5 per cent. of Khazanah's investment portfolio in terms of RAV, respectively. In terms of key geographic exposure of Khazanah's portfolio, 85.0 per cent. of its investment portfolio is located in Malaysia, 5.0 per cent. in Singapore, 4.5 per cent. in China, 2.1 per cent. in India, 1.2 per cent. in Turkey and 0.2 per cent. in Indonesia, in each case in terms of RAV and as at 31 December 2014. These RAV percentages are in each case derived based on the audited financial statements of Khazanah as at and for the year ended 31 December 2014.

Khazanah and its portfolio companies are exposed to various regulatory and litigation risks.

Khazanah and its portfolio companies hold investments in Malaysia and other countries, which means that Khazanah and such entities are subject to a variety of legal and regulatory requirements and judiciary systems in such jurisdictions. Laws and regulations that are applied in such countries may change from time to time. Changes in laws or regulations, other regulatory matters or litigation actions involving Khazanah and its portfolio companies, or restrictions such as tariffs, trade barriers, requirements relating to withholding taxes on Khazanah or such entities in any jurisdiction may have a material adverse effect on the financial condition of Khazanah and the Khazanah Group or the business or results of operations of the Khazanah Group.

Liabilities relating to investments and divestments.

In connection with an investment in, or divestment of, an interest in a company, Khazanah may be exposed to certain claims or liabilities relating to the subject company (or its ownership interest therein), including without limitation tax or environmental claims or liabilities. There can be no assurance that any such claim or liability would not have a material adverse effect on the financial condition of Khazanah and the Khazanah Group or the business or results of operations of the Khazanah Group.

Government ownership of Khazanah.

Save for the one share owned by the Federal Lands Commissioner of Malaysia (the "FLC"), a body corporate incorporated pursuant to the Federal Lands Commissioner (Incorporation) Act, 1957 of Malaysia, all the share capital of Khazanah is owned by the Minister of Finance (Inc), a body corporate incorporated pursuant to the Minister of Finance (Incorporation) Act, 1957 of Malaysia and Khazanah is the strategic investment fund of the Government. As such, the Government, as the largest single shareholder of Khazanah (through the Minister of Finance (Inc)), can exercise influence over the corporate objectives, strategies or actions of Khazanah. Although the Government has not to date taken any actions to exercise such influence, there can be no assurance that the Government will not do so in a manner that is inconsistent with the interests of the Trust Certificates Holders.

Khazanah may not be able to replace the investments disposed of under Khazanah's divestment strategy and the remaining divestments may not be able to generate the same levels of investment income.

Khazanah is committed to a gradual and orderly divestment of its non-core companies and holdings in core strategic investments, as evidenced by its divestment track record. Khazanah's divestment strategy in relation to non-core companies is in line with the role of Government-Linked Investment Companies and Government-Linked Companies under the new economic model announced by the Government on 30 March 2010 (the "New Economic Model") and its overall divestment strategy assists in increasing the free float and availability of shares of entities in which Khazanah invests and provides Khazanah with the opportunity to realise shareholder value. Between 2004 and 2014, Khazanah made 121 investments worth RM65.3 billion and 67 divestments valued at RM42.8 billion, recording gains of RM19.4 billion on divestments. There is, however, no assurance that investments of the equivalent value or competitiveness may be found to replace the disposed investments and the new

investments may not be able to deliver the same financial performance or generate an equivalent level of investment income.

Considerations relating to Malaysia

Political, economic and social developments in Malaysia may adversely affect the Khazanah Group.

As a company incorporated in Malaysia with significant investment exposure to the fiscal performance of Malaysia, the financial condition of Khazanah and the Khazanah Group or the business or results of operations of the Khazanah Group may be adversely affected by political, economic and social developments in Malaysia. Any change in Government policies, changes to senior positions within the Government, or any political instability in Malaysia, arising from these changes, may have a material adverse effect on the Khazanah Group, its business, operations and financial condition. Furthermore, any changes in the composition of the Government could result in a change in Government policies.

In addition to changes in the Government, other political and economic uncertainties include but are not limited to the risks of war, terrorism, riots, expropriation, nationalism, renegotiation or nullification of existing contracts, changes in interest rates and methods of taxation.

Developments in Malaysia and globally may negatively impact Khazanah and its portfolio companies.

The market and economic conditions in Malaysia and globally have been, and continue to be, disruptive and volatile.

The adverse global economic conditions and volatility of capital markets have had, and may continue to have, an adverse impact on the value of Khazanah's portfolio, the value and profitability of Khazanah's portfolio companies' businesses and, in turn, the Khazanah Group's revenue and profitability. Ongoing events such as the continued instability of European and U.S. financial markets, as well as recent events such as the political instability and turmoil in certain Middle Eastern countries and terrorist-linked attacks in France, Nigeria and Turkey may adversely affect economic activity and financial markets. In addition, these conditions have had, and may continue to have, an adverse impact on the ability of Khazanah's portfolio companies to pay dividends or make other distributions or payments to Khazanah, or may result in Khazanah's portfolio not generating the expected returns for Khazanah.

A re-imposition of capital controls may affect investors' ability to repatriate the proceeds from the sale of Trust Certificates and dissolution amounts paid on the Trust Certificates from Malaysia.

As part of the package of policy responses to the 1997 economic crisis in Southeast Asia, the Government introduced, on 1 September 1998, selective capital control measures. The Government initiated the liberalisation of the selective capital control measures in 1999 to allow foreign investors to repatriate principal capital and profits, subject to a system of graduated exit levies based on the duration of investment in Malaysia. On 1 February 2001, the Government revised the levy to apply only to profits made from portfolio investments retained in Malaysia for less than one year. Currently, there are no applicable repatriation levy measures in Malaysia.

However, there is no assurance that the Government will not re-impose these or other capital controls in the future. If the Government re-imposes foreign exchange controls, investors may not be able to repatriate the proceeds of the sale of the Trust Certificates and Dissolution Distribution Amount paid on the Trust Certificates from Malaysia for a specified period of time or may only do so after paying a levy.

Malaysian corporate and other disclosure and accounting standards differ from those in other jurisdictions.

Khazanah's financial statements are prepared and presented in accordance with Approved Accounting Standards issued by the Malaysian Accounting Standards Board, which differ in certain material

respects from generally accepted accounting principles in certain other jurisdictions, including International Accounting Standards or International Financial Reporting Standards and auditing standards which prospective investors may be familiar with in other countries. As a result, Khazanah's financial statements and reported earnings could be significantly different from those which would be reported under other jurisdictions. This Offering Circular does not contain a reconciliation of Khazanah's financial statements to generally accepted accounting principles of any other jurisdiction, and there is no assurance that such a reconciliation would not reveal material differences.

Ebola, MERS-CoV, Influenza A (H1N1) and other infectious diseases may adversely affect Khazanah.

The outbreak of an infectious disease in Asia (including Malaysia) and elsewhere, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy and business activity in the region and thereby have a material adverse effect on the business, financial condition and results of operations of Khazanah.

For example, the outbreak of the Ebola virus in 2014 and the outbreak of Middle East respiratory syndrome coronavirus ("MERS-CoV") in the Middle East in 2012 was widespread and resulted in travel restrictions and quarantines. In April 2009, there was an outbreak of Influenza A virus ("H1N1") which originated in Mexico but subsequently spread globally including confirmed reports in Indonesia, Hong Kong, Japan, Malaysia, Singapore and elsewhere in Asia. In August and September 2009, there were a number of deaths in Malaysia resulting from H1N1. H1N1 is believed to be highly contagious and may not be easily contained.

There can be no assurance that any precautionary measures taken against infectious diseases would be effective. An outbreak of the Ebola virus, MERS-CoV, H1N1 or another contagious disease or the measures taken by the governments of affected countries, including Malaysia, against such potential outbreaks, could seriously interrupt the Group's operations or the services or operations of its suppliers and customers, and have a material adverse effect on the business, cash flows, operational results, financial condition and prospects of the Group. The perception that an outbreak of the Ebola virus, MERS-CoV, H1N1 or another contagious disease may occur may also have an adverse effect on the economic conditions of countries in Asia, where many of Khazanah's investments are located.

Considerations relating to an Investment in the Trust Certificates

No obligation on the part of the Obligor's Shareholder with respect to the Trust Certificates.

Save for one share owned by the FLC, all the shares in the Obligor are owned by the Minister of Finance (Inc), a body corporate incorporated pursuant to the Minister of Finance (Incorporation) Act, 1957 (the "**Obligor's Shareholder**"). However, the Obligor's Shareholder is not legally obliged to provide financial support to the Obligor. Khazanah's obligations under the Wakalah Agreement, the Commodity Murabahah Investment Agreement and Purchase Undertaking are not guaranteed by the Obligor's Shareholder, and the Obligor's Shareholder has no obligation to the Trust Certificates Holders. There can be no assurance that the Obligor's Shareholder will provide financial support to Khazanah or the Issuer if Khazanah and/or the Issuer is unable to meet its obligations under the Wakalah Agreement, the Commodity Murabahah Investment Agreement and the Purchase Undertaking and the Trust Certificates. In addition, the Obligor's Shareholder has given no undertaking in relation to its continued ownership of Khazanah, although it is a Dissolution Event under the Trust Certificates if the Obligor's Shareholder ceases to own the entire issued share capital of Khazanah (save for the one share owned by the FLC).

There has been no prior public market for the Trust Certificates.

There is no existing market for the Trust Certificates and there can be no assurances that a secondary market for the Trust Certificates will develop, or if a secondary market does develop, that it will provide the Trust Certificates Holders with liquidity of investment or that it will continue for the life of

the Trust Certificates. The market value of the Trust Certificates may fluctuate. Consequently, any sale of Trust Certificates by the Trust Certificates Holders in any secondary market which may develop may be at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, the Khazanah Group's operating results and the market for similar securities. The Joint Lead Managers have advised the Issuer and the Obligor that they presently intend to make a market in the Trust Certificates as permitted by applicable laws and regulations. The Joint Lead Managers are not, however, obliged to make a market in the Trust Certificates and any such market making may be discontinued at any time. Accordingly, no assurance can be given as to the liquidity of, or trading market for, the Trust Certificates and an investor in the Trust Certificates must be prepared to hold the Trust Certificates for an indefinite period of time or until their maturity. Approval in-principle has been obtained for the primary listing of the Trust Certificates on the LFX and for the listing and quotation of the Trust Certificates on the SGX-ST but there can be no assurance that such listings will occur on or prior to the Closing Date or at all. BMS granted its approval to list the Programme (under the exempt regime) on 30 December 2009. Admission of the Trust Certificates to the LFX or BMS will not result in any Trust Certificates being quoted for trading on the LFX or BMS.

The Trust Certificates are limited recourse obligations.

The Trust Certificates do not represent an interest in any of the Issuer, the Obligor, the Trustee, the Agents or any of their respective affiliates. Notwithstanding anything to the contrary contained herein or in any Master Document (as defined herein) or Transaction Document, no payment of any amount whatsoever shall be made in respect of the Trust Certificates by the Issuer, the Trustee or the Agents or any of their respective directors, officers or agents except to the extent that funds are available therefor from the Trust Assets. The Trust Assets include, amongst others, all of the Issuer's rights, title, interest, entitlement and benefit, in, to and under the Purchase Undertaking, which when any amount is due and payable thereunder, constitutes a general unsecured and unsubordinated obligation of the Obligor in respect of which a claim may be made by the Issuer or the Trustee and which ranks equally with all other present and future unsecured and unsubordinated obligations of the Obligor. By subscribing for or acquiring the Trust Certificates, the Trust Certificates Holders acknowledge that no recourse may be had for the payment of any amount owing in respect of the Trust Certificates against the Trustee, the Issuer or the Agents or any of their respective directors, officers or agents and to the extent that all claims in respect of the Trust Assets have been exhausted (including actions to procure payment by the Obligor under the Purchase Undertaking) all claims in respect of the Trust Certificates shall be extinguished. In addition, no Trust Certificates Holder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of any of the Trustee, the Issuer or the Agents or any of their affiliates if there is a shortfall after claims in respect of the Trust Assets have been exhausted or otherwise.

The Conditions are subject to modification by a majority of the Trust Certificates Holders without the consent of all of the Trust Certificates Holders.

The Conditions of the Trust Certificates contain provisions for calling meetings of Trust Certificates Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Trust Certificates Holders including Trust Certificates Holders who did not attend and vote at the relevant meeting and Trust Certificates Holders who did attend the relevant meeting but voted in a manner contrary to the majority. The Master Trust Deed (as amended and supplemented by the Supplemental Trust Deed) contains provisions for calling meetings of the Trust Certificates Holders to consider matters affecting their interests (including amendments to the terms and conditions of the Trust Certificates). These provisions permit defined majorities to bind all of the Trust Certificates Holders, including Trust Certificates Holders who did not attend or vote at the relevant meeting as well as Trust Certificates Holders who did attend the relevant meeting, but voted in a manner contrary to the majority.

Trust Certificates Holders' ability to enforce claims is uncertain.

Substantially all the assets of the Obligor and the assets of its directors and executive officers are located in Malaysia. Generally, since the United Kingdom is a reciprocating country, any judgment obtained against the Obligor or any of its directors or executive officers in any of the superior courts of the United Kingdom or other reciprocating countries as listed in the Reciprocal Enforcement of Judgments Act, 1958 of Malaysia (“**REJA**”), other than a judgment of such a court given on appeal from a court which is not a superior court, can be registered in the Malaysian High Court without re-examination or re-litigation of the matters adjudicated upon, if:

- (i) the judgment was not obtained by fraud;
- (ii) the enforcement of the judgment would not be contrary to natural justice or the public policy of Malaysia;
- (iii) the enforcement of the judgment would not be an enforcement of penal or revenue laws of England;
- (iv) the judgment was not obtained in proceedings in which the defendant did not (notwithstanding that process may have been duly served on him in accordance with the laws of England) receive notice of those proceedings in sufficient time to enable it to defend the proceedings and did not appear;
- (v) there has not been an earlier judgment of a competent court;
- (vi) the judgment is for a fixed sum and not for multiple damages;
- (vii) enforcement of proceedings is instituted within six years after the date of the judgment;
- (viii) an appeal is not pending, and the judgment creditor is not entitled and intending to appeal, against the judgment;
- (ix) the judgment was made by a court of competent jurisdiction; and
- (x) the judgment has not been wholly satisfied and is enforceable by execution in the courts of England.

As a result, the Trustee and/or the Trust Certificates Holders with claims against the Obligor, its directors or executive officers, will generally be able to pursue such claims by registering such judgments obtained in the recognised English courts or those of other reciprocating countries in the Malaysian High Court.

In addition, where the sum payable under a judgment which is to be registered is expressed in a currency other than Malaysian currency, the judgment shall be registered as if it were a judgment for such sum in Malaysian currency as is equivalent to the sum so payable on the basis of the rate of exchange prevailing at the date of the judgment of the original court.

There can be no assurance as to the impact of a change in the laws governing the Trust Certificates.

The Conditions and certain of the Transaction Documents are governed by English law. Other Transaction Documents are governed by the laws of Malaysia. No assurance can be given as to the impact of any possible judicial decision or change to English law or the laws of Malaysia after the date of this Offering Circular, nor can any assurance be given that any such change would not adversely affect the ability of Khazanah to make payment under the relevant Transaction Documents or the Issuer to make payments under the Trust Certificates.

Certain Trust Certificates Holders may be exposed to currency conversion risks due to the Trust Certificates being denominated in U.S. dollars.

Payments to Trust Certificates Holders will be made in U.S. dollars. If an investor's financial activities are principally denominated in a currency other than U.S. dollars, it will be subject to certain currency conversion risks. These risks include: (i) the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the investor's currency); and (ii) the risk that authorities with jurisdiction over the investor's currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. In recent years, exchange rates between certain currencies have been volatile and such exchange rate volatility with a variety of currencies may continue in the future. Any appreciation of an investor's currency relative to the U.S. dollar would decrease the investor's currency equivalent value of the Periodic Distribution Amounts payable in respect of the Trust Certificates, the investor's equivalent value of the Dissolution Distribution Amount payable on the Trust Certificates, and the investor's currency equivalent market value of the Trust Certificates. In addition, exchange controls could adversely affect the availability of a specified foreign currency at the time of payment of amounts on a Trust Certificate. As a result, investors may receive less than expected, or no payment at all.

There is no assurance that the Trust Certificates will be Shariah-compliant.

On or before the Closing Date, the Shariah Adviser will issue a pronouncement which states that, in its opinion, the Trust Certificates, and the structure and mechanism described in the Transaction Documents, are Shariah-compliant as at the Closing Date. None of the Issuer, the Obligor or the Joint Lead Managers makes any representation as to the Shariah permissibility of the structure or the issue and trading of the Trust Certificates. Investors are reminded that as with any Shariah views, differences in opinion are possible and opinions may change from time to time. Investors should obtain their own independent Shariah advice as to the Shariah permissibility of the structure, the issue and the trading of the Trust Certificates.

If the Trust Certificates are deemed not to be Shariah-compliant by an investor's own standard of Shariah compliance, such investor may be required to sell or otherwise dispose of its Trust Certificates by virtue of its own constitutional restraints or otherwise. Similarly, if the Trust Certificates are deemed not to be Shariah compliant by potential investors' standards of Shariah compliance, they may be prohibited from buying the Trust Certificates by virtue of its own constitutional restraints or otherwise. Accordingly, the liquidity and price of the Trust Certificates in the market may be adversely affected by particular Shariah standards, and interpretation thereof, of existing or potential investors.

The Trust Certificates are complex instruments and may not be a suitable investment for all investors.

Potential investors are advised that each issue under the Programme will carry different risks and all prospective investors are strongly encouraged to evaluate each issue under the Programme on its own merit. In particular, each potential investor in the Trust Certificates must determine the suitability of that investment in light of its own circumstances. Furthermore, each potential investor in the Trust Certificates should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Trust Certificates, the merits and risks of investing in the Trust Certificates and the information contained in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Trust Certificates and the impact the Trust Certificates will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Trust Certificates or where the currency for payment is different from the potential investor's currency;

- understand thoroughly the terms of the Trust Certificates and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

In addition, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Trust Certificates constitute legal investments for it; (ii) the Trust Certificates can be used as collateral for various types of borrowing; and (iii) other restrictions apply to any purchase or pledge of any Trust Certificates by the investor. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Trust Certificates under any applicable risk-based capital or similar rules and regulations.

CONDITIONS OF THE TRUST CERTIFICATES

The following is the text of the Conditions of the Trust Certificates which will be issued under the Programme. The Conditions herein (subject to completion and amendment (including the deletions as mentioned above) and save for the text in italics) will be endorsed on each individual certificate evidencing the Trust Certificates and will be attached and (subject to the provisions thereof) apply to the Global Certificate:

Each of the U.S.\$750,000,000 Trust Certificates due 2021 (the “**Trust Certificates**”) represents an undivided proportionate beneficial ownership interest in the Trust Assets (as defined below), in each case held on trust by the Trustee (as defined below) for the Trust Certificates Holders pursuant to a supplemental trust deed (the “**Supplemental Trust Deed**”, as further amended or supplemented from time to time) dated 1 March 2016 (the “**Closing Date**”) made between Danga Capital Berhad (the “**Issuer**”) and Deutsche Trustees Malaysia Berhad (the “**Trustee**”). The Trust Certificates are constituted by the Supplemental Trust Deed and issued pursuant to the Multicurrency Islamic Securities Issuance Programme established by the Issuer on 10 February 2009 and updated on 18 December 2015 (the “**Programme**”). The Trust Certificates of the Programme shall also be referred to as Series 4 of the Programme for the purposes of identifying the number of issuances which have been made pursuant to the Programme. For the purposes of the Trust Certificates, all references in the Master Documents to the term “Islamic Securities” will be construed, in relation to the issuance of the Trust Certificates, as references to the Trust Certificates.

Payments and delivery will be made in accordance with the supplemental paying agency agreement dated the Closing Date (the “**Supplemental Agency Agreement**”, as further amended or supplemented from time to time) made between the Issuer, the Trustee, Deutsche Bank AG, Hong Kong Branch as the issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**” and, together with any further or other paying agents appointed from time to time in respect of the Trust Certificates, the “**Paying Agents**”) and Deutsche Bank Luxembourg S.A. as the registrar (in such capacity, the “**Registrar**”) and transfer agent (in such capacity, a “**Transfer Agent**”). References to the Issuing and Paying Agent, the Paying Agents, the Transfer Agent and the Registrar shall include any successors thereto in each case in such capacity.

The statements in these Conditions (the “**Conditions**”) include summaries of certain provisions of the Supplemental Trust Deed, the Supplemental Agency Agreement, the Supplemental Costs Undertaking, the Wakalah Agreement, the Sale and Purchase Agreement, the Commodity Murabahah Investment Agreement, the Closing Date Deed of Surrender, any Deed of Surrender, the Issuer Undertaking, the Obligor Undertaking and the Purchase Undertaking.

The amended and restated trust deed dated 18 December 2015 relating to the Programme made between the Issuer and the Trustee (the “**Master Trust Deed**”) has been amended and supplemented by the Supplemental Trust Deed, the amended and restated agency agreement dated 18 December 2015 relating to the Programme made between the Issuer, the Trustee, Deutsche Bank AG, Hong Kong Branch as the Issuing and Paying Agent, the paying agent and the calculation agent, the Registrar and the Transfer Agent (the “**Master Agency Agreement**”) has been amended and supplemented by the Supplemental Agency Agreement and the amended and restated costs undertaking deed dated 18 December 2015 relating to the Programme (the “**Master Costs Undertaking Deed**”) executed by Khazanah Nasional Berhad as obligor (in such capacity, the “**Obligor**”) has been amended and supplemented by the Supplemental Costs Undertaking Deed.

Unless given a defined meaning elsewhere in these Conditions or the context requires otherwise, capitalised terms used in these Conditions shall have the meanings given in Condition 22. In addition, words and expressions defined and rules of construction and interpretation set out or incorporated by reference in the Supplemental Trust Deed shall, unless otherwise defined herein or unless the context otherwise requires, have the same meanings herein. Copies of the Master Documents and the Transaction Documents are available for inspection by the Trust Certificates Holders during normal business hours at the specified offices of the Paying Agents. The Trust Certificates Holders are entitled

to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Supplemental Trust Deed and of the other Transaction Documents, and the Master Documents.

Each initial Trust Certificates Holder, by its acquisition and holding of its interest in a Trust Certificate, shall be deemed to authorise and direct the Issuer to appoint Khazanah Nasional Berhad as the agent of the Issuer (in such capacity, the “**Wakeel**”) to apply the sums paid by it in respect of its Trust Certificates to invest in the Wakalah Venture in accordance with the Investment Plan, and to enter into each Transaction Document to which it is a party, subject to the terms and conditions of the Supplemental Trust Deed and these Conditions.

1 Form, Denomination and Title

1.1 Form and Denomination

The Trust Certificates are issued in registered form in denominations of U.S.\$200,000 each or integral multiples thereof. A certificate (each, a “**Certificate**”) will be issued to each Trust Certificates Holder in respect of its registered holding of Trust Certificates. Each Trust Certificate will be numbered serially with an identifying number which will be recorded on the Trust Certificate and in the register (the “**Register**”) of Trust Certificates Holders which the Issuer will cause to be kept by the Registrar.

*Upon issue, the Trust Certificates will be represented by beneficial interests in a Global Certificate (the “**Global Certificate**”), in fully registered form, without coupons attached, which will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”).*

1.2 Title

The Issuer will cause the Registrar to maintain the Register outside the United Kingdom in accordance with the provisions of the Supplemental Agency Agreement. Title to the Trust Certificates passes only by transfer and registration in the Register. The registered Trust Certificates Holder of any Trust Certificate will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Trust Certificate issued in respect of it) and no person will be liable for so treating such Trust Certificates Holder.

2 Transfers and Issue of Trust Certificates

2.1 Transfers

Subject to Conditions 2.4 and 2.5, and to the limitations as to transfer set out in Condition 1.2 and the Supplemental Agency Agreement, a Trust Certificate may be transferred by depositing it, with the form of transfer endorsed on such Trust Certificate, duly completed and signed, at the specified office of the Registrar or any Transfer Agent together with such evidence as the Registrar or (as the case may be) the Transfer Agent may reasonably require to prove the title of the transferor and the individuals who have executed the forms of transfer. No transfer of a Trust Certificate will be valid unless and until entered on the Register.

2.2 Delivery of New Trust Certificates

Each new Trust Certificate to be issued upon transfer of Trust Certificates will, within three business days of receipt by the Transfer Agent of the duly completed form of transfer endorsed on such Trust Certificate, be mailed by uninsured mail at the risk of

the Trust Certificates Holder entitled to the new Trust Certificate to the address specified in the form of transfer, unless such Trust Certificates Holder requests otherwise and pays in advance to the Registrar or the Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify.

Where some but not all of the Nominal Value of the Trust Certificates in respect of which a Trust Certificate is issued are to be transferred, a new Trust Certificate in respect of the Nominal Value of the Trust Certificates not so transferred will, within three business days of receipt by the Transfer Agent of the original Trust Certificate, be mailed by uninsured mail at the risk of the Trust Certificates Holder of the Nominal Value of the Trust Certificates not so transferred to the address of such Trust Certificates Holder appearing on the Register or as specified in the form of transfer.

Except in the limited circumstances described in the Global Certificate, owners of interests in the Trust Certificates represented by the Global Certificate will not be entitled to receive physical delivery of Definitive Certificates.

For the purposes of this Condition 2.2, “business day” shall mean a day, other than a Saturday or Sunday, on which banks are open for business in the city in which the specified office of the Registrar or the Transfer Agent (as the case may be) with whom a Certificate is deposited in connection with a transfer is located.

2.3 Formalities Free of Charge

Registration of transfers of Trust Certificates will be effected without charge by or on behalf of the Issuer or any of the Agents, but upon (i) payment (or the giving of such indemnity as the Issuer or any of the Agents may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; and (ii) the Issuer or the Transfer Agent being satisfied that the regulations concerning transfer of Trust Certificates have been complied with.

2.4 Closed Periods

No Trust Certificates Holder may require the transfer of a Trust Certificate to be registered (i) during the period of 15 days ending on (and including) a Periodic Distribution Date and the Maturity Date, as the case may be; and (ii) during the period of five Payment Business Days ending on (and including, any Payment Record Date (as defined below).

2.5 Regulations

All transfers of Trust Certificates and entries on the Register will be made subject to the detailed regulations concerning transfer of Trust Certificates scheduled to the Master Agency Agreement (as amended and supplemented by the Supplemental Agency Agreement). The regulations may be changed by the Issuer with the prior approval of the Trustee, the Issuing and Paying Agent, the Transfer Agent and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Trust Certificates Holder who requests in writing a copy of the regulations.

3 Status and Limited Recourse

3.1 Status

- (a) Each Trust Certificate represents an undivided proportionate beneficial ownership interest in the Trust Assets and will at all times rank *pari passu* and rateably, without discrimination, preference or priority among themselves, subject to priorities or rights preferred by law.

- (b) The obligations of the Obligor pursuant to the Purchase Undertaking and the other Transaction Documents to which it is a party constitute direct, unconditional and unsecured obligations of the Obligor and which, save for such exceptions as may be provided by applicable legislation, at all times rank equally with all its other present and future unsecured and unsubordinated obligations.
- (c) The provisions of the Supplemental Trust Deed and the other Transaction Documents bind the Issuer, the Obligor, the Trustee, the Trust Certificates Holders and all persons claiming through or under them and the Trust Certificates shall be issued subject to the provisions of the Supplemental Trust Deed and the other Transaction Documents and the Conditions (all of which shall be deemed to be incorporated in the Supplemental Trust Deed as if expressly set out verbatim in full therein).
- (d) The Issuer covenants and undertakes with the Trustee and each Trust Certificates Holder on the terms as set out in Clause 10 of the Master Trust Deed (as amended and supplemented by the Supplemental Trust Deed).

3.2 Limited Recourse

The Trust Certificates do not represent an interest in any of the Issuer, the Obligor, the Trustee, the Agents or any of their respective affiliates.

