

THIS INDEPENDENT ADVICE CIRCULAR ("IAC") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THIS IAC IN CONJUNCTION WITH THE OFFER DOCUMENT DATED 6 DECEMBER 2024 ISSUED BY AMINVESTMENT BANK BERHAD ON BEHALF OF JOINT OFFERORS (AS DEFINED HEREIN) WHICH HAS BEEN SENT TO YOU.

You should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately if you have any doubt about the Offer (as defined herein).

If you have sold or transferred all your Offer Shares (as defined herein), you should hand this IAC immediately to the person through whom you have effected the sale or transfer for onwards transmission to the purchaser or transferee of such Offer Shares.

Pursuant to subparagraphs 11.03(2) and 11.04(2) of the Rules on Take-overs, Mergers and Compulsory Acquisitions, the Securities Commission Malaysia ("SC") has notified that it has no further comments on the content of this IAC. However, such notification shall not be taken to suggest that the SC agrees with the recommendation set out herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAC.



MALAYSIA AIRPORTS HOLDINGS BERHAD
(Registration No.: 199901012192 (487092-W))
(Incorporated in Malaysia)

**INDEPENDENT ADVICE CIRCULAR IN RELATION TO THE
CONDITIONAL VOLUNTARY TAKE-OVER OFFER**

BY

GATEWAY DEVELOPMENT ALLIANCE SDN BHD
(Registration No. 202401008832 (1554682-M))
(Incorporated in Malaysia)

PANTAI PANORAMA SDN BHD
(Registration No. 200601033845 (753604-V))
(Incorporated in Malaysia)

KWASA AKTIF SDN BHD
(Registration No. 202401013863 (1559713-K))
(Incorporated in Malaysia)

AND

GIP AUREA PTE. LTD.
(Unique Entity Number of 202407949W)
(Incorporated in Singapore)

(COLLECTIVELY THE "JOINT OFFERORS")

THROUGH

AMINVESTMENT BANK BERHAD
(Registration No. 197501002220 (23742-V))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

TO ACQUIRE

**ALL THE REMAINING ORDINARY SHARES IN MALAYSIA AIRPORTS HOLDINGS BERHAD NOT ALREADY
HELD BY THE JOINT OFFERORS ("OFFER SHARES") FOR A CASH OFFER PRICE OF RM11.00 PER
OFFER SHARE ("OFFER")**

Independent Adviser



Hong Leong Investment Bank Berhad
(Registration No. 197001000928 (10209-W))

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

This Independent Advice Circular is dated 20 December 2024

DEFINITIONS

Except where the context otherwise requires or where otherwise defined herein, the following definitions shall apply throughout this IAC (as defined herein):

Acceptance Condition	: The Offer is conditional upon the Joint Offerors having received, on or before the Closing Date, valid acceptances by the Holders (provided that such acceptances are not, where permitted, subsequently withdrawn), which will result in the Joint Offerors and the Joint Ultimate Offerors holding, together with such Shares that are already acquired, held or entitled to be acquired or held, not less than 90.00% of the total issued MAHB Shares. Nevertheless, the Joint Offerors and the Joint Ultimate Offerors reserve the right to revise the level of the Acceptance Condition to a lower level, provided that the revised Offer shall remain open for not less than 14 days following the date of such revision and the Holders who have accepted the Offer being permitted to withdraw their acceptances within eight (8) days of the notification of the revision
Accepting Holder(s)	: Holder who accepts the Offer in accordance with the terms and conditions as set out in the Offer Document
Act	: Companies Act 2016
Act 771	: Malaysian Aviation Commission Act 2015
AmInvestment Bank	: AmInvestment Bank Berhad (Registration No. 197501002220 (23742-V))
Board	: The Board of Directors of MAHB
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Closing Date	: First Closing Date unless extended in accordance with the Rules and the terms and conditions set out in this Offer Document as the Joint Offerors and the Joint Ultimate Offerors may decide and AmInvestment Bank may announce, on behalf of the Joint Offerors, at least two (2) days before the Closing Date
CMSA	: Capital Markets and Services Act 2007
DCF	: Discounted cash flow
Director(s)	: Director(s) of MAHB
Dissenting Holder(s)	: Any Holder who has not accepted the Offer and/or failed or refused to transfer the Offer Shares to the Joint Offerors in accordance with the terms and conditions as set out in the Offer Document

DEFINITIONS (CONT'D)

Distribution(s)	: Any dividend and/or other distribution of any nature whatsoever declared, made and/or paid by MAHB to its shareholders
EBITDA	: Earnings before interest, tax, depreciation and amortisation
EPF	: Employees Provident Fund Board
EV	: Enterprise value
First Closing Date	: 5.00 p.m. (Malaysian time) on 8 January 2025, being at least 21 days from the Posting Date
Form of Acceptance and Transfer	: Form of acceptance and transfer for the Offer Shares, as enclosed with the Offer Document
FPE	: Financial period ended
FYE	: Financial year ended
GDA	: Gateway Development Alliance Sdn Bhd (Registration No. 202401008832 (1554682-M))
GIP Aurea	: GIP Aurea Pte. Ltd. (Incorporated in Singapore) (Unique Entity Number of 202407949W)
HLIB or Independent Adviser	: Hong Leong Investment Bank Berhad (Registration No. 197001000928 (10209-W))
Holder(s)	: Holder(s) of the Offer Shares, including EPF (one of the Joint Ultimate Offerors) who will accept the Offer in respect of its shareholdings in MAHB
IAC	: This independent advice circular in relation to the Offer, dated 20 December 2024 comprising the letter from the Board (as set out in Part A of this IAC), the IAL (as set out in Part B of this IAC) and the accompanying appendices
IAL	: The independent advice letter dated 20 December 2024 issued by HLIB in relation to the Offer, which forms Part B of this IAC
Interested Directors	: Collectively, Dr. Nungsari bin Ahmad Radhi, Dato' Mohd Izani bin Ghani, Tan Sri Datuk Zainun binti Ali, Dato' Zamzuri bin Abdul Aziz, Dato' Normah binti Osman, Datuk Amran Hafiz bin Affifudin, Rohaya binti Mohammad Yusof and Mohd Nizam bin Mohd Khir as set out in Section 6, Part A of this IAC
ISG International Airport	: İstanbul Sabiha Gökçen International Airport
Joint Offerors	: Collectively, GDA, PPSB, KASB and GIP Aurea
Joint Ultimate Offerors	: Collectively, UEMG and EPF
JLL or Valuers	: JLL Appraisal & Property Services Sdn Bhd, the independent valuers for the valuation of the selected properties as set out in Section 6 of Part B of this IAC

DEFINITIONS (CONT'D)

KASB	:	Kwasa Aktif Sdn Bhd (Registration No. 202401013863 (1559713-K))
Khazanah	:	Khazanah Nasional Berhad (Registration No. 199301020767 (275505-K))
LAT	:	Loss after taxation
LPD	:	13 December 2024, being the latest practicable date prior to the issuance of this IAC
MAHB or Offeree or Company	:	Malaysia Airports Holdings Berhad (Registration No. 199901012192 (487092-W))
MAHB Group	:	MAHB and its subsidiaries, collectively (and as the context required, including its associated companies and joint ventures)
MAHB Shares	:	Ordinary shares in MAHB
Market Day(s)	:	Day(s) on which Bursa Securities is open for trading in securities
MAVCOM	:	Malaysian Aviation Commission
MFRS	:	Malaysian Financial Reporting Standards
MMLR	:	Main Market Listing Requirements of Bursa Securities
NA	:	Net assets
Non-Interested Director(s)	:	Director(s) of MAHB other than the Interested Director(s), namely Dato' Ir. Mohamad bin Husin, Ramanathan Sathiamutty, Cheryl Khor Hui Peng, Dato' Seri Ir. Koe Peng Kang and Chris Chia Woon Liat, collectively
Non-Resident Holder(s)	:	Holder(s) (including without limitation, custodians, agents, representatives, nominees and trustees) who is a citizen or national of, or resident in, or has a registered address in a jurisdiction outside Malaysia, or is incorporated or registered with, or approved by any authority outside Malaysia, or is a non-resident within the definition prescribed under the Financial Services Act 2013
Notice	:	Notice of the Offer dated 15 November 2024 served on the Board by AmInvestment Bank on behalf of the Joint Offerors
Notice LTD	:	14 November 2024, being the last trading day of MAHB Shares prior to the serving of the Notice
Offer	:	The conditional voluntary take-over offer by the Joint Offerors, through AmInvestment Bank, to acquire the Offer Shares at the Offer Price to be satisfied in cash in accordance with the terms and conditions as set out in the Offer Document and any revision thereof
Offer Document	:	The offer document dated 6 December 2024, which sets out the details, terms and conditions of the Offer, together with the enclosed Form of Acceptance and Transfer

DEFINITIONS (CONT'D)

Offer Document LPD	: 28 November 2024, being the latest practicable date of the Offer Document
Offer Period	: The period commencing from 15 May 2024, being the date of the Pre-Conditional Offer Announcement, until the earlier of either: (i) the Closing Date; or (ii) the date on which the Offer lapses or is withdrawn with the written consent of the SC,
Offer Price	: Cash offer price of RM11.00 per Offer Share, subject to any adjustment, where applicable, in the manner as set out in the Offer Document
Offer Shares	: All the remaining MAHB Shares not already held by the Joint Offerors. For information purposes, as at the Offer Document LPD, the Offer Shares comprise 1,118,098,325 MAHB Shares, representing approximately 67.01% of the total issued MAHB Shares, which includes 131,129,212 MAHB Shares held by EPF (one of the Joint Ultimate Offerors), representing 7.86% of the total issued MAHB Shares, who will accept the Offer
Official List	: A list specifying all securities listed on the Main Market of Bursa Securities
Operating Agreements	: The operating agreements entered into by the MAHB Group with the Government of Malaysia on 18 March 2024
PACs	: The persons acting in concert with the Joint Offerors and the Joint Ultimate Offerors as at the Offer Document LPD, in relation to the Offer in accordance with subsections 216(2) and 216(3) of the CMSA (as set out in Section 1, Part A of this IAC)
PAT	: Profit after taxation
PBZT	: Profit before zakat and taxation
Posting Date	: 6 December 2024, being the date of posting of the Offer Document
PPSB	: Pantai Panorama Sdn Bhd (Registration No. 200601033845 (753604-V))
Pre-Conditional Offer	: The pre-conditional offer made by the Joint Offerors on 15 May 2024 in accordance with paragraph 6.02 of the Rules
Pre-Conditional Offer Announcement	: Announcement on the Pre-Conditional Offer dated 15 May 2024
Pre-Conditional Offer Announcement LTD	: 14 May 2024, being the last full trading day before the Pre-Conditional Offer Announcement

DEFINITIONS (CONT'D)

Public Spread Requirement	: The requirement under paragraph 8.02(1) of the MMLR whereby a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders to ensure its continued listing on the Main Market of Bursa Securities
RM and sen	: Ringgit Malaysia and sen, respectively
RNAV	: Revalued Net Assets Value
Rules	: Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC
SC	: Securities Commission Malaysia
SOPV	: Sum-of-the-parts valuation
STOLports	: Short-Take Off and Landing airports
UEMG	: UEM Group Berhad (Registration No. 196601000085 (6551-K))
VWAMP	: Volume-weighted average market price

All references to “we”, “us” and “our” in this IAC are to HLIB, being the Independent Adviser for the Offer.

All references to “you”, “your” or “Holder” in this IAC are to the Holder of the Offer Shares, being the person to whom the Offer is being made.

If a period that is specified in this IAC ends on a day that is not a Market Day, the period shall be extended until the next Market Day.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this IAC to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this IAC shall be a reference to Malaysian time, unless otherwise stated.

Certain amounts and percentage figures included in this IAC have been subjected to rounding adjustments. Any discrepancy in the tables included in this IAC between the amount listed, actual figures and the totals is due to rounding.

TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	1
PART A	
LETTER FROM THE BOARD	
1. INTRODUCTION	11
2. TERMS AND CONDITIONS OF THE OFFER	14
3. DETAILS OF ACCEPTANCES	14
4. NON-INTERESTED DIRECTORS' COMMENTS	14
5. INDEPENDENT ADVICE LETTER	17
6. INTERESTS OF DIRECTORS IN THE OFFER	17
7. DIRECTORS' RESPONSIBILITY STATEMENT	17
8. NON-INTERESTED DIRECTORS' RECOMMENDATION	18
PART B	
INDEPENDENT ADVICE LETTER FROM HLIB	
1. INTRODUCTION	25
2. TERMS AND CONDITIONS OF THE OFFER	25
3. DETAILS OF ACCEPTANCES	27
4. SCOPE AND LIMITATIONS TO THE EVALUATION OF THE OFFER	27
5. EVALUATION OF THE OFFER	29
6. FAIRNESS OF THE OFFER	30
7. REASONABLENESS OF THE OFFER	65
8. LISTING STATUS OF MAHB	72
9. COMPULSORY ACQUISITION AND RIGHTS OF DISSENTING HOLDERS	73
10. RATIONALE FOR THE OFFER AND FUTURE PLANS FOR MAHB GROUP AND ITS EMPLOYEES	74
11. FURTHER INFORMATION	77
12. CONCLUSION AND RECOMMENDATION	77

TABLE OF CONTENTS (CONT'D)

APPENDICES

I.	INFORMATION ON MAHB	81
II.	FURTHER INFORMATION	93

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS ONLY THE PERTINENT INFORMATION OF THE OFFER. YOU ARE ADVISED TO READ CAREFULLY THE CONTENTS OF THIS IAC, INCLUDING THE APPENDICES FOR FURTHER INFORMATION AND THE RECOMMENDATION FROM THE NON-INTERESTED DIRECTORS AND HLIB, THE INDEPENDENT ADVISER IN RELATION TO THE OFFER. THIS IAC SHOULD ALSO BE READ IN CONJUNCTION WITH THE OFFER DOCUMENT.

1. INTRODUCTION

On behalf of the Joint Offerors, AmlInvestment Bank, on 15 May 2024 announced that, subject to and contingent upon the satisfaction or waiver of the pre-conditions ("**Pre-Conditions**") (as set out in Section 2 of the Pre-Conditional Offer Announcement in accordance with paragraph 9.09 of the Rules by the SC), the Joint Offerors intend to undertake a conditional voluntary take-over offer to acquire all the remaining 1,118,098,325 MAHB Shares not already held by the Joint Offerors, representing 67.01% of the total issued MAHB Shares, for a cash offer price of RM11.00 per Offer Share.

On 24 July 2024, the Board announced that HLIB has been appointed to act as the Independent Adviser to provide comments, opinions, information and recommendation to the Non-Interested Directors of MAHB and Holders in relation to the Offer in accordance with paragraph 3.06 of the Rules. Following thereto, HLIB had declared to the SC its independence from conflict of interest or potential conflict of interest to act as the Independent Adviser in relation to the Offer.

AmlInvestment Bank had, on behalf of the Joint Offerors, announced the following in relation to the Pre-Conditions:

- (i) on 12 June 2024, AmlInvestment Bank announced that the Joint Offerors have, on 11 June 2024, received a certificate issued by the General Authority for Competition of Saudi Arabia ("**GAC**") confirming that the transaction contemplated in the Offer does not require notification to the GAC. Accordingly, the Pre-Condition relating to the merger control approval, or notification that such approval is not required, from the GAC pursuant to Royal Decree M/75 of 29/6/1440H was fulfilled;
- (ii) on 6 August 2024, AmlInvestment Bank announced that, on 26 May 2024, the Egyptian Competition Authority ("**ECA**") published new guidelines entitled the Control of Economic Concentrations according to the provisions of the Egyptian Competition Law ("**Guidelines**"). The Guidelines provide further details on the application of Law 3 of 2005 on the Protection of Competition and Prohibition of Monopolistic Practices, as amended by Law No. 175 of 2022 effective December 2022. Pursuant to the review of the Guidelines, lawful completion of the Offer is no longer contingent upon a pre-conditional notification to the ECA.

Accordingly, the Joint Offerors have elected to waive the Pre-Condition relating to the receipt of merger control approval (whether by lapse of time or express confirmation) from the ECA pursuant to Law 3 of 2005 on the Protection of Competition and Prohibition of Monopolistic Practices, as amended by Law No. 175 of 2022 effective December 2022;

- (iii) on 19 August 2024, AmlInvestment Bank announced that on 15 August 2024, the Turkish Competition Board ("**TCB**") unconditionally approved the notified transaction, the notice of which was received by the Joint Offerors on 16 August 2024. Accordingly, the Pre-Condition relating to the receipt of a non-infringement decision from the TCB pursuant to Article 7 of Law No. 4054 on the Protection of Competition (as may be amended, modified or re-enacted by other legislation) was fulfilled.

AmlInvestment Bank had also on even date, announced that save for the approval required from the TCB as mentioned above, there are no other approvals/consents required from the relevant authorities/parties in Türkiye; and

- (iv) on 8 November 2024, the MAVCOM issued its final decision that the proposed transaction by the Joint Offerors pursuant to the Offer falls within the scope of

EXECUTIVE SUMMARY (CONT'D)

subparagraph 54(2)(b) of the Act 771 and if carried into effect, will not infringe the prohibition in Section 54 of Act 771.

The final decision was, however, subject to the Joint Offerors entering into a finalised, valid, and binding shareholders' agreement, which contains their key obligations in the shareholders' agreement term sheet dated 15 May 2024 and the second draft shareholders' agreement received by MAVCOM on 24 October 2024, thereby ensuring that, post-merger, the Joint Offerors will not engage in commercial activities relating to aviation services that infringe the prohibitions under Act 771 ("**MAVCOM Condition**").

Given that the final decision was subject to the MAVCOM Condition, the final Pre-Condition was not fulfilled at that time.

On 15 November 2024, MAVCOM confirmed that it is satisfied that the MAVCOM Condition is met following its receipt and review of the executed finalised, valid and binding shareholders' agreement by the Joint Offerors.

For information purposes, the shareholders' agreement referred to above was entered into between the Joint Offerors on 14 November 2024, which sets out the basis on which the Joint Offerors have agreed to govern and regulate the affairs of the MAHB Group, the key operative provisions of which will take effect when the Acceptance Condition is met.

Accordingly, on 15 November 2024, all of the Pre-Conditions were satisfied (without conditions or on conditions reasonably satisfactory to the Joint Offerors) or waived by the Joint Offerors and on even date, AmInvestment Bank had, on behalf of the Joint Offerors, served the Notice to the Board in accordance with subparagraph 9.10(1) of the Rules to inform them of the Joint Offeror's intention to undertake a conditional voluntary take-over offer to acquire the Offer Shares at the Offer Price.

On 15 November 2024, MAHB announced the receipt of the Notice. A copy of the Notice was despatched to the Holders on 22 November 2024.

In addition to this IAC, you should have received a copy of the Offer Document dated 6 December 2024 which sets out the details, terms and conditions of the Offer as well as the procedures for acceptance and method of settlement of the Offer, together with the Form of Acceptance and Transfer.

On 13 December 2024, HLIB had, on behalf of MAHB, submitted an application to the SC to seek approval for an extension of time of 4 days from 16 December 2024 to 20 December 2024 to issue the IAC.

The SC had, via its letter dated 16 December 2024, approved the application for the extension of time to issue the IAC.

Pursuant to subparagraphs 11.03(2) and 11.04(2) of the Rules, the SC had, via its letter dated 19 December 2024 notified that it has no further comments on this IAC. However, such notification shall not be taken to suggest that the SC agrees with the recommendations contained herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAC.

As at the Offer Document LPD, the total shareholdings of the Joint Offerors, Joint Ultimate Offerors and their PACs in the Offeree are 687,822,214 MAHB Shares, representing 41.22% of the total MAHB Shares in issue.

EXECUTIVE SUMMARY (CONT'D)

As at the Offer Document LPD, the shareholdings of the Joint Offerors, Joint Ultimate Offerors and their PACs in MAHB are as follows:

Name	← Direct →		← Indirect →	
	No. of shares	% ⁽¹⁾	No. of shares	% ⁽¹⁾
<u>Joint Offerors</u>				
PPSB	550,456,107	32.99	-	-
<u>Joint Ultimate Offerors</u>				
UEMG	-	-	⁽²⁾ 550,456,107	32.99
EPF	131,129,212	7.86	-	-
<u>PACs</u>				
Khazanah	4,132,667	0.25	⁽³⁾ 550,456,107	32.99
Abu Dhabi Investment Authority ("ADIA")	⁽⁴⁾ 2,104,228	0.126	-	-

Notes:

(1) Computed based on 1,668,554,432 MAHB Shares in issue as at the Offer Documents LPD.

(2) Deemed interest by virtue of Section 8(4) of the Act through PPSB.

(3) Deemed interest by virtue of Section 8(4) of the Act through UEMG.

(4) Held via external fund managers of ADIA and internally via a public investment department of ADIA.

THE PURPOSE OF THIS IAC IS TO HIGHLIGHT THE RELEVANT INFORMATION IN RELATION TO THE OFFER AND TO PROVIDE YOU WITH THE VIEWS AND RECOMMENDATION OF THE NON-INTERESTED DIRECTORS AND HLIB ON THE OFFER. YOU ARE ADVISED TO READ BOTH THIS IAC AND THE OFFER DOCUMENT AND CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED HEREIN BEFORE TAKING ANY ACTION.

2. TERMS AND CONDITIONS OF THE OFFER

The terms and conditions of the Offer are set out in **Section 2, Part B** of this IAC. Please refer to Section 2 of the Offer Document and Appendix I of the Offer Document for further information on the other terms and conditions of the Offer and Appendix II of the Offer Document for the procedures for acceptance and method of settlement of the Offer.

2.1 Consideration for the Offer

GDA will pay to the Holders who accept the Offer a cash consideration of RM11.00 for each Offer Share in accordance with the method of settlement as stated in Section 2.4 of the Offer Document.

If MAHB declares, makes or pays any Distribution on or after the date of 15 May 2024 (being the date of the Pre-Conditional Offer Announcement) but prior to the Closing Date and the Holders are entitled to retain such Distribution, the Joint Offerors and the Joint Ultimate Offerors will reduce the Offer Price by the amount equivalent to the net Distribution per MAHB Share that the Holders of such Offer Shares are entitled to retain. For avoidance of doubt, no adjustment shall be made to the Offer Price in the event the entitlement date for the Distribution is after the Closing Date.

As at the LPD, MAHB has not announced any declaration or payment of any Distribution on or after the date of the Notice up to the day before the Posting Date.

The cash consideration payable to an Accepting Holder pursuant to a valid acceptance of the Offer will be rounded down to the nearest whole sen. GDA will not pay fractions of a sen, if any, to any Accepting Holder. The Holders may accept the Offer in respect of either all or a part of the Offer Share that they hold.

2.2 Condition of the Offer

The Offer is **CONDITIONAL** upon the Joint Offerors having received, on or before the Closing Date, valid acceptances by the Holders of the Offer Shares (provided that such acceptances are not, where permitted, subsequently withdrawn), which will result in the Joint Offerors and the Joint Ultimate Offerors holding, together with such Shares that are already acquired, held or entitled to be acquired or held, not less than 90.00% of the total issued MAHB Shares.

Nevertheless, the Joint Offerors and the Joint Ultimate Offerors reserve the right to revise the level of the Acceptance Condition to a lower level, provided that the revised Offer shall remain open for not less than 14 days following the date of such revision and the Holders who have accepted the Offer being permitted to withdraw their acceptances within eight (8) days of the notification of the revision.

2.3 Duration of the Offer

The Offer will remain open for acceptances until 5.00 p.m. (Malaysian time) 8 January 2025, being the First Closing Date, or such later date(s) as the Joint Offerors and the Joint Ultimate Offerors may decide and as announced by AmlInvestment Bank on behalf of the Joint Offerors at least two (2) days before the Closing Date, unless the Joint Offerors and the Joint Ultimate Offerors withdraw the Offer with SC's prior written approval and in such event every person shall be released from any obligation incurred under the Offer. Notice of such extension will be posted to the Holders accordingly.

2.4 Method of Settlement

Except with the consent of the SC, and save for the Joint Offerors' and Joint Ultimate Offerors' right to reduce the Offer Price as set out in Section 2.1 of the Offer Document, settlement of the consideration to which any Holder is entitled to under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counter-claim or other analogous right to which the Joint Offerors may be entitled against the Accepting Holder. However, this is without prejudice to the Joint Offeror's right to make any claim against the Accepting Holder after such full settlement in respect of a breach of any of the warranties as set out in Section 1 of Appendix I of the Offer Document.

The settlement of the consideration for the Offer Shares in respect of valid acceptance will be effected via:

- (i) remittance into the Accepting Holder's bank account, if the Accepting Holder has registered their bank account with Bursa Depository for the purposes of cash dividend/distribution. Accepting Holders are encouraged to register and/or update their bank account details with Bursa Depository in order to receive the consideration for the Offer Shares in their bank accounts; or
- (ii) otherwise, if the Accepting Holder has not registered such details with Bursa Depository prior to the date of the valid acceptances, remittance in the form of cheque(s), banker's draft(s) and/or cashier's order(s) will be posted by ordinary mail to the Accepting Holder (or their designated agents, as they may direct) at their registered Malaysian addresses last maintained with Bursa Depository, at their own risk,

within 10 days from:

- (aa) the date the Offer becomes or is declared unconditional, if the valid acceptances are received during the period when the Offer is still conditional; or
- (bb) the date of the valid acceptances, if the valid acceptances are received during the period after the Offer is or has become or has been declared unconditional.

Non-Resident Holders are advised that the settlement for the acceptance of the Offer will be made in RM. Non-Resident Holders who wish to convert the consideration received into foreign

EXECUTIVE SUMMARY (CONT'D)

currency for repatriation may do so after payment of the appropriate fee and/or changes as levied by the respective financial institutions.

Please refer to Appendix I of the Offer Document for further information on the other terms and conditions of the Offer and Appendix II of the Offer Document for details on the procedures for acceptance and method of settlement of the Offer.

3. DETAILS OF ACCEPTANCES

As at the Offer Document LPD, the Joint Offerors, Joint Ultimate Offerors and their PACs have not received any irrevocable undertaking from any holders of MAHB Shares to accept the Offer, other than from Khazanah (a PAC) and EPF (one of the Joint Ultimate Offerors). Based on Section 1.14 of the Offer Document, in respect of ADIA, the PAC of GIP Aurea, ADIA's shareholding in the Offeree is controlled by ADIA's public equity departments who have not confirmed an intention as regards to its shareholding, including with respect to the Offer (whereby ADIA's participation is managed by its infrastructure department). Due to governance independence between the various ADIA departments, the infrastructure department has no visibility nor influence over decisions with respect to the existing MAHB Shares held.

As at the LPD, there was no announcement made in relation to any acceptance of the Offer Shares.

4. EVALUATION OF THE OFFER

In arriving at our conclusion and recommendation, HLIB has assessed the fairness and reasonableness of the Offer in accordance with paragraphs 1 to 6 of Schedule 2: Part III of the Rules, whereby:

- (i) the term "fair and reasonable" should generally be analysed as 2 distinct criteria, i.e. whether the Offer is "fair" and whether the Offer is "reasonable", rather than as a composite term;
- (ii) the Offer is considered "fair" if the Offer Price is equal to or higher than the market price and is also equal to or higher than the value of the Offer Shares. However, if the Offer Price is equal to or higher than the market price but is lower than the value of the Offer Shares, the Offer is considered as "not fair". In making the assessment, the value of the Offer Shares is determined based on the assumption that 100% of the Offeree is being acquired;
- (iii) pursuant to paragraph 4 of Schedule 2: Part III of the Rules, in considering whether a take-over offer is "reasonable", the independent adviser should take into consideration matters other than the valuation of the securities that are subject of the take-over offer. Generally, a take-over offer would be considered "reasonable" if it is "fair". Nevertheless, an independent adviser may also recommend for shareholders to accept the take-over offer despite it being "not fair" if the independent adviser is of the view that there are sufficiently strong reasons for the Holders to accept the offer in the absence of a higher bid and such reasons should be clearly explained. If there were inadequate justifications, such offer should be regarded as "not reasonable" and thus, the recommendation would be to reject the offer;
- (iv) the independent adviser should take into consideration all relevant factors in evaluating whether an offer is "reasonable" including, but not limited to, the following:
 - (a) the existing shareholding of the offeror and persons acting in concert with the offeror in the offeree and their ability to pass special resolutions or control the assets of the offeree;
 - (b) any other significant shareholding in the offeree, other than (a) above;

EXECUTIVE SUMMARY (CONT'D)

- (c) the liquidity of the market in the offeree's securities;
 - (d) the expected market price if the take-over offer is unsuccessful; and
 - (e) the likelihood and value of alternative offers or competing offers before the close of the take-over offer.
- (v) in the event that the independent adviser concludes that the offer is "not fair but reasonable", the independent adviser must clearly explain the following:
- (a) what is meant by "not fair but reasonable";
 - (b) how has the independent adviser reached to this conclusion; and
 - (c) the course of action that the Holders are recommended to take pursuant to the conclusion.

4.1 Fairness of the Offer

MAHB's business operations mainly comprise two (2) segments which are airport operations and non-airport operations. Airport operations consist of airport and other ancillary services that MAHB, through its subsidiaries, is required to provide for the effective and efficient operation of the airports. Non-airport operations consist of other initiatives that are not related to airport operations, such as hotel management, agriculture and horticulture.

In view of the different business segments of the MAHB Group, it is appropriate to value each of MAHB's business separately to arrive at an aggregate valuation of MAHB Group on a sum-of-the-parts basis. HLIB has adopted the SOPV method as the most appropriate valuation methodology to arrive at the value of MAHB Shares.

Based on the SOPV valuation, the Offer Price represents a discount of 12.77% to 19.77% to the estimated value of between RM12.61 and RM13.71 per MAHB Share. For information purposes only, the Offer Price of RM11.00 represents a premium of RM6.11 or approximately 124.95% to the latest unaudited net asset per Share of RM4.89 as at 30 September 2024.

Based on the above, HLIB is of the view that the Offer is **NOT FAIR**.

Please refer to **Section 6 of Part B** of this IAC for further details.