Notwithstanding anything to the contrary contained herein or in any Master Document or Transaction Document, no payment of any amount whatsoever shall be made in respect of the Trust Certificates by the Issuer, the Trustee or the Agents or any of their respective directors, officers or agents except to the extent that funds are available therefor from the Trust Assets. The Trust Assets include, amongst others, all of the Issuer's rights, title, interest, entitlement and benefit, in, to and under the Purchase Undertaking, which when any amount is due and payable thereunder, constitutes a general unsecured and unsubordinated obligation of the Obligor in respect of which a claim may be made by the Issuer or the Trustee and which ranks as described in Condition 3.1(b).

By subscribing for or acquiring the Trust Certificates, the Trust Certificates Holders acknowledge that no recourse may be had for the payment of any amount owing in respect of the Trust Certificates against the Trustee, the Issuer or the Agents or any of their respective directors, officers or agents and to the extent that all claims in respect of the Trust Assets have been exhausted (including actions to procure payment by the Obligor under the Purchase Undertaking) all claims in respect of the Trust Certificates shall be extinguished.

In addition, no Trust Certificates Holder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of any of the Trustee, the Issuer or the Agents or any of their affiliates if there is a shortfall after claims in respect of the Trust Assets have been exhausted or otherwise.

4 Trust

4.1 Summary of the Trust

The Issuer will act as trustee for and on behalf of the Trust Certificates Holders with respect to the Trust Assets pursuant to the Supplemental Trust Deed. The description of certain aspects of the Transaction Documents set out in this Condition 4.1 is a summary

only and is qualified in its entirety by the provisions of the relevant Transaction Document.

(a) **Wakalah Venture**

Pursuant to the Wakalah Agreement entered into by the Issuer and the Wakeel on the Closing Date (the “**Wakalah Agreement**”), the Issuer (on behalf of the Trust Certificates Holders) shall appoint the Wakeel as its agent and shall instruct the Wakeel to invest the proceeds from the issue of the Trust Certificates (the “**Proceeds**”) in a wakalah venture (the “**Wakalah Venture**”) in accordance with the terms of the Wakalah Agreement and the Investment Plan. The Wakalah Venture shall comprise investments in (i) certain Shariah-compliant Shares and (ii) the Commodity Murabahah Investment, in accordance with the terms of the Wakalah Agreement and the Investment Plan. The Wakalah Agreement requires that on the Closing Date an amount equal to at least 51 per cent. of the Proceeds shall be applied to acquire certain Shariah-compliant Shares, by way of transfer of beneficial ownership, and an amount equal to no more than 49 per cent. of the Proceeds (the “**Commodity Purchase Price**”) shall be invested in the Commodity Murabahah Investment.

In connection with the Trust Certificates, U.S.\$431,906,240 of the Proceeds shall be applied in the purchase of Shariah-compliant Shares and U.S.\$318,093,760 shall be invested in the Commodity Murabahah Investment.

All of the Issuer’s rights, title, interest, entitlement and benefit under the Wakalah Venture, including, without limitation, the beneficial ownership in all shares comprised therein, all of the Issuer’s rights under the Commodity Murabahah Investment and all rights and other distributions accruing to or forming part of the Wakalah Venture are referred to as the “Investments”. Any loss incurred under the Wakalah Venture shall be borne by the Trust Certificates Holders in proportion to the Nominal Value of the Trust Certificates held by each such Trust Certificates Holder.

(b) **Shariah-compliant Shares**

Pursuant to a sale and purchase agreement entered into by the Issuer (acting through the Wakeel as agent) and Khazanah Nasional Berhad (in such capacity, the “**Seller**”) on the Closing Date (the “**Sale and Purchase Agreement**”), the Issuer (acting through the Wakeel as agent) shall purchase from the Seller certain Shariah-compliant Shares, by way of transfer of beneficial ownership, at their fair market value calculated in accordance with the Valuation Principles (as defined below).

On the Closing Date (in respect of the Shariah-compliant Shares purchased pursuant to the terms of the Sale and Purchase Agreement) and subsequently (in respect of any other shares which form part of the Wakalah Venture), the Issuer (acting through the Wakeel as agent) shall execute a deed of surrender (the deed of surrender executed on the Closing Date being the “**Closing Date Deed of Surrender**” and any subsequent deed of surrender being a “**Deed of Surrender**”) surrendering in each case in favour of the Obligor any and all of its voting rights in respect of such shares.

During the term of the Trust Certificates, the aggregate fair market value of the shares comprised in the Wakalah Venture must be at least equal to one-third of the value of the Wakalah Venture as a whole (the “**Shares Investment**”).

Minimum Value”), all as determined in accordance with the Valuation Principles.

The shares comprised in the Wakalah Venture shall be dealt with in accordance with the terms of the Wakalah Agreement and certain additional documents entered into on the Closing Date in connection therewith, including (i) an undertaking granted by the Obligor in favour of the Issuer and the Wakeel as its agent (the “**Obligor Undertaking**”) and (ii) an undertaking granted by the Issuer (on behalf of the Trust Certificates Holders) in favour of the Obligor (the “**Issuer Undertaking**”). The Shariah Adviser has agreed that it shall, on or about each anniversary of the Closing Date up to and including 1 March 2020, assess the shares comprised in the Wakalah Venture and certify to the Issuer, the Trustee, the Wakeel and the Obligor whether or not in its opinion they continue to be Shariah-compliant Shares.

(c) **Dividends and other distributions**

The Wakeel shall maintain records of all dividends (whether in the form of cash, shares or any other form) and other distributions accruing to the Issuer as beneficial owner of such shares (on behalf of the Trust Certificates Holders) during each Periodic Distribution Period. If shareholders are able to elect the form in which dividends or other distributions are to be paid, the Wakeel shall make such election and shall instruct the Obligor as registered legal owner of the relevant shares to take all necessary steps to give effect to such election. All such dividends and other distributions shall form part of the Wakalah Venture and shall be dealt with as described in this Condition 4.1(c) and in the Transaction Documents.

If any dividends or other distributions accrue to the Wakalah Venture other than in the form of cash or shares, or if any other rights of any kind are given to shareholders (including without limitation the right to subscribe for new shares in the relevant company (a “**Rights Issue**”)), the Wakeel shall on behalf of the Issuer direct the Obligor to exercise such rights in accordance with the Wakeel’s instructions.

The aggregate amounts of (i) all dividends and other distributions, in each case in the form of cash, accruing to the Issuer as beneficial owner of the shares comprised in the Wakalah Venture (on behalf of the Trust Certificates Holders) during each Periodic Distribution Period and (ii) the Excess Shares Purchase Price (if any) payable on the corresponding Valuation Date, in each case determined in accordance with the Valuation Principles, shall be expressed as a sum in U.S. dollars and is referred to as the “**Share Distribution**”. Subject as provided in Condition 4.1(f), the Wakeel shall be obliged to pay to the Issuer on the day falling one Business Day before each Periodic Distribution Date a sum in U.S. dollars equal to the Share Distribution.

(d) **Commodity Murabahah Investment**

In accordance with the terms of the Wakalah Agreement, the Wakeel shall invest the Commodity Purchase Price in a Commodity Murabahah Investment by entering into on the Closing Date on behalf of the Issuer a Commodity Murabahah Investment Agreement with Khazanah Nasional Berhad in its capacity as buyer (the “**Buyer**”) and CIMB Islamic Bank Berhad as facility agent (the “**Facility Agent**”). Pursuant to the Commodity Murabahah Investment Agreement, the Buyer shall deliver to the Issuer a purchase order and undertaking to buy commodities. The Issuer (acting through the Wakeel as

agent) shall appoint the Facility Agent to procure the purchase of commodities from a third party commodity broker solicited at the discretion of the Facility Agent at the spot price using the Commodity Purchase Price. The Issuer (acting through the Wakeel as agent) shall sell the commodities so purchased on its behalf by the Facility Agent to the Buyer on the settlement date specified in the purchase order in consideration for a deferred sale price (the “**Deferred Sale Price**”) payable in accordance with a predetermined payment schedule (the “**Payment Schedule**”) set out in the Commodity Murabahah Investment Agreement.

The Deferred Sale Price payable by the Buyer to the Issuer (acting through the Wakeel as agent) is equal to the sum of the aggregate Periodic Distribution Amounts and the Nominal Value of the Trust Certificates issued. In accordance with the Payment Schedule the relevant portion of the Deferred Sale Price will be payable as follows:

- (i) on the day falling one Business Day before each of the Periodic Distribution Dates; and
- (ii) on the day falling one Business Day before the Maturity Date, or on the Dissolution Event Redemption Date (as defined below) (as applicable).

(e) **Valuation Principles**

The following valuation principles (the “**Valuation Principles**”) shall be used to calculate the value of the Wakalah Venture and the Investments comprised within the Wakalah Venture:

- (i) the value of the Wakalah Venture on any valuation date is equal to the aggregate of the fair market value of the shares comprised in the Wakalah Venture and the value of the Commodity Murabahah Investment (each determined as described below);
- (ii) the fair market value of shares, including without limitation distributions or dividends in the form of shares, which are not listed on any stock exchange on any valuation date shall be calculated by reference to the net tangible assets of the relevant company as derived from its most recently published audited accounts;
- (iii) the fair market value of shares, including without limitation distributions or dividends in the form of shares, which are listed on a stock exchange on any valuation date shall be calculated by reference to the volume weighted average price of such shares for a period of 20 trading days ending on the trading day falling immediately prior to the relevant valuation date;
- (iv) the value of the Commodity Murabahah Investment on any valuation date shall be equal to the aggregate of all outstanding amounts remaining to be paid under the Commodity Murabahah Investment Agreement on the relevant valuation date in accordance with the terms thereof;
- (v) the fair market value of the relevant dividend or distribution (as the case may be) shall be determined by the Wakeel acting in good faith by reference to one or more valuation methodologies customarily adopted in respect of assets of a similar nature and approved by the Shariah Adviser; and

- (vi) all calculations and determinations shall be expressed in U.S. dollars. Any amounts not expressed in U.S. dollars shall be converted into U.S. dollars at the then prevailing exchange rate between U.S. dollars and the relevant currency.

The Issuer has in the Wakalah Agreement appointed the Wakeel (or such other calculation agent from time to time as shall have been approved by the Trustee, such approval not to be unreasonably withheld or delayed) to act as calculation agent for the purposes of making all calculations and determinations required to be made in accordance with the Valuation Principles.

Unless the Trustee has agreed to be appointed by the Issuer to act as such calculation agent under Wakalah Agreement, the Trustee shall be under no obligation to calculate, determine or verify any calculations or determinations required to be made by the Wakeel (or such other alternative calculation agent appointed) in accordance with the Valuation Principles and the Trustee shall not be responsible for the accuracy or veracity of any such calculation or determination and is entitled to rely upon them without liability to the Trust Certificates Holders.

(f) **Periodic Income**

On the day falling one Business Day before each Periodic Distribution Date, the Wakeel shall calculate the income in respect of the Wakalah Venture (the “**Periodic Income**”), being the aggregate of the (i) Share Distribution and (ii) all amounts received by the Issuer (acting through the Wakeel as agent) under the Commodity Murabahah Investment Agreement, in each case in respect of the immediately preceding Periodic Distribution Period.

Provided that the Periodic Income is sufficient to satisfy the aggregate of (i) the Periodic Distribution Amount and (ii) all amounts (if any) payable prior thereto in accordance with Condition 4.2, the Wakeel shall be entitled to retain an incentive fee from the Periodic Income in respect of any excess (the “**Interim Incentive Fee**”). The Wakeel shall transfer to the Issuer on the day falling one Business Day before the Periodic Distribution Date the Periodic Income less the Interim Incentive Fee (if any).

(g) **Purchase Undertaking**

The Obligor shall on the Closing Date issue a Purchase Undertaking in favour of the Issuer and the Trustee (for the benefit of the relevant Trust Certificates Holders) under which the Obligor undertakes to purchase from the Issuer all of the Investments in the Wakalah Venture at their Purchase Price on the earlier of the Maturity Date or following a Dissolution Event, as the case may be. The Purchase Price of the Investments shall be determined in accordance with the Valuation Principles. The Purchase Price payable by the Obligor pursuant to the terms of the Purchase Undertaking shall be utilised to pay the Dissolution Distribution Amount due on the Trust Certificates, provided that the Purchase Price payable is sufficient to satisfy the same.

(h) **Trust**

The Trust established under and in accordance with the terms of the Supplemental Trust Deed, is as follows:

- (A) the Issuer will declare a trust over assets (the “**Trust Assets**”) consisting of: (i) all of its rights, title, interest, entitlement and benefit in, to and under the Wakalah Venture; (ii) all of its rights, title, interest, entitlement and benefit, in, to and under the Transaction Documents; and (iii) all proceeds of the foregoing; and
- (B) the Trustee will declare a trust over assets consisting of (i) the rights, title, interest and benefit, in, to and under the Supplemental Trust Deed and each of the other Transaction Documents to which it is a party (or to which it obtains the benefits thereunder), (ii) all amounts received by it from the Issuer, the Obligor and/or otherwise under or in connection with the Supplemental Trust Deed and each of the other Transaction Documents, and (iii) any realisation or enforcement proceeds,

upon trust absolutely for the Trust Certificates Holders *pro rata* according to the outstanding Nominal Value of Trust Certificates held by each Trust Certificates Holder in accordance with the Supplemental Trust Deed and these Conditions.

The Supplemental Trust Deed, the Supplemental Agency Agreement, the Supplemental Costs Undertaking, the Wakalah Agreement, the Sale and Purchase Agreement, the Closing Date Deed of Surrender, the Obligor Undertaking, the Issuer Undertaking, the Commodity Murabahah Investment Agreement, the Purchase Undertaking, the Trust Certificates, the Obligor Power of Attorney, the Issuer Power of Attorney, any other agreements and documents delivered or executed in connection therewith and any amendments, variations and/or supplementals made or entered into from time to time, are collectively referred to as the “**Transaction Documents**”.

4.2 **Application of Proceeds**

The Trustee shall hold all and any monies received by it under the Supplemental Trust Deed and/or the other Transaction Documents, despite any appropriation of all or part of them by the Issuer, upon trust for the Trust Certificates Holders and to apply the same in the following manner:

- (a) **first**, (to the extent not already satisfied under the relevant Transaction Documents) in or towards the payment of or provision for all fees, costs, charges, expenses and liabilities properly incurred by the Trustee in carrying out its functions under the Supplemental Trust Deed;
- (b) **second**, (to the extent not already satisfied under the relevant Transaction Documents) in and towards the payment of or provision for all fees, costs, charges, expenses and liabilities reasonably incurred by the Agents in or incidental to the exercise or performance of any power, right, discretion or authority conferred on them under the Supplemental Trust Deed, the Trust Certificates and/or the other Transaction Documents;
- (c) **third**, in or towards the payment of taxes and other government charges (if any) payable in connection with the Trust Certificates;

- (d) **fourth**, in or towards payment *pari passu* and rateably of all amounts due and unpaid in respect of the Trust Certificates; and
- (e) **fifth**, in payment of the surplus (if any), without interest, as an incentive fee (if applicable) to or to the order of the Wakeel.

The Issuing and Paying Agent shall apply the monies so received under the Supplemental Agency Agreement and/or any other Transaction Documents towards the payments set forth above.

5 Periodic Distributions

A Periodic Distribution Amount, representing a defined share of the Periodic Income received in respect of the immediately preceding Periodic Distribution Period, will be distributed by the Issuer to the Trust Certificates Holders, provided that the Periodic Income is sufficient to satisfy the Periodic Distribution Amount, and otherwise in accordance with these Conditions.

Subject to Condition 3.2 and Condition 4.2, the aggregate distribution payable in respect of the Trust Certificates for any Periodic Distribution Period shall be the Periodic Distribution Amount and will be made by the Issuer in respect of the Trust Certificates in arrear on each Periodic Distribution Date in accordance with Condition 7.

The Periodic Distribution Amount payable on any Periodic Distribution Date shall be distributed to each Trust Certificates Holder *pro rata* (in an amount calculated by multiplying the Periodic Distribution Amount by a fraction of which the numerator is the Nominal Value of the relevant Trust Certificates Holder's Trust Certificates and the denominator is the Aggregate Nominal Value of the Trust Certificates outstanding on the Periodic Distribution Date, and rounding the resultant figure to the nearest U.S.\$0.01, U.S.\$0.005 being rounded upwards).

6 Dissolution of Trust

6.1 Dissolution on the Maturity Date

On the Maturity Date, unless previously redeemed, or purchased and cancelled, in their entirety, the Trust Certificates will be redeemed at an amount equal to the Dissolution Distribution Amount payable by the Issuer to the Trust Certificates Holders on the Maturity Date, provided that the Purchase Price payable pursuant to the terms of the Purchase Undertaking is sufficient to satisfy the same.

Provided that the Purchase Price is sufficient to satisfy the aggregate of (i) the Dissolution Distribution Amount payable on the Maturity Date as aforesaid in this Condition 6.1 and (ii) all amounts payable under Condition 4.2, the Wakeel shall be entitled to an incentive fee payable from the Purchase Price in respect of any excess ("**Final Incentive Fee**").

The Trust shall only be dissolved following payment to the Trust Certificates Holders of such Dissolution Distribution Amount in full.

6.2 Dissolution following a Dissolution Event

Upon the occurrence of a Dissolution Event, the Trust Certificates shall be redeemed at the Dissolution Distribution Amount on the Dissolution Event Redemption Date, provided that the Purchase Price payable pursuant to the terms of the Purchase Undertaking is sufficient to satisfy the same.

Provided that the Purchase Price is sufficient to satisfy the aggregate of (i) the Dissolution Distribution Amount payable as aforesaid in this Condition 6.2 and (ii) all amounts payable under Condition 4.2, the Wakeel shall be entitled to an incentive fee payable from the Purchase Price in respect of any excess (also, a “**Final Incentive Fee**”).

The Trust shall only be dissolved following payment to the Trust Certificates Holders of such Dissolution Distribution Amount in full.

6.3 No other Dissolution

The Issuer shall not be entitled to redeem the Trust Certificates, and the Issuer shall not be entitled to dissolve the Trust, otherwise than as provided in this Condition 6 and Condition 13.

6.4 Effect of Payment in Full of Trust Certificates

Upon payment in full of all amounts due in respect of a Trust Certificate, such Trust Certificate shall cease to represent an undivided proportionate beneficial ownership interest in the Trust Assets and no further amounts shall be payable in respect thereof and the Issuer shall have no further obligations in respect thereof and upon payment in full of all amounts due in respect of all Trust Certificates, the Trust shall be dissolved.

6.5 No Obligation to Monitor

The Trustee shall not be under any duty to monitor whether any Dissolution Event has occurred and will not be responsible to the Trust Certificates Holders for any loss arising from any failure by it to do so. Until the Trustee has actual knowledge or express notice to the contrary, the Trustee may assume that no such Dissolution Event exists.

7 Payments

7.1 Payments in respect of Trust Certificates

All payments due under the Trust Certificates will be paid on the due date for payment to the Trust Certificates Holder shown in the Register at the close of business on the fifth Payment Business Day before the due date for payment (the “**Payment Record Date**”). Payments will be made by transfer to the registered account of the Trust Certificates Holder or by a cheque mailed to the registered address of the Trust Certificates Holder (or to the first name of joint holders) if it does not have a registered account. Payment of any Nominal Value of the Trust Certificates shall only be made against presentation and surrender of the Trust Certificate at the specified office of any Paying Agent.

For the purposes of this Condition 7.1, Trust Certificates Holder’s “**registered account**” means the U.S. Dollar account maintained by or on behalf of such Trust Certificates Holder with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business on the Payment Record Date, and a Trust Certificates Holder’s “**registered address**” means its address appearing on the Register at that time.

7.2 Payments subject to Applicable Laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 11. No commission

or expenses shall be charged to the Trust Certificates Holders in respect of such payments.

7.3 Payment only on a Business Day

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed in each case by the Issuing and Paying Agent, on the Business Day preceding the due date for payment or, in the case of a payment of Nominal Value, if later, on the Business Day on which the Trust Certificate is surrendered at the specified office of a Paying Agent (if surrender is required under these Conditions).

Trust Certificates Holders will not be entitled to any additional Periodic Distribution Amount, Dissolution Distribution Amount or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the Trust Certificates Holder is late in surrendering its Trust Certificate (if required to do so) or if a cheque mailed in accordance with this Condition 7.3 arrives after the due date for payment.

7.4 Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that it will ensure that it maintains an Issuing and Paying Agent, a Registrar and a Transfer Agent and shall maintain a Paying Agent (which may be the Issuing and Paying Agent) with a specified office in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council Meeting of 26 – 27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any termination or appointment and of any changes in specified offices will be given to Trust Certificates Holders as soon as practicable by the Issuer in accordance with Condition 19.

7.5 Fractions

When making payments to Trust Certificates Holders, if the relevant payment is not of an amount which is a whole multiple of U.S.\$0.01, such payment will be rounded to the nearest U.S.\$0.01, U.\$0.005 being rounded upwards.

8 Purchase of Trust Certificates by Issuer and Obligor

8.1 Purchase of Trust Certificates by Issuer

The Issuer or any of its related corporations may not at any time purchase Trust Certificates whether in the open market or by private treaty or otherwise.

8.2 Purchase of Trust Certificates by Obligor

The Obligor or any of its related corporations may at any time purchase the Trust Certificates in the open market or by private treaty, and upon such purchase, the Obligor or any of its related corporations may at its option and subject to prevailing laws and regulations retain such purchased Trust Certificates for its own account or sell them or otherwise deal with them. Any Trust Certificates which have been purchased and which

are held by the Obligor or its related corporations but are not cancelled will not entitle the Obligor or such related corporation to vote at any meetings of Trust Certificate Holders and will not be deemed to be Outstanding Trust Certificates for the purpose of determining the total votes exercisable by the Trust Certificate Holders whenever such determination is required under the Supplemental Trust Deed or these Conditions and will not be included for the purpose of determining quorums of the Trust Certificate Holders. Should the Obligor or any of its related corporations wish to cancel any Trust Certificate purchased by it, it shall surrender such Trust Certificate to the Issuing and Paying Agent for cancellation and shall notify the Issuer and the Trustee in accordance with Condition 9.

9 Cancellations

All Trust Certificates that are:

- (a) redeemed in full; or
- (b) purchased and held by the Obligor and for which the Obligor elects to be cancelled, such election to be immediately notified to the Issuer; or
- (c) purchased and held by any of the Obligor's related corporations and for which such related corporation elects to be cancelled, such election to be immediately notified to the Issuer; or
- (d) worn-out, mutilated or defaced, destroyed, lost or stolen and have been surrendered and replaced pursuant to Condition 16 or as provided in the Supplemental Trust Deed,

shall forthwith be cancelled or treated as cancelled and accordingly may not be resold, and the Issuer shall give or procure to be given:

- (i) in the case of cancellation of Trust Certificates due to the purchase of Trust Certificates by the Obligor or its related corporations, immediate notice to the Trustee and the Issuing and Paying Agent; and
- (ii) in the case of cancellation of Trust Certificates due to any other circumstances, a certificate to the Trustee stating:
 - (A) the Aggregate Nominal Value of the Trust Certificates which have been so surrendered, redeemed, purchased or replaced; and
 - (B) the certificate numbers of such Trust Certificates (if applicable),

as soon as possible and in any event within 14 days after the date of such surrender, redemption, purchase, or replacement (as the case may be). The Trustee may accept such certificate as conclusive evidence of surrender, payment, purchase or replacement of such Trust Certificates or payment of any amount thereon and of cancellation of such Trust Certificates.

10 Ta'widh (compensation)

If the Obligor fails to pay any amount due under the Purchase Undertaking (in whole or in part) on the day falling one Business Day before the Maturity Date or on a Dissolution Event Redemption Date, as the case may be, for any reason, the Obligor will pay *Ta'widh* (compensation) on such overdue amounts to the relevant payee at the rate and manner prescribed by the Securities Commission Malaysia's Shariah Advisory Council or such other relevant regulatory authority from time to time, in accordance with Shariah principles.

11 Taxation

All payments in respect of the Trust Certificates shall be made in full without withholding or deduction for, or on account of, any present or future taxes, duties or charges or whatsoever nature, imposed by or on behalf of a Relevant Jurisdiction (the “**Taxes**”), unless the withholding or deduction of such Taxes is required by law. In such event, the Issuer shall:

- (a) ensure that the deduction or withholding does not exceed the minimum amount legally required under the applicable laws;
- (b) promptly pay to the Trustee for the account of the Trust Certificates Holder such amount so that the net amount received by the Trust Certificates Holder shall equal the full amount which would have been received by it had no such deduction or withholding been made;
- (c) pay to the relevant taxation or other authorities within the period for payment permitted by applicable law the full amount of the deduction or withholding (including, but without prejudice to the generality of the foregoing, the amount of any deduction or withholding from any additional amount paid pursuant to this Condition 11); and
- (d) furnish to the Trustee within three Business Days of receiving the official receipt, certificate of deduction or equivalent evidence mentioned below, either:
 - (i) the official receipt issued by the relevant taxation authorities in respect of all amounts so deducted or withheld as aforesaid; or
 - (ii) if such receipts are not issued by the relevant taxation authorities on payments to them of amounts so deducted or withheld, a certificate of deduction or equivalent evidence of the relevant deduction or withholding.

The Issuer shall gross up any payment under the Trust Certificates to relieve any payee of such withholding of tax, duties, other withholdings or other deductions imposed by law in respect of the Trust Certificates.

Confirmation by the Trustee as to any sum payable to it (for the account of itself or the Trust Certificates Holders) under the Supplemental Trust Deed and these Conditions shall, in the absence of manifest error, be final and binding on the Issuer and the Trust Certificates Holders.

Provided that no such additional amounts shall be payable by the Issuer in relation to any payment in respect of any Trust Certificate:

- (a) presented for payment (where presentation is required) by or on behalf of a Trust Certificates Holder or beneficial owner who is liable for such Taxes in respect of such Trust Certificate by reason of having some connection with any Relevant Jurisdiction other than the mere holding of such Trust Certificate; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26 – 27 November 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) presented for payment (where presentation is required) by or on behalf of a Trust Certificates Holder who would have been able to avoid such withholding or deduction by presenting the Trust Certificate to another Paying Agent in a Member State of the European Union; or

- (d) presented for payment (where presentation is required) more than 30 days after the Relevant Date except to the extent that the Trust Certificates Holder or beneficial owner thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such 30-day period assuming, whether or not such is in fact the case, that day to have been a Business Day.

12 Prescription

Claims in respect of amounts due in respect of the Trust Certificates will become prescribed and become void unless made within periods of 10 years (in the case of any Dissolution Distribution Amount) and five years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect of the Trust Certificates.

13 Dissolution Events

13.1 Dissolution Events

It is a Dissolution Event if at any time and for any reason, whether within or beyond the control of the Issuer or the Obligor, as the case may be, any one of the following events occurs:

- (a) 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;
- (b) any representation or warranty made or given by the Issuer under any of the Transaction Documents or which is contained in any certificate, document or statement furnished at any time pursuant to the terms of the Trust Certificates 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 opinion of the Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of 30 days after the Issuer became aware or having been notified by the Trustee of the failure;
- (c) the Issuer fails to observe or perform its obligations under any of the Transaction Documents or the Trust Certificates or under any undertaking or arrangement entered into in connection therewith other than an obligation of the type referred to in Condition 13.1(a) above, and in the case of a failure which in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of 30 days after the Issuer became aware or having been notified by the Trustee of the failure;
- (d) there has been a breach by the Issuer of any obligation under any of the Issuer's existing contractual obligations which may materially and adversely affect the Issuer's ability to perform its obligations under any of the Transaction Documents and, if in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the breach within a period of 30 days after the Issuer became aware or having been notified by the Trustee of the breach;
- (e) 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 Interest created to secure such indebtedness becomes enforceable;

- (f) 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;
- (g) 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;
- (h) 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 or a winding up order has been made against the Issuer;
- (i) 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 Trustee, unless during or following such reconstruction the Issuer becomes or is declared to be insolvent) or where a scheme of arrangement under Section 176 of the Companies Act of Malaysia, 1965 has been instituted against the Issuer;
- (j) there is a revocation, withholding or modification of any license, authorisation, approval or consent which in the opinion of the Trustee may materially and adversely impair or prejudice the ability of the Issuer to comply with the terms and conditions of the Trust Certificates or any of the Transaction Documents;
- (k) at any time any of the provisions of the Transaction Documents is or becomes illegal, void, voidable or unenforceable;
- (l) the Issuer repudiates any of the Transaction Documents or the Issuer does or causes to be done any act or thing evidencing an intention to repudiate any of the Transaction Documents;
- (m) any of the assets, undertakings, rights or revenue of the Issuer are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body;
- (n) any event or events has or have occurred or a situation exists which in the opinion of the 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 Trustee is capable of being remedied, the Issuer does not remedy it within a period of 30 days after the Issuer became aware or having been notified by the Trustee of the event or situation;
- (o) the Obligor defaults in the payment of any money owing in respect of the Purchase Undertaking when the same shall become due and payable in accordance with the terms and conditions of the Purchase Undertaking;

- (p) 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 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;
- (q) the Obligor enters into a scheme of arrangement under Section 176 of the Companies Act of Malaysia, 1965 or any similar type of arrangement with the Obligor's creditors or such a scheme is instituted against or in respect of the Obligor (save and except pursuant to an internal reorganization which has been approved by the Trustee);
- (r) 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;
- (s) the Obligor commits any 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 Condition 13.1(o) above) and (except where the Trustee considers that such default is not capable of remedy):
 - (i) the same has not been remedied to the Trustee's satisfaction within 30 days of a written notice by the Trustee requiring such remedy; and
 - (ii) the Trustee does not certify that such unremedied breach or omission is not materially prejudicial to the interests of the Trust Certificates Holders;
- (t) 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 Interest for any such indebtedness becomes enforceable;
- (u) 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 Trust Certificates Holder 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, any consent, authorisation, licence or approval from the relevant authorities granted to the Obligor for the purpose of its business is revoked, expires or is suspended for any reason whatsoever and such revocation, expiration or suspension has a Material Adverse Effect on the Obligor;
- (v) the Minister of Finance (Inc), a body corporate incorporated pursuant to the Minister of Finance (Incorporation) Act of Malaysia 1957, ceases to own all the shares of the Obligor (save for the one share presently owned by the Federal Lands Commissioner of Malaysia (*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; or

- (w) any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in the foregoing paragraphs.