4.2 Reasonableness of the Offer

In assessing the reasonableness of the Offer, HLIB has considered the following factors:

Consideration	Assessment
Historical market price analysis of MAHB Shares	(i) Up to and including the Pre-Conditional Offer Announcement LTD The Offer Price represents a premium ranging from RM0.60 (5.77%) to RM3.0161 (37.78%) over the last traded market price of MAHB Shares as at the Pre-Conditional Offer Announcement LTD, and the 5-day, 1-month, 3-month, 6-month and 1-year VWAMPs up to and including the Pre-Conditional Offer Announcement LTD;
	(ii) Up to and including the Notice LTD The Offer Price represents a premium ranging from RM0.72 (7.00%) to RM1.7319 (18.69%) over the last traded market price of MAHB Shares as at the Notice LTD, and the 5-day, 1-

month, 3-month, 6-month and 1-year VWAMPs up to and including the Notice LTD; and

(iii) **Up to and including the LPD**

The Offer Price represents a premium ranging from RM0.38 (3.57%) to RM0.3813 (3.59%) over the last traded market price of MAHB Shares as at the LPD and 5-day VWAMP up to and including the LPD.

No competing/
alternative offer
and level of
control

MAHB confirms that, as at the LPD, save for the Offer, it had not received any competing offer or alternative offer for its securities or its business, assets and liabilities.

In the absence of a competing/alternative offer, the Offer provides an opportunity to the Holders to realise their investments in MAHB at the Offer Price.

As at the LPD, the Joint Offerors, the Joint Ultimate Offerors and their PACs hold approximately 41.22% in MAHB. With the current level of control, the Joint Offerors, the Joint Ultimate Offerors and their PACs are not able to approve any ordinary resolutions or special resolutions at the shareholders' general meetings of MAHB as these resolutions require approval from more than 50.00% or at least 75.00% respectively of the total vote cast, but are able to vote against special resolutions with their current shareholdings. Nevertheless, they may have significant influence over the outcome of these resolutions with their current shareholdings. In the event that the Offer is unsuccessful, the Joint Offerors and the Joint Ultimate Offerors would not have any relationship in respect of MAHB and would not have any obligations to one another (apart from maintaining confidentiality on matters discussed and information exchanged, and sharing of transaction costs). In this instance, the Joint Offerors and the Joint Ultimate Offerors will be at liberty to pursue their respective investment mandates or objectives to manage and monitor their respective shareholdings in MAHB, if any.

Based on the above, HLIB is of the view that the Offer is **REASONABLE**.

Please refer to **Section 7 of Part B** of this IAC for further details.

5. RECOMMENDATION

5.1 By HLIB

Premised on the evaluation of the Offer as set out above, HLIB is of the view that the Offer is **NOT FAIR** but **REASONABLE**. Accordingly, HLIB:

- (i) advises the Non-Interested Directors to recommend the Holders to **ACCEPT** the Offer; and
- (ii) recommends that the Holders **ACCEPT** the Offer.

However, the decision to be made would depend entirely on the risk appetite and specific investment requirements of the Holders. If the Holders so wish and if the trading liquidity permits, they may consider disposing of their Offer Shares in the open market if they are able to obtain a price higher than the Offer Price, net of transaction costs and assuming that there will not be any revision to the Offer Price.

EXECUTIVE SUMMARY (CONT'D)

Holders are advised to closely monitor the market share price, trading volume and any press releases and/or announcements made in relation to the Offer before making a decision on the course of action to be taken in respect of the Offer Shares.

Please refer to **Section 12 of Part B** of this IAC for further details.

5.2 By the Non-Interested Directors

The Interested Directors have abstained and will continue to abstain from deliberations and making any recommendation in relation to the Offer.

After careful and assiduous examination, and consideration of the terms and conditions of the Offer as contained in the Offer Document, and taking into consideration the evaluation and recommendation by HLIB as set out in Part B of this IAC, the Non-Interested Directors recommend Holders to **REJECT** the **OFFER**, as they **DO NOT CONCUR** with HLIB's recommendation for Holders to accept the Offer.

Please refer to **Section 8 of Part A** of this IAC for further details.

6. IMPORTANT DATES AND EVENTS

Events	Date
Notice served on the Board	Friday, 15 November 2024
Posting of the Offer Document	Friday, 6 December 2024
Issuance of the IAC	Friday, 20 December 2024
First Closing Date ⁽¹⁾	Wednesday, 8 January 2025

Note:

(1) *The Offer will remain open for acceptances until 5.00 p.m. (Malaysian time) on 8 January 2025, being the First Closing Date, unless extended in accordance with the Rules and terms and conditions of the Offer Document as the Joint Offerors and Joint Ultimate Offerors may decide. Any such extension will be announced by AmlInvestment Bank, on behalf of the Joint Offerors, at least 2 days before the Closing Date. Notice of such extension will be posted to the Holders accordingly.*

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE INFORMATION CONTAINED IN THIS IAC, TOGETHER WITH THE OFFER DOCUMENT AND NOT RELY SOLELY ON THIS EXECUTIVE SUMMARY BEFORE FORMING AN OPINION ON THE OFFER AND MAKING A DECISION ON THE COURSE OF ACTION TO BE TAKEN.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE IN RELATION TO THE OFFER, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

PART A
LETTER FROM THE BOARD



MALAYSIA AIRPORTS HOLDINGS BERHAD
(Registration No.: 199901012192 (487092-W))
(Incorporated in Malaysia)

Registered office:

Malaysia Airports Holdings Berhad
Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang
Selangor, MALAYSIA

20 December 2024

Board of Directors:

Dr. Nungsari bin Ahmad Radhi	(Non-Independent Non-Executive Chairman)
Dato' Mohd Izani bin Ghani	(Managing Director)
Tan Sri Datuk Zainun binti Ali	(Non-Independent Non-Executive Director)
Dato' Zamzuri bin Abdul Aziz	(Non-Independent Non-Executive Director)
Dato' Normah binti Osman	(Non-Independent Non-Executive Director)
Datuk Amran Hafiz bin Affifudin	(Non-Independent Non-Executive Director)
Rohaya binti Mohammad Yusof	(Non-Independent Non-Executive Director)
Dato' Ir. Mohamad bin Husin	(Senior Independent Non-Executive Director)
Ramanathan Sathiamutty	(Independent Non-Executive Director)
Cheryl Khor Hui Peng	(Independent Non-Executive Director)
Dato' Seri Ir. Koe Peng Kang	(Independent Non-Executive Director)
Chris Chia Woon Liat	(Independent Non-Executive Director)
Mohd Nizam bin Mohd Khir	(Non-Independent Non-Executive Director)/ (Alternate Director to Dato' Zamzuri bin Abdul Aziz)

To: The Holders

Dear Sir / Madam,

CONDITIONAL VOLUNTARY TAKE-OVER OFFER BY THE JOINT OFFERORS, THROUGH AMINVESTMENT BANK, TO ACQUIRE THE OFFER SHARES FOR A CASH OFFER PRICE OF RM11.00 PER OFFER SHARE

1. INTRODUCTION

On behalf of the Joint Offerors, AmInvestment Bank, on 15 May 2024 announced that, subject to and contingent upon the satisfaction or waiver of the Pre-Conditions, the Joint Offerors intend to undertake a conditional voluntary take-over offer to acquire all the remaining 1,118,098,325 MAHB Shares not already held by the Joint Offerors, representing 67.01% of the total issued MAHB Shares, for a cash offer price of RM11.00 per Offer Share.

On 24 July 2024, the Board announced that HLIB has been appointed to act as the Independent Adviser to provide comments, opinions, information and recommendation to the Non-Interested Directors of MAHB and Holders in relation to the Offer in accordance with paragraph 3.06 of the Rules. Following thereto, HLIB had declared to the SC its independence from any conflict

of interest or potential conflict of interest to act as the Independent Adviser in relation to the Offer.

AmlInvestment Bank had, on behalf of the Joint Offerors, announced the following in relation to the Pre-Conditions:

- (i) on 12 June 2024, AmlInvestment Bank announced that the Joint Offerors have, on 11 June 2024, received a certificate issued by the GAC confirming that the transaction contemplated in the Offer does not require notification to the GAC. Accordingly, the Pre-Condition relating to the merger control approval, or notification that such approval is not required, from the GAC pursuant to Royal Decree M/75 of 29/6/1440H was fulfilled;
- (ii) on 6 August 2024, AmlInvestment Bank announced that, on 26 May 2024, the ECA published new Guidelines. The Guidelines provide further details on the application of Law 3 of 2005 on the Protection of Competition and Prohibition of Monopolistic Practices, as amended by Law No. 175 of 2022 effective December 2022. Pursuant to the review of the Guidelines, lawful completion of the Offer is no longer contingent upon a pre-conditional notification to the ECA.

Accordingly, the Joint Offerors have elected to waive the Pre-Condition relating to the receipt of merger control approval (whether by lapse of time or express confirmation) from the ECA pursuant to Law 3 of 2005 on the Protection of Competition and Prohibition of Monopolistic Practices, as amended by Law No. 175 of 2022 effective December 2022;

- (iii) on 19 August 2024, AmlInvestment Bank announced that on 15 August 2024, the TCB unconditionally approved the notified transaction, the notice of which was received by the Joint Offerors on 16 August 2024. Accordingly, the Pre-Condition relating to the receipt of a non-infringement decision from the TCB pursuant to Article 7 of Law No. 4054 on the Protection of Competition (as may be amended, modified or re-enacted by other legislation) was fulfilled.

AmlInvestment Bank had also on even date, announced that save for the approval required from the TCB as mentioned above, there are no other approvals/consents required from the relevant authorities/parties in Türkiye; and

- (iv) on 8 November 2024, the MAVCOM issued its final decision that the proposed transaction by the Joint Offerors pursuant to the Offer falls within the scope of subparagraph 54(2)(b) of the Act 771 and if carried into effect, will not infringe the prohibition in Section 54 of Act 771.

The final decision was, however, subject to the MAVCOM Condition. Given that the final decision was subject to the MAVCOM Condition, the final Pre-Condition was not fulfilled at that time.

On 15 November 2024, MAVCOM confirmed that it is satisfied that the MAVCOM Condition is met following its receipt and review of the executed finalised, valid and binding shareholders' agreement by the Joint Offerors.

For information purposes, the shareholders' agreement referred to above was entered into between the Joint Offerors on 14 November 2024, which sets out the basis on which the Joint Offerors have agreed to govern and regulate the affairs of the MAHB Group, the key operative provisions of which will take effect when the Acceptance Condition is met.

Accordingly, on 15 November 2024, all of the Pre-Conditions were satisfied (without conditions or on conditions reasonably satisfactory to the Joint Offerors) or waived by the Joint Offerors and on even date, AmlInvestment Bank had, on behalf of the Joint Offerors, served the Notice to the Board in accordance with subparagraph 9.10(1) of the Rules to inform them of the Joint Offerors' intention to undertake a conditional voluntary take-over offer to acquire the Offer Shares at the Offer Price.

On 15 November 2024, MAHB announced the receipt of the Notice. A copy of the Notice was despatched to the Holders on 22 November 2024.

In addition to this IAC, you should have received a copy of the Offer Document dated 6 December 2024 which sets out the details, terms and conditions of the Offer as well as the procedures for acceptance and method of settlement of the Offer, together with the Form of Acceptance and Transfer.

On 13 December 2024, HLIB had, on behalf of MAHB, submitted an application to the SC to seek approval for an extension of time of 4 days from 16 December 2024 to 20 December 2024 to issue the IAC.

The SC had, via its letter dated 16 December 2024, approved the application for the extension of time to issue the IAC.

Pursuant to subparagraph 11.03(2) and 11.04(2) of the Rules, the SC had, via its letter dated 19 December 2024 notified that it has no further comments on this IAC. However, such notification shall not be taken to suggest that the SC agrees with the recommendations contained herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAC.

As at the Offer Document LPD, the total shareholdings of the Joint Offerors, Joint Ultimate Offerors and their PACs in the Offeree are 687,822,214 MAHB Shares, representing 41.22% of the total MAHB Shares in issue.

As at the Offer Document LPD, the shareholdings of the Joint Offerors, Joint Ultimate Offerors and their PACs in MAHB are as follows:

Name	Direct		Indirect	
	No. of shares	% ⁽¹⁾	No. of shares	% ⁽¹⁾
<u>Joint Offerors</u>				
PPSB	550,456,107	32.99	-	-
<u>Joint Ultimate Offerors</u>				
UEMG	-	-	⁽²⁾ 550,456,107	32.99
EPF	131,129,212	7.86	-	-
<u>PACs</u>				
Khazanah	4,132,667	0.25	⁽³⁾ 550,456,107	32.99
ADIA	⁽⁴⁾ 2,104,228	0.126	-	-

Notes:

(1) Computed based on 1,668,554,433 MAHB Shares in issue as at the Offer Documents LPD.

(2) Deemed interest by virtue of Section 8(4) of the Act through PPSB.

(3) Deemed interest by virtue of Section 8(4) of the Act through UEMG.

(4) Held via external fund managers of ADIA and internally via a public investment department of ADIA.

THE PURPOSE OF THIS IAC IS TO HIGHLIGHT THE RELEVANT INFORMATION IN RELATION TO THE OFFER AND TO PROVIDE YOU WITH THE VIEWS AND RECOMMENDATIONS OF THE NON-INTERESTED DIRECTORS AND HLIB ON THE OFFER. YOU ARE ADVISED TO READ THIS IAC, TOGETHER WITH THE OFFER DOCUMENT AND CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED HEREIN BEFORE TAKING ANY ACTION. YOU SHOULD NONETHELESS RELY ON YOUR OWN EVALUATION OF THE MERITS OF THE OFFER BEFORE MAKING A DECISION ON THE COURSE OF ACTION TO BE TAKEN.

IF YOU ARE IN ANY DOUBTS AS TO THE COURSE OF ACTION YOU SHOULD TAKE IN RELATION TO THE OFFER, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. TERMS AND CONDITIONS OF THE OFFER

The terms and conditions of the Offer are set out in **Section 2 of the Executive Summary** and **Section 2, Part B** of this IAC. Please refer to Section 2 of the Offer Document and Appendix I of the Offer Document for further information on the other terms and conditions of the Offer and Appendix II of the Offer Document for the procedures for acceptance and method of settlement of the Offer.

3. DETAILS OF ACCEPTANCES

As at the Offer Document LPD, the Joint Offerors, Joint Ultimate Offerors and their PACs have not received any irrevocable undertaking from any holders of MAHB Shares to accept the Offer, other than from Khazanah (a PAC) and EPF (one of the Joint Ultimate Offerors). Based on Section 1.14 of the Offer Document, in respect of ADIA, the PAC of GIP Aurea, ADIA's shareholding in the Offeree is controlled by ADIA's public equity departments who have not confirmed an intention as regards to its shareholding, including with respect to the Offer (whereby ADIA's participation is managed by its infrastructure department). Due to governance independence between the various ADIA departments, the infrastructure department has no visibility nor influence over decisions with respect to the existing MAHB Shares held.

As at the LPD, there was no announcement made in relation to any acceptance of the Offer Shares.

4. NON-INTERESTED DIRECTORS' COMMENTS

4.1 Rationale for the Offer

The Non-Interested Directors take note of the rationale for the Offer by the Joint Offerors as set out in Section 3 of the Offer Document.

The rationale for the Offer by the Joint Offerors is as set out below:

- (i) *Airports are critical infrastructure and enablers of economic activity through the flow of passengers and cargo.*
- (ii) *Malaysia is strategically located in the rapidly growing South-East Asian aviation market and has the potential to play an important role in long-haul, global, air connectivity. Malaysia's network of capital city and regional airports has the potential to develop a broad base of origin and destination traffic, transit traffic, and freight.*
- (iii) *Presently, Malaysia's long-haul air connectivity underperforms regional peers, adversely impacting Malaysia's ability to attract leisure and business travel, and foreign investment. The Joint Offerors and the Joint Ultimate Offerors believe that improved connectivity will stimulate traffic growth with the resultant economic benefits.*
- (iv) *MAHB manages 39 airports across Malaysia (consisting five (5) international airports, 17 domestic airports and 17 STOLports) and one (1) international airport in Istanbul, Türkiye. MAHB's airports are key gateways to Malaysia and Türkiye, and it is crucial to MAHB that its international airports demonstrate high and consistent service standards and provide an excellent passenger experience, leaving a positive and enduring impression on travelers.*
- (v) *With their combined capabilities, the Joint Offerors and the Joint Ultimate Offerors are confident that they can deliver their objectives to upgrade and modernise MAHB's operations, enhance passenger service, improve airline connectivity and stimulate traffic growth. All of these will help unlock the potential of Malaysia's airport network and drive the continued development of Istanbul Sabiha Gökçen in Republic of Türkiye.*

- (vi) *The Joint Offerors and the Joint Ultimate Offerors believe that these objectives will be best achieved by MAHB as a private entity, taking a long-term approach to decision-making and capital investment, and benefitting from GIP’s airport expertise. The Joint Offerors and the Joint Ultimate Offerors have identified several priority initiatives (the “Priority Initiatives”):*
- (a) *Delivering to completion high priority capital and maintenance projects: The Joint Offerors and the Joint Ultimate Offerors will place immediate focus on evaluating key capital expenditure projects and resolving delays, including the aerotrain and the baggage handling system at Kuala Lumpur International Airport (“KLIA”).*
 - (b) *Enhancing the passenger experience: The Joint Offerors and the Joint Ultimate Offerors plan to alleviate congestion, improve passenger flows and terminal ambience at MAHB’s airports, and expand the retail and food and beverage offering.*
 - (c) *Working with existing and attracting new airlines: A key focus area for the Joint Offerors and Joint Ultimate Offerors will be expanding the long-haul network at KLIA, as well as improving overall connectivity at MAHB’s state airports.*
 - (d) *Maintaining the highest level of safety for passengers and employees: The well-being and safety of MAHB’s staff and travelers will, at all times, be of the highest priority to the Joint Offerors and Joint Ultimate Offerors.*
 - (e) *Accelerating capital investment: The Joint Offerors and the Joint Ultimate Offerors intend to allocate funding to repair and maintain existing infrastructure and equipment.*
 - (f) *Upgrading and harmonising service levels: The Joint Offerors and the Joint Ultimate Offerors are committed to implementing minimum operational best practices across MAHB’s network of airports.*
 - (g) *Planning investment to grow airport capacity: The Joint Offerors and the Joint Ultimate Offerors plan to invest in MAHB’s network of airports in Malaysia and Türkiye with the benefit of long-term decision-making and GIP’s expertise in expanding and optimising airport capacity.*
 - (h) *Driving economic stimulus by partnering with state bodies and local businesses to expand activity around MAHB’s airports, leveraging growth in passenger and freight flows (e.g. Aeropolis).*

The successful implementation of the above initiatives will be subject to market and business conditions and, to the extent required, the approval of the Minister of Finance (Incorporated) (“MOF Inc”) (in its capacity as the special shareholder of MAHB) and the Government of Malaysia under the Operating Agreements.

Non-Interested Directors’ Comments

The Non-Interested Directors have not been privy to the full details of the Joint Offerors’ and the Joint Ultimate Offerors’ future plans for the MAHB Group, hence are unable to conduct a comprehensive review and to ascertain the projected outcomes of the Joint Offerors’ and the Joint Ultimate Offerors’ future plans.

Holders should carefully consider and assess the rationale of the Offer and the risks that may be associated with the Offer.

4.2 Listing status of MAHB

The Non-Interested Directors take note that the Joint Offerors and the Joint Ultimate Offerors do not intend to maintain the listing status of MAHB on the Main Market of Bursa Securities. If the Acceptance Condition is met, the Joint Offerors and the Joint Ultimate Offerors will procure MAHB to take all necessary steps and procedures to withdraw its listing status from the Official List in accordance with the MMLR. However, if the Acceptance Condition is revised to a lower level, the Joint Offerors and the Joint Ultimate Offerors will pursue the appropriate route to de-list MAHB.

Please refer to **Section 8 of Part B** of this IAC for further details.

4.3 Compulsory acquisition and rights of Dissenting Holders

The Non-Interested Directors take note that if the Offer has been accepted by the Holders of not less than nine-tenths in the nominal value of the Offer Shares (excluding Shares held by the Joint Offerors, Joint Ultimate Offerors and their PACs as at the date of the Offer) on or before the Closing Date, the Joint Offerors and the Joint Ultimate Offerors intend to invoke the provisions of Section 222 of the CMSA to compulsorily acquire any remaining Offer Shares from the Dissenting Holders, and necessary steps will also be taken to de-list the Offeree from the Official List. Under such circumstances, all the Holders of these Offer Shares will be paid in cash for the Offer Shares compulsorily acquired. For the avoidance of doubt, all such Offer Shares will, subject to Section 224(1) of the CMSA, be acquired on the same terms as set out in the Offer Document.

In accordance with Section 224(1) of the CMSA, where a notice is given under Section 222(1) of the CMSA, the court may, on an application made by a Dissenting Holder within one (1) month from the date on which the notice was given by the Joint Offerors, order that the Joint Offerors shall not be entitled and shall not be bound to acquire the Offer Shares of such Dissenting Holder, or specify terms of acquisition that are different from the terms of the Offer.

Notwithstanding the foregoing, Section 223 of the CMSA provides that if the Joint Offerors receive valid acceptances from the Holders resulting in the Joint Offerors, Joint Ultimate Offerors and their PACs holding not less than nine-tenths in the value of all the MAHB Shares (including Shares already held by the Joint Offerors, Joint Ultimate Offerors and their PACs as at the date of the Offer) on or before the Closing Date, a Dissenting Holder may exercise his rights under Section 223(1) of the CMSA, by serving a notice on the Joint Offerors to require the Joint Offerors to acquire his Shares on the same terms (to the extent applicable) as set out in the Offer Document or such terms as may be agreed.

Please refer to **Section 9 of Part B** of this IAC for further details.

4.4 Future plans for the MAHB Group and its employees

The Non-Interested Directors note the intention of the Joint Offerors and Joint Ultimate Offerors with respect to the future plans for the MAHB Group and its employees as set out in Section 5 of the Offer Document.

Holders should note that, after the Offer, the Joint Offerors and the Joint Ultimate Offerors intend to, amongst others, continue with the existing businesses of MAHB Group, without any plans to liquidate any companies within MAHB Group, introduce any major changes to MAHB Group's business, as well as dismiss or make redundant any of the employees of MAHB Group as a direct consequence of the Offer.

However, the Non-Interested Directors wish to highlight to the Holders that the Joint Offerors and Joint Ultimate Offerors retain the flexibility to consider options and/or potential opportunities as they consider fit and in the best interest of the MAHB Group which may include strategic investments, rationalisations, streamlining the business activities and/or restructuring.

Non-Interested Directors' Comments

The Non-Interested Directors have not been privy to the full details on the above, hence are unable to conduct a comprehensive review and to ascertain the projected outcomes of the Joint Offerors' and Joint Ultimate Offerors' future plans for the MAHB Group and its employees.

Holders should carefully consider and assess the future plans for the MAHB Group and its employees and the risks that may be associated with the Offer.

5. INDEPENDENT ADVICE LETTER

You are advised to read and consider the comments, opinion, information and recommendation of the Independent Adviser appointed by MAHB to advise the Non-Interested Directors and the Holders in relation to the Offer. The IAL is included in Part B of this IAC.

6. INTERESTS OF DIRECTORS IN THE OFFER

Certain Directors of MAHB were involved indirectly in the Offer as set out below:

- (i) Dr. Nungsari bin Ahmad Radhi, is the Non-Independent Non-Executive Chairman of MAHB and is an appointee of MOF Inc, which is an indirect shareholder of PPSB, being one of the Joint Offerors, on the Board.
- (ii) Dato' Mohd Izani bin Ghani, is the Managing Director of MAHB and is an appointee of MOF Inc on the Board.
- (iii) Tan Sri Datuk Zainun binti Ali, is the Non-Independent Non-Executive Director of MAHB and is an appointee of MOF Inc on the Board.
- (iv) Dato' Zamzuri bin Abdul Aziz, is the Non-Independent Non-Executive Director of MAHB and is an appointee of MOF Inc on the Board.
- (v) Dato' Normah binti Osman, is the Non-Independent Non-Executive Director of MAHB and is an appointee of MOF Inc on the Board.
- (vi) Datuk Amran Hafiz bin Affifudin, is the Non-Independent Non-Executive Director of MAHB and is an appointee of Khazanah, being a PAC to the Joint Offerors, on the Board.
- (vii) Rohaya binti Mohammad Yusof, is the Non-Independent Non-Executive Director of MAHB and is an appointee of EPF, being one of the Joint Ultimate Offerors, on the Board.
- (viii) Mohd Nizam bin Mohd Khir, is the Non-Independent Non-Executive Director of MAHB and Alternate Director to Dato' Zamzuri bin Abdul Aziz. He is an appointee of MOF Inc on the Board.

As at the LPD, none of the Directors of MAHB have any interest, directly or indirectly, in MAHB.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this IAC and they collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this IAC. The Board, having conducted all reasonable enquiries and to the best of their knowledge and belief, confirms the following:

- (i) no statement and/or information relating to the MAHB Group in this IAC is false, misleading or incomplete;
- (ii) there are no other material facts and/or information, the omission of which would render any statement or information provided relating to the MAHB Group herein false, misleading or incomplete;
- (iii) all material facts and/or information in relation to the Offer, including those required under the Rules, have been accurately and completely disclosed in this IAC; and
- (iv) opinions expressed by the Non-Interested Directors in this IAC have been arrived at after due deliberation and careful consideration.

The Interested Directors do not accept responsibility for the opinions expressed by the Non-Interested Directors in this IAC.

Further, the responsibility of the Board in respect of:

- (i) the information relating to the Joint Offerors, the Joint Ultimate Offerors and their PACs (as extracted from the Offer Document) is limited to ensuring that such information is accurately reproduced in this IAC; and
- (ii) the independent advice and expression of opinion by HLIB in relation to the Offer as set out in Part B of this IAC, is to ensure that accurate information in relation to the MAHB Group was provided to HLIB for its evaluation of the Offer and that all information in relation to the MAHB Group that is relevant to HLIB's evaluation of the Offer has been accurately and completely disclosed to HLIB and that there is no material fact, the omission of which would make any information provided to HLIB false or misleading.

8. NON-INTERESTED DIRECTORS' RECOMMENDATION

Holders should consider carefully the merits and demerits of the Offer including the fairness and reasonableness evaluation of the Offer which includes an assessment by the Independent Adviser of various pertinent factors, all of which are set out in **Sections 6 and 7 of the IAL as contained in Part B of this IAC**.

Holders should also consider the following factors before making your decision:

- (i) Rationale of the Offer; and
- (ii) Future plans for the MAHB Group and its employees,

as set out in Section 9 of the IAL as contained in Part B of this IAC.

Separately, you should also assess the Joint Offerors' and Joint Ultimate Offerors' plans for MAHB and continue to monitor the prevailing market prices of MAHB Shares traded on Bursa Securities during the Offer Period and the relevant transaction costs involved prior to making your decision on whether to accept or reject the Offer.

The Interested Directors have abstained and will continue to abstain from deliberations and making any recommendation in relation to the Offer.

The Non-Interested Directors, having considered the terms and conditions of the Offer as contained in the Offer Document and the evaluation and recommendation by HLIB in the IAL as contained in Part B of this IAC, and having carefully considered all relevant laws, regulations and governance principles in Malaysia in deliberating the Offer, have arrived at the following conclusion:

All of the Non-Interested Directors, being:-

- (a) Dato' Ir. Mohamad bin Husin;
- (b) Ramanathan Sathiamutty;
- (c) Cheryl Khor Hui Peng;
- (d) Dato' Seri Ir. Koe Peng Kang; and
- (e) Chris Chia Woon Liat,

are of the opinion that the Offer Price of RM11.00 is **NOT FAIR**, as it is lower than and represents a material discount of RM1.61 and RM2.71 or approximately 12.77% to 19.77% to the value per MAHB Shares ranging between RM12.61 and RM13.71 as estimated by HLIB.

Additionally, all of the Non-Interested Directors are of the opinion that the Offer is **NOT REASONABLE**. The Non-Interested Directors wish to highlight that further to the valuation of the MAHB Shares conducted by HLIB, the following justifications support their opinion that the offer is **NOT REASONABLE**:

- (i) In arriving at their opinion that the offer is **NOT REASONABLE**, Dato' Ir. Mohamad bin Husin, Cheryl Khor Hui Peng, Dato' Seri Ir. Koe Peng Kang and Chris Chia Woon Liat are of the view that:
 - a. MAHB has embarked on plans to ensure that MAHB will continue capitalising on the anticipated traffic growth in future, underpinned by the strengthening economy and improved confidence in travelling. On 18 March 2024, MAHB executed new Operating Agreements with the Government of Malaysia to affirm MAHB's continued role of operating, managing, maintaining and developing the 39 airports and STOLports in Malaysia until 2069. The new Operating Agreements embed clear capital recovery mechanisms for MAHB to invest in future airport developments to expand its operational capacity in anticipation of traffic growth. With these mechanisms in place, MAHB expeditiously proceeded to jump-start the following:
 - i. The approved airport capacity expansion programme on a phased approach, with Penang International Airport and Kota Kinabalu International Airport being the first development projects. Capacity of other airports in Malaysia will invariably follow suit in the near future with the ultimate objective of ensuring 'all boats must rise' to serve the passenger growth trajectory;
 - ii. The approved holistic capital expenditure programme for asset replacements and maintenance for continued airport enhancements, which include the ongoing aerotrain and baggage handling system replacements, and airport modernisation for KLIA and Sultan Abdul Aziz Shah Airport ("**Subang Airport**"), amongst others, with the focused objective of elevating passenger experience; and
 - iii. Accelerated off-terminal initiatives to improve returns on MAHB Group's landbanks near KLIA and Subang Airport. This includes the secured approval-in-principle and secured approval of the Pindaan Kebenaran Merancang (Planning Approvals) for KLIA Aeropolis and Subang Airport Regeneration Plan, respectively, in January 2024. Prioritised and major catalytic projects are planned including the Aeropolis Industrial Park and Aeropolis Resort City. Some of the notable recently completed off-terminal projects in 2024 include the DHL Express Kuala Lumpur Gateway at KLIA Aeropolis as well as new purpose-built maintenance, repair and overhaul facilities by ExecuJet and Collins Aerospace at Subang Airport.