Each of paragraphs (a) to (w) above is to be construed independently and no one Dissolution Event limits the generality of any other Dissolution Event.

13.2 Declaration of Dissolution Event

At any time after the occurrence of a Dissolution Event, the Trustee may at its discretion, and shall upon the written instructions of the Trust Certificates Holders holding not less than one-fifth in Nominal Value of the Outstanding Trust Certificates or if so directed by the Trust Certificates Holders by Extraordinary Resolution (provided that the Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction), give notice in writing to the Issuer and the Obligor that a Dissolution Event has occurred and declare the Trust Certificates immediately due and payable. Immediately following receipt of such notice of a Dissolution Event, the Trustee shall exercise its rights under the Purchase Undertaking and use the Purchase Price received from the Obligor under the Purchase Undertaking to redeem the Trust Certificates at the Dissolution Distribution Amount, provided that the Purchase Price payable is sufficient to satisfy the same, on the date specified in the Exercise Notice (the “**Dissolution Event Redemption Date**”). The Trust shall be dissolved on the day after the last Outstanding Trust Certificate has been redeemed in full.

13.3 No Effect on Duties or Obligations of Issuer

If the Trustee makes any declaration under Condition 13.2:

- (a) the declaration does not affect or diminish the duties and obligations of the Issuer under the Trust Certificates (other than those which have become void in accordance with its terms) or the other Transaction Documents; and
- (b) the Issuer must continue to perform its obligations under the Trust Certificates and the other Transaction Documents as if the declaration had not been made, subject to any directions that may be given by the Trustee from time to time.

14 Covenants

The Issuer has covenanted in the Master Trust Deed (as amended and supplemented by the Supplemental Trust Deed) that, among other things, for so long as any Trust Certificate is outstanding, it shall not (without the prior written consent of the Trustee acting on the written instructions of the Trust Certificates Holders by way of an Extraordinary Resolution):

- (a) create or permit to exist any Security Interest upon the whole or any part of its property, assets or revenues, present or future, other than liens arising in the ordinary course of business by operation of law and not by way of contract;
- (b) have any subsidiaries or employees;
- (c) add, delete, amend or substitute its Memorandum or Articles of Association in a manner inconsistent with the provisions of the Transaction Documents;
- (d) reduce its authorised or paid-up share capital whether by varying the amount, structure or value thereof or the rights attached thereto or by converting any of its share capital into stock, or by consolidating, dividing or sub-dividing all or any of its shares, or by any other manner, or pay any dividend or make any distribution to its shareholder;

- (e) incur any indebtedness for borrowed monies, save and except in respect of the Islamic securities issued under the Programme (which includes the Trust Certificates) and the Islamic securities issued under the Ringgit-Denominated Islamic Securities Programme, nor give any guarantee in respect of any indebtedness for borrowed monies to any person or entity whatsoever;
- (f) obtain or permit to exist any loans or advances from its shareholders;
- (g) other than the transactions contemplated under the Transaction Documents, enter into any agreement with its shareholders unless such agreement is entered into:
 - (i) in the ordinary course of its business;
 - (ii) on an arms-length basis; and
 - (iii) will not have a Material Adverse Effect;
- (h) enter into any transaction, whether directly or indirectly with interested persons (including a director, substantial shareholder or person connected with them), unless:
 - (i) such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested persons; and
 - (ii) with respect to any transaction involving an aggregate payment or value equal to or greater than RM10.0 billion (or its equivalent in any other currency), the Issuer obtains a certification from an independent adviser that such transaction is carried out on fair and reasonable terms,

provided that the Issuer certifies to the Trustee that such transaction complies with paragraph (i), that the Issuer has received the certification referred to in paragraph (ii) (where applicable) and that such transaction has been approved by the majority of its Board of Directors or shareholders in a general meeting as the case may require;
- (i) other than the transactions contemplated under the Transaction Documents, enter into any contract, transaction, amendment, obligation or liability, or do anything or engage in any business activity other than:
 - (i) as provided for or permitted in the Transaction Documents;
 - (ii) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and
 - (iii) such other matters which are incidental thereto;
- (j) use the proceeds of the Trust Certificates except for the purposes set out under the lodgement to the Securities Commission Malaysia in relation to the Programme;
- (k) lend any money to any party; and
- (l) take steps to wind up or dissolve itself.

15 Enforcement and Exercise of Rights

15.1 Enforcement by Trustee

Notwithstanding anything in the Supplemental Trust Deed or these Conditions, the Trustee may at any time after a declaration has been made by it under Condition 13.2, at its discretion, take such proceedings against the Issuer and the Obligor as it may think fit, to enforce the provisions of the Supplemental Trust Deed and the Trust Certificates and the other Transaction Documents, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Trust Certificates Holders holding at least one-fifth in Nominal Value of the Outstanding Trust Certificates, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction, and such provisions may be enforced and proceedings may be taken without notice to or consent by the Issuer, the Obligor or any other person, even if the Trustee accepts any part of the amounts mentioned in Condition 13.2 after a Dissolution Event has occurred. This Condition 15.1 is subject to Condition 3.2.

15.2 Trust Certificates Holders not entitled to Proceed Directly

No Trust Certificates Holder may proceed directly against the Issuer or the Obligor unless the Trustee, having become bound to proceed pursuant to the provisions of the Supplemental Trust Deed fails to do so within a reasonable period (which in any event shall not exceed 30 days after the Trustee is bound to proceed) and such failure is continuing or unless otherwise permitted under the terms of the Supplemental Trust Deed. This Condition 15.2 is subject to Condition 3.2.

16 Replacement of Trust Certificates

If any Trust Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar or the Issuing and Paying Agent or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to the Trust Certificates Holders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Trust Certificate is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Trust Certificates) and otherwise as the Issuer may require. Mutilated or defaced Trust Certificates must be surrendered before replacements will be issued.

17 Meetings of Trust Certificates Holders, Modification, Waiver and Authorisation

17.1 Meetings of Trust Certificates Holders

The Master Trust Deed (as amended and supplemented by the Supplemental Trust Deed) contains provisions for convening meetings of Trust Certificates Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Master Trust Deed (as amended and supplemented by the Supplemental Trust Deed). Such a meeting may be convened by Trust Certificates Holders holding not less than 10 per cent. in Nominal Value of the Outstanding Trust Certificates. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in Nominal Value of the Outstanding Trust Certificates, or at any adjourned meeting two or more persons being or representing

Trust Certificates Holders whatever the Nominal Value of the Trust Certificates held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify any date (including the Maturity Date) on which any payment is to be made in respect of the Trust Certificates, (ii) to reduce or cancel all or any part of the Nominal Value of, or any amounts stated to be due and owing (including any Periodic Distribution Amounts) on, the Trust Certificates, (iii) to vary the method or basis of calculating any Periodic Distribution Amounts, (iv) to change the currency of payment of the Trust Certificates or (v) to modify the provisions concerning quorum required at meetings of Trust Certificates Holders or the majority required to pass an Extraordinary Resolution or to sign a resolution in writing, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in Nominal Value of the Outstanding Trust Certificates. Any Extraordinary Resolution duly passed shall be binding on Trust Certificates Holders (whether or not they were present at the meeting at which such resolution was passed).

17.2 Modification and Waiver

The Trustee may agree, without the consent of the Trust Certificates Holders, to (i) any modification of any of the provisions of the Supplemental Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of applicable law, and (ii) any other modification (except as mentioned in the Supplemental Trust Deed), and any waiver or authorisation of any breach or potential breach, of any of the provisions of the Supplemental Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Trust Certificates Holders. Any such modification, authorisation or waiver shall be binding on the Trust Certificates Holders and, if the Trustee so requires, such modification shall be notified to the Trust Certificates Holders as soon as practicable in accordance with Condition 19.

17.3 Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Trust Certificates Holders as a class and shall not have regard to the consequences of such exercise for individual Trust Certificates Holders and the Trustee shall not be entitled to require, nor shall any Trust Certificates Holders be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Trust Certificates Holders.

17.4 The Opinion of the Trustee

Where in any of Condition 13.1(a) to Condition 13.1(w), there is a reference to “the opinion of the Trustee”, the Trustee may at its discretion form such opinion only following consultation with and/or upon receipt of written instructions of Trust Certificates Holders holding not less than one-fifth in Nominal Value of the Outstanding Trust Certificates, and the Trustee shall not incur any liability to any person for forming or not forming any such opinion.

18 Indemnification of the Trustee

The Master Trust Deed (as amended and supplemented by the Supplemental Trust Deed) contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce the performance of any provision of the Master Trust Deed (as amended and supplemented by the Supplemental Trust

Deed) or the Trust Certificates unless indemnified and/or secured and/or prefunded to its satisfaction.

The Trustee shall be entitled to enter into business transactions with the Issuer without accounting for any profit resulting from those transactions.

19 Notices

Notices to Trust Certificates Holders shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing, or published in a daily newspaper of general circulation in Asia, which is expected to be *The Wall Street Journal Asia*. The Issuer shall ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Trust Certificates are for the time being listed or by which they have been admitted to trading. A notice given by way of publication shall be deemed to have been given on the date of publication or, if published more than once or on different dates, on the first date on which it is published. If publication as provided above is not practicable, the notice may be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve (which approval shall not be unreasonably withheld).

20 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Trust Certificates under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Trust Certificates expressly provide for such Act to apply to any of their terms.

21 Governing Law, Submission to Jurisdiction and Waiver of Interest

21.1 Governing Law

- (a) The Supplemental Trust Deed, the Supplemental Agency Agreement, the Supplemental Costs Undertaking, the Wakalah Agreement, the Issuer Undertaking, the Obligor Undertaking, the Purchase Undertaking, the Closing Date Deed of Surrender, any Deed of Surrender, and the Trust Certificates, and any non-contractual obligations arising out of or in connection with any of them, are governed by, and will be construed in accordance with, English law.
- (b) The Sale and Purchase Agreement, the Commodity Murabahah Investment Agreement, the Transfer Agreement and the Substitution Agreement are governed by, and will be construed in accordance with, the laws of Malaysia.

21.2 Jurisdiction

The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Trust Certificates and accordingly any legal action or proceedings (“**Proceedings**”) arising out of or in connection with any Trust Certificates may be brought in such courts. The Issuer has in the Supplemental Trust Deed irrevocably submitted to the exclusive jurisdiction of such courts.

21.3 Process Agent

Each of the Issuer and Khazanah has irrevocably and unconditionally appointed an agent to receive, for it and on its behalf, service of process in England in respect of any Proceedings in England in relation to the documents referred to in Condition 21.1(a).

21.4 Waiver of Interest

For the avoidance of doubt and notwithstanding any other provision to the contrary contained in these Conditions, nothing in these Conditions shall oblige or entitle any Trust Certificates Holder nor shall any Trust Certificates Holder pay, receive or recover interest on any amount due and payable to another party.

22 Definitions and Interpretation

22.1 Definitions

In these Conditions:

“**Agents**” means any of the Issuing and Paying Agent, the Paying Agents, the Registrar or the Transfer Agent appointed by the Issuer pursuant to the Supplemental Agency Agreement;

“**Aggregate Nominal Value**” means, at any time, the aggregate nominal value of the outstanding Trust Certificates which, for the avoidance of doubt, is on the Closing Date U.S.\$750,000,000;

“**Business Day**” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Hong Kong and Kuala Lumpur and New York;

“**Commodity Murabahah Investment**” means a commodity murabahah investment forming part of the Wakalah Venture and which will be in the form of a Commodity Murabahah Investment Agreement;

“**Commodity Murabahah Investment Agreement**” means a commodity murabahah investment agreement to be entered into on the Closing Date between the Issuer (acting through the Wakeel as agent), the Buyer and the Facility Agent;

“**Day Count Fraction**” means, in relation to a Periodic Distribution Period or any other period in respect of which a payment is due to be made, on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed;

“**Dissolution Distribution Amount**” means an amount equal to the Aggregate Nominal Value plus any accrued but unpaid Periodic Distribution Amounts;

“**Dissolution Event**” means any of the events specified as such in Condition 13;

“**Excess Shares**” means such amount of excess due to the amount by which the fair market value of the shares comprised in the Wakalah Venture exceeds the Shares Investment Minimum Value as determined on the Valuation Date;

“**Excess Shares Purchase Price**” means the price payable by the Obligor for the Excess Shares, which is determined and payable in accordance with the terms of, the Issuer Undertaking;

“**Expected Periodic Distribution Rate**” means 3.035 per cent. per annum;

“**Extraordinary Resolution**” means a resolution passed at a meeting of Trust Certificates Holders duly convened and held in accordance with the provisions of Schedule 3 of the Master Trust Deed;

“Investment Conditions” means the following conditions to be met by the Wakeel:

- (a) proper application of the Proceeds in appropriate revenue-generating Wakalah Venture Contracts in accordance with the Wakalah Agreement;
- (b) proper monitoring and timely enforcement of the performance of each counterparty under such Wakalah Venture Contracts;
- (c) ensuring that each such Wakalah Venture Contract remains in full force and effect whilst any Trust Certificates remain outstanding;
- (d) ensuring that at least 51 per cent. of the Proceeds, is invested in Shariah-compliant Shares on the Closing Date pursuant to the Sale and Purchase Agreement and thereafter to ensure that all shares comprised in the Wakalah Venture are Shariah-compliant Shares;
- (e) ensuring that at all times during the term of the Trust Certificates the aggregate value of the shares comprised in the Wakalah Venture is at least equal to the Shares Investment Minimum Value, all as valued in accordance with the Valuation Principles;
- (f) ensuring that no more than 49 per cent. of the Proceeds, is invested in the Commodity Murabahah Investment on the Closing Date; and
- (g) not waiving or forgiving the obligation of any counterparty under any such Wakalah Venture Contract and not entering into any arrangement to dispose at a discount of any rights under any such Wakalah Venture Contract.

“Investment Plan” means the investment plan consisting of the following requirements for the Wakeel: (i) to invest the Proceeds on the Closing Date in the Wakalah Venture which generates expected returns at least equal to the Periodic Distribution Amount for each Periodic Distribution Period for the term of the Trust Certificates which are outstanding on the Closing Date; and (ii) to ensure satisfaction of the Investment Conditions;

“Issuer Power of Attorney” means the power of attorney granted by the Issuer in favour of the Trustee with respect to the execution of the Transfer Agreement by the Issuer substantially in the form set out in Schedule 4 to the Supplemental Trust Deed;

“Master Documents” means the Programme Agreement, the Master Trust Deed, the Master Agency Agreement and the Master Costs Undertaking Deed;

“Material Adverse Effect” means a material and adverse effect on the condition (financial or other), prospects, results of operations or general affairs or profitability of the Issuer or the Obligor, as the case may be, or on the ability of the Issuer or the Obligor, as the case may be, to perform any of their respective obligations under any of the Transaction Documents to which it is a party, or that are otherwise material in the context of an issue of Trust Certificates;

“Maturity Date” means 1 March 2021;

“Obligor Power of Attorney” means the power of attorney granted by the Obligor in favour of the Trustee with respect to the execution of the Transfer Agreement by the Obligor substantially in the form set out in Schedule 2 of the Purchase Undertaking;

“Payment Business Day” means a day on which commercial banks are generally open for business in Kuala Lumpur and New York and in the case of the surrender of a Trust Certificate, in the place where the Trust Certificate is surrendered;

“Periodic Distribution Amount” means, an amount in U.S. dollars equal to the product of (a) the Expected Periodic Distribution Rate, (b) the Nominal Value of the Trust Certificates, and (c) the Day Count Fraction;

“Periodic Distribution Date” means 1 March and 1 September in each year, commencing on 1 September 2016 up to and including the Maturity Date;

“Periodic Distribution Period” means the period from and including the Closing Date to but excluding the first Periodic Distribution Date, and each successive period from and including a Periodic Distribution Date to but excluding the next succeeding Periodic Distribution Date;

“person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company or government or agency, or political subdivision thereof, or other entity;

“Programme Agreement” means the amended and restated programme agreement dated 18 December 2015 made between the Issuer, the Obligor and AmInvestment Bank Berhad and CIMB Investment Bank Berhad as joint lead arrangers;

“Purchase Price” means the fair market value of the Investments calculated in accordance with the Valuation Principles;

“Purchase Undertaking” means a purchase undertaking dated the Closing Date executed by the Obligor in favour of the Issuer and the Trustee pursuant to which the Obligor undertakes to purchase from the Issuer all of the Investments in the Wakalah Venture on the Maturity Date or following a Dissolution Event, whichever is the earlier;

“related corporation” has the meaning given to it in the Companies Act, 1965 of Malaysia;

“Relevant Date” means, in respect of any payment in relation to a Trust Certificate, the later of (a) the date on which the payment first becomes due, and (b) if the full amount payable has not been received by the Paying Agent or the Trustee on or before the due date, the date on which (the full amount having been so received) notice to that effect has been given to the Trust Certificates Holders by the Issuer in accordance with Condition 19;

“Relevant Jurisdiction” means Malaysia and New York or any authority thereof or therein having power to tax;

“Security Interest” means any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind, including but without limitation, title transfer and/or retention arrangements having a similar effect or any agreement to create any of the foregoing;

“Shariah Adviser” is CIMB Islamic Bank Berhad;

“Shariah-compliant Shares” means Shariah-compliant shares in one or more companies, whether listed or not listed on any stock exchange, identified by the Wakeel in its discretion and approved by the Shariah Adviser as Shariah-compliant from time to time throughout the term of the Trust Certificates, and as approved by the Shariah Adviser as Shariah-compliant on the Closing Date;

“Supplemental Costs Undertaking Deed” means the costs undertaking deed relating to the Trust Certificates executed by the Obligor on the Closing Date, which amends and supplements the Master Costs Undertaking Deed;

“Transfer Agreement” means the transfer agreement substantially in the form set out in Schedule 1 of the Purchase Undertaking;

“Trust” means the trusts established by the Supplemental Trust Deed;

“Valuation Date” means the date on which the Excess Shares Purchase Price (if any) is payable pursuant to the Issuer Undertaking; and

“Wakalah Venture Contracts” means the Sale and Purchase Agreement and the Commodity Murabahah Investment Agreement each entered into on the Closing Date by the Wakeel acting as agent of the Issuer pursuant to the Wakalah Agreement, and any ancillary contracts in relation thereto entered into from time to time, including but not limited to the Closing Date Deed of Surrender, the Issuer Undertaking, the Obligor Undertaking, the Purchase Undertaking and any sale and purchase agreements or substitution agreements entered into pursuant to such undertakings.

SUMMARY OF PROVISIONS RELATING TO THE TRUST CERTIFICATES IN GLOBAL FORM

Initial issue of Trust Certificates

The Trust Certificates will be represented by a Global Certificate which will be registered in the name of a nominee of, and deposited with, a common depository for Euroclear and Clearstream, Luxembourg. The Global Certificate contains provisions which modify the Conditions as they apply to the Trust Certificates evidenced by the Global Certificate. The following is a summary of certain of those provisions.

Exchange

The Global Certificate will be exchangeable (free of charge to the holder) in whole, but not in part, for definitive certificates (“**Definitive Certificates**”) if the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an “**Alternative Clearing System**”) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. Thereupon, the Registered Holder, acting on the instruction of any holder of an interest in the Global Certificate, may give notice to the Issuing and Paying Agent requesting exchange and the Issuer may also give notice to the Issuing and Paying Agent requesting exchange on or after the Exchange Date (as defined below) specified in the notice.

“**Exchange Date**” means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the cities in which Euroclear and Clearstream, Luxembourg or, if relevant, the Alternative Clearing System, are located.

Payments

Payments in respect of the Global Certificate shall be made to the Registered Holder against presentation and (if no further payment falls to be made on it) upon surrender of it to or to the order of the Registrar in respect of the Trust Certificates (or to or to the order of such other Paying Agent as shall have been notified to the holders for this purpose). Upon payment of any amount payable in respect of the Global Certificate, the amount so paid shall be entered by the Registrar on the Register. No person shall however be entitled to receive any payment on the Global Certificate falling due after the Exchange Date, unless exchange of the Global Certificate for Definitive Certificates is improperly withheld or refused by or on behalf of the Issuer or the Issuer does not perform or comply with any one or more of what are expressed to be its obligations under any Definitive Certificates.

Notices

Notices required to be given in respect of the Trust Certificates represented by the Global Certificate may be given by their being delivered (so long as the Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system) to Euroclear, Clearstream, Luxembourg or such other clearing system, as the case may be, or otherwise to the holder of the Global Certificate, rather than by publication as required by the Conditions.

Meetings

The holder of the Global Certificate shall be treated at any meeting of holders as being two persons for the purposes of any quorum requirements of a meeting of holders and as having one vote in respect of each U.S.\$200,000 Nominal Value of Trust Certificates for which the Global Certificate may be exchanged. The Issuer may allow a person with an interest in Trust Certificates in respect of which the Global Certificate has been issued to attend and speak at a meeting of holders on appropriate proof of his identity and interest.

Transfer

Transfers of interests in the Trust Certificates shall be effected through the records of Euroclear and Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants.

USE OF PROCEEDS

The Issuer (acting on behalf of the Trust Certificates Holders) will apply the proceeds arising from the issue of the Trust Certificates by appointing the Wakeel to invest such proceeds in the Wakalah Venture in accordance with the terms of the Wakalah Agreement.

The Obligor intends to use such proceeds for general investments, refinancing of borrowings and working capital requirements which are Shariah-compliant.

EXCHANGE RATES AND EXCHANGE CONTROLS

Exchange Rates

The following table sets forth, for the periods indicated, information concerning the exchange rates between Ringgit and U.S. dollars since 2011 as reported in Bloomberg under page “USDMYR Curncy HP”. The table illustrates how many Ringgit it would take to buy one U.S. dollar:

<u>Period</u>	<u>Ringgit per one U.S. dollar</u>			
	<u>Average⁽¹⁾</u>	<u>High</u>	<u>Low</u>	<u>Period end</u>
2011	3.0560	3.2048	2.9390	3.1680
2012	3.0778	3.2005	2.9943	3.0580
2013	3.1693	3.3346	2.9625	3.2757
2014	3.2810	3.4975	3.1463	3.4973
2015	3.9346	4.4570	3.4965	4.2943

Source: Bloomberg

Note:

(1) Annual averages are calculated using the average of month-end rates of the relevant year. Monthly averages are calculated using the average of the daily rates during the relevant month.

No representation is made that the Ringgit amounts stated in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate, the above rates or at all.

Malaysian Exchange Controls

There are no restrictions on repatriation of capital, profits, dividends, interest, fees or rental by foreign direct investors or portfolio investors. However, all remittances abroad must be made in foreign currencies other than the currency of Israel.

Under the present regime, the prior approval of Bank Negara Malaysia is required for the Issuer to obtain credit facilities exceeding RM100 million (or its equivalent in foreign currency) denominated in a currency other than Ringgit on a corporate group basis from a non-resident non-related company. The Issuer had obtained approval from Bank Negara Malaysia on 10 December 2008 and 22 December 2008 to issue Islamic securities denominated in a currency other than Ringgit under the Programme to non-residents and residents. Further, Bank Negara Malaysia had on 5 June 2015 and 3 August 2015 approved an increase in the limit of the Programme to RM15.0 billion.

DESCRIPTION OF DANGA CAPITAL BERHAD

Danga Capital Berhad (Company No. 835648-X) was incorporated on 16 October 2008 in Malaysia under the Companies Act, 1965 of Malaysia with its registered office at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia. The Issuer is a special purpose vehicle and has been formed solely for the purpose of participating in the transactions contemplated under the Programme and the Ringgit-Denominated Islamic Securities Programme established by the Issuer on 6 February 2009 and updated on 30 December 2015 (the “**Ringgit Programme**”).

The authorised share capital of the Issuer is RM100,000 divided into 100,000 ordinary shares of par value RM1.00 each, of which two ordinary shares have been issued and fully paid-up. The two issued ordinary shares are held by an independent Share Trustee (as defined below) on trust for certain charities.

The directors of the Issuer and their designations are as follows:

<u>Director</u>	<u>Principal Occupation</u>
Lim Lee Kuan	Resident Director
Celine Chan Hooi Li	Resident Director

The Issuer has no employees and will have no employees as at the Closing Date. The Issuer has no subsidiaries.

The Issuer’s board of directors has appointed TMF Global Services (Malaysia) Sdn. Bhd. (the “**Issuer Administrator**”) to manage certain affairs of the Issuer (including the preparation of the necessary books of accounts and records and certain other corporate, secretarial and administrative services). The annual fees of the Issuer Administrator will be paid pursuant to the terms of each Supplemental Costs Undertaking Deed. TMF Trustees Malaysia Berhad, the registered owner of the Issuer’s entire issued and paid-up share capital (for the purpose of this section only, the “**Shares**”), has entered into a declaration of trust (the “**Declaration of Trust**”) on 23 January 2009, where it has in its capacity as an independent share trustee (for the purpose of this section only, the “**Share Trustee**”) declared an irrevocable trust for charitable purposes over the Shares for the benefit of, amongst others, World Wildlife Fund, National Cancer Society of Malaysia, Malaysian AIDS Council, Kiwanis Down Syndrome Foundation and the National Kidney Foundation of Malaysia. In the Declaration of Trust, the Share Trustee agreed, to the extent it is possible and reasonable to do so in its capacity as the registered holder of the Shares, to do all such acts and execute all such documents in order to ensure that the obligations of the Issuer pursuant to the Programme and the Ringgit Programme are met and fulfilled accordingly pursuant to the terms of the documents relating to the Programme and the Ringgit Programme, respectively.

The objects of the Issuer as set out in its Memorandum of Association are to issue Islamic securities pursuant to the Programme (including the Trust Certificates) and the Ringgit Programme, enter into documents (including the Transaction Documents) to which it is a party and other agreements necessary for the performance of its obligations under the transactions contemplated thereby and undertake activities pursuant to or that are not inconsistent with the transactions and documents relating to the Programme (including those referred to in this Offering Circular) and the Ringgit Programme.

The Issuer has not engaged, since its incorporation, and will not engage in any material activities other than (i) those relating or incidental to the issue of the Islamic securities (including the Trust Certificates) pursuant to the Programme and the matters contemplated in this Offering Circular and the Transaction Documents and the authorisation of its entry into the other transactions and documents referred to in this Offering Circular to which it is or will be a party and (ii) those relating or incidental to the issue of Ringgit-Denominated Islamic securities under the Ringgit Programme and the authorisation of its entry into such transactions and documents to which it is a party in connection with the Ringgit Programme.

As of the Closing Date, after giving effect to the transactions contemplated by the Transaction Documents, the total equity of the Issuer will be RM2.00, consisting of two issued and fully paid-up shares. As at the Closing Date, after giving effect to the transactions contemplated by the Transaction Documents, the Issuer will not have any indebtedness, other than any Ringgit-Denominated Islamic securities outstanding as at the date of this Offering Circular which were issued pursuant to the Ringgit Programme and the Singapore dollar-denominated Islamic securities outstanding at the date of this Offering Circular which were issued pursuant to the Programme. Pursuant to the terms of its Memorandum of Association and the Transaction Documents, the Issuer may not issue any securities other than those issued under the Programme (including the Trust Certificates) and the Ringgit Programme.

The fiscal year of the Issuer ends on 31 December of each year. The Issuer has prepared annual accounts, which are audited by Ernst & Young.

Other than as described above, there has been no material change in the capitalisation of the Issuer as at the date hereof.

DESCRIPTION OF THE KHAZANAH GROUP

Overview

Khazanah is the strategic investment fund of the Government of Malaysia entrusted to manage the commercial assets held by the Government and to undertake domestic and foreign investments. Khazanah was incorporated under the Companies Act, 1965 of Malaysia on 3 September 1993 as a public limited company and commenced operations in 1994. Save for the one share owned by the FLC, all the share capital of Khazanah is owned by the Minister of Finance (Inc), a body corporate incorporated pursuant to the Minister of Finance (Incorporation) Act, 1957 of Malaysia. The Minister of Finance (Inc) is owned by the Government.

Khazanah has an 11-member Board of Directors (the “**Board**”) comprising representatives from the public and private sectors. Dato’ Sri Mohd Najib bin Tun Hj Abdul Razak, the Prime Minister of Malaysia, is the Chairman of the Board. The Board is assisted in the discharge of its duties by an Executive Committee and an Audit Committee established by the Board.

The primary objectives of Khazanah are:

- to hold and manage the investments entrusted to it by the Government; and
- to undertake new investments where there are strategic opportunities in new sectors and new markets.

Khazanah has interests in more than 70 companies, either directly or indirectly through ownership of shares. These companies are involved in various sectors such as agrifood, aviation, creative and media, financial services, healthcare, infrastructure and construction, innovation and technology, life sciences, leisure and tourism, power, property, sustainable development as well as telecommunications amongst others.

Historically, substantially all of the companies Khazanah has invested in were incorporated in Malaysia and conducted their principal business activities within Malaysia. However, since 2005, Khazanah has acquired substantial business interests outside of Malaysia. For recent developments relating to Khazanah, see “*Recent developments*” below.

Khazanah’s registered office is currently located at Level 33, Tower 2, Petronas Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia.



KHAZANAH
NASIONAL

Investment Holding Structure as at 31 January 2016

AgriFood	Aviation	Creative & Media	Financial Services	Healthcare	Infrastructure & Construction	Innovation & Technology	Life Sciences	Leisure & Tourism	Others	Power	Property	Sustainable Development	Tele communication
<ul style="list-style-type: none"> MAFC 100% biotropics 100% BlueArchipelago 100% Blue Archipelago 100% 	<ul style="list-style-type: none"> MAHB 36.7% ISG 100% MAS 100% Penerbangan Malaysia 100% 	<ul style="list-style-type: none"> Astro Holdings Sdn Bhd 29.3% Astro Malaysia 20.7% Iskandar Media 99.4% Imagica 51% Imagica SEA 51% Rhizophora Ventures 100% 	<ul style="list-style-type: none"> CIMB Group 23.6% IDFC 9.5% Avicenna Capital 49% SunLife Malaysia Assurance 49% SunLife Malaysia Takaful 90% Acibadem Sigorta 24.5% ACR Capital 30% ACR 24.5% ACR Capital Reinsurance Malaysia 70% ACR Retakaful 40% Jadwa Investment 10% Bank Muamalat 30% Fajr Capital 21% ValueCAP 33.3% IDFC BANK 4.5% BDO Unibank 3.9% China Huarong 3% 	<ul style="list-style-type: none"> BHH Healthcare Method 44.7% Apollo Hospital 10.9% Apollo Hospital 60% ACIBADEM 15% PANTAI Holdings 100% Parkway Pantai 100% IMU International Medical University 51% CONTINENTAL HOSPITALS 73.4% GLOBAL HOSPITALS 0.9% 中德证券 0.9% Citic Securities 0.9% 	<ul style="list-style-type: none"> UEM Group 100% PLUS Malaysia 100% UEM BUILDERS 100% UEM 100% ZIMM 100% CIMA 70.7% UEM Edgenta 100% 	<ul style="list-style-type: none"> Alibaba.com 0.2% SILTERRA SilTerra Malaysia 100% Atlantic Quantum 100% Continuum Capital Sdn Bhd 100% Aemulus 15.0% YEPME Yepme 14.6% General Fusion 8.6% Skyscanner 3.4% 	<ul style="list-style-type: none"> Xeraya Capital 100% MTDC 100% 	<ul style="list-style-type: none"> Themed Attractions Resorts & Hotels 100% John Keells 9.1% LeapEd 100% iZM Ventures 100% Zivame 1.4% 	<ul style="list-style-type: none"> TENAGA NASIONAL 6% Tenaga Nasional 30.4% Shuaibah Water and Electricity Company 12% 	<ul style="list-style-type: none"> UEM Sunrise 66.1% Iskandar Investment Berhad 60% Iskandar Ventures 20% Medini Development 40% Medini Development 100% M+S Pte Ltd 60% SUNWAY ISKANDAR 48.6% Pulau Indah Ventures 50% Southern Marina 30% Putrajaya Holdings 15.6% STLR 100% 8990 8.6% 8990 Holdings 8.6% 	<ul style="list-style-type: none"> Cenviro 100% Cenergi 100% REDT 15.2% Beijing Development Hong Kong 23.1% Beijing Enterprises Water Group 4.6% 	<ul style="list-style-type: none"> axiata 38.2% TM Telekom Malaysia 28.7% Pulau Kapas Ventures 30% TIME dotCom 11.3% 	
													Public Listed

Summary financial information

The following table presents selected audited financial information of Khazanah on an unconsolidated basis as at and for each of the five years ended 31 December 2010, 2011, 2012, 2013 and 2014.

The unconsolidated financial statements of Khazanah have been prepared in accordance with Approved Accounting Standards issued by the Malaysian Accounting Standards Board, which may differ in certain material respects from generally accepted accounting principles in certain other jurisdictions, including International Accounting Standards or International Financial Reporting Standards and auditing standards which prospective investors may be familiar with in other countries.

	As at and for the year ended 31 December				
	2010 ⁽¹⁾	2011	2012	2013	2014
	(RM million)				
Profit/(Loss) before taxation	1,085	5,213	1,819	2,512	1,006
Net Profit/(Net Loss) for the year	1,059	5,148	1,646	2,566	884
Total assets	57,294	62,731	61,773	64,355	70,555
Total liabilities	37,517	37,352	35,832	36,757	42,605
Paid-up capital	5,444	8,444	8,444	8,444	6,644

Note:

- (1) The above figures for the year ended 31 December 2010 have been derived from Khazanah's audited financial statements for the year ended 31 December 2010. The above figures have been restated in Khazanah's audited financial statements in the following year due to prior year adjustments to reflect among others the adoption of new and amended financial reporting standards for the year ended 31 December 2011.

Principal indebtedness of Khazanah

The following is a summary of Khazanah's principal financing arrangements.

The table below sets forth the total borrowings of Khazanah as at 31 December 2014.

	Amount outstanding as at 31 December 2014 (audited) (RM million)
Khazanah Bonds — secured	15,019
Shariah-compliant Exchangeable Trust Certificates	3,748
Islamic Medium Term Notes issued by Danga Capital Berhad	6,460
Amount due to SPV — Rantau Abang Capital Berhad	4,800
Unsecured Term loans	2,000
Total Borrowings	<u>32,027</u>

Khazanah Bonds — Secured

Since March 1999, Khazanah has from time to time issued various series of medium- to long-term zero coupon Islamic bonds with maturities ranging between five and fifteen years. Each series of zero coupon Islamic bonds is guaranteed by the Government and is based upon the Islamic financing concepts of “Murabahah” or “Musyarakah”. The Government guaranteed zero coupon Islamic bonds were issued at a discount and will be redeemed at 100 per cent. of their nominal value on their relevant redemption dates. The aggregate nominal value of the outstanding Government guaranteed zero coupon Islamic bonds as at 31 December 2014 was RM20 billion. The accreted book value of such Islamic bonds as at 31 December 2014 was RM15,019 million, which represented their nominal value less the unamortised discount on such Islamic bonds.

The table below sets forth the details of the Government guaranteed zero coupon Islamic bonds issued by Khazanah and outstanding as at 31 December 2014.

	At nominal value	Unamortised discount (audited)	Amount outstanding as at 31 December 2015 (audited) (RM million)	Date of repayment	Yield to maturity at issuance (%)
Issued 8 December 2006 10-year	2,000	143	1,857	8 December 2016	3.860
Issued 15 June 2007 15-year	1,000	274	726	15 June 2022	4.350
Issued 9 July 2008 10-year	1,000	174	826	9 July 2018	5.500
Issued 14 August 2008 15-year	2,000	729	1,271	14 August 2023	5.330
Issued 17 December 2008 10-year	1,000	149	851	17 December 2018	4.100
Issued 20 March 2009 10-year	1,000	172	828	20 March 2019	4.520
Issued 20 March 2009 15-year	1,500	535	965	20 March 2024	4.840
Issued 27 August 2009 10-year	1,500	282	1,218	27 August 2019	4.520
Issued 27 August 2009 15-year	1,000	369	631	27 August 2024	4.820
Issued 24 March 2010 10-year	1,200	254	946	24 March 2020	4.600
Issued 3 September 2012 10-year	1,500	368	1,132	2 September 2022	3.710
Issued 3 September 2012 20-year	1,000	516	484	3 September 2032	4.150
Issued 12 October 2012 5-year	1,000	93	907	12 October 2017	3.560
Issued 12 October 2012 15-year	1,000	410	590	12 October 2027	4.170
Issued 8 March 2013 8-year	1,000	208	792	8 March 2021	3.800
Issued 24 February 2014 7-year	1,300	305	995	24 February 2021	4.400
Total	<u>20,000</u>	<u>4,981</u>	<u>15,019</u>		

Periodic Payment Exchangeable Trust Certificates (Shariah-compliant exchangeable trust certificates)

Khazanah has also issued periodic payment Shariah-compliant exchangeable trust certificates.

In October 2013, Khazanah issued Shariah-compliant exchangeable trust certificates through an independent special purpose vehicle, Indah Capital Ltd. The offering comprised S\$600 million five-year certificates due 2018 which are exchangeable into ordinary shares of IHH Healthcare Berhad, of which Khazanah is a major shareholder. As at 31 December 2014, all of the trust certificates remained outstanding.

In September 2014, Khazanah issued Shariah-compliant exchangeable trust certificates through an independent special purpose vehicle, Cahaya Capital Ltd. The offering comprised U.S.\$500 million seven-year certificates due 2021 which are exchangeable into ordinary shares of Tenaga Nasional Berhad. As at 31 December 2014, all of the trust certificates remained outstanding.

Danga Capital Berhad (Islamic Medium Term Notes)

Khazanah has, via an independent orphan special purpose vehicle, Danga Capital Berhad (“**Danga**”), established a Ringgit-Denominated Islamic Securities Programme on 6 February 2009 which was updated on 30 December 2015 and a Multicurrency Islamic Securities Programme on 10 February 2009 which was updated on 18 December 2015, with a combined programme limit of RM20.0 billion in nominal value.

Pursuant to the Ringgit-Denominated Islamic Securities Programme, Danga issued RM1.1 billion in nominal value of Islamic medium term notes with a maturity of five years and profit payment of 4.22 per cent. per annum and RM500.0 million in nominal value of Islamic medium term notes with a maturity of seven years and profit payment of 4.49 per cent. per annum on 24 April 2009. The RM1.1 billion in nominal value of Islamic medium term notes was fully redeemed on 24 April 2014. On 13 April 2010, Danga issued RM2.0 billion in nominal value of Islamic medium term notes pursuant to

the Ringgit-Denominated Islamic Securities Programme. These Islamic medium terms notes have a tenor of five years and profit payment of 4.35 per cent. at their issuance. Each of these financings has recourse to Khazanah pursuant to a purchase undertaking executed by Khazanah on the establishment of the Ringgit-Denominated Islamic Securities Programme.

On 11 August 2010, Danga issued S\$600 million in nominal value of Islamic medium term notes with a maturity of five years and S\$900 million in nominal value of Islamic medium term notes with a maturity of 10 years pursuant to the Multicurrency Islamic Securities Programme. Profit payments of 2.615 per cent. per annum and 3.725 per cent. per annum are payable on the Islamic medium term notes, respectively. Similar to the structure of the offering of the Trust Certificates, the structure of each of these offerings was based upon the Islamic financing concept of “Wakalah” and includes provision for recourse to Khazanah pursuant to a purchase undertaking. The S\$600 million in nominal value of Islamic medium term notes was fully redeemed on 11 August 2014.

On 20 October 2011, Danga issued CNY500 million in nominal value of Islamic medium term notes with a maturity of three years pursuant to the Multicurrency Islamic Securities Programme. Profit payments of 2.90 per cent. per annum are payable on the Islamic medium term notes. The CNY500 million in nominal value of Islamic medium term notes was fully redeemed on 20 October 2014.

As at 31 December 2014, the aggregate nominal value of the outstanding Islamic medium term notes issued pursuant to the Ringgit-Denominated Islamic Securities Programme and the Multicurrency Islamic Securities Programme was RM6.46 billion.

On 29 January 2015, Danga issued RM1.5 billion in nominal value of Islamic medium term notes with a maturity of fifteen years and profit payment of 4.88 per cent. per annum. On, 9 April 2015, Danga issued RM2.0 billion in nominal value of Islamic medium term notes with a maturity of five years and profit payment of 4.10 per cent. per annum.

On 13 April 2015, RM2.0 billion in nominal value of Islamic medium term notes were redeemed. At the time of issuance, these Islamic medium term notes had a maturity of five years and profit payment of 4.35 per cent. per annum.

On 30 September 2015, RAM Rating Services Berhad reaffirmed the AAA(s)/Stable rating of Danga’s Multicurrency Islamic Securities Programme.

On 23 February 2016, Danga issued RM1.5 billion in nominal value of Islamic medium term notes with a maturity of ten years and profit payment of 4.60 per cent. per annum.

Rantau Abang Capital Berhad (Amount due to SPV)

Since March 2006, Khazanah has issued various series of commercial paper and medium term notes with maturities ranging between six months and twenty years, which are based upon the Islamic financing concept of “Musyarakah”. Each of these financings includes provisions for recourse to Khazanah pursuant to a purchase undertaking. As at 31 December 2014, the nominal amount of outstanding Islamic medium term notes was RM4.8 billion issued pursuant to the RM7.0 billion Islamic Medium Term Note Programme. The Islamic Medium Term Note Programme was established in March 2006 by Rantau Abang Capital Berhad, a wholly owned subsidiary of Khazanah.

On 25 September 2015, RM1.3 billion in nominal value of Islamic medium term notes were redeemed.

Term loans — unsecured

Khazanah maintains a loan facility. This loan facility is unsecured, denominated in Ringgit and provides for regular profit payments, at rates ranging from 3.90 per cent. per annum to 4.65 per cent. per annum. The loan facility will mature in January 2025. As at 31 December 2015, the principal amount outstanding on this loan facility was RM2.5 billion.

Investment portfolio

Investment portfolio performance in 2014

In line with improved financial and market conditions, Khazanah's investment portfolio value increased in 2014. As at 31 December 2014, Khazanah's overall portfolio mark-to-market Realisable Asset Value ("RAV") was RM145.5 billion as compared to RM135.1 billion as at 31 December 2013. The Net Worth Adjusted ("NWA") of Khazanah's investment portfolio as at 31 December 2014 was RM110.7 billion, representing an increase of 9.1 per cent. from the NWA of RM101.5 billion as at 31 December 2013. These RAV and NWA amounts were derived in each case based on the audited financial statements of Khazanah as at 31 December 2014 and 31 December 2013, respectively.

In this Offering Circular, NWA is determined by deducting total liabilities from RAV and adjusting for equity injections by the majority shareholder of Khazanah (being the Minister of Finance (Inc)) less dividends which have been paid out.

Investment portfolio by sectors

Khazanah's investment portfolio spans a number of sectors including agriculture, creative and media, financial services, healthcare, infrastructure and construction, innovation and technology, life sciences, leisure and tourism, power, property, sustainable development as well as telecommunications.

As at 31 December 2014, the top five sectors contributing to Khazanah's investment portfolio in terms of RAV were the telecommunications, power, financial services, healthcare and property sectors, comprising 21.6 per cent., 17.5 per cent., 14.5 per cent., 13.3 per cent. and 10.5 per cent. of Khazanah's investment portfolio in terms of RAV, respectively. The transportation and logistics, infrastructure and construction, creative and media, innovation and technology, leisure and tourism and sustainable development sectors comprised 5.1 per cent., 3.9 per cent., 2.7 per cent., 2.4 per cent., 1.8 per cent. and 1.1 per cent. of Khazanah's investment portfolio in terms of RAV, respectively, with the remaining sectors, consumer, life sciences, agriculture and education each comprising less than 1.0 per cent. of Khazanah's investment portfolio. These RAV percentages were derived in each case based on the audited financial statements of Khazanah as at 31 December 2014.

Foreign investment policies of Khazanah

Khazanah was granted a renewed mandate in 2004 by the Government to be a leading strategic investment house that creates sustainable value for a globally competitive Malaysia. In this respect, Khazanah has been targeting regional investments in areas which it considers will bring strategic benefits to Malaysia, such as, among others, telecommunications, power, financial services, healthcare and infrastructure and construction.

Historically, all of the companies in which Khazanah invested were incorporated in Malaysia, with their principal business activities conducted within Malaysia. Khazanah's investment portfolio in terms of RAV has therefore primarily been derived within Malaysia, with Malaysia-based investments comprising 85.0 per cent. of Khazanah's investment portfolio in terms of RAV as at 31 December 2014. Since 2005, Khazanah has acquired business interests outside Malaysia, with Singapore, China, India, Turkey and Indonesia accounting for 5.0 per cent., 4.5 per cent., 2.1 per cent., 1.2 per cent. and 0.2 per cent. of Khazanah's investment portfolio in terms of RAV, respectively, as at 31 December 2014, with the remaining 2.0 per cent. of Khazanah's investment portfolio being derived from investments in other countries. These RAV percentages were derived in each case based on the audited financial statements of Khazanah as at 31 December 2014.

Divestment strategy of investment portfolio

Khazanah has a long-term commitment towards strategic divestment of its holdings, focusing on the divestment of its non-core assets and non-core holdings, with the objective of avoiding any material

adverse impact on the share prices of such investments. Between 2004 and 2014, Khazanah made 67 divestments, generating sale proceeds of RM42.8 billion and resulting in total gains of RM19.4 billion. In 2014, Khazanah continued its divestment strategy and made 6 divestments, generating sale proceeds of RM5.6 billion and resulting in total gains of RM3.0 billion. Significant divestments made by Khazanah between 2011 and 2015 included the divestment of its entire 42.7 per cent. stake in Proton Holdings Bhd to DRB-HICOM in 2012, the divestment of its entire 45 per cent. stake in TIME Engineering to Censof Holdings Berhad in 2013 and the divestment of a 2 per cent. stake in Tenaga Nasional Bhd (“**Tenaga**”) in 2015. This is in addition to monetisations of its investments through the issuance of exchangeable trust certificates, which were exchangeable into ordinary shares in Tenaga, Telekom Malaysia Berhad, Axiata Group Berhad, PLUS Expressways Berhad and Parkson Retail Group Limited, which are held directly or indirectly by Khazanah.

Recent developments

Ongoing Restructuring of Malaysia Airlines Berhad (“MAB”)

On 29 August 2014, Khazanah launched a 12-point MAS Recovery Plan (“**MRP**”). The restructuring effort focuses on four main areas, namely governance and financial framework, operating business model, leadership and human capital, and regulatory and enabling framework.

On 1 May 2015, Christoph Mueller, the former Chief Executive Officer (“**CEO**”) of Aer Lingus was made CEO and Managing Director of MAS and subsequently the CEO of MAB upon commencement of its operations on 1 September 2015.

On 3 December 2015, MAB reported in its first quarterly progress update since becoming fully operational on 1 September 2015 that the ongoing restructuring of MAB is continuing at a steady and sustained pace on multiple fronts.

Issuance of first Ringgit-denominated sustainable and responsible Sukuk

On 18 June 2015, Khazanah issued the first Ringgit-denominated sustainable and responsible investment Sukuk (“**SRI Sukuk**”) via a Malaysian-incorporated independent special purpose vehicle, Ihsan Sukuk Berhad (“**Ihsan**”). The SRI Sukuk issuance was pursuant to Ihsan’s RM1.0 billion Sukuk Programme, the first programme approved under the Securities Commission Malaysia’s Sustainable and Responsible Investment Sukuk framework. The Sukuk Programme has been assigned a rating of AAA(s) by RAM Rating Services Berhad, reflecting Khazanah’s role as the credit obligor under the structure of the SRI Sukuk.

Proceeds from the SRI Sukuk were channelled to Yayasan AMIR, a non-profit organisation initiated by Khazanah in 2010, to fund schools under the Trust Schools Programme identified in 2015.

Appointment of Tan Sri Dr. Mohd Irwan Serigar Abdullah to the Board of Directors

On 3 July 2015, Khazanah announced the appointment of Dr. Mohd Irwan Serigar Abdullah to the Board. Dr. Mohd Irwan was appointed to the Board on 23 June 2015. Dr. Mohd Irwan is currently Secretary General of Treasury, Ministry of Finance. He serves on the Board of Directors of several key organisations including Petrolia Nasional Berhad (“**Petronas**”), Lembaga Tabung Haji, Mass Rapid Transit Corporation Sdn. Bhd. and Bank Negara Malaysia. He is also Chairman of Retirement Fund (Incorporated), Inland Revenue Board of Malaysia, Cyberview Sdn. Bhd. and Malaysian Global Innovation & Creativity Centre.

Establishment of Khazanah Europe Investment Limited Regional Office in London

On 30 July 2015, Khazanah announced that its wholly-owned subsidiary, Khazanah Europe Investment Limited (“**KEIL**”), will set up an office in London, United Kingdom. Headed by Executive Director Javier Santiso, KEIL will provide advice and support on investments in Europe that are of strategic

interest to Khazanah. KEIL will also complement the acceleration of Malaysia's innovation agenda and will act as a bridge to strengthen current and future collaborations between Malaysia and European countries, especially the United Kingdom.

Khazanah Announces Additional Domestic Investments of RM6.77 billion in support of Government's Proactive Economic Measures

On 14 September 2015, the Prime Minister of Malaysia announced several proactive measures to strengthen the country's economic fundamentals and address the impact of financial turbulence in the global markets on Malaysia's economy.

In this regard, Khazanah as the strategic investment fund of the Government of Malaysia announced its support of the proactive economic measures in all relevant areas. Concurrently, Khazanah will also accelerate and increase domestic investments over the immediate and medium term in several key sectors including leisure and tourism, healthcare and health tourism, export-oriented creative industries, innovation and technology and Business Process Outsourcing sectors. These sectors and investments have been selected on the basis of those that provide higher domestic economic multipliers, boost job creation, support local content, increase prospects for foreign exchange receipts and enhance public goods and inclusiveness for the people of Malaysia.

Identified projects are either incremental to investment plans announced previously or being accelerated, and amount to a total value of RM6.77 billion. The projects, to be delivered by Khazanah through relevant investee companies and its development partners, have already been identified, have received, or are in the advanced stages of receiving, the necessary approvals, and are already in various stages of implementation or are ready to be implemented imminently.

Changes to the senior leadership team

On 21 May 2015, Khazanah announced the appointment of Chinta Bhagat as Executive Director, Investments, effective 15 July 2015. He is based in Khazanah's office in Mumbai, India, and lead the India operations, as well as be part of Khazanah's global healthcare sector leadership team.

Khazanah had also made the following additions to its Senior Leadership Team: Mohamed Nasri Sallehuddin as Executive Director, Corporate and Support Services (effective 1 April 2015); Omar Siddiq Amin Noer Rashid as Executive Director, Investments (effective 1 July 2015), who was subsequently transferred to MAB effective 1 January 2016; Javier Santiso as Executive Director, Investments based in Khazanah's London office (effective 1 August 2015); and Latifah Daud as Director, Strategic Human Capital Management (effective 1 April 2015).

As a result of the additions listed above, Khazanah's senior leadership team increased to 20 members.

Khazanah Renews Managing Director's Contract

Khazanah announced that the Board of Directors, at its meeting on 19 December 2015, had renewed the employment contract of its Managing Director, Tan Sri Dato' Azman Hj. Mokhtar, for another three-year term effective 1 June 2016 to 31 May 2019.

Tan Sri Dato' Azman, 55, assumed his current position on 1 June 2004.

Management of Khazanah

Board of Directors

The Directors of Khazanah as at the date of this Offering Circular are set forth below:

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Years appointed as Director</u>
Dato' Sri Mohd Najib Hj Abdul Razak	Chairman	62	6
Tan Sri Dato' Seri Utama Nor Mohamed Yakcop	Deputy Chairman	68	12
Dato' Seri Ahmad Husni Mohamad Hanadzlah	Director	63	6
Tan Sri Md Nor Md Yusof	Director	68	9
Raja Tan Sri Dato' Seri Arshad Raja Tun Uda	Director	69	9
Tan Sri Mohamed Azman Yahya	Director	52	11
Dato' Mohammed Azlan Hashim	Director	58	11
Tan Sri Andrew Sheng Len Tao	Director	69	7
Dato' Seri Nazir Tun Abdul Razak	Director	49	1
Tan Sri Dr. Mohd Irwan Serigar Abdullah	Director	58	1 ⁽¹⁾
Tan Sri Dato' Azman bin Hj. Mokhtar	Managing Director	55	11

Note:

(1) Tan Sri Dr. Mohd Irwan Serigar Abdullah was appointed as a Director of Khazanah on 23 June 2015.

The biographies of the Directors of Khazanah are set forth below.

Dato' Sri Mohd Najib Hj Abdul Razak

Mohd Najib Hj Abdul Razak, aged 62, was appointed as the Chairman of Khazanah on 7 May 2009. He is currently Malaysia's Prime Minister and Minister of Finance. Mohd Najib started his career at the Malaysian central bank, Bank Negara Malaysia, and later served at the national oil company, Petronas. His political career began in 1976 when he was elected as the Member of Parliament for Pekan. At 22 years old, he was then the nation's youngest MP. He has held various cabinet posts, including Deputy Minister at the Ministry of Energy, Telecommunications & Posts, Ministry of Education and Ministry of Finance. He also headed several ministries as Minister at the Ministry of Culture, Youth & Sports, Ministry of Defence and Ministry of Education. He served as the Menteri Besar of Pahang from 1982 to 1986. Mohd Najib holds a degree in Industrial Economics from Nottingham University.

Tan Sri Dato' Seri Utama Nor Mohamed Yakcop

Nor Mohamed Yakcop, aged 68, was appointed Deputy Chairman of Khazanah on 3 June 2013 and has been a Director of Khazanah since 12 November 2002. He has also been Chairman of Khazanah's Executive Committee since 3 June 2013. He was a member of the Malaysian Cabinet, serving as the Minister in the Prime Minister's Department from 2009 to 2013 and the Second Finance Minister from 2004 to 2009. Previously Nor Mohamed Yakcop was the Special Economic Adviser to the Prime Minister. Apart from a short period in the private sector in the late 1990's, Nor Mohamed Yakcop was with Bank Negara Malaysia from 1968 to 2000. During his service with Bank Negara Malaysia, Nor Mohamed Yakcop was responsible for the implementation of a number of major projects, including the implementation of Islamic banking in Malaysia, the setting-up of the bilateral payments mechanism between Bank Negara Malaysia and the Central Banks of South-South countries and the establishment of Rating Agency Malaysia Berhad.

As Special Economic Adviser to the Prime Minister, Nor Mohamed Yakcop played a major role in a number of corporate restructuring exercises, including the restructuring of United Engineers (Malaysia) Berhad and Malaysian Airline System Berhad.