- b. Post COVID-19, MAHB doubled down on 2 pivotal drivers to speed up recovery and ensure MAHB airports not only survive but thrive. These 2 drivers are:
- i. MAHB expanded its hub connectivity and increased the number of airlines operating into KLIA and other points in Malaysia.
 - 73 airlines operate in and out of Malaysia as of 30 September 2024, with 2 more airlines confirmed to commence in the final quarter of 2024, bringing the airlines tally to 6 airlines more than pre-pandemic;
 - Existing airlines have launched 52 new services to date, providing increased links to ASEAN (Association of Southeast Asian Nations), China, India and other key destinations in the region;
 - British Airways, which suspended its operations into Kuala Lumpur because of the pandemic, will recommence flying the London Heathrow-Kuala Lumpur route in April 2025; and
 - MAHB continues to be in pursuit of at least 25 other airlines to continue expanding its connectivity and network over the next 2 years.
 - ii. MAHB's commercial reset and rejuvenation programme has begun showing positive results since its implementation in 2020 as follows:
 - Strong quarter-on-quarter growth ("**CQGR**") in the commercial tenants' sales as well as MAHB's own non-aero revenue:

	RM'million							CQGR
	2023				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Tenants' sales	381.9	436.4	489.9	590.7	550.9	571.2	560.8	6.6%
Non-Aero Revenue	406.9	458.7	494.5	534.8	531.7	539.9	552.3	5.2%

- Introduction of internationally renowned brands in MAHB's airports including Hard Rock Café, Din by Din Tai Fung, Jamie Oliver's Pizzeria, Paul Le Café as well as new and refreshed premium lounges operated by global lounge operators such as Select Service Partner and Plaza Premium Group; and
 - Launch of Eraman's, MAHB's in-house duty-free brand, Duty Free Mall and Contact Pier Emporium at KLIA Terminal 1, featuring more than 500 premium brands in its offering including Charlotte Tilbury's first store in South East Asia.
- c. As the custodian of the nation's gateways, majority of which are publicly funded, and the operator of national assets, coupled with the tightening regulations around sustainability reporting for listed companies and public scrutiny and expectations, MAHB's commitment to environmental, social and governance ("**ESG**") has been ever more pronounced, especially if MAHB remains a public-listed entity. MAHB's corporatisation in 1992 and subsequent listing in 1999 had driven continued accountability, transparency and check and balances to its shareholders and key stakeholders. In 2024, MAHB launched its Environmental Master Plan 2.0 ("**EMP 2.0**") to achieve net zero carbon emissions by 2050. With the launch of the EMP 2.0, MAHB has approved and embarked on solar power generation in 6 airports, with a new partnership secured for a 30-megawatt solar photovoltaic project for KLIA's consumption. MAHB has initiated an electric vehicle transformation plan for both landside and airside operations. Furthermore, the Board has established a Board Sustainability Committee in 2023 to actively govern the pace of

implementation of MAHB's decarbonisation initiative while ensuring all strategic decisions consider ESG risks and opportunities to remain competitive.

d. MAHB has also strengthened its international operations by improving connectivity and elevating passenger experience in ISG International Airport:

- Prior to the launch of ISG International Airport's second runway in December 2023, ISG International Airport was one of the world's busiest single runway and single terminal airports. The airport's second runway effectively doubles the current airside capacity of handling 40 flights per hour to more than 80 flights per hour.
- Notable oneworld network carriers such as British Airways and Royal Air Maroc have also commenced operations in ISG International Airport in 2023.
- As of September 2024, ISG International Airport is ranked as the second busiest airport in Türkiye and the 9th busiest airport in Europe by Official Airline Guide.
- As of October 2024, the passenger movements for the last 12 months have met the maximum terminal capacity of 41 million passengers per annum (mppa). Traffic continues to steadily grow, consistently surpassing pre-pandemic levels. On 24 November 2024, ISG International Airport achieved three all-time records in terms of the highest total daily flights (740 flights recorded), highest daily international flights (442 international flights recorded) and highest daily international passengers (75,300 international passengers recorded).
- In November 2024, the Türkiye Minister of Transport and Infrastructure indicated a need for additional terminal capacity in the next two (2) years to cater to the traffic growth. In the interim, MAHB has implemented various terminal decongestion projects to improve passenger experience at the airport.

(ii) In arriving at his conclusion that the Offer is **NOT REASONABLE**, Ramanathan Sathiamutty is of the view that:

- a. The Priority Initiatives in the Offer Document stated that there will be improvement in areas like efficiency in MAHB's airport operations, increase in number of airlines flying into KLIA and improvement in retail revenue, amongst others. These Priority Initiatives look similar to the existing MAHB management strategy with no stated intentions on how the transformation of all airports will happen under this proposal.
- b. MAHB is an asset-heavy Group that operates under a cross-subsidy model where profitable airports fund the development of the smaller airports in Malaysia. There is no stated intention on whether this model will be sustained or whether there will be a major change in this area. MAHB is not just a public listed company providing value to shareholders, it is also a company that ensures national connectivity across the nation to drive national unity and integration.
- c. As a global airport operator, MAHB operates a unique network of 39 airports in Malaysia, anchored by KLIA, alongside Türkiye's second busiest airport, ISG International Airport. MAHB's commitment to global excellence in airport operations is also reflected in the Memorandum of Understanding with Beijing Daxing International Airport, signed in September 2024. MAHB's efforts in Reimagining Passenger Experience as its core strategic focus continues to bear fruit in maintaining top ranking for KLIA and Langkawi International Airport in the Airport Service Quality ("ASQ") assessment for third quarter of 2024 by Airports Council International ("ACI"). The ACI ASQ recognizes MAHB's expertise in operating airports against its regional and international peers.

Airport	IATA Code	Airport Category (by pax)	ACI ASQ Score	ACI ASQ Rank
Incheon Seoul	ICN	> 40 mil	5.00 / 5.00	1 / 355
Kuala Lumpur	KUL	> 40 mil	5.00 / 5.00	1 / 355
Langkawi	LGK	2-5 mil	5.00 / 5.00	1 / 355
Beijing Daxing	PKX	25-40 mil	5.00 / 5.00	1 / 355
Singapore Changi	SIN	> 40 mil	5.00 / 5.00	1 / 355
Phuket	HKT	5-15 mil	4.14 / 5.00	150 / 355
Bangkok Suvarnabhumi	BKK	> 40 mil	4.14 / 5.00	153 / 355
Average ASQ Global 4.19 / 5.00				
London Gatwick	LGW	> 40 mil	3.88 / 5.00	258 / 355
Sydney	SYD	25-40 mil	3.79 / 5.00	291 / 355

- d. The approved Penang and Kota Kinabalu airport development plans are formulated based on the capital recovery mechanism under the new Operating Agreements, which provide a clear investment return to the shareholders. With MAHB being a group with a AAA credit rating, it can source funding at a low rate to fund the developments and these developments will be value accretive to the shareholders of MAHB.
- e. MAHB Group's financial results have been showing positive momentum. The recent results for the FPE 30 September 2024 show key matrices like passenger growth, revenue and profitability growing strongly.

	FPE 30 September 2024	FPE 30 September 2023	Var%	FPE 30 September 2019	Var%
	RM'million	RM'million		RM'million	
Total passengers (mil)	101.2	88.8	+13.9%	105.1	96.3% recovery
Revenue	4,262.4	3,542.7	+20.3%	3,868.7	10.2%
EBITDA	2,066.0	1,578.7	+30.9%	1,816.9	13.7%
Profit after tax	606.2	255.5	+>100%	507.6	19.4%

- f. MAHB has a clear strategy to build on its growth momentum. This strategy requires investments to ensure MAHB stays on track.
- g. MAHB's de-listing also reduces the ability for MAHB to raise additional equity from the capital markets.
- h. With MAHB regularly under public scrutiny, its status as a listed company promotes transparency and good governance. This ensures that there is a strong check and balance mechanism to uphold best practices in corporate governance. It also ensures MAHB is committed to providing the *rakyat* (citizens) with good airport infrastructure within MAHB's affordability.

Premised on the views set out above, if MAHB Shares:

- (i) continue to remain tradeable on the Main Market of Bursa Securities; and
- (ii) trade at the market prices that may be higher than the Offer Price in the open market,

after the Closing Date, the Holders may have the opportunity to participate in potential future value accretion of MAHB Shares. Further, the Non-Interested Directors find no compelling reasons for the Holders to accept the Offer at the Offer Price which does not adequately reflect the full potential of MAHB Group.

For information purposes, UBS AG Singapore Branch (“**UBS**”), an international financial adviser, was appointed on 29 August 2024 by the Non-Interested Directors to assist with the reasonableness assessment of the fair value of MAHB Shares for the sole benefit of the Non-Interested Directors. Based on information, including financials, shared by the Company, UBS arrived at an indicative range of equity value between RM18,263 million and RM21,945 million, such range translates to between RM10.95 and RM13.15 per MAHB Share, using various valuation methodologies, including without limitation, discounted cash flow analysis, trading comparable analysis and such other analysis as UBS deemed appropriate.

The differences of valuation range by UBS and the Independent Adviser are mainly due to different valuation methodologies and sensitivities analysis applied by both UBS and Independent Adviser in arriving at the fair value range.

UBS’ range of valuation, which is predominantly above the Offer Price of RM11.00, reinforces the Non-Interested Directors’ opinion that the Offer Price is not fair. The Holders should note that this valuation range is merely a reference for reasonableness for the fair value of MAHB Shares and the Non-Interested Directors primarily rely on the Independent Adviser’s valuation in determining their opinion on the fairness of the Offer Price.

As such, all of the Non-Interested Directors are of the opinion that the Offer is NOT FAIR AND NOT REASONABLE and they recommend the Holders to REJECT the Offer.

Nonetheless, the decision to be made in respect to the Offer would rest on the individual risk appetite and specific investment requirements of the Holders. Holders should carefully consider and assess the risks that may have a significant impact on MAHB’s future performance, including but not limited to, geopolitical risk, capacity or fleet constraints of anchor airlines and slower than expected economic growth. There can be no assurance that the market price of MAHB Shares will continue to trade at the current price levels after the Closing Date.

The Non-Interested Directors wish to highlight that their recommendations and comments under this Section 8 are made based on programmes, plans, initiatives, commitments and strategies duly approved by the Board.

YOU ARE ADVISED TO CONSIDER CAREFULLY THE INFORMATION CONTAINED IN THE OFFER DOCUMENT (AS WELL AS OTHER PUBLICLY AVAILABLE INFORMATION) AND THIS IAC BEFORE MAKING A DECISION ON THE COURSE OF ACTION TO BE TAKEN.

THE NON-INTERESTED DIRECTORS HAVE NOT TAKEN INTO CONSIDERATION ANY SPECIFIC INVESTMENT OBJECTIVE, FINANCIAL SITUATION OR RISK PROFILE OR PARTICULAR NEEDS OF ANY INDIVIDUAL HOLDER OR ANY SPECIFIC GROUP OF HOLDERS.

THE NON-INTERESTED DIRECTORS RECOMMEND THAT ANY INDIVIDUAL HOLDER OR ANY SPECIFIC GROUP OF HOLDERS WHO REQUIRES ADVICE IN RELATION TO THE OFFER IN THE CONTEXT OF THEIR INDIVIDUAL INVESTMENT OBJECTIVES, RISK PROFILES, FINANCIAL AND TAX SITUATION OR PARTICULAR NEEDS, CONSULT THEIR RESPECTIVE STOCKBROKERS, BANK MANAGERS, ACCOUNTANTS, SOLICITORS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

Yours faithfully,
for and on behalf of the Board of
MALAYSIA AIRPORTS HOLDINGS BERHAD

DATO’ IR. MOHAMAD BIN HUSIN
Senior Independent Non-Executive Director

PART B
INDEPENDENT ADVICE LETTER FROM HLIB

Registered Office:

Level 28, Menara Hong Leong
No 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur

20 December 2024

To: The Non-Interested Directors and Holders

Dear Sir / Madam,

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED DIRECTORS AND HOLDERS IN
RELATION TO THE CONDITIONAL VOLUNTARY TAKE-OVER OFFER BY THE JOINT OFFERORS
THROUGH AMINVESTMENT BANK TO ACQUIRE THE OFFER SHARES FOR A CASH OFFER
PRICE OF RM11.00 PER OFFER SHARE**

1. INTRODUCTION

Please refer to **Section 1 of Part A** of this IAC for the chronological events in relation to the Offer.

The purpose of this IAL is to provide our independent evaluation of the Offer together with our recommendation thereon, subject to the scope of our role and limitations specified herein.

YOU ARE ADVISED TO CONSIDER CAREFULLY THE INFORMATION AND RECOMMENDATION CONTAINED IN THIS IAC INCLUDING THIS IAL TOGETHER WITH THE OFFER DOCUMENT BEFORE MAKING A DECISION AS TO THE COURSE OF ACTION TO BE TAKEN.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE IN RELATION TO THE OFFER, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

THIS IAL IS SOLELY FOR THE USE OF THE NON-INTERESTED DIRECTORS AND HOLDERS FOR THE PURPOSE OF CONSIDERING THE OFFER AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY OR FOR ANY OTHER PURPOSE.

2. TERMS AND CONDITIONS OF THE OFFER

The salient terms and conditions of the Offer are set out below.

2.1 Consideration for the Offer

GDA will pay to the Holders who accept the Offer a cash consideration of RM11.00 for each Offer Share in accordance with the method of settlement as stated in Section 2.4 of the Offer Document.

If MAHB declares, makes or pays any dividend and/or any other Distribution on or after 15 May 2024 (being the date of the Pre-Conditional Offer Announcement) but prior to the Closing Date and the Holders are entitled to retain such Distribution, the Joint Offerors and the Joint Ultimate Offerors will reduce the Offer Price by an amount equivalent to the net Distribution per MAHB Share which the Holders of such Offer Shares are entitled to retain.

As at the LPD, MAHB has not announced any declaration or payment of any Distribution on or after the date of the Notice up to the LPD.

The cash consideration payable to an Accepting Holder pursuant to a valid acceptance of the Offer will be rounded down to the nearest whole sen. GDA will not pay fractions of a sen, if any, to any Accepting Holder. The Holders may accept the Offer in respect of either all or a part of the Offer Shares that they hold.

2.2 Condition of the Offer

The Offer is **CONDITIONAL** upon the Joint Offerors having received, on or before the Closing Date, valid acceptances by the Holders of the Offer Shares (provided that such acceptances are not, where permitted, subsequently withdrawn), which will result in the Joint Offerors and the Joint Ultimate Offerors holding, together with such Shares that that are already acquired, held or entitled to be acquired or held, not less than 90.00% of the total issued MAHB Shares.

The Offer is conditional upon the fulfilment of the Acceptance Condition on or before the Closing Date, failing which the Offer shall lapse and all acceptances shall be returned to the Accepting Holders, and the Joint Offerors and the Joint Ultimate Offerors will thereafter cease to be bound by any such prior acceptances of the Offer.

Nevertheless, the Joint Offerors and the Joint Ultimate Offerors reserve the right to revise the level of the Acceptance Condition to a lower level, provided that the revised Offer shall remain open for not less than 14 days following the date of such revision and the Holders who have accepted the Offer being permitted to withdraw their acceptances within eight (8) days of the notification of the revision.

2.3 Duration of the Offer

The Offer will remain open for acceptances until 5.00 p.m. (Malaysian time) 8 January 2025, being the First Closing Date, or such later date(s) as the Joint Offerors and the Joint Ultimate Offerors may decide and as announced by AmInvestment Bank on behalf of the Joint Offerors at least two (2) days before the Closing Date, unless the Joint Offerors and the Joint Ultimate Offerors withdraw the Offer with SC's prior written approval and in such event every person shall be released from any obligation incurred under the Offer.

Where a competing take-over offer is made at any time between the Posting Date and the Closing Date, the Posting Date will be deemed to be the date of the offer document of the competing take-over offer was posted.

2.4 Method of Settlement

Except with the consent of the SC, and save for the Joint Offeror's and the Joint Ultimate Offerors' right to reduce the Offer Price as set out in Section 2 of the Offer Document, settlement of the consideration to which any Holder is entitled to under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counter-claim or other analogous right to which the Joint Offerors may be entitled against the Accepting Holder. However, this is without prejudice to the Joint Offerors' right to make any claim against the Accepting Holder after such full settlement in respect of a breach of any of the warranties set out in Section 1 of Appendix I of the Offer Document.