Nor Mohamed Yacop graduated from the University of Malaya with a Bachelor of Economics (Honours) degree and also from the Catholic University of Leuven, Belgium with an MBA (cum laude) degree.

Dato' Seri Ahmad Husni Mohamad Hanadzlah

Ahmad Husni Mohamad Hanadzlah, aged 63, was appointed as a Director of Khazanah on 18 May 2009. He is currently the Second Finance Minister. Ahmad Husni has held key positions in the Malaysian Cabinet since 2004 — namely Deputy Minister of International Trade and Industry from 3 March 2004 to 17 March 2008, and later, Deputy Minister of Finance from 18 March 2008 to 10 April 2009. Ahmad Husni has extensive working experience in the corporate sector, having served in several financial institutions, namely Bumiputra Merchant Bankers Berhad, Asiavest Merchant Bankers and Chase Manhattan Bank N.A. He also served at several state government-linked agencies, namely Syarikat Maju Perak Berhad and Perak Islamic Economic Corporation. He was previously Chairman of several key agencies and corporations, including the Malaysia External Development Corporation, Bumiputra Commerce Bank Berhad, Commercial Vehicle Licensing Board and National Higher Education Fund Corporation. He was also previously the Chairman of the Public Accounts Committee, Parliament of Malaysia. Ahmad Husni holds a degree in Economics from the University of Malaya.

Tan Sri Md Nor Md Yusof

Md Nor Yusof, aged 68, was appointed as a Director of Khazanah on 1 April 2006. He was previously Chairman of Khazanah's Executive Committee until 2 June 2013. He also sits on the Boards of several companies and institutions, including Malaysian AgriFood Corporation Bhd and Pelaburan Hartanah Bumiputera Berhad and is a Trustee of Yayasan Khazanah. Md Nor was formerly Chairman of CIMB Group Sdn. Bhd. from July 2006 to August 2014. Md Nor spent 18 years of his working career with the Commerce group, and more notably as President and Chief Executive Officer of Bank of Commerce Berhad. Md Nor completed his term as Executive Chairman of the Securities Commission Malaysia on 31 March 2006. Prior to that appointment, he was the Managing Director of Malaysian Airline System Berhad, after serving a period as Advisor to the Ministry of Finance. Md Nor graduated with a Bachelors Degree in Commerce from the University of Otago, New Zealand and is a qualified chartered accountant.

Raja Tan Sri Dato' Seri Arshad Raja Tun Uda

Raja Arshad Raja Uda, aged 69, was appointed as a Director of Khazanah on 1 April 2006. He is also Chairman of Maxis Berhad, Ekuiti Nasional Berhad, ACR Retakaful SEA Berhad, Asia Capital Reinsurance Malaysia Sdn. Bhd. and Yayasan Raja Muda Selangor. In addition, Raja Arshad Raja Uda is also a member of the Board of Trustees of Yayasan DayaDiri and the Pro Chancellor of Universiti Industri Selangor. He was the former Executive Chairman and Senior Partner of PricewaterhouseCoopers (PwC) Malaysia, having served in that position for 18 years. During this period, he established a more effective corporate style management structure in place of the partnership management structure and saw through the merger between PriceWaterhouse and Coopers Lybrand. Raja Arshad Raja Uda was also Chairman of the Leadership Team of PwC Asia and a member of the PwC Global Leadership Team. His other international roles include being a member of the Standards Advisory Council of the International Accounting Standards Board and a member of the PwC Global IFRS Board. Raja Arshad Raja Uda is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. He is a member of the Malaysian Institute of Certified Public Accountants, where he served on its Council for 24 years, including three years as its President.

Tan Sri Mohamed Azman Yahya

Mohamed Azman Yahya, aged 52, was appointed as a Director of Khazanah on 1 June 2004. He is the founder and Group Chief Executive of Symphony House Berhad, an outsourcing services company.

Mohamed Azman is concurrently the Executive Chairman of Bolton Berhad, a property group. Both companies are listed on BMS. During the 1997-1998 Asian financial crisis, Mohamed Azman was appointed by the Government of Malaysia to set up and head Pengurusan Danaharta Nasional Berhad (“**Danaharta**”), the national asset management company. Subsequently, he also served as Chairman of the Corporate Debt Restructuring Committee, set up by Malaysia’s Central Bank, to mediate and assist in debt restructuring programmes of viable companies until its closure in 2002. During his tenure with Danaharta from 1998 to 2003, Mohamed Azman received a number of international accolades including being named one of Asia’s “Most Influential Bankers” by Institutional Investor and “Restructuring Agency Chief of the Year” by Asiamoney. Apart from Khazanah and several of its investee companies, Mohamed Azman sits on the Board of Ekuiti Nasional Berhad, a Government-linked private equity fund management company. Mohamed Azman is a member of the National Innovation Council, the Malaysian Financial Reporting Foundation and the Special Taskforce to facilitate Business, a public-private sector partnership to improve the public service delivery system. He is also a director of the Sepang International Circuit and Chairman of the Motorsports Association of Malaysia. Mohamed Azman started his career in auditing with KPMG in London before returning to Malaysia in 1988 where he built his career in investment banking as chief executive of Amanah Merchant Bank. He graduated with a first class honours degree in Economics from the London School of Economics and Political Science from the University of London. He is also a member of the Institute of Chartered Accountants in England and Wales, the Malaysian Institute of Accountants and a fellow of the Malaysian Institute of Banks.

Dato’ Mohammed Azlan Hashim

Mohammed Azlan Hashim, aged 58, was appointed as a Director of Khazanah on 1 June 2004. He is also the Chairman of D&O Green Technologies Berhad, Silk Holdings Berhad and a Director of Scomi Group Bhd. Mohammed Azlan has extensive working experience in the corporate sector including financial services and investments. Among other roles, he has served as Chief Executive of Bumiputra Merchant Bankers Berhad, Group Managing Director of Amanah Capital Malaysia Berhad, and Executive Chairman of BMS. Mohammed Azlan is a Board Member of various government and non-government related organisations including the Labuan Offshore Financial Services Authority. He is also a member of the Investment Panel of the Employees Provident Fund and the Retirement Fund Incorporated. He holds a Bachelor of Economics from Monash University and is a qualified chartered accountant. Mohammed Azlan is a Fellow Member of the Institute of Chartered Accountants, Australia, a member of the Malaysian Institute of Accountants, a Fellow Member of the Malaysian Institute of Directors, a Fellow Member of the Institute of Chartered Secretaries and Administrators and an Honorary Member of The Institute of Internal Auditors, Malaysia.

Tan Sri Andrew Sheng Len Tao

Andrew Sheng Len Tao, aged 69, was appointed as a Director of Khazanah on 22 July 2008. He is currently the Chief Adviser to the China Banking Regulatory Commission. Andrew also sits on the Boards of the Qatar Financial Centre Regulatory Authority and Sime Darby Berhad. He is a member of the Advisory Council of the Iskandar Regional Development Authority, the International Advisory Panel of the Labuan Offshore Financial Services Authority, the Governing Council of the International Centre for Education in Islamic Finance and the Advisory Council of the National Institute of Securities Market, India. He is also currently an Adjunct Professor at the University of Malaya and Graduate School of Economics and Management, Tsinghua University, Beijing. He held the roles of Chairman of the Securities and Futures Commission of Hong Kong from October 1998 to September 2005, Deputy Chief Executive at the Hong Kong Monetary Authority from October 1993 to September 1998, Senior Manager of Financial Sector Development at the World Bank from 1989 to 1993 and various senior positions including Chief Economist and Assistant Governor at Bank Negara Malaysia from 1976 to 1989. He is a Chartered Accountant by training and holds a first class honours degree in Economics and an honorary doctorate of law from the University of Bristol, United Kingdom.

Dato' Seri Nazir Tun Abdul Razak

Nazir Tun Abdul Razak, aged 49, was appointed as a Director of Khazanah on 1 September 2014. He is currently the Chairman of the CIMB Group. Prior to joining Khazanah, Nazir held the position of Group Managing Director and Chief Executive Officer of the CIMB Group. Nazir joined CIMB Investment Bank's corporate finance department in 1989 and was transferred to the CIMB Group's stockbroking arm in 1993. Nazir has held the positions of Executive Director of the stockbroking division, Deputy Chief Executive of CIMB Investment Bank and Group Chief Executive Officer during his 25-year tenure in the CIMB Group. In addition to being on the boards of various CIMB Group companies, Nazir is a member of the Employees Provident Fund's Investment Panel and the Chairman of the Investment Panel Risk Committee. Nazir is also a trustee of the Rahah Foundation, co-Chairs the ASEAN Business Club and is a Director of Endeavour (Malaysia) and MEPS, both of which are non-profit organisations. Nazir holds a Bachelor of Social Science from the University of Bristol and a Master of Philosophy from the University of Cambridge. In 2010, Nazir served as a Chevening Fellow at the Oxford Centre for Islamic Studies.

Tan Sri Dr. Mohd Irwan Serigar Abdullah

Dr. Mohd Irwan Serigar Abdullah, aged 58, was appointed as a Director of Khazanah on 23 June 2015. He is Secretary General of Treasury, Ministry of Finance. He serves on the Board of Directors of several key organisations including Petroliaam Nasional Berhad, Lembaga Tabung Haji, Mass Rapid Transit Corporation Sdn. Bhd., and Bank Negara Malaysia. He is also Chairman of Retirement Fund (Incorporated), Inland Revenue Board of Malaysia, Cyberview Sdn. Bhd. and Malaysian Global Innovation & Creativity Centre.

Tan Sri Dato' Azman bin Hj. Mokhtar

Azman bin Hj. Mokhtar, aged 55, was appointed as Managing Director of Khazanah on 1 June 2004. Between 1994 and 1998, he was a Director and Head of Research for Union Bank of Switzerland in Malaysia. Between 1998 and 2000, he was a Director and Head of Research at Salomon Smith Barney in Malaysia. From 2002 until May 2004, he was Managing Director of BinaFikir Sdn. Bhd. Azman bin Hj. Mokhtar graduated with a distinction in M. Phil in Development Studies from Darwin College, Cambridge University, United Kingdom as a Chevening scholar. He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and is a Chartered Financial Analyst charter holder. He also holds a graduate diploma in Islamic Studies from the International Islamic University, Malaysia.

Senior management

The senior management of Khazanah as at the date of this Offering Circular is set forth below:

<u>Name</u>	<u>Position</u>
Tan Sri Dato' Azman bin Hj. Mokhtar	Managing Director
Ben Chan	Executive Director, Khazanah Nasional Consulting (Beijing) Company Limited
Joseph Dominic Silva	Executive Director, Investments, Head of Investments
Dato' Noorazman Abd Aziz	Executive Director, Investments
Mohd Izani Ashari	Executive Director, Special Projects, Managing Director's Office
Jiv Sammanthan	Executive Director, Managing Director's Office
Datuk Hisham Hamdan	Executive Director, Investments
Kenneth Shen	Executive Director, Investments
Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz	Executive Director, Investments
Shahazwan Harris	Executive Director, Investments
Dato' Mohd Izani Ghani	Executive Director / Chief Financial Officer
Ahmad Farouk Mohammed	Executive Director, Investments
Dato' Charon Wardini Mokhzani	Executive Director, Managing Director's Office
Zaida Khalida Shaari	Executive Director, Investments
Ahmad Zulqarnain Onn	Executive Director, Investments and Head of Strategic Management Unit
Mohamed Nasri Sallehuddin	Executive Director, Corporate and Support Services, Company Secretary and Head, Legal
Javier Santiso	Executive Director, Head of Khazanah Europe Investment Limited
Chinta Bhagat	Executive Director, Khazanah India Advisors Private Limited
Latifah Daud	Director, Strategic Human Capital Management and Head of Strategic Human Capital Management
Rohayati Othman	Director / Chief Risk Officer, Managing Director's Office

The biographies of the senior management of Khazanah are set forth below.

Tan Sri Dato' Azman bin Hj. Mokhtar

The biography of Azman Hj. Mokhtar is set out in "Management of Khazanah — Board of Directors".

Ben Chan

Ben Chan joined Khazanah in June 2005 as Director of Investments and was appointed Executive Director of Investments in April 2008. Between 1992 and 1996, Ben researched the China and Hong Kong markets with Cazenove & Co and ING Barings in Hong Kong, where he was the Head of China Research. He returned to Malaysia in 1996 and served as Director of Research with several investment houses, covering the Malaysia and Singapore markets. He is a Chartered Accountant and holds a Bachelor of Commerce (with merit) from the University of New South Wales.

Joseph Dominic Silva

Joseph Dominic Silva joined Khazanah in August 2008 as Director of Investments. He was appointed Executive Director of Investments in May 2010. He is currently Head of Investments. Prior to joining Khazanah, he spent 18 years in the banking sector, 12 of which were with ABN AMRO Bank in regional and international roles across the areas of relationship management, structured finance, capital markets, risk and portfolio management and strategic business development. Prior to ABN AMRO Bank, he worked with a major Japanese financial group in Asia within the Corporate Finance division. Joseph is a finance graduate from the University of Wales, and completed his Senior Management Programme at Henley Management College, United Kingdom.

Dato' Noorazman Abd Aziz

Noorazman joined Khazanah as Executive Director of Investments in May 2010 after having spent two-and-a-half years as Managing Director of Fajr Capital Ltd, a Khazanah investee company. Noorazman previously worked in international banking and finance, during which time he held positions at Citigroup, Bank Islam, the Kuala Lumpur Stock Exchange and the Labuan Offshore Financial Services Authority. He is a practising member of the Association of Chartered Islamic Finance Professional and holds a BSc in Finance from Louisiana State University, U.S.

Mohd Izani Ashari

Mohd Izani Ashari joined Khazanah in April 2009. At Khazanah, he leads the work on the GLC Transformation Programme and has been pivotal in the initial development which forms the foundations of the Government Transformation Programme. He has 26 years of working experience, predominantly with multi-nationals and large companies including Shell, Maybank, Sime Darby, Petronas and Malaysian Airline System Berhad, covering six different industries. He spent 16 years of his career in organisation transformation/ re-engineering where he played a significant role. He holds a Masters Degree in Construction Management from Reading University, United Kingdom and a Bachelors Degree in Quantity Surveying from John Moores University, Liverpool, United Kingdom.

Jiv Sammanthan

Jiv Sammanthan joined Khazanah in June 2010 as Director in the Managing Director's Office. He was appointed Executive Director in the Managing Director's Office in June 2011. Prior to Khazanah, Jiv spent 18 years with PricewaterhouseCoopers both in London and Kuala Lumpur. He was a founding partner of the PwC Performance Improvement Consulting practice in Kuala Lumpur. He holds a degree in Commerce from the University of Birmingham, England and is an Associate of the Institute of Chartered Accountants in England and Wales.

Datuk Hisham Hamdan

Hisham Hamdan joined Khazanah as Executive Director of Investments in April 2011. He also assumed the role of Head of Division of Khazanah Research and Investment Strategy, on 1 September 2013. He was formerly with Sime Darby where he served for over six years and assumed several senior positions, covering strategy and business development, healthcare, energy and utilities and special projects. Datuk Hisham also has 12 years of capital markets experience in equity research and investment banking. He started his career as a process engineer in the U.S. He holds two degrees in Chemical Engineering and Industrial Management from Purdue University in the U.S. He has also attended the Harvard Business School's Advanced Management Programme.

Kenneth Shen

Kenneth Shen joined Khazanah as Executive Director of Investments in July 2011. Prior to joining Khazanah, he was based in Doha with Qatar Investment Authority ("QIA") where he was most recently Advisor to the CEO and a member of the Board of Directors of Qatar Holding LLC. In

addition, he was responsible for QIA's direct investments in public and private companies as well as its investments in private equity, special situations and venture capital funds. Prior to that, he was based in Hong Kong with Salomon Brothers Inc and its successor companies where his most recent role was Co-Head, Corporate Finance at Citigroup Global Markets Asia Limited. Prior to Salomon Brothers, he was with Lehman Brothers in their Merchant Banking and Principal Investments Groups in New York. Kenneth holds a Bachelor of Arts degree (magna cum laude) in East Asian Languages and Civilisations (Japanese) and Economics from Harvard College and an MBA from the Harvard Graduate School of Business Administration. In addition, he has completed studies at Keio University.

Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz

Azmil Zahrudin joined Khazanah as an Executive Director of Investments in October 2011. His main role is overseeing new investments and divestments in sectors within his portfolio. Prior to joining Khazanah, he was the Managing Director/Chief Executive Officer of Malaysia Airlines. He joined Malaysia Airlines as Executive Director/Chief Financial Officer in August 2005 after having served as a Non-Executive Board Director since August 2004. Prior to his time at Malaysia Airlines, Azmil Zahrudin was the Chief Financial Officer and then Managing Director/Chief Executive Officer of Penerbangan Malaysia Berhad. He was also with PwC in their London and Hong Kong offices where he was in the Audit and Business Advisory Services division, specialising in financial services. He holds a first class degree in Economics from the University of Cambridge. He is a Chartered Accountant and an associate member of the Malaysian Institute of Accountants and the Institute of Chartered Accountants in England and Wales. He is also an Associate of the Association of Corporate Treasurers, United Kingdom.

Shahazwan Harris

Shahazwan Harris joined Khazanah in 2005 as Senior Vice President, Investments, and currently holds the position of Executive Director of Investments. He is actively involved in Sustainable Development Investments and various other sectors at Khazanah. He started his career at Tenaga and previously worked as a Consultant in PA Consulting and Boston Consulting Group covering the South-East Asia region. He has an MBA from MIT Sloan, U.S. (2009); an MSc in Advanced Mechanical Engineering from Imperial College of Science, Technology and Medicine, United Kingdom (1995); and a BEng in Mechanical Engineering from Warwick University, United Kingdom (1994).

Dato' Mohd Izani Ghani

Mohd Izani Ghani joined Khazanah in March 2005 and was appointed Director and Chief Financial Officer in May 2010. He was subsequently promoted to Executive Director on 1 October 2012. He is also Non-Executive Non-Independent Director of Bank Muamalat Malaysia Bhd and Malaysia Airports Holdings Berhad. At Khazanah, he was involved in the issuance of the world's first exchangeable Sukuk for U.S.\$750 million in 2006, followed by other landmark exchangeable Sukuks in 2007 and 2008. Prior to Khazanah, he worked at Putrajaya Holdings Sdn. Bhd. and Renong Group. He graduated from the London School of Economics and Political Science with BSc (Economics) specialising in Accounting and Finance. He subsequently pursued his professional accounting qualification from the Association of Chartered Certified Accountants and was admitted to the fellowship in 2000. He is also a member of the Malaysian Institute of Accountants.

Ahmad Farouk Mohammed

Ahmad Farouk Mohammed joined Khazanah in early 2006, and was appointed Director in the Managing Director's Office in 2009. He was subsequently promoted to Executive Director on 1 October 2012. Prior to joining Khazanah, Farouk worked in a strategic advisory firm in Kuala Lumpur. He started his career in risk analysis in London, and then returned to Kuala Lumpur to serve his apprenticeship in an actuarial consultancy, where he advised major life and general insurers and takaful operators in Malaysia and the region. He read Mathematics at the University of Cambridge.

Dato' Charon Wardini Mokhzani

Charon joined Khazanah in November 2013 as an Executive Director in the Managing Director's Office. He is also the Managing Director of Khazanah Research Institute. A former investment banker and lawyer, he joined Khazanah from the CIMB Group where he headed investment banking globally for the group as the Deputy Chief Executive Officer, Investment Banking, CIMB Group and the Chief Executive Officer of CIMB Investment Bank. Prior to that he was the Managing Partner of Messrs. Zaid Ibrahim & Co. He has also been in corporate finance at Rashid Hussain Securities and an advocate and solicitor at Shearn Delamore & Co. Charon read Philosophy, Politics and Economics at Balliol College, University of Oxford and Law at the School of Oriental and African Studies, University of London. He is a non-practising barrister of the Middle Temple and advocate and solicitor of the High Court of Malaya.

Zaida Khalida Shaari

Zaida Khalida Shaari joined Khazanah in January 2007 as a Senior Vice President of Investments. She was appointed as Director of Investments in April 2009 and currently serves as Executive Director, Investments. Prior to joining Khazanah, she was Company Secretary and Head of Legal at Permodalan Nasional Berhad, after having been in legal practice for several years. She is a barrister-at-law and a member of Gray's Inn, London, having graduated with LLB (Honours) from the University of Warwick, United Kingdom. She also holds a MBA from the University of Strathclyde, United Kingdom.

Ahmad Zulqarnain Onn

Ahmad Zulqarnain joined Khazanah in May 2014. Previously, he was CEO of Danajamin Nasional Berhad. He has over 18 years in both the banking and corporate sectors, including tenures with UBS Warburg, Pengurusan Danaharta Nasional Berhad, CIMB Group and Symphony Group. He graduated in Economics from Harvard University.

Mohamed Nasri Sallehuddin

Mohamed Nasri Sallehuddin is currently Executive Director Corporate and Support Services, Company Secretary and Head of Legal at Khazanah. Nasri holds an LLB (Honours) degree from Aberystwyth University (Wales) and an MBA from the University of Strathclyde Business School. He was called to the degree of an Utter Barrister by the Honourable Society of Gray's Inn in 1995 and admitted to the High Court of Malaya as an advocate and solicitor in 1996. Prior to joining Khazanah in 2009, Nasri was a partner with a leading law firm in Malaysia, advising clients on corporate law and the legal aspects of corporate restructuring, take-overs and mergers.

Javier Santiso

Javier joined Khazanah on 1 August 2015. He heads KEIL, a wholly-owned subsidiary which provides advice and support on investments in Europe which are of strategic interest to Khazanah. Previously, he was Managing Director, Global Affairs & New Ventures at Telefonica. He has also served as Director General and Chief Economist at OECD Development Centre.

Chinta Bhagat

Chinta joined Khazanah on 15 July 2015. He leads Khazanah's India operations based in Mumbai. Previously, he was Managing Partner at McKinsey & Co in Singapore. Chinta has broad experience in investments, driving portfolio company performance, and designing and implementing governance systems. Prior to McKinsey, he held various positions at an engineering and construction firm in India, culminating in his role as CEO.

Latifah Daud

Latifah Daud joined Khazanah on 1 April 2015. She has over 20 years of track record in human resources in multinational companies including Honeywell Inc., and Motorola/Freescale Semiconductor. She has also worked in a consulting firm in Singapore, Hatibudi Nominees/Renong Group and Arab Malaysian Bank.

Rohayati Othman

Rohayati Othman joined Khazanah in January 2009 and currently holds the position of Director, Managing Director's Office and Chief Risk Officer. At Khazanah, Rohayati is responsible for Khazanah's Governance & Risk Management Framework and its component parts, the formulation and execution of risk management strategies as well as compliance matters. Rohayati started her professional career in KPMG's Audit & Assurance Division and then the Risk Consulting practice of Arthur Andersen in London, United Kingdom, specialising in financial markets, internal audit, corporate governance and enterprise-wide risk management. She left Arthur Andersen to join Barclays Capital in 2002 in a similar capacity. She graduated from Lancaster University, United Kingdom with a BA (Honours) in Accounting & Finance and is a Fellow of the Association of Chartered Certified Accountants and an Associate Business Continuity Professional.

SUMMARY OF PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of those Transaction Documents and the Master Documents. Copies of the Transaction Documents and the Master Documents will be available for inspection at the registered office of the Issuer and from the specified offices of the Issuing and Paying Agent. Defined terms used in the following summary that are not otherwise defined in this summary have the meanings given to them in "Conditions of the Trust Certificates".

The Wakalah Agreement

The Issuer and the Wakeel shall on the Closing Date enter into a Wakalah Agreement pursuant to which the Issuer (on behalf of the Trust Certificates Holders) shall appoint the Wakeel as its agent and shall instruct the Wakeel to invest the Proceeds in the Wakalah Venture in accordance with the terms of the Wakalah Agreement and the Investment Plan.

The Wakeel shall act as agent of the Issuer (on behalf of the Trust Certificates Holders) at all times in respect of its rights and obligations under the Wakalah Agreement, the Investment Plan, and the Wakalah Venture Contracts.

The Investment Plan requires that (i) the Wakeel invests the Proceeds with effect from the Closing Date in the Wakalah Venture which generates the Expected Return; and (ii) the Investments included in the Wakalah Venture will comply with the Investment Conditions set out therein and described in this section.

The Wakeel will carry out its obligations in accordance with the Wakalah Agreement and Investment Plan as agent for the Issuer.

The Investments

The Series Wakalah Venture shall comprise investments in (i) certain Shariah-compliant shares and (ii) a Commodity Murabahah Investment, in each case as described below. The Investment Conditions as set out in the Wakalah Agreement require, *inter alia*, that on the Closing Date, (i) an amount equal to no more than 49 per cent. of the Proceeds shall be invested in the Commodity Murabahah Investment, and that (ii) an amount equal to at least 51 per cent. of the Proceeds shall be applied to acquire certain Shariah-compliant Shares, by way of transfer of beneficial ownership, to be held as part of the Wakalah Venture. Any loss incurred under the Wakalah Venture shall be borne by the Trust Certificates Holders in proportion to the Nominal Value of the Trust Certificates held by each Trust Certificates Holder.

Cashflows

Subject as provided below, the Wakeel shall be obliged to pay to the Issuer on the day falling one Business Day before each Periodic Distribution Date a sum in U.S. dollars equal to the Share Distribution.

The Wakeel shall calculate, on the day falling one Business Day before each Periodic Distribution Date, the Periodic Income. Provided that the Periodic Income is sufficient to satisfy the aggregate of (i) the Periodic Distribution Amount and (ii) all amounts (if any) payable prior thereto in accordance with Condition 4.2, the Wakeel shall be entitled to retain an Interim Incentive Fee. The Wakeel shall transfer to the Issuer on the day falling one Business Day before the Periodic Distribution Date the Periodic Income less the Interim Incentive Fee (if any).

Valuation Principles

For the purposes of calculating the value of the Wakalah Venture and the relevant Investments comprised within the Wakalah Venture, including without limitation the Excess Shares (as defined below), the Valuation Principles, as set out in Condition 4.1(e) shall apply.

The Issuer has in the Wakalah Agreement appointed the Wakeel (or such other calculation agent, having been approved by the Trustee, from time to time) to act as calculation agent for the purposes of making all calculations and determinations required to be made in accordance with the Valuation Principles.

Sale and Purchase Agreement/Deed of Surrender

Pursuant to the Sale and Purchase Agreement, the Issuer (acting through the Wakeel as agent) shall purchase from the Seller certain Shariah-compliant Shares, by way of transfer of beneficial ownership, at their fair market value calculated in accordance with the Valuation Principles. In respect of the Trust Certificates, U.S.\$431,906,240 of the Proceeds will be applied in the purchase of Shariah-compliant Shares by way of transfer of beneficial ownership on the Closing Date.

On the Closing Date (in respect of the Shariah-compliant Shares purchased pursuant to the terms of the Sale and Purchase Agreement) the Issuer shall execute the Closing Date Deed of Surrender and subsequently (in respect of any other shares which form part of the Wakalah Venture), the Issuer shall execute a Deed of Surrender, surrendering in each case in favour of the Obligor any and all of its voting rights in respect of such shares.

In accordance with the terms of the Wakalah Agreement the Wakeel shall manage the shares forming part of the Wakalah Venture and shall exercise all rights as beneficial shareholder on behalf of the Issuer and shall instruct the Obligor as registered legal owner of the relevant shares to take all necessary steps to give effect to such decisions.

During the term of the Trust Certificates, the aggregate fair market value of the relevant shares comprised in the Wakalah Venture must be at least equal to the Shares Investment Minimum Value, all as determined in accordance with the Valuation Principles.

Obligor Undertaking

Pursuant to the Obligor Undertaking granted by the Obligor in favour of the Issuer and the Wakeel as its agent dated the Closing Date, if the aggregate fair market value of the shares comprised in the Wakalah Venture falls below the Shares Investment Minimum Value at any time, the Obligor has undertaken that it will, provided that the Issuer or the Issuer (acting through the Wakeel as agent) has served an exercise notice in accordance with the terms of the Obligor Undertaking, enter into a substitution agreement pursuant to which it will accept transfer of the beneficial ownership in certain shares comprised in the Wakalah Venture (the number and identity of such shares being at the discretion of the Wakeel) from the Issuer in consideration for the transfer of beneficial ownership in alternative Shariah-compliant Shares (such Shariah-compliant Shares having been separately notified by the Obligor and approved by the Wakeel as evidenced by the serving of the relevant Exercise Notice) by it to the Issuer so that the fair market value of the shares comprised in the Wakalah Venture after the relevant substitution has been made is at least equal to the Shares Investment Minimum Value, all as determined in accordance with the Valuation Principles.

In addition, pursuant to the Obligor Undertaking, if at any time any shares comprised in the Wakalah Venture are no longer Shariah-compliant ("**Non-Shariah compliant Shares**"), the Obligor has also undertaken that it will, provided that the Issuer or the Issuer (acting through the Wakeel as agent) has served an exercise notice in accordance with the terms of the Obligor Undertaking, enter into a substitution agreement pursuant to which it will accept transfer of the beneficial ownership in the Non-Shariah compliant Shares from the Issuer in consideration for the transfer of beneficial ownership in

certain Shariah-compliant Shares by it to the Issuer (such Shariah-compliant Shares having been separately notified by the Obligor and approved by the Wakeel as evidenced by the serving of the relevant Exercise Notice) the fair market value of which is at least equal to the fair market value of the Non-Shariah compliant Shares being substituted, with all such valuations being determined in accordance with the Valuation Principles.

Issuer Undertaking

Pursuant to the Issuer Undertaking granted by the Issuer (on behalf of the Trust Certificates Holders) in favour of the Obligor and dated the Closing Date, if on the day falling one Business Day before any Periodic Distribution Date (the “**Valuation Date**”) the fair market value of the shares comprised in the Wakalah Venture exceeds the Shares Investment Minimum Value (the amount of such excess being referred to as the “**Excess Shares**”), the Issuer has undertaken that it will, provided that the Obligor has served an exercise notice in accordance with the terms of the Issuer Undertaking, sell to the Obligor all or some only of such Excess Shares by way of transfer of beneficial ownership in such Excess Shares (the number and identity of such shares being at the discretion of the Wakeel) at their fair market value (the “**Excess Shares Purchase Price**”) on such Valuation Date provided that the fair market value of the shares comprised in the Wakalah Venture after such relevant sale and purchase has been made is at least equal to the Shares Investment Minimum Value, all as determined in accordance with the Valuation Principles. The Excess Shares Purchase Price will be determined in accordance with the Valuation Principles and will form part of the Share Distribution.

In addition, pursuant to the Issuer Undertaking, the Issuer has also undertaken that it will, provided that the Obligor has served an exercise notice in accordance with the terms of the Issuer Undertaking, at any time enter into a substitution agreement with the Obligor pursuant to which it will transfer beneficial ownership in all or any of the shares comprised in the Wakalah Venture (the number and identity of such shares being at the discretion of the Wakeel) to the Obligor in consideration for the transfer of beneficial ownership in alternative Shariah-compliant Shares to the Issuer by the Obligor, provided that immediately following such substitution the fair market value of all shares comprised in the Wakalah Venture is at least equal to the Shares Investment Minimum Value, all as determined in accordance with the Valuation Principles.

If any dividends or other distributions accrue to the Wakalah Venture other than in the form of cash or shares, or if any other rights of any kind are given to shareholders (including without limitation the right to subscribe for new shares in the relevant company (a “**Rights Issue**”)), the Wakeel shall on behalf of the Issuer direct the Obligor to take all necessary action in respect thereof and/or to exercise such rights in accordance with the Wakeel’s instructions. The Seller has in the Sale and Purchase Agreement agreed to pay on behalf of the Issuer any amounts which may be required to be paid in order to give effect to the exercise of any of the Issuer’s rights attached to the shares comprised in the Wakalah Venture in accordance with the Wakeel’s instructions (including without limitation the amounts payable to fund a Rights Issue). Any amount so incurred by the Obligor shall be a “**Rights Exercise Amount**” and the day upon which the Obligor shall incur a Rights Exercise Amount shall be the “**Rights Exercise Date**”. Any benefit received by the Issuer as a result of the exercise of such right (the “**Benefit**”) (including without limitation the beneficial ownership in shares subscribed for pursuant to a Rights Issue) shall form part of the Wakalah Venture.

Pursuant to the Issuer Undertaking, if the Obligor incurs a Rights Exercise Amount pursuant to its exercise of the rights of the Issuer as described above, the Issuer has undertaken that it will, provided that the Obligor has served an exercise notice in accordance with the terms of the Issuer Undertaking, on the Rights Exercise Date sell the Benefit (including without limitation the shares subscribed for pursuant to a Rights Issue) to the Obligor in consideration for the amount equal to the Rights Exercise Amount incurred by the Obligor on behalf of the Issuer. The obligation on the Issuer to reimburse the Obligor an amount equal to the Rights Exercise Amount which the Obligor incurred on behalf of the Issuer shall be set off against the obligation of the Obligor to pay the consideration for the sale of the Benefit by the Issuer to the Obligor.

Purchase Undertaking

The Obligor shall on the Closing Date issue the Purchase Undertaking in favour of the Issuer and the Trustee (for the benefit of the Trust Certificates Holders) under which the Obligor undertakes to purchase from the Issuer all of the Investments in the Wakalah Venture in consideration for the Purchase Price on the Maturity Date or on the Dissolution Event Redemption Date, as the case may be. The Purchase Price of the Investments shall be determined in accordance with the Valuation Principles. The Purchase Price payable by the Obligor pursuant to the terms of the Purchase Undertaking shall be utilised to pay the Dissolution Distribution Amount due on the Trust Certificates, provided that the Purchase Price payable is sufficient to satisfy the same.

The Obligor's payment obligations under the Purchase Undertaking shall, save for such exceptions as may be provided by applicable legislation, at all times rank equally with all its other present and future unsecured and unsubordinated obligations.

Commodity Murabahah Investment Agreement

On the Closing Date, the Commodity Murabahah Investment Agreement will be entered into between the Buyer, the Issuer (acting through the Wakeel as agent) and CIMB Islamic Bank Berhad as Facility Agent.

In respect of the Trust Certificates, U.S.\$318,093,760 of the Proceeds will be applied in the purchase of commodities on the Closing Date and as further described below. The amount of the Proceeds applied as aforesaid is referred to as the "Commodity Purchase Price".

Pursuant to the Commodity Murabahah Investment Agreement, the Buyer shall deliver to the Issuer a purchase order and an undertaking to buy commodities. The Issuer (acting through the Wakeel as agent) shall appoint the Facility Agent to act as its agent to procure the purchase of commodities from a third party commodity broker solicited at the discretion of the Facility Agent ("**Broker A**") at the spot price using the Commodity Purchase Price. The Issuer (acting through the Wakeel as agent) shall sell the commodities so purchased on its behalf by the Facility Agent to the Buyer on the settlement date specified in the purchase order in consideration for the Deferred Sale Price payable in accordance with the Payment Schedule. On the settlement date, the Buyer shall appoint the Facility Agent to act as its agent to sell the commodities which it purchased from the Issuer (acting through the Wakeel as agent) to a third party commodity broker other than Broker A solicited at the discretion of the Facility Agent ("**Broker B**") on the settlement date at the spot price equivalent to the Commodity Purchase Price.

The Deferred Sale Price payable by the Buyer to the Issuer (acting through the Wakeel as agent) shall be equal to U.S.\$863,812,500 (such amount being equal to the sum of the aggregate Periodic Distribution Amounts and the Nominal Value of the Trust Certificates issued). In accordance with the Payment Schedule the relevant portion of the Deferred Sale Price will be payable as follows:

- (i) on the day falling one Business Day before each of the Periodic Distribution Dates; and
- (ii) on the day falling one Business Day before the Maturity Date, or on the Dissolution Event Redemption Date (as applicable).

Trust Deed

The Master Trust Deed will be amended and supplemented by the Supplemental Trust Deed to be entered into between the Issuer and Trustee, on the Closing Date (such Supplemental Trust Deed, together with the Master Trust Deed, the "**Trust Deed**"). Both the Master Trust Deed and the Supplemental Trust Deed are governed by English law.

Upon issue of the Global Certificate initially representing the Trust Certificates, the Trust Deed shall constitute the Trust declared by the Issuer and the Trustee.

The Trust established under and in accordance with the terms of the Supplemental Trust Deed is as follows:

- (a) the Issuer will declare a trust over the Trust Assets consisting of: (i) all of its rights, title, interest, entitlement and benefit in, to and under the Wakalah Venture; (ii) all of its rights, title, interest, entitlement and benefit in, to and under the Transaction Documents; and (iii) all proceeds of the foregoing; and
- (b) the Trustee will declare a trust over assets consisting of (i) the rights, title, interest and benefit, in, to and under the Supplemental Trust Deed and each of the other Transaction Documents to which it is a party (or to which it obtains the benefits thereunder); (ii) all amounts received by it from the Issuer, the Obligor and/or otherwise under or in connection with the Supplemental Trust Deed and each of the other Transaction Documents; and (iii) any realisation or enforcement proceeds,

to be held upon trust absolutely for the Trust Certificates Holders *pro rata* according to the outstanding Nominal Value of Trust Certificates held by each Trust Certificates Holder in accordance with the Supplemental Trust Deed and the Conditions.

Pursuant to the Trust Deed, the Issuer will, *inter alia*, act as trustee in respect of the Trust Assets, distribute the income from such Trust Assets and perform its duties in accordance with the provisions of the Trust Deed.

Under the Trust Deed, the Issuer will irrevocably and unconditionally appoint the Trustee to be its attorney and in its name, on its behalf and as its acts and deed to exercise all of the present and future duties, powers (including the power to sub-delegate), trusts, authorities and discretions vested in the Issuer under the Trust Deed and the Transaction Documents (to the extent applicable) that the Trustee may consider to be necessary or desirable in order to, upon the occurrence of a Potential Dissolution Event or Dissolution Event, and subject to it being indemnified and/or secured and/or prefunded to its satisfaction, to exercise all of the rights of the Issuer under the Transaction Documents and make such distributions from the Trust Assets as the Issuer in its capacity as trustee is bound to make in accordance with the Trust Deed (together, the “**Delegation**” of the “**relevant powers**”). The Delegation to the Trustee is intended to be in the interests of the Trust Certificates Holders.

In addition to the Delegation of the relevant powers, certain powers under the Trust Deed have been vested solely in the Trustee, including, *inter alia*, the power to determine the occurrence of a Dissolution Event or a Potential Dissolution Event, the power to waive or authorise a breach of an obligation or determine that a Dissolution Event or Potential Dissolution Event shall not be treated as such, and the power to consent to certain types of amendments to the Trust Deed, which is not materially prejudicial to the interests of the Trust Certificates Holders.

The Trust Deed specifies, *inter alia*, that:

- (i) the Trustee may at its discretion refrain from exercising any right, power or discretion vested in the Trustee under the Trust Deed unless and until instructed by the Trust Certificates Holders by Extraordinary Resolution or so requested in writing by Trust Certificates Holders holding at least one-fifth in Nominal Value of the Trust Certificates outstanding, 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 and in each case, only if indemnified and/or secured and/or prefunded to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs (including legal costs), charges, damages and expenses which it may incur by so doing; and

- (ii) no Trust Certificates Holder may proceed directly against the Issuer or the Obligor unless the Trustee, having become bound to proceed pursuant to the provisions of the Trust Deed fails to do so within a reasonable period (which in any event shall not exceed 30 days after the Trustee is bound to proceed) and such failure is continuing. No Trust Certificates Holder will have any power to require the Trustee to take any action otherwise than in accordance with the Trust Deed or to take any action itself which the Trustee would not be entitled to take under the Trust Deed or the Conditions.

Agency Agreement

The Master Agency Agreement has been amended and supplemented by the Supplemental Agency Agreement to be entered into between the Issuer, the Trustee and the Agents on the Closing Date (such Supplemental Agency Agreement, together with the Master Agency Agreement, the “**Agency Agreement**”). Both the Master Agency Agreement and the Supplemental Agency Agreement are governed by English law. The Agency Agreement provides for, *inter alia*, payment of all sums in respect of the Trust Certificates.

Costs Undertaking Deed

The Master Costs Undertaking Deed in favour of, amongst others, the Issuer, the Trustee and the Agents, has been amended and supplemented by the Supplemental Costs Undertaking Deed to be granted by the Obligor on the Closing Date in favour of such parties (such Supplemental Costs Undertaking Deed, together with the Master Costs Undertaking Deed, the “**Costs Undertaking Deed**”). Both the Master Costs Undertaking Deed and the Supplemental Costs Undertaking Deed are governed by English law. Pursuant to each Costs Undertaking Deed, the Obligor has undertaken to, *inter alia*, pay all fees and expenses of the Trustee and each Agent, to indemnify the Issuer against any costs which it incurs in connection with each of the Transaction Documents and to indemnify the Trustee and each Agent against all losses, liabilities and claims incurred by each of them on the terms set out in the relevant Trust Deed and Agency Agreement, respectively.

SUBSCRIPTION AND SALE

Under the terms and conditions contained in a Subscription Agreement dated 23 February 2016 (the “**Subscription Agreement**”) among CIMB Investment Bank Berhad, DBS Bank Ltd. and Standard Chartered Bank (the “**Joint Lead Managers**”), the Obligor and the Issuer, the Issuer has agreed to issue and sell to the Joint Lead Managers U.S.\$750,000,000 Nominal Value of the Trust Certificates. Subject to certain conditions, the Joint Lead Managers have severally agreed to procure the subscription of and payment for the Trust Certificates, or failing which shall severally subscribe and pay for the Trust Certificates.

The Subscription Agreement provides that the obligations of the Joint Lead Managers to pay for and accept delivery of the Trust Certificates are subject to the approval of certain legal matters by their counsels and certain other conditions. Pursuant to the Subscription Agreement, the Obligor will pay to the Joint Lead Managers certain arrangement fees and selling commissions in respect of the issue and sale of the Trust Certificates.

The Joint Lead Managers propose to offer the Trust Certificates initially at the offering price on the cover page of this Offering Circular.

The Obligor has agreed to indemnify the Joint Lead Managers against liabilities incurred in respect of the offering of the Trust Certificates.

The Trust Certificates are a new issue of securities for which there currently is no market. The Joint Lead Managers have advised the Issuer and the Obligor that they intend to make a market in the Trust Certificates as permitted by applicable law. They are not obligated, however, to make a market in the Trust Certificates and any market-making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to the development or liquidity of any market for the Trust Certificates.

Each Joint Lead Manager or its affiliates may purchase the Trust Certificates for its own account or enter into secondary market transactions or derivative transactions relating to the Trust Certificates, including, without limitation, purchase, sale (or facilitation thereof), stock borrowing or credit or equity-linked derivatives such as asset swaps, repackagings and credit default swaps, at the same time as the offering of the Trust Certificates. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Trust Certificates to which this Offering Circular relates (notwithstanding that such selected counterparties may also be a purchaser of the Trust Certificates). As a result of such transactions, a Joint Lead Manager or its affiliates may hold long or short positions relating to the Trust Certificates. Each of the Joint Lead Managers and its affiliates may also engage in investment or commercial banking and other dealings in the ordinary course of business with the Issuer, the Obligor or their respective affiliates from time to time and may receive fees and commissions for these transactions. In addition to the transactions noted above, each Joint Lead Manager and its affiliates may, from time to time after completion of the offering of the Trust Certificates, engage in other transactions with, and perform services for, the Issuer, the Obligor or their respective affiliates in the ordinary course of their business. Each Joint Lead Manager or its affiliates may also purchase Trust Certificates for asset management and/or proprietary purposes but not with a view for distribution or may hold Trust Certificates on behalf of clients or in the capacity of investment advisors. While each Joint Lead Manager and its affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause a Joint Lead Manager or its affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Trust Certificates. Each Joint Lead Manager may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Trust Certificates.

Selling Restrictions

United States

The Trust Certificates have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”).

Each Joint Lead Manager has represented, warranted and agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Trust Certificates (i) as part of its distribution at any time, and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells the Trust Certificates during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Trust Certificates within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Trust Certificates are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

United Kingdom

Each Joint Lead Manager has represented, warranted and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of the Trust Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Trust Certificates in, from or otherwise involving the United Kingdom.

Malaysia

The Trust Certificates may not be issued, offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons to whom the offer or invitation to purchase the Trust Certificates would fall within:

- (a) at the point of issuance of the Trust Certificates:
 - (i) Part I of Schedule 6 or Section 229(1)(b) of the Capital Markets and Services Act 2007 (“**CMSA**”); and
 - (ii) Part I of Schedule 7 or Section 230(1)(b) of the CMSA,
read together with Schedule 9 or Section 257(3) of the CMSA;
- (b) after the issuance of the Trust Certificates, Part I of Schedule 6 or Section 229(1)(b) of the CMSA read together with Schedule 9 or Section 257(3) of the CMSA,

subject to any change in the applicable laws.

In addition, if any offer or sale of the Trust Certificates or any distribution of any document or other material in connection therewith is to be conducted in any jurisdiction other than Malaysia, the applicable laws and regulations of such jurisdiction will also have to be complied with prior to any such offer, sale or distribution.

Negara Brunei Darussalam

This Offering Circular is not an offer to sell or a solicitation of an offer to buy Trust Certificates made to the public in Negara Brunei Darussalam.

Each Joint Lead Manager has represented, warranted and agreed that it has not offered to sell or solicited an offer to buy, and will not offer to sell or solicit an offer to buy, directly or indirectly, any Trust Certificates in Negara Brunei Darussalam, except (a) in compliance with all applicable laws and regulations in Negara Brunei Darussalam and (b) through persons or corporate entities duly authorised and licensed under the applicable laws and regulations in Negara Brunei Darussalam to provide investment advice and/or deal in securities in Negara Brunei Darussalam.

Japan

The Trust Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Trust Certificates in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Hong Kong

Each Joint Lead Manager has represented, warranted and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Trust Certificates other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Trust Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Trust Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 71) of Hong Kong and any rules made under that Ordinance.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the MAS. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Trust Certificates or caused the Trust Certificates to be made

the subject of an invitation for subscription or purchase and will not offer or sell any Trust Certificates or cause the Trust Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Trust Certificates, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Joint Lead Manager represents, warrants and agrees that the Trust Certificates have not been and will not be publicly offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Joint Lead Manager represents, warrants and agrees that it has not offered and will not offer the Trust Certificates to any person in the Dubai International Financial Centre unless such offer is:

- (i) an “Exempt Offer” in accordance with the Markets Rules of the Dubai Financial Services Authority (the “**DFSA**”); and
- (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

TAXATION

Malaysian Taxation

The description below is of a general nature and is only a summary of the law and practice currently applicable in Malaysia. Prospective investors should consult their own professional advisers on the relevant taxation considerations applicable to the acquisition, holding and disposal of the Trust Certificates and the receipt of distributions.

Exchange Control

An application was made to Bank Negara Malaysia pursuant to the provisions of the Joint Information Note issued jointly by the SC and Bank Negara Malaysia on 19 September 2008. Approval was obtained on 10 December 2008 and 22 December 2008 for the Issuer to issue Islamic securities denominated in a currency other than Ringgit under the Programme to non-residents and residents. Further, Bank Negara Malaysia has on 5 June 2015 and 3 August 2015 approved an increase in the limit of the Programme to RM15.0 billion. For exchange control purposes, the Issuer shall not undertake any transaction with the residents of, or deal in the currencies of, Israel without the prior permission of Bank Negara Malaysia.

Income Taxes

Payments to any Trust Certificates Holder will not be subject to Malaysian withholding tax.

Capital Gains

The issuance, disposition, redemption or transfer of the Trust Certificates outside Malaysia will not give rise to any capital gains tax in Malaysia. Payments of or in respect of principal and profit on the Trust Certificates, and any capital gains realised on the sale or exchange of the Trust Certificates, are not subject to the payment of any repatriation levy under Malaysia's exchange control measures.

Gift or Inheritance Tax

There is neither gift nor inheritance tax in Malaysia.

Stamp Duties, Registrations or other Duties

All instruments executed in connection with the Trust Certificates to be issued by the Issuer which issue has been approved by the SC is exempted from stamp duty pursuant to the provisions of the Stamp Duty (Exemption) (No. 23) Order 2000 (as amended by the Stamp Duty (Exemption) (No.3) (Amendment) Order 2005).

GENERAL INFORMATION

Authorisation

1. The issue of the Trust Certificates has been duly authorised by the resolutions of the Board of Directors of the Issuer on 21 October 2008 and 6 February 2015. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issuance of the Trust Certificates. The undertakings of the Obligor have been duly authorised by resolutions of its Board of Directors on 22 July 2008, 14 January 2009 and 4 December 2014.

Listing

2. Approval in-principle has been obtained for the primary listing of the Trust Certificates on the LFX and for the listing and quotation of the Trust Certificates on the Official List of the SGX-ST. BMS granted its approval to list the Programme (under the exempt regime) on 30 December 2009. The Trust Certificates will be listed on BMS on, or as soon as reasonably practicable after, the Closing Date. Admission of the Trust Certificates to the LFX or BMS will not result in the Trust Certificates being quoted for trading on the LFX or BMS. Neither the LFX, BMS nor the SGX-ST assumes any responsibility for the correctness of any statements made, opinions expressed or reports contained herein.
3. Listing of the Trust Certificates on BMS, the LFX and the SGX-ST is conditional upon satisfaction of the requirements of that exchange. Admission of the Trust Certificates to the LFX or BMS and admission of the Trust Certificates to the Official List of the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Obligor, the Khazanah Group or the Trust Certificates.
4. For so long as the Trust Certificates are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Certificate is exchanged for Definitive Certificates, and unless the Issuer obtains an exemption from the SGX-ST, the Issuer will appoint and maintain a Paying Agent in Singapore where the Trust Certificates may be presented or surrendered for payment or redemption and make an announcement of such exchange through the SGX-ST, and such announcement will include all material information with respect to the delivery of the Definitive Certificates, including details of the Paying Agent in Singapore.

Clearing Systems

5. The Trust Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for the Global Certificate relating to the Trust Certificates is XS1347736008. The Common Code in respect of the Trust Certificates is 134773600.

No Significant Change and No Litigation

6. There has been no significant change in the financial or trading position or results of operations of the Issuer since its date of incorporation. The Issuer is not, and has not been, involved in any litigation, arbitration or administrative proceedings which may have, or have had since the date of its incorporation, a significant effect on its financial position nor is the Issuer aware that any such proceedings are pending or threatened.
7. There has been no significant change in the financial condition of Khazanah since 31 December 2014. Khazanah is not, and has not been, involved in any litigation, arbitration or administrative proceedings which may have, or have had since 31 December 2014, a significant effect on its financial condition nor is Khazanah aware that any such proceedings are pending or threatened.

Accounts

8. The audited financial statements of the Issuer as at and for the year ended 31 December 2014 have been filed with the Companies Commission of Malaysia. The Issuer has prepared annual audited accounts in accordance with generally accepted accounting principles in Malaysia. Copies of the Issuer's annual audited accounts will be available for inspection and obtainable free of charge, during normal business hours on any weekday (excluding public holidays) from the registered office of the Issuer. The Issuer has no subsidiaries.
9. Ernst & Young has audited, and rendered unqualified audit reports on, the Summarised Financial Statements of the Obligor included in this Offering Circular and has given and not withdrawn its consent to the issue of this Offering Circular with the inclusion of the Summarised Financial Statements and its Audit Report relating to the Summarised Financial Statements in the form and context in which they are included.

Documents

10. So long as any of the Trust Certificates remains outstanding, copies of the following documents will be available in English for inspection and obtainable free of charge, during normal business hours on any weekday (excluding public holidays) from the registered office of the Issuer and from the specified office of the Paying Agents:
 - (i) the constitutional documents of the Issuer;
 - (ii) the Master Documents; and
 - (iii) the Transaction Documents.

Reliance on Certificates

11. The Trustee may rely without liability to the Trust Certificates Holders on any certificate prepared by the Directors of the Issuer and accompanied by a certificate or report prepared by an internationally recognised firm of accountants pursuant to the Conditions and/or the Trust Deed whether or not addressed to the Trustee, and whether or not the internationally recognised firm of accountants' liability in respect thereof is limited by a monetary cap or otherwise limited or excluded and shall be obliged to do so where the certificate or report is delivered pursuant to the obligation of the Issuer to procure such delivery under the Conditions. Any such certificate or report shall be conclusive and binding on the Issuer, the Obligor, the Trustee and the Trust Certificates Holders.

Other Relationships

12. The Joint Lead Managers and certain of their affiliates may have performed commercial banking, investment banking, advisory and other services for Khazanah and other entities within the Khazanah Group from time to time for which they received customary fees and expenses. The Joint Lead Managers may, from time to time, engage in transactions with, and perform services for Khazanah and other entities within the Khazanah Group, in the ordinary course of their business.

SUMMARISED FINANCIAL STATEMENTS OF KHAZANAH NASIONAL BERHAD

Summarised Financial Statements as at and for the year ended 31 December 2014 (prepared from Audited Financial Statements as at and for the year ended 31 December 2014):

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PRIVATE & CONFIDENTIAL

KHAZANAH NASIONAL BERHAD
(275505-K)
(Incorporated in Malaysia)

Company's Summarised Financial Statements
Prepared from the Audited Financial Statements
31 December 2014

The following summarised financial statements of Khazanah Nasional Berhad ("Khazanah") for the financial year ended 31 December 2014 is prepared from the audited financial statements of Khazanah for the same period thereof. These summarised financial statements are intended to give information regarding Khazanah's financial position as at 31 December 2014 and of the financial performance and the cash flows for the year then ended.

All information in connection with these summarised financial statements are strictly confidential, limited in circulation and shall be held in strict confidence by the receiving party and its respective officers, employees and agents. The content of these summarised financial statements shall not be reproduced, in part or in whole, nor disclosed or communicated to any party, or used for public information in any manner, without Khazanah's prior written consent. Khazanah shall not accept any liability or loss arising from any decisions made based on these summarised financial statements.

275505-K

Khazanah Nasional Berhad
(Incorporated in Malaysia)

Company's summarised financial statements
Prepared from the audited financial statements
For the financial year ended 31 December 2014

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Khazanah Nasional Berhad
(Incorporated in Malaysia)

Statement of comprehensive income
For the year ended 31 December 2014

	2014	2013
	RM'000	RM'000
Income	5,826,426	7,099,260
Dividend income	5,175,652	6,479,871
Gain from divestments	551,503	471,752
Other operating income	99,271	147,637
Operating expenses	(853,636)	(714,717)
Net unrealised gain on financial assets designated as fair value through profit or loss	316,388	90,854
Net (loss)/gain on revaluation of derivatives	(100,062)	187,371
Foreign exchange loss, net	(247,337)	(220,758)
Provision for Yayasan Hasanah	(1,000,000)	(2,000,000)
Allowance for impairment losses on investments and receivables, net of writebacks	(1,657,479)	(775,855)
Operating profit	2,284,300	3,666,155
Finance costs	(1,278,644)	(1,154,022)
Profit before taxation	1,005,656	2,512,133
Taxation	(121,569)	54,356
Net profit for the year	884,087	2,566,489
Other comprehensive income ("OCI")		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net loss on available-for-sale financial assets		
- Loss on fair value changes, net of RMNil tax	(156,500)	(240,437)
- Transfer to profit or loss upon disposal	-	(19,416)
Other comprehensive loss for the year	(156,500)	(259,853)
Total comprehensive income for the year	727,587	2,306,636

The accompanying notes form an integral part of the financial statements.

Khazanah Nasional Berhad
(Incorporated in Malaysia)

Statement of financial position
As at 31 December 2014

	Note	2014 RM'000	2013 RM'000
Assets			
Cash and bank balances		1,313,608	2,256,378
Investment in money market instruments		44,711	89,362
Other financial assets	1	4,105,842	2,401,067
Other receivables	2	41,204	1,053,509
Tax recoverable		25,434	21,772
Interest in subsidiaries	3	39,981,068	34,710,577
Interest in associates	4	24,012,856	22,733,159
Interest in joint venture	5	-	30,707
Property and equipment		15,767	10,916
Computer software		2,141	3,462
Deferred tax asset		425,972	528,577
		<u>69,968,603</u>	<u>63,839,486</u>
Assets classified as held for sale		586,803	515,801
Total assets		<u>70,555,406</u>	<u>64,355,287</u>
Liabilities			
Provision and other payables	6	9,939,120	8,896,403
Borrowings	7	32,027,503	27,605,597
Derivative liabilities		638,559	255,073
Total liabilities		<u>42,605,182</u>	<u>36,757,073</u>
Equity attributable to owners of the Company			
Share capital		6,643,953	8,443,953
Share premium		3,840,248	3,840,248
Capital contribution from shareholders		2,324,423	-
Capital redemption reserve		1,800,000	-
Fair value adjustment reserve		602,500	759,000
Retained profits		12,739,100	14,555,013
Total equity		<u>27,950,224</u>	<u>27,598,214</u>
Total equity and liabilities		<u>70,555,406</u>	<u>64,355,287</u>

The accompanying notes form an integral part of the financial statements.