The settlement of the consideration for the Offer Shares in respect of valid acceptance, will be effected via:

- (i) remittance into the Accepting Holder's bank account, if the Accepting Holder has registered their bank account with Bursa Depository for the purposes of cash dividend/distribution. Accepting Holders are encouraged to register and/or update their bank account details with Bursa Depository in order to receive the consideration for the Offer Shares in their bank accounts; or
- (ii) otherwise, if the Accepting Holder has not registered such details with Bursa Depository prior to the date of the valid acceptances, remittance in the form of cheque(s), banker's draft(s) and/or cashier's order(s) will be posted by ordinary mail to the Accepting Holder (or their designated agents, as they may direct) at their registered Malaysian addresses last maintained with Bursa Depository, at their own risk,

within 10 days from:

- (aa) the date the Offer becomes or is declared unconditional, if the valid acceptances are received during the period when the Offer is still conditional; or
- (bb) the date of the valid acceptances, if the valid acceptances are received during the period after the Offer is or has become or has been declared unconditional.

Non-Resident Holders are advised that the settlement for the acceptance of the Offer will be made in RM. Non-Resident Holders who wish to convert the consideration received into foreign currency for repatriation may do so after payment of the appropriate fee and/or charges as levied by the respective financial institutions.

Please refer to Appendix I of the Offer Document for further information on the other terms and conditions of the Offer and Appendix II of the Offer Document for details on the procedures for acceptance and method of settlement of the Offer.

3. DETAILS OF ACCEPTANCES

As at Offer Document LPD, the Joint Offerors, Joint Ultimate Offerors and their PACs have not received any irrevocable undertaking from any holders of MAHB Shares to accept or reject the Offer, other than from Khazanah (a PAC) and EPF (one of the Joint Ultimate Offerors). Based on Section 1.14 of the Offer Document, in respect of ADIA, the PAC of GIP Aurea, ADIA's shareholding in the Offeree is controlled by ADIA's public equity departments who have not confirmed an intention as regards to its shareholding, including with respect to the Offer (whereby ADIA's participation is managed by its infrastructure department). Due to governance independence between the various ADIA departments, the infrastructure department has no visibility nor influence over decisions with respect to the existing MAHB Shares held.

As at the LPD, there was no announcement made in relation to any acceptance of the Offer Shares.

4. SCOPE AND LIMITATIONS TO THE EVALUATION OF THE OFFER

We have not been involved in the formulation, deliberations and negotiations of the terms and conditions of the Offer. Our scope as Independent Adviser is limited to providing comments, opinions, information and recommendation on the Offer based on information and documents provided to us or which are available to us and making enquiries as were reasonable in the circumstances, including the following:

- (i) the information contained in the Notice, the Offer Document and the accompanying appendices;
- (ii) financial forecasts/projections and information on the MAHB Group;

- (iii) audited financial statements of the MAHB Group for the past 3 FYEs from FYE 2021 to FYE 2023 as well as the unaudited financial statements of the MAHB Group for the 9 months FPE 30 September 2024;
- (iv) valuation reports by the Valuers for selected properties;
- (v) other relevant information, confirmations and documents and representation furnished to us by the Board and/or management of the MAHB Group;
- (vi) discussions and consultation with the Board and/or management of the MAHB Group; and
- (vii) other publicly available information that we consider relevant for our evaluation.

We have relied on the Board and management of the MAHB Group to take due care to ensure that all information, documents and representations provided by them to facilitate our evaluation of the Offer are accurate, valid and complete in all material respects and they have accepted full responsibility for the accuracy and completeness of the information provided to us.

We have relied on the valuation reports prepared by JLL and we are of the view that the valuation methodologies adopted by the Valuers for the valuation of selected properties are reasonable and are consistent with generally applied valuation methodologies. We are satisfied with the bases and assumptions used by the Valuers in deriving the valuation updates for the selected properties. As such, we are satisfied with the reasonableness of their respective opinion and have thus relied upon the valuation and/or valuation updates of the selected properties determined by the Valuers for the purpose of computing the RNAV of the selected properties.

We have obtained written confirmation from the Board that the contents of this IAL have been reviewed, considered and approved by the Board, and they collectively and individually accept full responsibility for the accuracy, completeness and validity of the information given to us. Nonetheless, we have made enquiries as were reasonable in the circumstances, and we are satisfied that the information provided to us or which is available to us is sufficient and we have no reason to believe that the information provided to us or available to us is unreliable, incomplete, misleading and/or inaccurate.

In rendering our advice, we had taken note of significant factors that we believe are of general importance to an assessment of the fairness and reasonableness of the Offer and therefore of concern to the Holders as a whole. As such:

- (i) in carrying out our evaluation, we have not given consideration to the specific investment objectives, risk profiles, financial and tax situations and particular needs of any individual Holder or any specific group of Holders; and
- (ii) we recommend that any individual Holder or group of Holders who is/are in doubt as to the action to be taken or require advice in relation to the Offer in the context of their individual objectives, risk profiles, financial and tax situations or particular needs, consult their respective stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Our advice should be considered in the context of the entirety of this IAL. Our views expressed in this IAL are, amongst others, based on prevailing economic, capital market, regulatory and other conditions, and the information and/or documents available to us as at the LPD or such other period as specified herein. Such conditions may change significantly over a short period of time. Accordingly, our evaluation and opinion expressed herein do not take into account information, events or conditions arising after the LPD.

We will immediately disclose to the SC and notify the Holders by way of announcement(s) if, after despatching this IAC, as guided by subparagraph 11.07(1) of the Rules, we become aware that the information provided in the IAC:

- (i) contains a material statement that is false or misleading;
- (ii) contains a statement from which there is a material omission; or
- (iii) does not contain a statement related to a material development.

Pursuant to subparagraph 11.07(3) of the Rules, the disclosure and announcement referred to in subparagraph 11.07(1) of the Rules shall be made before 9 a.m. on the next Market Day.

If circumstances require, a supplementary IAC will be sent to the Holders in accordance with subparagraph 11.07(2) of the Rules.

5. EVALUATION OF THE OFFER

In arriving at our conclusion and recommendation, we have assessed the fairness and reasonableness of the Offer in accordance with paragraphs 1 to 6 of Schedule 2: Part III of the Rules whereby:

- (i) the term “fair and reasonable” should generally be analysed as two (2) distinct criteria i.e. whether the Offer is “fair” and whether the Offer is “reasonable”, rather than as a composite term;

- (ii) the Offer is considered “fair” if the Offer Price is:

equal to or higher than the market price and is also equal to or higher than the value of the Offer Shares.

However, if the Offer Price is equal to or higher than the market price but is lower than the value of the Offer Shares, the Offer is considered as “not fair”.

In making the assessment, the value of the Offer Shares is determined based on the assumption that 100% of the MAHB Shares is being acquired;

- (iii) pursuant to paragraph 4 of Schedule 2: Part III of the Rules, in considering whether a take-over offer is “reasonable”, the independent adviser should take into consideration matters other than the valuation of the securities that are subject of the take-over offer. Generally, a take-over offer would be considered “reasonable” if it is “fair”. Nevertheless, an independent adviser may also recommend for shareholders to accept the take-over offer despite it being “not fair” if the independent adviser is of the view that there are sufficiently strong reasons for the Holders to accept the offer in the absence of a higher bid and such reasons should be clearly explained. If there were inadequate justifications, such offer should be regarded as “not reasonable” and thus, the recommendation would be to reject the offer;
- (iv) in the event that the independent adviser concludes that the offer is “not fair but reasonable”, the independent adviser must clearly explain the following:
 - (a) what is meant by “not fair but reasonable”;
 - (b) how has the independent adviser reached to this conclusion; and
 - (c) the course of action that the Holders are recommended to take pursuant to the conclusion.

In evaluating the Offer, we have taken into consideration the following factors in forming our opinion of the Offer:

Fairness of the Offer

Valuation of MAHB Shares

Section in this IAL

Section 6

Reasonableness of the Offer

Historical market price analysis of MAHB Shares

No competing/alternative offer and level of control

Section in this IAL

Section 7.1

Section 7.2

6. FAIRNESS OF THE OFFER

6.1 Valuation of MAHB Shares

MAHB Group is principally involved in the following operating business segments:

No.	Business segments	Description
<u>Airport operation</u>		
1.	Airport services	The airport services involved in the management, operation and maintenance of airports, and provide airport-related services.
2.	Duty-free and non-dutiable goods	Principally involved in the operation of duty-free outlets and provision of management services for food and beverage outlets at designated airports.
<u>Non-airport operation</u>		
1.	Project and repair maintenance	The project and repair maintenance segment is principally involved in the provision of consultancy services, facility management services, maintenance of information, communication technology business ventures and provision of mechanical and electrical engineering, maintenance and technical services.
2.	Hotel	The hotel segment is principally involved in the management and operation of hotels known as Sama-Sama Hotel, Sama-Sama Express KLIA Terminal 1 and Sama-Sama Express KLIA Terminal 2.
3.	Agriculture and horticulture	Principally involved in the cultivating and managing of oil palm and other agricultural products, and undertaking horticulture activities.
4.	Off-terminal development	Integrated property development within the KLIA Aeropolis and Subang Airport areas.
5.	Others	Mainly investment holdings, and other activities.

The principal activities of MAHB's subsidiaries, associated companies and joint ventures are stated in **Section 5 Appendix I** of this IAC.

The contribution of the above business segments to the MAHB Group's business performance from the FYE 31 December 2021 to 2023 is as follows:

	2021		Audited FYE 31 December 2022		2023	
	RM'000	%	RM'000	%	RM'000	%
Revenue						
Airport services:	1,434,992	85.78	2,613,803	83.50	4,045,479	82.33
Duty-free and non-dutiable goods	39,302	2.35	266,140	8.56	577,038	11.74
Project and repair maintenance	105,648	6.31	128,804	4.14	154,618	3.15
Agriculture and horticulture	51,674	3.09	45,889	1.48	31,600	0.64
Hotel	41,259	2.47	72,267	2.32	105,330	2.14
Others	118	*	120	*	123	*
Total revenue	1,672,993	100.00	3,127,023	100.00	4,914,188	100.00

Note:

* Less than 0.01%.

Our valuation approach

In view of the different business segments of the MAHB Group, we have adopted the SOPV method as the most appropriate valuation methodology to arrive at the value of MAHB Shares. The SOPV method represents the aggregate valuation of the different business segments based on the most appropriate valuation methodologies as set out below:

<u>Business segments</u>	<u>Valuation method</u>	<u>Details and rationale</u>
Airport services	DCF	Section 6.1.1
Duty free and non-dutiable goods	DCF	Section 6.1.2
Project and repair maintenance	EV/EBITDA Multiple	Section 6.1.3
Hotel	RNAV	Section 6.1.4
Agriculture and horticulture	RNAV	Section 6.1.5
Others*	Carrying value/book value	Section 6.1.6
Off-terminal developments	RNAV	Section 6.1.7

Note:

* The valuation includes 49% effective interest held by MAHB in Malaysia Airports Consultancy Services Middle East LLC.

6.1.1 Airport services segment

a) Malaysia airport services

The Malaysia airport services, through Malaysia Airports (Sepang) Sdn Bhd ("MA Sepang") and Malaysia Airports Sdn Bhd ("MASB"), are principally involved in the management, operations, maintenance and development of KLIA and other designated airports in Malaysia.

MA Sepang and MASB were granted an exclusive concession for the operation, management, maintenance and development of KLIA and other designated airports in Malaysia, respectively, until 11 February 2069 under 2 operating frameworks as follows:

- i) Operating Agreement and lease agreements for KLIA between the Government of Malaysia, MAHB and MA Sepang; and

- ii) Operating Agreement and lease agreements for other designated airports between the Government of Malaysia, MAHB and MASB.

We have considered various other valuation methodologies, including asset-based valuation (namely RNAV and NA valuation method) and relative valuation (namely earnings-multiple) to arrive at the Malaysia airport services. The asset-based approach assesses the fair value of a company by determining the value of its assets and adjusting for its liabilities. We have also not selected the asset-based approach as it is more suitable for the valuation of asset-based companies such as property developments and property investment companies and it may not accurately reflect the cash flow generating potential of Malaysia airport services. The relative valuation method would also not be the most appropriate valuation method as there is a lack of direct comparable companies listed on Bursa Securities to derive a valuation for Malaysia airport services. Hence, asset-based and relative valuation approaches have not been adopted.

For the valuation of Malaysia airport services, we have adopted the DCF valuation method as the most appropriate valuation methodology given the nature of the concession operation of the Malaysia airport services as well as finite period of the Operating Agreements. The DCF valuation method considers both the time value of money and the future cash flows to be generated by the Malaysia airport services over a specified period of time. As the methodology entails the discounting of the future cash flows to be generated from the Malaysia airport services at a specified discount rate to arrive at its value, the riskiness of generating such cash flows will also be taken into consideration.

Under the DCF valuation method, the Free Cash Flows to Firm (“**FCFF**”) projected to be generated from the Malaysia airport services are discounted at the weighted average cost of capital (“**WACC**”) to derive the present value of all future cash flows from the Malaysia airport services.

We have reviewed the financial projections of Malaysia airport services (“**Malaysia Airport Services Projections**”), which were prepared by the management of MAHB. We have considered and evaluated the key bases and assumptions adopted in the Malaysia Airport Services Projections and are satisfied that the key bases and assumptions used in the preparation of the Malaysia Airport Services Projections are reasonable given the prevailing circumstances and significant factors that are known as at the LPD. It should also be noted that our evaluation of Malaysia airport services is highly dependent on, amongst others, the attainableness of the Malaysia Airport Services Projections as well as the materialisation of the bases and assumptions used therein.

The Malaysia Airport Services Projections are projected based on the historical operational performances and financial performances of Malaysia airport services as well as taking into consideration the outlook of the overall aviation industry in Malaysia. The Malaysia Airport Services Projections, together with the bases and assumptions adopted therein, have been reviewed and approved by the Board.

The key bases and assumptions adopted in the preparation of the Malaysia Airport Services Projections are as follows:

- (i) Malaysia airport services will continue to operate on a going concern basis and is expected to sustain its operations until February 2069, being the end date of the Operating Agreements;
- (ii) there will not be any significant or material changes in the principal activities of MA Sepang and MASB and as at the LPD, the Board confirms that there are no plans for changes to the principal activities of these companies;
- (iii) there will be no significant changes in the group structure, key management personnel, operating policies and business policies presently adopted by MAHB, MA Sepang and MASB;

- (iv) there will not be any significant or material increase in costs which is expected to have a material adverse effect on the financial results, cash flows or business prospects of Malaysia airport services;
- (v) there will not be any significant or material changes in lease agreements entered into between the Government of Malaysia, MAHB and MA Sepang/MASB, for the land on which Malaysia airport services business operations are based;
- (vi) there will not be any major disruptions to the business operations, such as pandemic, geopolitical and economy recession risks, which may have an adverse material impact on the financial results, cash flows or business prospects of Malaysia airport services;
- (vii) sufficient internally generated funds as well as borrowings will be available or obtainable to finance the working capital requirements and capital expenditure of Malaysia airport services without any adverse material effect on its financial results, cash flows or business prospects;
- (viii) there will not be any significant or material changes to the agreements, licenses and regulations governing Malaysia airport services;
- (ix) the current accounting policies adopted by MA Sepang and MASB will remain relevant and there will not be any significant changes in the accounting policies of these companies which have an adverse material impact on the financial performance and financial position of these companies;
- (x) there will not be any significant or material changes in political, social and economic conditions, taxation, monetary and fiscal policies, inflation and regulatory requirements of the industry in which MA Sepang and MASB operate subsequent to the LPD, which may have an adverse material effect on the financial performance, financial position and the performance of Malaysia airport services; and
- (xi) the statutory income tax rate and other relevant tax rates applicable to Malaysia airport services will remain at their respective rates with no significant changes in the bases of taxation and there will be no significant changes in the structure which would adversely affect the cash flow of Malaysia airport services.