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**Khazanah Nasional Berhad
(Incorporated in Malaysia)**

**Statement of changes in equity
For the year ended 31 December 2014**

	<----- Non-distributable ----->						
	Share capital RM'000	Share premium RM'000	Capital contribution from shareholders RM'000	Capital redemption reserve RM'000	Fair value adjustment reserve RM'000	Distributable retained profits RM'000	Total RM'000
At 1 January 2013	8,443,953	3,840,248	-	-	1,018,853	12,638,524	25,941,578
Total comprehensive income for the year	-	-	-	-	(259,853)	2,566,489	2,306,636
Dividends	-	-	-	-	-	(650,000)	(650,000)
At 31 December 2013	<u>8,443,953</u>	<u>3,840,248</u>	<u>-</u>	<u>-</u>	<u>759,000</u>	<u>14,555,013</u>	<u>27,598,214</u>
At 1 January 2014	8,443,953	3,840,248	-	-	759,000	14,555,013	27,598,214
Total comprehensive income for the year	-	-	-	-	(156,500)	884,087	727,587
Dividends	-	-	-	-	-	(900,000)	(900,000)
Redemption of RCCPS	(1,800,000)	-	-	1,800,000	-	(1,800,000)	(1,800,000)
Capital contribution from shareholders received during the year	-	-	2,324,423	-	-	-	2,324,423
At 31 December 2014	<u>6,643,953</u>	<u>3,840,248</u>	<u>2,324,423</u>	<u>1,800,000</u>	<u>602,500</u>	<u>12,739,100</u>	<u>27,950,224</u>

The accompanying notes form an integral part of the financial statements.

Khazanah Nasional Berhad
(Incorporated in Malaysia)

Statement of cash flows
For the year ended 31 December 2014

	2014 RM'000	2013 RM'000
Cash flows from operating activities		
Profit before taxation	1,005,656	2,512,133
Adjustments for:		
Gain from divestments		
- gain from divestments of subsidiaries and associates	(523,024)	(454,990)
- net fair value gain on available-for-sale investments	-	(19,416)
- net fair value (gain)/loss on financial assets at fair value through profit or loss	(28,479)	2,654
Dividend income	(5,175,652)	(6,479,871)
Interest income	(90,306)	(139,526)
Unrealised loss on foreign exchange, net	247,337	220,758
Depreciation	4,845	4,990
Amortisation of computer software	1,619	1,549
Provision for Yayasan Hasanah	1,000,000	2,000,000
Allowance for impairment losses in investments and receivables, net of writebacks	1,657,479	775,855
Gain on disposal of property and equipment	-	(92)
Amortisation of discounts on Khazanah bonds	629,797	562,977
Amortisation of discounts on Periodic Payment Exchangeable Trust Certificates	117,116	53,224
Interest expense on Term Loans, Medium Term Notes and others	531,731	537,821
Net gain on financial assets designated as fair value through profit or loss	(316,388)	(90,854)
Net loss/(gain) on revaluation of derivatives	100,062	(187,371)
Operating loss before working capital changes	(838,207)	(700,159)
(Increase)/decrease in receivables	(2,185)	1,201
(Decrease)/increase in payables	(550,295)	738,845
Income tax paid	(22,626)	(31,000)
Net cash (used in)/generated from operating activities	<u>(1,413,313)</u>	<u>8,887</u>
Cash flows from investing activities		
Purchase of investments, net of proceeds from sale of investments	(6,792,059)	(5,938,798)
Purchase of property and equipment	(9,696)	(4,979)
Purchase of computer software	(298)	(411)
Proceeds from sale of property and equipment	-	129
Dividend received	6,184,385	5,489,820
Interest received	96,423	139,022
Net cash used in investing activities	<u>(521,245)</u>	<u>(315,217)</u>

Khazanah Nasional Berhad
(Incorporated in Malaysia)

Statement of cash flows
For the year ended 31 December 2014 (cont'd.)

	2014	2013
	RM'000	RM'000
Cash flows from financing activities		
Repayment of term loans	-	(917,400)
Proceeds from issuance of Exchangeable Trust Certificates	1,602,714	1,507,109
Proceeds from issuance of Khazanah Bonds	958,586	739,968
Drawdown from Revolving Credit Facility	500,000	-
Drawdown from Sukuk financing	2,500,000	-
Redemption of Exchangeable Trust Certificates	-	(998,638)
Repayment of Sukuk financing	(1,364,371)	(1,500,000)
Repayment of Revolving Credit Facility	(500,000)	-
Redemption of RCCPS	(1,800,000)	-
Dividends paid	(400,000)	(1,000,000)
Interest paid	(505,141)	(563,053)
Net cash generated from/(used in) financing activities	<u>991,788</u>	<u>(2,732,014)</u>
Net decrease in cash and cash equivalents	(942,770)	(3,038,344)
Cash and cash equivalents at the beginning of the year	2,256,378	5,294,722
Cash and cash equivalents at the end of the year	<u>1,313,608</u>	<u>2,256,378</u>
Cash and cash equivalents comprise:		
Cash and bank balances	109,837	68,688
Deposits with licensed banks	1,203,771	2,187,690
	<u>1,313,608</u>	<u>2,256,378</u>

The accompanying notes form an integral part of the financial statements.

Khazanah Nasional Berhad
(Incorporated in Malaysia)

Notes to the Company financial statements

1. Other financial assets

	Note	Current RM'000	Non-current RM'000	Total RM'000
2014				
Financial assets designated as fair value through profit or loss				
At fair value:				
Quoted shares outside Malaysia		577,144	-	577,144
Unquoted equity funds inside Malaysia		1,542,535	-	1,542,535
Unquoted equity funds outside Malaysia		507,367	-	507,367
Unquoted money market funds outside Malaysia		-	73,820	73,820
Unquoted bonds in Malaysia		85,500	104,839	190,339
Unquoted bonds outside Malaysia		-	19,188	19,188
Structured products in Malaysia		58,704	61,245	119,949
		<u>2,771,250</u>	<u>259,092</u>	<u>3,030,342</u>
Available-for-sale investments				
At fair value:				
Quoted shares in Malaysia		-	114,500	114,500
Unquoted shares in Malaysia		-	931,000	931,000
		-	<u>1,045,500</u>	<u>1,045,500</u>
Loans receivable				
At amortised cost:				
Loans receivable (i)		-	163,196	163,196
Less: Allowance for impairment losses		-	(133,196)	(133,196)
		-	<u>30,000</u>	<u>30,000</u>
		<u>2,771,250</u>	<u>1,334,592</u>	<u>4,105,842</u>

Khazanah Nasional Berhad
(Incorporated in Malaysia)

1. Other financial assets (cont'd.)

	Note	Current RM'000	Non-current RM'000	Total RM'000
2013				
Financial assets designated as fair value through profit or loss				
At fair value:				
Quoted shares outside Malaysia		390,160	-	390,160
Unquoted equity funds outside Malaysia		358,169	-	358,169
Unquoted money market funds outside Malaysia		-	82,613	82,613
Unquoted bonds in Malaysia		76,308	165,037	241,345
Unquoted bonds outside Malaysia		-	3,530	3,530
Structured products in Malaysia		-	118,062	118,062
		<u>824,637</u>	<u>369,242</u>	<u>1,193,879</u>
Available-for-sale investments				
At fair value:				
Quoted shares in Malaysia		-	119,000	119,000
Unquoted shares in Malaysia		-	1,083,000	1,083,000
		<u>-</u>	<u>1,202,000</u>	<u>1,202,000</u>
Loans receivable				
At amortised cost:				
Loans receivable (i)		-	195,884	195,884
Less: Allowance for impairment losses		-	(190,696)	(190,696)
		<u>-</u>	<u>5,188</u>	<u>5,188</u>
		<u>824,637</u>	<u>1,576,430</u>	<u>2,401,067</u>

A reconciliation of the allowance for impairment losses on loans receivable is as follows:

	Individually impaired	
	2014 RM'000	2013 RM'000
At 1 January	190,696	475,166
Charge for the year	-	22,603
Reclassification to interest in subsidiaries, upon conversion of loans receivable to Redeemable Convertible Preference Shares ("RCPS")	(57,500)	(307,073)
At 31 December	<u>133,196</u>	<u>190,696</u>

Other than the loans receivable, the other financial assets above are neither past due nor impaired.

Khazanah Nasional Berhad
(Incorporated in Malaysia)

1. Other financial assets (cont'd.)

- (i) The loans receivable is unsecured, bears interest of 5% (2013: ranging from 4% to 5%) per annum and has no fixed terms of repayment.

2. Other receivables

	Note	2014 RM'000	2013 RM'000
Dividend receivable		20,888	1,029,621
Interest income receivable	(i)	3,272	55,767
Deposits		4,090	4,228
Amount due from related companies	(ii)	5,809	8,038
Others		7,145	2,593
		<u>41,204</u>	<u>1,100,247</u>
Less: Allowance for impairment losses		-	(46,738)
		<u>41,204</u>	<u>1,053,509</u>

- (i) Included in the interest income receivable is interest income from subsidiaries of the Company of RM Nil (2013: RM46,738,000).

- (ii) The amount due from related companies is unsecured, bears interest ranging from 4% to 5% (2013: ranging from 4% to 5%) per annum and is repayable on demand.

A reconciliation of the allowance for impairment losses on interest income receivable is as follows:

	Individually impaired	2014 RM'000	2013 RM'000
At 1 January		46,738	106,949
Charge for the year		3,011	15,325
Transfer to interest in subsidiaries		(49,749)	(75,536)
At 31 December		<u>-</u>	<u>46,738</u>

Other than the interest income receivable, the other receivables are neither past due nor impaired.

Khazanah Nasional Berhad
(Incorporated in Malaysia)

3. Interest in subsidiaries

	2014	2013
	RM'000	RM'000
Shares at cost,		
Quoted shares in Malaysia	-	7,382,635
Unquoted shares in Malaysia	33,085,809	25,232,806
Unquoted shares outside Malaysia	6,402,068	4,069,295
	<u>39,487,877</u>	<u>36,684,736</u>
Less: Accumulated allowance for impairment losses	(9,832,176)	(9,078,779)
	<u>29,655,701</u>	<u>27,605,957</u>
Amount due from subsidiaries *	10,325,367	7,104,620
	<u>39,981,068</u>	<u>34,710,577</u>
Market values of quoted shares in Malaysia	<u>-</u>	<u>3,593,641</u>

* As the amount due from subsidiaries is, in substance, a part of the Company's net investments in the subsidiaries, it is stated at cost less accumulated impairment losses.

During the current financial year:

(a) Additional acquisition/subscription in existing subsidiaries

- (i) The Company subscribed to an additional 56,130,125 preference shares in Pulau Manukan Ventures Sdn Bhd ("PMV"), for a total cash consideration of RM56.1 million, resulting in the Company maintaining its equity interest of 100%. PMV, an unlisted company incorporated in Malaysia, is an investment holding company.
- (ii) The Company, via a special purpose vehicle Burau Ventures Sdn Bhd, acquired an additional 40,500,000 ordinary shares in Acibadem Saglik ve Hayat Sigorta Anonim Sirketi ("Acibadem"), for a total cash consideration of TRY40.5 million, resulting in the Company maintaining its equity interest of 90%. Acibadem, an unlisted company incorporated in Turkey, is principally involved in the underwriting of life insurance.

3. Interest in subsidiaries (cont'd.)

(b) Corporate exercise

- (i) As part of an internal restructuring to consolidate all of the Company's agriculture investments, the Company disposed its entire equity interest in the following companies which was satisfied by way of issuance of 420,507,938 preference shares of Agrifood Resources Holdings Sdn Bhd ("ARH"), an unlisted investment holding company incorporated in Malaysia:

Entity	Country of incorporation	Classification	Principal activities
Agro Treasures Sdn Bhd	Malaysia	Subsidiary	Agriculture venture capital fund
Blue Archipelago Berhad	Malaysia	Subsidiary	Investment holding and trading of shrimp aquaculture products
Biotropics Malaysia Berhad	Malaysia	Subsidiary	Research and development, marketing and sales of products based on Malaysia's biodiversity
Malaysian Agrifood corporation Berhad	Malaysia	Subsidiary	Providing cold chain facilities, management services and services for perishable
Commerce-KNB Agro Teroka Sdn Bhd	Malaysia	Joint venture	Agriculture venture capital fund

- (ii) The Company received 20,000,000 ordinary shares representing 100% equity interest of Cenviro Sdn Bhd (formerly known as UEM Environment Sdn Bhd) ("Cenviro"), as dividend-in-specie from UEM Group Berhad. Cenviro, an unlisted company incorporated in Malaysia, is an investment holding company.
- (iii) On 29 August 2014, the Company, pursuant to the announcement of the five-year 12-point Malaysian Airlines System Berhad ("MAS") Recovery Plan ("MRP"), funded MAS entire cost of RM1.38 billion to undertake the Selective Capital Reduction and Repayment ("SCR"), which resulted in MAS becoming a wholly owned subsidiary of the Company and was subsequently delisted from the Main Market of Bursa Malaysia. MAS, an unlisted Company incorporated in Malaysia, is involved in the provision of air transportation services.
- (iv) The Company subscribed into 1,279,856,451 preference shares representing 100% equity interest of Iskandar Ventures Sdn Bhd ("IVSB") pursuant to the redemption of Redeemable Preference Shares ("RPS") in Iskandar Investment Berhad ("IIB"), which was satisfied by way of shares in Medini Iskandar Malaysia ("MIM"), Legoland Themed Park and and Educity Iskandar Sdn Bhd ("Educity").

Khazanah Nasional Berhad
(Incorporated in Malaysia)

3. Interest in subsidiaries (cont'd.)

(c) Disposal of interest in subsidiaries

- (i) Iskandar Investment Berhad ("IIB") redeemed 450,000,000 and 470,405,987 units of Class B and Class C of Redeemable Preference Shares respectively held by the Company for a total consideration of RM1,407,807,345, which was satisfied via shares of IIB's investments as disclosed in Note 3(b)(iv).

(d) Special Purpose Vehicles ("SPVs")

Special purpose vehicles ("SPVs") are wholly-owned subsidiaries of the Company that have been set up to actively hold investments or as funding vehicles of the Company.

Certain proforma financial statements' captions of the Company after including the assets and liabilities held through the SPVs as at 31 December are as follows:

	Proforma	
	2014	2013
	RM'000	RM'000
Revenue	7,949,437	7,685,076
Profit from operations	3,216,693	3,128,414
Net profit for the year	<u>3,088,693</u>	<u>3,181,163</u>
Cash, bank balances and investment in money market	4,627,952	3,930,729
Other financial assets	21,900,612	12,485,486
Interest in subsidiaries	14,051,822	14,842,571
Interest in associates	35,384,716	32,096,427
Interest in joint ventures	538,350	761,014
Borrowings	36,924,153	33,601,164
Retained profits	16,003,916	15,615,550
Currency translation reserve	1,121,902	264,715
Fair value adjustment reserve	3,605,421	1,222,646
Capital redemption reserve	1,800,000	-
Capital contribution from shareholders	<u>2,324,423</u>	<u>-</u>
Total assets	<u>77,901,465</u>	<u>65,947,919</u>
Total liabilities	<u>42,561,603</u>	<u>36,560,807</u>

**Khazanah Nasional Berhad
(Incorporated in Malaysia)**

4. Interest in associates

	2014 RM'000	2013 RM'000
Shares at cost,		
Quoted shares in Malaysia	23,551,448	22,271,751
Unquoted shares in Malaysia	645,898	645,898
	<u>24,197,346</u>	<u>22,917,649</u>
Less: Accumulated allowance for impairment losses	(184,490)	(184,490)
	<u>24,012,856</u>	<u>22,733,159</u>
Market values of quoted shares in Malaysia	<u>73,867,559</u>	<u>71,695,300</u>

During the current financial year:

(a) Additional acquisition/subscription in existing associates

- (i) The Company elected to participate in the dividend reinvestment plan of Malaysia Airports Holdings Berhad ("MAHB"), resulting in the Company acquiring an additional 7,675,365 ordinary shares and reducing its equity interest to 36.6%. MAHB, a company incorporated in Malaysia, is listed on Bursa Malaysia Main Market and is an investment holding company.
- (ii) The Company acquired an additional 65,469,500 ordinary shares of CIMB Group Holdings Berhad ("CIMB"), for a total cash consideration of RM462.5 million. The Company also elected to participate in the dividend reinvestment plan of CIMB, resulting in the Company acquiring an additional 73,629,397 ordinary shares. Pursuant to the above transactions, the Company's equity interest in CIMB decreased to 29.3%. CIMB, a company incorporated in Malaysia, is listed on Bursa Malaysia Main Market and is involved in investment holding, financial services, property management, provision of consultancy services and dealing in securities.
- (iii) The Company elected to participate in the dividend reinvestment plan of Telekom Malaysia Berhad ("TM"), resulting in the Company acquiring an additional 48,884,021 ordinary shares and increased its equity interest to 29.0%. TM, a company incorporated in Malaysia, is listed on Bursa Malaysia Main Market and is involved in telecommunication and related services.
- (iv) The Company, via a special purpose vehicle, Gemia Investments (Cayman Islands) Ltd, participated in a capital call exercise undertaken by Fajr Capital Ltd ("Fajr") by acquiring an additional 80,725,375 ordinary shares for a total cash consideration of USD80.7 million, resulting in an increase of equity interest to 21.06%. Fajr, an unlisted company incorporated in the United Arab Emirates, is an international Islamic investment firm with a focus on financial services and complimentary opportunities in the broader economy in key Muslim markets.

**Khazanah Nasional Berhad
(Incorporated in Malaysia)**

4. Interest in associates (cont'd.)

(b) Corporate exercise

The Company, via a special purpose vehicle, Pantai Cahaya Bulan Ventures Sdn Bhd ("PCB"), received additional 391,852,483 ordinary shares or 7.53% equity interest in Astro Malaysia Holdings Berhad ("AMH"), in the form of dividend-in-specie from Astro Holdings Sdn Bhd ("AHSB"), a joint venture of PCB. AMH, a company incorporated in Malaysia and listed on Bursa Malaysia Main Market, is a leading integrated consumer media entertainment group in Malaysia and Southeast Asia.

PCB's equity interest in AMH increased to 20.7%, pursuant to the redemption of AHSB's preference shares (as disclosed in Note 5(b)) and the above dividend-in-specie.

5. Interest in joint ventures

	2014 RM'000	2013 RM'000
Unquoted shares at cost, in Malaysia	-	56,707
Less: Accumulated allowance for impairment losses	-	(26,000)
	<u>-</u>	<u>30,707</u>

During the current financial year:

(a) Group restructuring

As part of an internal restructuring to consolidate all of the Company's agriculture investments, the Company disposed its entire equity interest in Commerce-KNB Agro Teroka Sdn Bhd ("CKAT"), a joint venture which was satisfied by way of issuance of preference shares of ARH as disclosed in Note 3(b)(i).

(b) Redemption in a joint venture

The Company, via a special purpose vehicle, Pantai Cahaya Bulan Ventures Sdn Bhd ("PCB"), received 254,789,073 ordinary shares or 4.90% equity interest in Astro Malaysia Holdings Berhad ("AMH") amounting to RM778,864,717, as consideration for redemption of preference shares issued by AHSB. AHSB, an unlisted company incorporated in Malaysia, is an investment holding company.

Khazanah Nasional Berhad
(Incorporated in Malaysia)

6. Provisions and other payables

	Note	Company	
		2014 RM'000	2013 RM'000
Interest payable	(i)	155,341	128,751
Dividend payable		650,000	150,000
Amount due to related companies	(ii)	3,169,400	3,908,926
Amount due to MOF, Inc.	(iii)	588,327	521,906
Provision for liabilities	(iv)	1,841,351	1,841,351
Provision for Yayasan Hasanah	(v)	3,000,000	2,000,000
Refundable deposits received		6,600	6,600
Other payables and accruals	(vi)	203,751	116,041
Other provisions		324,350	222,828
		<u>9,939,120</u>	<u>8,896,403</u>

The terms and conditions of the above liabilities are as follows:

- (i) Interest payable is normally settled quarterly, semi-annually or annually throughout the financial year, depending on the terms of the respective borrowings of the Company.
- (ii) The amount due to related companies is unsecured, interest free and is repayable on demand.
- (iii) The amount due to MOF, Inc. is unsecured, interest free and is repayable on demand.
- (iv) Provision for liabilities relates to the proposed novation of liabilities of a subsidiary, Penerbangan Malaysia Berhad ("PMB") to the Company.
- (v) Provision for Yayasan Hasanah ("YH") relates to the donation pledged to YH for the purpose of endowment of YH in the future.
- (vi) Other payables and accruals are interest free and have an average term of 60 to 90 days (2013: average term of 60 to 90 days).

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6. Provisions and other payables (cont'd.)

(vii) Movement of provisions (consists of provision for liabilities, provision for Yayasan Hasanah and other provisions) are as follows:

	2014 RM'000	2013 RM'000
At 1 January	4,064,179	1,988,061
Charged during the year	1,101,522	2,076,118
At 31 December	<u>5,165,701</u>	<u>4,064,179</u>

7. Borrowings

	Note	Short term RM'000	Long term RM'000	Total RM'000
2014				
Khazanah Bonds				
- secured	(a)	-	15,018,863	15,018,863
Periodic Payment Exchangeable				
Trust Certificates	(b)	-	3,748,221	3,748,221
Danga Capital Berhad	(c)	3,586,024	2,874,395	6,460,419
Rantau Abang Capital Berhad	(d)	1,300,000	3,500,000	4,800,000
Term loans - unsecured	(e)	2,000,000	-	2,000,000
		<u>6,886,024</u>	<u>25,141,479</u>	<u>32,027,503</u>
2013				
Khazanah Bonds				
- secured	(a)	-	13,430,480	13,430,480
Periodic Payment Exchangeable				
Trust Certificates	(b)	-	2,126,958	2,126,958
Danga Capital Berhad	(c)	1,370,359	6,377,800	7,748,159
Rantau Abang Capital Berhad	(d)	-	2,300,000	2,300,000
Term loans - unsecured	(e)	-	2,000,000	2,000,000
		<u>1,370,359</u>	<u>26,235,238</u>	<u>27,605,597</u>

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7. Borrowings (cont'd.)

(a) Khazanah Bonds - secured

	2014	2013
	RM'000	RM'000
At 1 January	13,430,480	12,127,535
Issued during the year	958,586	739,968
Amortisation of discount for the year	629,797	562,977
At 31 December	<u>15,018,863</u>	<u>13,430,480</u>

On 26 May 2006, the Company launched a Government Guaranteed Bond programme of up to a total of RM20 billion in nominal value.

The details of the Khazanah Bonds are as follows:

- The Khazanah Bonds are under the Shariah principle of Musyarakah.
- The Khazanah Bonds bear no coupon and shall be redeemed by the Company in full at their face value on the maturity dates.
- Subject to any written law, the Khazanah Bonds rank pari passu among themselves and equal with all other unsecured obligations (other than subordinated obligations and priorities created by law, if any) of the Company.
- The Khazanah Bonds are irrevocably guaranteed by the Government of Malaysia.

On 24 February 2014, the Company issued a new bond, maturing on 24 February 2021 with a redemption value of RM1,300,000,000 representing a yield-to-maturity of 4.4%, for total cash proceed of RM958,585,502.

During the year, there were no redemption of the Khazanah Bonds.

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7. Borrowings (cont'd.)

(a) Khazanah Bonds - secured (cont'd.)

The maturity structure of Khazanah Bonds is as follows:

	2014 RM'000	2013 RM'000
Due after one year, and within five years		
Zero coupon Khazanah bonds, at nominal value	7,500,000	5,000,000
Less: Unamortised discount *	<u>(1,012,513)</u>	<u>(737,354)</u>
	<u>6,487,487</u>	<u>4,262,646</u>
Due after five years		
Zero coupon Khazanah bonds, at nominal value	12,500,000	13,700,000
Less: Unamortised discount *	<u>(3,968,624)</u>	<u>(4,532,166)</u>
	<u>8,531,376</u>	<u>9,167,834</u>
	<u>15,018,863</u>	<u>13,430,480</u>
* The total unamortised discount is derived as follows:		
Total discount upon issuance	(7,819,164)	(7,477,749)
Total amortisation to date	2,838,027	2,208,229
Total unamortised discount at 31 December	<u>(4,981,137)</u>	<u>(5,269,520)</u>

(b) Periodic Payment Exchangeable Trust Certificates ("ETC")

	Note	2014 RM'000	2013 RM'000
USD500 million 7-year ETC	(i)	1,432,923	-
USD357.8 million 7-year ETC	(ii)	962,158	851,337
SGD600 million 5-year ETC	(iii)	1,353,140	1,275,621
		<u>3,748,221</u>	<u>2,126,958</u>

The maturity structure of the ETCs is as follows:

	2014 RM'000	2013 RM'000
Due after one year, and within five years	2,315,298	1,275,621
More than five years	<u>1,432,923</u>	<u>851,337</u>
	<u>3,748,221</u>	<u>2,126,958</u>

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7. Borrowings (cont'd.)

(b) Periodic Payment Exchangeable Trust Certificates ("ETC") (cont'd.)

(i) USD500 million 7-year Exchangeable Trust Certificates

On 18 September 2014, the Company via a special purpose company, Cahaya Capital Limited (the "Issuer"), issued a Shariah-compliant exchangeable trust certificates (the "Certificates").

The issuance comprise USD500 million 7-year Certificates with a put option on Year 4 and is exchangeable into ordinary shares of RM1 each of Tenaga Nasional Berhad ("TNB"), the Exchange Property. The Certificates were priced at 100% of the principal amount at zero periodic payments with a yield to optional/scheduled dissolution of negative 0.05%. Unless previously exchanged, redeemed, or purchased and cancelled, the Certificates will be redeemed at 99.65% of their nominal amount on 18 September 2021 ("the Scheduled Dissolution Date").

Exchange Right

The Certificates are exchangeable for a pro-rata share of TNB ordinary shares with par value of RM1 each during the Exchange Period. Notwithstanding the Exchange Right, at any time when the delivery of Exchange Property is required to satisfy the Exchange Right, the Company has the option to purchase the Exchange Property for an amount equal to the Cash Settlement Amount.

The Exchange Property initially comprise 111,728,612 TNB shares and include all Relevant Securities and other property arising out of or derived or resulting therefrom and such other property, in each case as may be deemed or required to comprise all or part of the Exchange Property pursuant to the Conditions, but excluding any such property as may or may be deemed to have ceased to form part of the Exchange Property.

Following the dividends declared by TNB during the Exchange Period which exceeded the reference amount as defined in the Conditions of the Certificates, further adjustments to the Exchange Property were made resulting in the Certificate holders being entitled to receive 223.4572 TNB shares and RM42.46 cash as capital distribution for each USD1,000 nominal value of Certificates effective 31 December 2014.

Exchange Period

Each Certificateholder has the right ("Exchange Right") to exchange a Certificate at any time during the Exchange Period, beginning on and including 29 October 2014 and ending on and including the earlier to occur of:

- (a) the close of business on the date which falls 10 Business Days prior to the Scheduled Dissolution Date; or

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7. Borrowings (cont'd.)

(b) Periodic Payment Exchangeable Trust Certificates ("ETC") (cont'd.)

(i) USD500 million 7-year Exchangeable Trust Certificates (cont'd.)

Exchange Period (cont'd.)

- (b) if the Certificates shall have been called for dissolution prior to the Scheduled Dissolution Date, the close of business on the day which falls 10 Business Days prior to the date fixed for dissolution.

Redemption

There were no redemptions made during the year.

This note to the financial statements should be read in conjunction with the conditions set out in the offering circular dated 15 September 2014 relating to the Certificates.