[The remaining of this page is intentionally left blank.]

In order to derive the value of Malaysia airport services, we have discounted the FCFF projected to be generated from Malaysia airport services at an appropriate WACC to reflect the rate of return. Our valuation, together with the key bases and assumptions adopted, are as follows:

No.	Key bases and assumptions	Descriptions
1.	Based on the Malaysia Airport Projections for FYE 2024 to FYE 2069	FCFF is the free cash flows from operations available to a company after taking into consideration all operating expenses, movements in working capital and net investing cash flows. The FCFF is discounted at an appropriate WACC which represents the required rate of return by the capital holders (both debt and equity holders) of MAHB. In order to arrive at the value to the equity holder, net debts will be subtracted from the enterprise value derived from the FCFF.
		We have reviewed the key bases and assumptions adopted in Malaysia Airport Services Projections prepared by management of MAHB and reviewed and approved by the Board in deriving the Malaysia airport services' FCFF and are satisfied that they are reasonable given the prevailing circumstances and significant factors that are known as at the LPD. As such, we have relied upon the Malaysia Airport Services Projections prepared by the management of MAHB.

2. Risk-free rate of return (" R_f ") 3.80%
 Risk-free rate of return represents the expected rate of return from a risk-free investment. The closest available approximation of the risk-free rate of return in Malaysia is the yield of 10-year Malaysian Government Securities.

3. Beta (" β ") 1.20
 Based on the information sourced from Bloomberg, we have derived an average yield of 10-year Malaysian Government Securities of 3.80% per annum for the past 3 months up to the LPD. This is to reflect the current expected rate of return from a risk-free investment. Average of 10-year MGS over a longer period may not be reflective of the expected risk free rate moving forward as macro-economic, market volatility and geopolitical situation had changed significantly over the last few years.

Beta is the sensitivity of an asset's returns to the changes in market returns. It measures the correlation of systematic risk between the said asset and the market. A beta of higher than 1 signifies that the asset is riskier than the market and vice versa.

As there are no companies listed on Bursa Securities which are identical to MAHB in terms of, amongst others, the composition of business activities, geographical location of operations, historical performance, risk profile, customer profile and future prospects, we are of the view that MAHB's historical beta would be the most reflective of Malaysia airport services' market riskiness as investors perceived MAHB as the key airport operator and manager in Malaysia and as such, it is the best gauge of Malaysia airport services' market riskiness. In deriving the estimated beta of Malaysia airport services segment, we relied on the 5-year quarterly historical beta up to the LPD extracted from Bloomberg.

As the historical beta extracted from Bloomberg is based on the capital structure of MAHB, we have unlevered the beta based on the following formula:

$$\text{Unlevered beta} = \frac{\text{Levered beta}}{1 + (1-t) \text{ times debt-to-equity ratio}}$$

No.	Key bases and assumptions	Descriptions
4.	Equity market risk premium ("EMRP") 5.44%	Whereby, t represents the statutory corporate income tax rate of the country where that particular company was incorporated in. Subsequently, we have re-levered the beta based on the target gearing ratio as stipulated by the MAVCOM of 25.00% (0.25 times). Based on our computation, the re-levered beta of MA Sepang and MASB is 1.20.
5.	Specific risk (α) 0.00% to 1.00%	The equity market risk premium refers to an excess return that investing in an equity asset provides over a risk-free rate. This excess return compensates investors for taking on the relatively higher risk of equity investing. Based on the information sourced from Bloomberg, we have derived an average equity market risk premium in Malaysia of 5.44% per annum for the past 3 months up to the LPD.
6.	Cost of equity (" K_e ") 10.33% to 11.33%	α is additional risk premiums for uncertainties and risks attributable to the cash flow projections of Malaysia airport services segment in view that the remaining concession period of the Operating Agreements is approximately 45 years. K_e represents the rate of return required by an investor on the cash flow streams generated by the business given the risks associated with the cash flows. In deriving Malaysia airport services' valuation, we have adopted the Capital Asset Pricing Model and derived an estimated cost of equity of approximately 10.33% to 11.33% with the following inputs:
7.	After tax cost of debt (" K_d ") 3.42%	$K_e = R_f + [\beta \times \text{EMRP}] + \alpha$ K_d is the effective rate that a company pays on its debt after taking into consideration the tax-deductible element of interest expense.
8.	Target debt-to-total capital ratio (" W_d ") 25.00% (0.25 times)	Based on the effective borrowing cost of MAHB Group. Based on MAHB's target debt-to-total capital ratio of 25.00% (0.25 times) (as stipulated by MAVCOM).
9.	Statutory corporate income tax rate 24.00%	The latest statutory corporate income tax rate applicable to MA Sepang and MASB is 24.00%.
10.	WACC 8.60% to 9.35%	WACC is computed by summing up the cost of each capital component as per the following formula: $\text{WACC} = [K_e \times W_e] + [K_d \times W_d]$ whereby, W_e (target equity-to-total capital ratio) = $1 - W_d$

No. 11.	Key bases and assumptions Enterprise value	RM14,408 million to RM16,157 million	Descriptions The formula used to derive the enterprise value of Malaysia airport services is as follows: Value of the segment = Total present value of the projected FCFF ⁽¹⁾
-------------------	--	---	---

Note:
(1) Computed based on the following formula:
$$\text{Present value of FCFF} = \frac{\text{FCFF}}{(1 + \text{WACC})^n}$$

whereby, *n*, represents time in number of years into the future.

Based on the discounted FCFF of Malaysia airports services, we then derived the estimated equity value of Malaysia airport services in the following manner:

	Low RM'million	High RM'million
Enterprise value	14,408	16,157
Add: Cash and bank balances and financial assets as at 31 December 2023 of MA Sepang ⁽¹⁾	356	356
Add: Cash and bank balances and financial assets as at 31 December 2023 of MASB ⁽¹⁾	208	208
Estimated value of Malaysia airport services	14,972	16,721

Note:
(1) This amount is deemed the surplus cash of the Malaysia airport services segment and MA Sepang and MASB did not record any debt as at 31 December 2023.

[The rest of this page has been intentionally left blank]

b) Türkiye airport services

Türkiye airport services consist of 2 components which are İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. (“**ISG**”) and SGC Havalimanı İşletmeleri Ticaret ve Turizm A.Ş. (“**SGC**”).

ISG, which is a wholly-owned subsidiary of MAHB, operates and manages the ISG International Airport, that is the main hub for Pegasus Airlines, the second carrier in Türkiye, and AJet, a 100% wholly-owned subsidiary of Turkish Airlines. ISG International Airport currently serves 37.1 million passengers in 2023 and is the 9th busiest airport in Europe as of September 2024.

SGC, which is an indirect wholly-owned subsidiary of MAHB, is principally involved in the provision of management services in respect of transportation, parking, food and beverages, cleaning at the airport and construction of hotel and car park within the ISG International Airport.

Historically, ISG International Airport has served more domestic passengers compared to international passengers and is looking into expanding their terminal and runway capacities to cater to the increasing demand. These expansions with a concession period of up to 2032 would create positive cash flows for MAHB as ISG is a wholly-owned subsidiary of MAHB. As ISG is predicted to continue generating positive cash flows for a period of time beyond the end of the concession period, HLIB is of the view that ISG should be valued through the DCF methodology being the most appropriate valuation methodology given this method is able to effectively factor in both the time value of money and the future cash flows to be generated. We have decided to only present value the cash flows generated until 2032 as that is when the concession will end, assuming that there is no approval given for periods beyond 2032.

We have considered various other valuation methodologies, including asset-based valuation (RNAV and NA valuation methods) and earnings-based valuation (e.g. earnings-multiple). The asset-based approach assesses the fair value of a company by determining the value of its assets and adjusting for its liabilities. The NA method is generally used to value loss-making companies or companies with no significant profit. We have also not selected the RNAV method as it is more suitable for the valuation of property developments and property investment companies. As such, the asset-based approach may not accurately reflect the potential of ISG.

Under the DCF valuation method, the FCFF projected to be generated from the Türkiye airport services (which comprises operations of ISG and SGC) is discounted at the WACC to derive the present value of all future cash flows from the Türkiye airport services.

We have reviewed the financial projections for Türkiye airport services, which were prepared by the management of MAHB (“**Türkiye Airport Services Projections**”). We have considered and evaluated the key bases and assumptions adopted in the Türkiye Airport Services Projections and are satisfied that the key bases and assumptions used in the preparation of the Türkiye Airport Services Projections. The key bases and assumptions are reasonable given the prevailing circumstances and significant factors that are known as at the LPD. It should also be noted that our evaluation in itself is highly dependent on, amongst others, the attainableness of the Türkiye Airport Services Projections as well as the materialisation of the bases and assumptions used therein.

Türkiye Airport Services Projections are forecasted based on the historical operational performances and financial performances of this segment as well as taking into consideration the historical performance and outlook of the overall aviation industry in Türkiye. The Türkiye Airport Services Projections, together with the bases and assumptions adopted therein, have been reviewed and approved by the Board. As such, we have chosen to rely on the projection prepared by the management of MAHB. The key bases and assumptions adopted in the preparation of the Türkiye Airport Services Projections are as follows:

- (i) the aviation business of ISG will continue to operate on a going concern basis and is expected to sustain its operations until end of the concession in 2032;
- (ii) there will not be any significant or material changes in the principal activities of the ISG and SGC and as at the LPD, the Board confirms that there are no plans for changes to the principal activities of ISG and SGC;
- (iii) there will not be any significant or material increase in costs which is expected to have a material adverse effect on the financial results, cash flows or business prospects of ISG and SGC;
- (iv) there will not be any significant or material changes in lease terms of ISG's current leased properties, which are mainly used for the operations of ISG which would include ISG's aviation business operations, corporate offices, as well the hotels and the food and beverage outlets under SGC;
- (v) there will not be any major disruptions to the business operations which may have an adverse material impact on the financial results, cash flows or business prospects of ISG and SGC;
- (vi) sufficient internally generated funds as well as borrowings will be available or obtainable to finance the working capital requirements and capital expenditure of ISG without any adverse material effect on its financial results, cash flows or business prospects;
- (vii) there will not be any significant or material changes to the agreements, licenses and regulations governing ISG and SGC;
- (viii) the current accounting policies adopted by ISG and SGC will remain relevant and there will not be any significant changes in the accounting policies of ISG and SGC which have an adverse material impact on the financial performance and financial position of ISG and SGC; and
- (ix) there will not be any significant or material changes in political, social and economic conditions, monetary and fiscal policies, inflation and regulatory requirements of the industry and/or countries in which ISG and SGC operate subsequent to the LPD which may have an adverse material effect on the financial performance and financial position of ISG and SGC.

[The remaining of this page is intentionally left blank]

In order to derive the value of Türkiye airport services, we have discounted the FCFF projected to be generated from Türkiye airport services at an appropriate WACC to reflect the rate of return. Our valuation, together with the key bases and assumptions adopted, are as follows:

No	Key bases and assumptions	Descriptions
1.	FCFF Based on the Türkiye Airport Services Projections from FYE 2024 to FYE 2032	FCFF is the free cash flows from operations available to a company after taking into consideration all operating expenses, movements in working capital and net investing cash flows. The FCFF is discounted at an appropriate WACC which represents the required rate of return by the capital holders (both debt and equity holders) of Türkiye airport services business. In order to arrive at the value to the equity holder, net debts will be subtracted from the enterprise value derived from the FCFF. We have reviewed the key bases and assumptions adopted in the Türkiye Airport Services Projections prepared by management of MAHB and reviewed and approved by the Board in deriving the Türkiye airport services' FCFF and are satisfied that they are reasonable given the prevailing circumstances and significant factors that are known as at the LPD. As such, we have relied upon the Turkey Airport Services Projections prepared by the management of MAHB.
2.	R _f 2.23%	Risk-free rate of return represents the expected rate of return from a risk-free investment. The closest available approximation of the risk-free rate of return is the yield of 10-year German Government Securities as it is the safest government securities in Europe *. Based on the information sourced from Bloomberg, we have derived an average yield of 10-year German Government Securities of 2.23% per annum for the past 3 months up to the LPD.
3.	β 0.78	<i>Note:</i> * German Government Securities is selected as the proxy securities for risk-free rate of return as Türkiye airport services' revenue and expenses are mainly denominated in Euro. In addition, Türkiye is facing with hyperinflation as inflation for 2024 is estimated at 60.9% (source: International Monetary Fund) and Turkish Lira is relatively more volatile. Beta is the sensitivity of an asset's returns to the changes in market returns. It measures the correlation of systematic risk between the said asset and the market. A beta of higher than 1 signifies that the asset is riskier than the market and vice versa. In deriving the estimated beta of Türkiye airport services, we have compiled a set of comparable companies which are similar to ISG in terms of principal business ("ISG Comparable Companies"). These companies are all listed on stock exchanges. The ISG Comparable Companies were narrowed down based on core business as well as size of market capitalization and geographical location. We relied on the 5-year quarterly historical beta up to the LPD extracted from Bloomberg.

No	Key bases and assumptions	Descriptions	Company Name	*Market capitalisation as at LPD RM'million
			MAHB	17,720
			Aeroports de Paris	52,600
			Airports of Thailand PCL	114,126
			Flughafen Zurich AG	33,800
			Flughafen Wien AG	20,951
			Fraport AG Frankfurt Airport	23,042
			TAV Havalimanlari Holding AS	13,300
			Airports Corp of Vietnam JSC	45,760
			Aena SME SA	139,631
			Japan Airport Terminal Co Ltd	13,490
			Kobenhavns Lufthanve	29,789

Note:

* *Market capitalisation of the ISG Comparable Companies above are extracted from Bloomberg as at LPD.*

As there are no companies listed around the world which are identical to ISG in terms of, amongst others, the composition of business activities, geographical location of operations, historical performance, risk profile, customer profile and future prospects, we are of the view that the identified companies in the ISG Comparable Companies are reasonable to be adopted for the purpose of deriving the estimated beta of ISG as the majority of revenue contribution is from the airport services business and similar geographical location, i.e. located in Europe and Asia.

As the historical beta extracted from Bloomberg is based on the capital structure of the ISG Comparable Companies, we have unlevered the beta based on the following formula:

$$\text{Unlevered beta} = \frac{\text{Levered beta}}{1 + (1-t) \text{ times debt-to-equity ratio}}$$

Whereby, *t* represents the statutory corporate income tax rate of the country where that particular company was incorporated in.

Subsequently, we have re-levered the beta based on the average ISG Comparable Companies' gearing ratio. Based on our computation, the re-levered beta of the ISG is 0.78.

The EMRP refers to an excess return that investing in an equity asset provides over a risk-free rate. This excess return compensates investors for taking on the relatively higher risk of equity investing.