(ii) USD357.8 million 7-year Exchangeable Trust Certificates

On 22 March 2012, the Company via a special purpose company, Pulai Capital Limited (the "Issuer"), issued a Shariah-compliant exchangeable trust certificates (the "Certificates").

The issuance comprise USD357.8 million 7-year Certificates with a put option on Year 3 and is exchangeable into ordinary shares of HKD0.02 each of Parkson Retail Group Limited ("Parkson"), the Exchange Property, currently held by a subsidiary of the Company. The Certificates were priced at 100% of the principal amount at zero periodic payments with a yield to optional/scheduled dissolution of negative 0.25%. Unless previously exchanged, redeemed, or purchased and cancelled, the Certificates will be redeemed at 98.26% of their nominal amount on 22 March 2019 ("the Scheduled Dissolution Date").

Exchange Right

The Certificates are exchangeable for a pro-rata share of Parkson ordinary shares with par value of HKD0.02 each during the Exchange Period. Notwithstanding the Exchange Right, at any time when the delivery of Exchange Property is required to satisfy the Exchange Right, the Company has the option to purchase the Exchange Property for an amount equal to the Cash Settlement Amount.

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7. Borrowings (cont'd.)

(b) Periodic Payment Exchangeable Trust Certificates ("ETC") (cont'd.)

(ii) USD357.8 million 7-year Exchangeable Trust Certificates (cont'd.)

Exchange Right (cont'd.)

The Exchange Property initially comprise 220,000,000 Parkson shares and include all Relevant Securities and other property arising out of or derived or resulting therefrom and such other property, in each case as may be deemed or required to comprise all or part of the Exchange Property pursuant to the Conditions, but excluding any such property as may or may be deemed to have ceased to form part of the Exchange Property.

Following the dividends declared by Parkson during the Exchange Period which exceeded the reference amount as defined in the Conditions of the Certificates, further adjustments to the Exchange Property were made resulting in the Certificate holders being entitled to receive 122,969.1832 Parkson Shares and HKD10,216.68 cash as capital distribution for each USD200,000 nominal value of Certificates effective 30 June 2014.

Exchange Period

Each Certificateholder has the right ("Exchange Right") to exchange a Certificate at any time during the Exchange Period, beginning on and including 2 May 2012 and ending on and including the earlier to occur of:

- (a) the close of business on the date which falls 10 Business Days prior to the Scheduled Dissolution Date; and
- (b) if the Certificates shall have been called for dissolution prior to the Scheduled Dissolution Date, the close of business on the day which falls 10 Business Days prior to the date fixed for dissolution.

Redemption

There were no redemptions made during the year.

This note to the financial statements should be read in conjunction with the conditions set out in the offering circular dated 19 March 2012 relating to the Certificates.

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7. Borrowings (cont'd.)

(b) Periodic Payment Exchangeable Trust Certificates ("ETC") (cont'd.)

(iii) SGD600 million 5-year Exchangeable Trust Certificates

On 24 October 2013, the Company via a special purpose company, Indah Capital Limited (the "Issuer"), issued a Shariah-compliant exchangeable trust certificates (the "Certificates").

The issuance comprise SGD600 million 5-year Certificates with a put option on Year 3 and is exchangeable into ordinary shares of RM1 each of IHH Healthcare Berhad ("IHH"), the Exchange Property, currently held by a subsidiary of the Company. The Certificates were priced at 100% of the principal amount at zero periodic payments with a yield to optional/scheduled dissolution of negative 0.25%. Unless previously exchanged, redeemed, or purchased and cancelled, the Certificates will be redeemed at 98.76% of their nominal amount on 24 October 2018 ("the Scheduled Dissolution Date").

Exchange Right

The Certificates are exchangeable for a pro-rata share of IHH ordinary shares with par value of RM1 each during the Exchange Period. Notwithstanding the Exchange Right, at any time when the delivery of Exchange Property is required to satisfy the Exchange Right, the Company has the option to purchase the Exchange Property for an amount equal to the Cash Settlement Amount.

The Exchange Property initially comprise 311,364,054 IHH shares and include all Relevant Securities and other property arising out of or derived or resulting therefrom and such other property, in each case as may be deemed or required to comprise all or part of the Exchange Property pursuant to the Conditions, but excluding any such property as may or may be deemed to have ceased to form part of the Exchange Property.

Following the dividends declared by IHH during the Exchange Period which exceeded the reference amount as defined in the Conditions of the Certificates, further adjustments to the Exchange Property were made resulting in the Certificate holders being entitled to receive 129,735.0223 IHH shares and RM2,594.70 cash as capital distribution for each SGD250,000 nominal value of Certificates effective 17 July 2014.

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7. Borrowings (cont'd.)

(b) Periodic Payment Exchangeable Trust Certificates ("ETC") (cont'd.)

(iii) SGD600 million 5-year Exchangeable Trust Certificates (cont'd.)

Exchange Period

Each Certificateholder has the right ("Exchange Right") to exchange a Certificate at any time during the Exchange Period, beginning on and including 4 December 2013 and ending on and including the earlier to occur of:

- (a) the close of business on the date which falls 10 Business Days prior to the Scheduled Dissolution Date; and
- (b) if the Certificates shall have been called for dissolution prior to the Scheduled Dissolution Date, the close of business on the day which falls 10 Business Days prior to the date fixed for dissolution.

Redemption

There were no redemptions made during the year.

This note to the financial statements should be read in conjunction with the conditions set out in the offering circular dated 18 October 2013 relating to the Certificates.

(c) Danga Capital Berhad ("Danga")

	Note	2014 RM'000	2013 RM'000
Islamic Medium Term Note 1 ("IMTN 1")	(i)	-	1,100,000
Islamic Medium Term Note 2 ("IMTN 2")	(i)	500,000	500,000
Islamic Medium Term Note 3 ("IMTN 3")	(i)	2,000,000	2,000,000
Multicurrency Islamic Medium Term Note 1 ("MIMTN 1")	(ii)	1,586,024	1,552,515
Multicurrency Islamic Medium Term Note 2 ("MIMTN 2")	(ii)	2,374,395	2,325,285
Multicurrency Islamic Medium Term Note 3 ("MIMTN 3")	(ii)	-	270,359
		<u>6,460,419</u>	<u>7,748,159</u>

On 19 November 2008, the Securities Commission of Malaysia approved a RM10.0 billion Multicurrency Islamic Medium Term Note ("MIMTN") programme to be issued by the Company, via a special purpose vehicle, Danga Capital Berhad. The programme has a tenure of 35 years from the date of the first drawdown.

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7. Borrowings (cont'd.)

(c) Danga Capital Berhad ("Danga") (cont'd.)

The Company will use the proceeds for financing of general investments, refinancing of borrowings and working capital requirements.

(i) Islamic Medium Term Notes ("IMTN")

The details of the IMTNs are as follows:

	IMTN 1	IMTN 2	IMTN 3
Issuance date	24 April 2009	24 April 2009	13 April 2010
Maturity date	24 April 2014	24 April 2016	13 April 2015
Tenure	5 years	7 years	5 years
Profit rate	4.22%	4.49%	4.35%
Nominal amount issued	RM1.1 billion	RM500 million	RM2.0 billion

The IMTNs are unsecured and were issued at par.

The IMTNs will make periodic distribution at the profit rate every six months from the issuance to maturity.

During the year, IMTN 1 matured and was fully redeemed.

The maturity structure of the IMTNs is as follows:

	2014	2013
	RM'000	RM'000
Due within one year	2,000,000	1,100,000
Due after one year, and within five years	500,000	2,500,000
	<u>2,500,000</u>	<u>3,600,000</u>

(ii) Multicurrency Islamic Medium Term Notes ("MIMTN")

The details of the MIMTNs are as follows:

	MIMTN 1	MIMTN 2	MIMTN 3
Issuance date	11 August 2010	11 August 2010	20 October 2011
Maturity date	11 August 2015	11 August 2020	20 October 2014
Tenure	5 years	10 years	3 years
Profit rate	2.615%	3.725%	2.900%
Nominal amount	SGD600 million	SGD900 million	CNY500 million

The MIMTNs are unsecured and were issued at par.

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7. Borrowings (cont'd.)

(c) Danga Capital Berhad ("Danga") (cont'd.)

(ii) Multicurrency Islamic Medium Term Notes ("MIMTN") (cont'd.)

The MIMTNs will make periodic distribution at the profit rate every six months from the issuance to maturity.

During the year, MIMTN 3 matured and was fully redeemed.

The maturity structure of the MIMTNs are as follows:

	2014	2013
	RM'000	RM'000
Due within one year	1,586,024	270,359
Due after one year, and within five years	-	1,552,515
Due after five years	2,374,395	2,325,285
	<u>3,960,419</u>	<u>4,148,159</u>

(d) Rantau Abang Capital Berhad ("RACB")

	2014	2013
	RM'000	RM'000
Medium Term Note 4 ("MTN 4")	1,300,000	1,300,000
Medium Term Note 6 ("MTN 6")	1,000,000	1,000,000
Medium Term Note 7 ("MTN 7")	1,000,000	-
Medium Term Note 8 ("MTN 8")	1,500,000	-
	<u>4,800,000</u>	<u>2,300,000</u>

On 24 February 2006, the Securities Commission of Malaysia approved a RM7.0 billion Shariah compliant financing programme ("Sukuk financing") to be issued by the Company, via a special purpose vehicle, Rantau Abang Capital Berhad. The programme has a tenure of 35 years from the date of the first drawdown.

The Company will use the proceeds for financing of general investments, refinancing of borrowings and working capital requirements.

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7. Borrowings (cont'd.)

(d) Rantau Abang Capital Berhad ("RACB") (cont'd.)

The details of the Sukuk financing are as follows:

	MTN 4	MTN 6	MTN 7	MTN 8
Issuance date	25-Sep-08	12-May-11	26-Mar-14	28-Aug-14
Maturity date	25-Sep-15	12-May-31	26-Mar-29	28-Aug-19
Tenure	7 years	20 years	15 years	5 years
Yield to maturity	5.24%	5.05%	5.20%	4.14%
Nominal amount	RM1.3 billion	RM1.0 billion	RM1.0 billion	RM1.5 billion

The Sukuk financing are unsecured and were issued at par.

The Sukuk financing will make periodic distribution at the profit rate every six months from the issuance to maturity.

The maturity structure of the Sukuk financing is as follows:

	2014	2013
	RM'000	RM'000
Due within one year	1,300,000	-
Due after one year, and within five years	1,500,000	1,300,000
Due after five years	2,000,000	1,000,000
	<u>4,800,000</u>	<u>2,300,000</u>

(e) Term loans - unsecured

	Short term	Long term	Total
	RM'000	RM'000	RM'000
2014			
Unsecured term loans	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>
2013			
Unsecured term loans	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>

The unsecured term loans bear interest ranging from 4.19% to 4.51% (2013: ranging from 4.00% to 4.19%) per annum. On 20 January 2015, the term loans were fully repaid.

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7. Borrowings (cont'd.)

(e) Term loans - unsecured (cont'd.)

The maturity structure of the term loans are as follows:

	2014 RM'000	2013 RM'000
Due within one year	2,000,000	-
Due after one year, and within five years	-	2,000,000
	<u>2,000,000</u>	<u>2,000,000</u>

8. Fair value of financial instruments

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	2014		2013	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial asset				
Loans receivable	30,000	28,846	5,188	4,988
Financial liabilities				
Khazanah Bonds	15,018,863	15,386,587	13,430,480	13,861,102
Periodic Payment Exchangeable Trust Certificates	4,386,780	4,524,151	2,382,031	2,669,605
Islamic Medium Term Notes				
- Danga	6,534,071	6,791,416	6,450,185	7,060,500
- RACB	4,859,973	4,873,370	2,325,089	2,499,902

For the purpose of comparability, the above carrying amounts include the following:

- (i) Periodic Payment Exchangeable Trust Certificates include carrying amount of related embedded derivative liabilities, which are carried at fair value.
- (ii) For interest-bearing financial liabilities, interest payable as at reporting date is included.

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8. Fair value of financial instruments (cont'd.)

(b) Determination of fair value

(i) Cash and cash equivalents, receivables and payables

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair value due either to their short term nature or are repayable on demand.

(ii) Quoted shares

The fair value of quoted shares is determined directly by reference to their published market bid price at the reporting date.

(iii) Financial assets designated as fair value through profit and loss

The fair value of unquoted bonds and structured products are based on the indicative fair values obtained from Bond Pricing Agency of Malaysia, Bloomberg and/or respective licensed banks.

(iv) Loans receivable

The fair value of loans receivable are estimated by discounting the estimated future cash flows using current interest rates for financial assets with similar risk profile.

(v) Embedded derivatives

The fair value of embedded derivatives are valued using the Binomial model with market observable inputs. The model incorporates various inputs including closing market prices of underlying shares, foreign exchange spot rates and market interest rates.

(vi) Periodic Payment Exchangeable Trust Certificates

The fair value of Periodic Payment Exchangeable Trust Certificates is determined directly by reference to their published market ask price at the reporting date.

(vii) Other loans and borrowings

The carrying amount of the current portion of other loans and borrowings are reasonable approximations of fair value due to the insignificant impact of discounting.

The carrying amount of certain other loans and borrowings are reasonable approximations of fair value as they are floating rate instruments that are re-priced to market interest rates near the reporting date.

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8. Fair value of financial instruments (cont'd.)

(b) Determination of fair value (cont'd.)

(vii) Other loans and borrowings (cont'd.)

The fair value of non-current other loans and borrowings, other than floating rate instruments, are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing at the reporting date.

(c) Fair value measurement hierarchy

Quantitative disclosures fair value measurement hierarchy for asset and liabilities as at 31 December 2014:

Assets and liabilities measured at fair value	Carrying amount RM'000	Fair value measurement using		
		Quoted market price Level 1 RM'000	Observable input Level 2 RM'000	Unobservable input Level 3 RM'000
Financial assets				
Financial assets designated as fair value through profit or loss				
- Quoted shares	577,144	577,144	-	-
- Unquoted equity funds	2,049,902	-	2,049,902	-
- Unquoted money market funds	73,820	-	73,820	-
- Unquoted bonds	209,527	-	209,527	-
- Structured products	119,949	-	119,949	-
Available-for-sale investments				
- Quoted shares	114,500	114,500	-	-
- Unquoted shares	931,000	-	-	931,000
Financial liability				
Embedded derivatives	638,559	-	638,559	-
Assets and liabilities for which fair values are				
Assets				
Investments in associates				
- Quoted shares	23,551,448	73,867,559	-	-
Loan receivable	30,000	-	28,846	-

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8. Fair value of financial instruments (cont'd.)

(c) Fair value measurement hierarchy (cont'd.)

Quantitative disclosures fair value measurement hierarchy for asset and liabilities as at 31 December 2014 (cont'd.):

Assets and liabilities for which fair values are	Carrying amount RM'000	Fair value measurement using		
		Quoted market price Level 1 RM'000	Observable input Level 2 RM'000	Unobservable input Level 3 RM'000
Liabilities				
Khazanah Bonds	15,018,863	-	15,386,587	-
Periodic Payment Exchangeable Trust Certificates	4,386,780	4,524,151	-	-
Islamic Medium Term Notes				
- Danga	6,534,071	-	6,791,416	-
- RACB	4,859,973	-	4,873,370	-

Quantitative disclosures fair value measurement hierarchy for asset and liabilities as at 31 December 2013:

Assets and liabilities measured at fair value	Carrying amount RM'000	Fair value measurement using		
		Quoted market price Level 1 RM'000	Observable input Level 2 RM'000	Unobservable input Level 3 RM'000
Financial assets				
Financial assets designated as fair value through profit or loss				
- Quoted shares	390,160	390,160	-	-
- Unquoted equity funds	358,169	-	358,169	-
- Unquoted money market funds	82,613	-	82,613	-
- Unquoted bonds	244,875	-	244,875	-
- Structured products	118,062	-	118,062	-
Available-for-sale investments				
- Quoted shares	119,000	119,000	-	-
- Unquoted shares	1,083,000	-	-	1,083,000

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8. Fair value of financial instruments (cont'd.)

(c) Fair value measurement hierarchy (cont'd.)

Quantitative disclosures fair value measurement hierarchy for asset and liabilities as at 31 December 2013 (cont'd.):

Assets and liabilities measured at fair value	Carrying amount RM'000	Fair value measurement using		
		Quoted market price Level 1 RM'000	Observable input Level 2 RM'000	Unobservable input Level 3 RM'000
Financial liability				
Embedded derivatives	255,073	-	255,073	-
Assets and liabilities for which fair values are				
Assets				
Investments in associates				
- Quoted shares	22,271,751	71,695,300	-	-
Investments in subsidiaries				
- Quoted shares	2,898,097	3,593,641	-	-
Loan receivable	5,188	-	4,988	-
Liabilities				
Khazanah Bonds	13,430,480	-	13,861,102	-
Periodic Payment Exchangeable Trust Certificates	2,382,031	2,669,605	-	-
Islamic Medium Term Notes				
- Danga	6,450,185	-	7,060,500	-
- RACB	2,325,089	-	2,499,902	-

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8. Fair value of financial instruments (cont'd.)

(c) Fair value hierarchy (cont'd.)

During the year, there were no transfers between Level 1 and Level 2 fair value measurements.

A reconciliation of the beginning and closing balances of Level 3 financial instruments, including movements is summarised below:

	Available-for-sale investments Unquoted shares RM'000
At 1 January 2014	1,083,000
Net fair value loss recognised in other comprehensive income	(152,000)
At 31 December 2014	<u>931,000</u>
At 1 January 2013	1,610,398
Acquisitions	11,870
Net fair value loss recognised in other comprehensive income	(252,863)
Disposal	(286,405)
At 31 December 2013	<u>1,083,000</u>

(d) Level 3 fair value measurement

Description of significant unobservable inputs to valuation:

Available-for-sale investments - unquoted shares

Valuation technique	Significant unobservable input	Sensitivity of input to fair value
Market comparables	Discount of 15% (2013: 20%) for lack of marketability	5% increase/(decrease) in the discount would result in decrease/(increase) in fair value by RM50 million (2013: RM67 million)

Discount for lack of marketability represents the amounts that the Company has determined that market participants would take into account when pricing the instruments.

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9. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of the financial instruments. The key financial risks include interest rate, foreign currency, equity price, credit and liquidity risks.

The Company has an approved set of guidelines and policies as well as internal controls which set out its overall business strategies to manage these risks. The Company's overall financial risk management objective is to enhance shareholders' value through effective management of the Company's risks.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's term loans with floating interest rates.

The Company actively manages its interest rate risk by maintaining an interest cover ratio of at least one and a half times.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings. With all other variables held constant, the table below summarises the Company's exposure to interest rate risk on floating rate borrowings. There is no impact on the Company's equity.

	Effect on profit before tax RM'000
2014	
Increase in 25 basis points	(5,000)
Decrease in 25 basis points	5,000
	<hr/>
2013	
Increase in 20 basis points	(4,000)
Decrease in 20 basis points	4,000
	<hr/>

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

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9. Financial risk management objectives and policies (cont'd.)

(a) Interest rate risk (cont'd.)

Weighted average interest rate and average maturity

(i) Financial assets

The weighted average interest rates per annum and the average remaining maturity of deposits as at 31 December were as follows:

	2014		2013	
	Weighted average interest rates %	Average days to maturity	Weighted average interest rates %	Average days to maturity
Licensed banks	4.48	8	3.50	7
Other financial institutions	4.22	7	3.46	9

(ii) Financial liabilities

The interest rates per annum and the remaining maturity of borrowings and term loans as at 31 December were as follows:

	2014		2013	
	Interest rates %	Years to maturity	Interest rates %	Years to maturity
Term loans	4.30	0.25	4.00 to 4.19	1.25
Bonds and notes	2.62 to 5.24	0.28 to 16.37	2.62 to 5.24	0.31 to 17.37

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which investments are located or by borrowing in currencies that match the future revenue stream to be generated from the investments.

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9. Financial risk management objectives and policies (cont'd.)

(b) Foreign currency risk (cont'd.)

During the year, the currencies in which the Company mainly transacted in other than its functional currency of Ringgit Malaysia ("RM") were United States Dollars ("USD"), Singapore Dollar ("SGD") and Chinese Renminbi ("CNY"). This is mainly due to the Exchangeable Trust Certificates ("ETC") which were issued in USD and SGD and the Multicurrency Islamic Medium Term Notes ("MIMTN") which were issued in SGD and CNY. The natural hedge strategy was maintained as the proceeds from the ETCs and MIMTN were used for investments in USD, SGD and CNY respectively.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the USD, SGD and CNY exchange rates, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company's exposure to foreign currency changes for all other currencies is not material.

	Changes in rate	Effect on profit before tax RM'000
2014		
USD/RM - Strengthened	+7%	(88,000)
USD/RM - Weakened	-7%	88,000
SGD/RM - Strengthened	+2%	(111,000)
SGD/RM - Weakened	-2%	111,000
CNY/RM - Strengthened	+10%	116,000
CNY/RM - Weakened	-10%	(116,000)
2013		
USD/RM - Strengthened	+7%	(82,000)
USD/RM - Weakened	-7%	82,000
SGD/RM - Strengthened	+3%	(163,000)
SGD/RM - Weakened	-3%	163,000
CNY/RM - Strengthened	+10%	(27,000)
CNY/RM - Weakened	-10%	27,000

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9. Financial risk management objectives and policies (cont'd.)

(c) Equity price risk

The Company's quoted equity securities are susceptible to market price risk arising from the uncertainties on future values of the investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio monitoring are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

Equity price sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the equity price, with all other variables held constant, of the Company's equity investments (due to changes in the fair value of available-for-sale equity investments and financial assets at fair value through profit or loss).

	Effect on equity RM'000	Effect on profit or loss RM'000
2014		
Increase of 12% in equity price	14,000	139,000
Decrease of 12% in equity price	<u>(14,000)</u>	<u>(139,000)</u>
2013		
Increase of 11% in equity price	13,000	91,000
Decrease of 11% in equity price	<u>(13,000)</u>	<u>(91,000)</u>

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from loan receivables. For other financial assets (including investments in bonds, money market instruments and cash and deposits with banks) the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position, including derivatives with positive fair value.

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9. Financial risk management objectives and policies (cont'd.)

(d) Credit risk (cont'd.)

Financial assets that are neither past due nor impaired

Information regarding the financial assets that are neither past due nor impaired is disclosed in Note 1 and Note 2 to the summarised financial statements. Investments in money market instruments and cash and deposits with licensed banks are neither past due nor impaired as these are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding the financial assets that are either past due or impaired is disclosed in Note 1 and Note 2 to the summarised financial statements.

(e) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises from mismatches of the maturities of financial assets and liabilities.

The Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Company maintains a portfolio of highly liquid assets to meet its working capital and investment requirements.

In addition, the Company maintains a balance and flexible funding structure through the use of credit facilities, short and long term borrowings. Short term flexibility is achieved through credit facilities and short term borrowings. As far as possible, the Company raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with certain short term funding so as to achieve overall cost effectiveness.

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**Khazanah Nasional Berhad
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**9. Financial risk management objectives and policies (cont'd.)
(e) Liquidity risk (cont'd.)**

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted repayment obligations.

31 December 2014	On demand RM'000	Less than 3 months RM'000	3 to 12 months RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Non-interest bearing financial liabilities						
Amount due to related companies	3,169,400	-	-	-	-	3,169,400
Dividend payable	-	650,000	-	-	-	650,000
Other payables and accruals	-	203,751	-	-	-	203,751
Khazanah Bonds - secured	-	-	-	7,500,000	12,500,000	20,000,000
Periodic Payment Exchangeable Trust Certificates ("PPETC") #	-	-	-	2,796,483	1,742,131	4,538,614
	<u>3,169,400</u>	<u>853,751</u>	<u>-</u>	<u>10,296,483</u>	<u>14,242,131</u>	<u>28,561,765</u>
Interest bearing financial liabilities *						
Islamic Medium Term Notes						
- Danga	-	65,082	3,761,412	865,893	2,468,987	7,161,374
- RACB	-	91,110	1,441,610	2,158,400	3,074,750	6,765,870
Term loans - unsecured	-	2,044,930	-	-	-	2,044,930
	<u>-</u>	<u>2,201,122</u>	<u>5,203,022</u>	<u>3,024,293</u>	<u>5,543,737</u>	<u>15,972,174</u>
Total undiscounted financial liabilities	<u>3,169,400</u>	<u>3,054,873</u>	<u>5,203,022</u>	<u>13,320,776</u>	<u>19,785,868</u>	<u>44,533,939</u>

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**Khazanah Nasional Berhad
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9. Financial risk management objectives and policies (cont'd.)

(e) Liquidity risk (cont'd.)

31 December 2013	On demand RM'000	Less than 3 months RM'000	3 to 12 months RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Non-interest bearing financial liabilities						
Amount due to related companies	3,908,926	-	-	-	-	3,908,926
Dividend payable	-	150,000	-	-	-	150,000
Other payables and accruals	-	116,041	-	-	-	116,041
Khazanah Bonds - secured	-	-	-	5,000,000	13,700,000	18,700,000
Periodic Payment Exchangeable Trust Certificates ("PPETC") #	-	-	-	1,535,382	1,152,636	2,688,018
	<u>3,908,926</u>	<u>266,041</u>	<u>-</u>	<u>6,535,382</u>	<u>14,852,636</u>	<u>25,562,985</u>
Interest bearing financial liabilities *						
Islamic Medium Term Notes						
- Danga	-	63,760	1,662,074	4,563,456	2,505,723	8,795,013
- RACB	-	34,060	84,560	1,570,120	1,631,250	3,319,990
Term loans - unsecured	-	-	86,790	2,044,930	-	2,131,720
	-	<u>97,820</u>	<u>1,833,424</u>	<u>8,178,506</u>	<u>4,136,973</u>	<u>14,246,723</u>
Total undiscounted financial liabilities	<u>3,908,926</u>	<u>363,861</u>	<u>1,833,424</u>	<u>14,713,888</u>	<u>18,989,609</u>	<u>39,809,708</u>

For the purpose of liquidity risk presentation, the embedded derivatives are not separated from the host instrument of PPETC.

* For interest bearing financial liabilities, the above analysis include future interest or coupon payments, as well as repayment of the principal. The cashflows of floating interest financial liabilities are estimated based on forward rates.

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10. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in line with the changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders, return of capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes for the years ended 31 December 2014 and 31 December 2013.

The Company is not subject to any externally imposed capital requirements.

The Company monitors capital after including the assets and liabilities held through the SPVs ("Proforma") using gearing ratio, which is defined to be net debt divided by total capital. The Company's policy is to keep the gearing ratio below two and a half times (2.5 times). The Company includes within net debt, loans and borrowings less cash and bank balances. Capital represents equity attributable to the owners of the Company.

		Proforma	
	Note	2014	2013
		RM'000	RM'000
Borrowings	3(d)	36,924,153	33,601,164
Less: Cash, bank balances and investment in money market	3(d)	(4,627,952)	(3,930,729)
Net debt		<u>32,296,201</u>	<u>29,670,435</u>
Share capital		6,643,953	8,443,953
Share premium		3,840,248	3,840,248
Capital redemption reserve		1,800,000	-
Capital contribution from shareholders		2,324,423	-
Retained profits	3(d)	16,003,916	15,615,550
Fair value adjustment reserve	3(d)	3,605,421	1,222,646
Currency translation reserve	3(d)	1,121,902	264,715
Equity attributable to the owners of the Company		<u>35,339,863</u>	<u>29,387,112</u>
Gearing ratio (times)		<u>0.91</u>	<u>1.01</u>

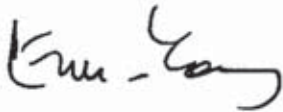
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**Report of the auditors to the directors of
Khazanah Nasional Berhad
(Incorporated in Malaysia)**

We have audited the financial statements of the Company for the year ended 31 December 2014, from which the summarised financial statements set out on pages 1 to 39 were derived, in accordance with applicable Approved Standards on Auditing in Malaysia. In our report dated 7 April 2015 we expressed an unqualified opinion on the financial statements from which the summarised financial statements were derived.

We confirm, that the accompanying summarised financial statements have been extracted and are in agreement with the audited financial statements.

For a full appreciation of the Company's position and the results of its operations for the year and of the scope of our audit, the summarised financial statements should be read in conjunction with the audited financial statements from which the summarised financial statements were derived and our audit report thereon.



Kuala Lumpur, Malaysia
7 April 2015

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