Based on the information sourced from Bloomberg, we have derived an average EMRP in Germany of 8.66% per annum for the past 3 months up to the LPD*.

4. EMRP 8.66%

No	Key bases and assumptions	Descriptions
		<p><i>Note:</i></p> <p>* <i>Equity market risk premium of Germany is selected as the proxy for EMRP as German Government Securities is selected as the proxy securities for risk-free rate of return in view that it is the safest government securities in Europe.</i></p>
5.	Country risk premium 4.56% ("CRP")	CRP is the additional return or premium demanded by investors to compensate them for the higher risk associated with investing in a foreign country than in their home country. Overseas investment opportunities are accompanied by higher risk because of the plethora of geopolitical and macroeconomic risk factors that must be considered. These increased risks make investors wary of investing in foreign countries and in return demand a risk premium.
		We adopted Türkiye's credit default swap spread ("CDS") as proxy for Türkiye country risk. Based on the information sourced from Bloomberg, we have derived an average Türkiye's CDS of 4.56% for the past 5 years up to the LPD. CDS reflects the most recent country risk premium for which investors require to compensate for higher risk associated with Türkiye.
6.	K_e 13.58%	K_e represents the rate of return required by an investor on the cash flow streams generated by the business given the risks associated with the cash flows. In deriving Türkiye airport services valuation, we have adopted the Capital Asset Pricing Model and derived an estimated cost of equity of approximately 13.58% with the following inputs: $K_e = R_f + [\beta \times EMRP] + CRP$
7.	K_d 3.98%	K_d is the effective rate that a company pays on its debt after taking into consideration the tax-deductible element of interest expense. Based on the effective borrowing cost of ISG.
8.	Target W_d 27.00% (0.27 times)	Based on target debt-to-total capital ratio of ISG Comparable Companies
9.	Statutory corporate income tax rate 25.00%	The latest statutory corporate income tax rate applicable to ISG is 25.00%.
10.	WACC 11.03%	WACC is computed by summing up the cost of each capital component as per the following formula: $WACC = [K_e \times W_e] + [K_d \times W_d]$ whereby, W_e (target equity-to-total capital ratio) = 1 - W_d

No	Key bases and assumptions	Descriptions
----	---------------------------	--------------

11.	Enterprise value RM2,960 million	The formula used to derive the enterprise value of Türkiye airport services is as follows:
-----	-------------------------------------	--

Value of the segment = Present value of the projected FCFF⁽¹⁾

Note:

(1) Computed based on the following formula:

$$\frac{\text{Present value of FCFF}}{= \frac{\text{FCFF}}{(1 + \text{WACC})^n}}$$

whereby, n, represents time in number of years into the future.

Based on the discounted FCFF of Türkiye airport services, we then derived the estimated value of Türkiye airport services in the following manner:

Enterprise value	RM'million 2,960
Add: Cash and bank balances of ISG and SGC as at 31 December 2023	(1)1,491
Less: Borrowings of ISG and SGC as at 31 December 2023	(1,422)
Estimated value of Türkiye airport services	3,029

Note:

(1) This amount is deemed the surplus cash of the Türkiye airport services segment.

[The remaining of this page is intentionally left blank]

6.1.2 Duty free and non-dutiable goods

Duty free and non-dutiable goods segment, via Malaysia Airports (Niaga) Sdn Bhd, which is a wholly-owned subsidiary of MAHB, principally operates in duty free outlets under its 'Eraman' brand at designated airports in Malaysia ("**Duty Free and Non-Dutiable Goods segment**").

Duty Free and Non-Dutiable Goods segment has been historically profitable, save for the year 2020 and 2021 whereby air travel was affected by Covid-19 pandemic. This segment is expected to continue to generate positive cash flows in view that Malaysia airport services is projected to generate positive cash flow until end of concession period in 2069. This segment's financial performance historically is closely correlated to that of Malaysia airport services.

Factors indirectly affecting the revenue of Malaysia airport services such as passenger traffic and growth, are also affecting revenue of Duty Free and Non-Dutiable Goods segment.

Hence, we are of the view that the same discount rate used to present value Duty Free and Non-Dutiable Goods segment's financial projections ("**Duty Free Projections**") would be identical to that of Malaysia airport services.

We have considered various other valuation methodologies, including asset-based valuation (namely RNAV and NA valuation method) and relative valuation (namely earnings-multiple) to arrive at the Duty free and Non-Dutiable Goods segment. The asset-based approach assesses the fair value of a company by determining the value of its assets and adjusting for its liabilities. We have also not selected the asset-based approach as it is more suitable for the valuation of asset-based companies such as property developments and property investment companies and it may not accurately reflect the cash flow generating potential of Duty Free and Non-Dutiable Goods segment. The relative valuation method would also not be the most appropriate valuation method as there is a lack of direct comparable companies listed on Bursa Securities to derive a valuation for the Duty Free and Non-Dutiable Goods segment. Hence, asset-based and relative valuation approaches have not been adopted.

We are of the view that the DCF valuation method as the most appropriate method to estimate the value of the Duty Free and Non-Dutiable Goods segment as the method is able to effectively factor in the earnings and cash flows potential of the business as well as the timing of such cash flows to be generated. The DCF valuation method is the most appropriate valuation methodology in valuing Duty Free and Non-Dutiable Goods segment as it considers both the time value of money and the future cash flows to be generated by the Duty Free and Non-Dutiable Goods segment over a specified period of time. As the methodology entails the discounting of the future cash flows to be generated from the Duty Free and Non-Dutiable Goods segment at a specified discount rate to arrive at its value, the riskiness of generating such cash flows will also be taken into consideration.

Under the DCF valuation method, the FCFF projected to be generated from the Duty Free and Non-Dutiable Goods segment is discounted at an appropriate cost of capital to derive the present value of all future cash flows from the Duty free and Non-Dutiable goods segment.

We have reviewed the Duty Free Projections, which were prepared by the management of MAHB. We have considered and evaluated the key bases and assumptions adopted in the Duty Free Projections and are satisfied that the key bases and assumptions used in the preparation of the Duty Free Projections are reasonable given the prevailing circumstances and significant factors that are known as at the LPD. It should also be noted that our evaluation of Duty Free and Non-Dutiable goods segment in itself is highly dependent on, amongst others, the attainableness of the Duty Free Projections as well as the materialisation of the bases and assumptions used therein.

The Duty Free Projections are projected based on the historical operational performances and financial performances of Duty Free and Non-Dutiable Goods segment as well as taking into consideration the outlook of the overall aviation industry in Malaysia. The Duty Free Projections, together with the bases and assumptions adopted therein, have been reviewed and approved

by the Board. The key bases and assumptions adopted in the preparation of the Duty Free Projections are as follows:

- (i) the Duty Free and Non-Dutiable Goods segment will continue to operate on a going concern basis and is expected to sustain its operations until February 2069, being the end date of the Operating Agreements;
- (ii) there will not be any significant or material changes in the principal activities of the Duty Free and Non-Dutiable Goods segment as at the LPD, the Board confirms that there are no plans for changes to the principal activities of the Duty free and Non-Dutiable goods segment;
- (iii) there will be no significant changes in the key management personnel, operating policies and business policies presently adopted by the Duty Free and Non-Dutiable Goods segment;
- (iv) there will not be any significant or material increase in costs from MAHB's projected level which is expected to have a material adverse effect on the financial results, cash flows or business prospects of the Duty Free and Non-Dutiable Goods segment;
- (v) there will not be any significant or material changes in lease terms of the lease agreements with MA Sepang and MASB;
- (vi) there will not be any major disruptions to the business operations which may have an adverse material impact on the financial results, cash flows or business prospects of the Duty Free and Non-Dutiable Goods segment;
- (vii) sufficient internally generated funds and/or borrowings will be available or obtainable to finance the working capital requirements and capital expenditure of the Duty Free and Non-Dutiable Goods segment without any adverse material effect on its financial results, cash flows or business prospects;
- (viii) there will not be any significant or material changes to the agreements, licenses and regulations governing the Duty Free and Non-Dutiable Goods segment;
- (ix) the current accounting policies adopted by the Duty Free and Non-dutiable Goods segment will remain relevant and there will not be any significant changes in the accounting policies of the Duty Free and Non-Dutiable Goods segment which have an adverse material impact on the financial performance and financial position of the Duty Free and Non-Dutiable Goods segment;
- (x) there will not be any significant or material changes in political, social and economic conditions, monetary and fiscal policies, inflation and regulatory requirements of the industry and/or countries in which the Duty Free and Non-Dutiable Goods segment operates in subsequent to the LPD which may have an adverse material effect on the financial performance and financial position of the Duty Free and Non-Dutiable Goods segment;
- (xi) there will be no material changes to the present legislation and Government of Malaysia's regulations and other operation regulations or restrictions affecting these sections or the market in which it operates, respectively; and
- (xii) the statutory income tax rate and other relevant duty and tax rate applicable to these sections will remain at their respective rates with no significant changes in the bases of taxation and there will be no significant changes in the structure which would adversely affect the cash flow of the Duty Free and Non-Dutiable Goods segment.

In order to derive the value of the Duty Free and Non-Dutiable Goods segment, we have discounted the FCFF projected to be generated from the said business at an appropriate cost of capital to reflect the rate of return. Our valuation, together with the key bases and assumptions adopted, is as follows:

No	Key bases and assumptions	Descriptions
1.	FCFF Based on the Duty Free Projections for the FYE 2024 to FYE 2069	FCFF is the free cash flows from operations available to the capital provider of a company after taking into consideration all operating expenses, movements in working capital and net investing cash flows. We have reviewed the key bases and assumptions adopted in the Duty Free Projections prepared by management of MAHB and reviewed and approved by the Board in deriving the FCFF of Duty Free and Non-Dutiable goods segment and are satisfied that they are reasonable given the prevailing circumstances and significant factors that are known as at the LPD.
2.	Statutory corporate income tax rate 24.00%	The latest statutory corporate income tax rate applicable to the Duty Free and Non-Dutiable goods segment is 24%.
3.	WACC 8.60% to 9.35% *	HLIB is of the view that the discount rate to be used to present value the Duty Free Projections should be identical to that of Malaysia airport services as it is affected by similar risk factors.
		<i>Note:</i> * Based on the WACC range of Malaysia airport services
4.	Enterprise value RM822 million to RM904 million	The formula used to derive the value of the Duty Free and Non-Dutiable Goods segment is as follows: Value of the segment = Present value of the projected FCFF

Note:
(1) Computed based on the following formula:

$$\text{Present value of FCFF} = \frac{\text{FCFF}}{(1 + \text{WACC})^n}$$

whereby, *n*, represents time in number of years into the future.

Based on the discounted FCFF of the Duty Free and Non-Dutiable Goods segment, we then derived the estimated value of Duty free and Non-Dutiable goods services in the following manner:

	Low RM'million	High RM'million
Enterprise value	822	904
Add: Cash and bank balances and financial assets as at 31 December 2023	56	(1)56
Estimated value of Duty Free and Non-Dutiable Goods segment	878	960

Note:

(1) *This amount is deemed the surplus cash of the duty free and non-dutiable segment and this segment did not record any debt as at 31 December 2023..*

[The remaining of this page is intentionally left blank]

6.1.3 Project and repair maintenance

The project and repair maintenance business of MAHB Group is primarily involved in facilities management and is undertaken by Urusan Teknologi Wawasan Sdn Bhd (“**UTW**”), which is a wholly-owned subsidiary of MAHB.

In arriving at the value of the project and repair maintenance segment, we have adopted the EV/EBITDA valuation methodology. We are of the view that the EV/EBITDA valuation methodology is the most appropriate valuation methodology based on the following:

- (a) Earnings are generally considered to be a key determinants of the value of business of project and repair maintenance based company and EBITDA measures the recurring earnings from the continuing operations;
- (b) The project and repair maintenance segment is likely to continue to record EBITDA in the future and this segment has consistently recorded positive EBITDA for the past 5 years (including year 2020 to 2022, which were affected by Covid-19 pandemic and various movement control orders imposed by the Government of Malaysia) as depicted below:

	Audited FYE 31 December				
	FYE 2019 RM'000	FYE2020 RM'000	FYE2021 RM'000	FYE2022 RM'000	FYE2023 RM'000
Revenue	123,121	101,226	105,610	155,563	189,362
EBITDA	24,676	17,028	18,958	24,059	24,984

- (c) The EV/EBITDA multiple is not affected by changes and dissimilarities in capital structure of a company such as varying levels of gearing and borrowing costs. It is also not affected by differences in accounting policies such as depreciation and amortization which may be computed at different rates over time; and
- (d) It is difficult to project the future cash flows of the project and repair maintenance segment as revenue is based on short term contracts rather than long term contracts with its customers. As such, we did not evaluate the project and repair maintenance segment using the discounted free cash flow method as this valuation method is more appropriate for business with a set of projected cash inflow and outflow that can be estimated with a certain level of certainty.

To arrive at the value of the project and repair maintenance segment using EV/EBITDA, we have considered companies listed on Bursa Securities with revenue contribution predominantly derived from facilities management based on the latest audited financial statements of the respective comparable companies as set out below:

[The remaining of this page is intentionally left blank.]

No	Comparable Companies	Business Activities	Revenue from facilities management related services ⁽¹⁾ %	Market Capitalisation ⁽²⁾ RM'000	Enterprise Value ⁽³⁾ RM'000	EBITDA ⁽⁴⁾ RM'000	EV/EBITDA times
1	UEM Edgenta Berhad	Provide clients with a comprehensive range of services across the entire asset lifecycle, encompassing consultancy, procurement, construction planning, operations and maintenance, and including optimization, rehabilitation and upgrades.	62.00	665,299	557,757	165,968	3.36 ⁽⁵⁾
2	AWC Berhad	Provide total asset management services such as integrated facilities management and engineering services to building owners.	51.63	308,194	295,872	38,831	7.62
3	GFM Services Bhd	Provides facilities management services, which includes both hard and soft service offerings such as civil and structural, electrical systems, landscaping, plumbing and mechanical systems, amongst others.	79.69	205,073	377,820	61,863	6.11
4	Menang Corporation	Provides management service and undertakes landscaping projects	88.29	438,674	715,958	66,841	10.71
Average							8.15

Notes:

(1) Based on the latest audited financial statement of the respective companies.

(2) Extracted from Bloomberg as at LPD.

(3) Computed based on the formula: enterprise value = market capitalisation (as at LPD) + total debt – cash and cash equivalents, based on respective companies' latest audited financial statements.

(4) Computed based on the formula: EBITDA = net income + net interest expenses + taxes + depreciation + amortisation, based on respective companies latest audited financial statements (excluding material extraordinary items, where applicable).

(5) Deemed outlier.

It should be noted that whilst these companies may vary in different factors, which include but not limited to, composition of business, scale of operations, geographical spread of activities, marketability and liquidity of the shares, profit track record, financial strength, future prospects and financial projections, we have adopted the comparable companies set out above ("**UTW Comparable Companies**") given that the UTW Comparable Companies are predominantly involved in provision of facilities management that are listed on Bursa Securities. The UTW Comparable Companies are considered adequately comparable to UTW for the purpose of deriving the range of EV/EBITDA multiples of the industry.

The value of the project and repair maintenance segment based on the EV/EBITDA multiple of the UTW Comparable Companies is derived as follows:

		Value (RM'million)
Average EV/EBITDA of the UTW Comparable Companies (times)	(a)	8.15
EBITDA of UTW	(b)	24.98
Indicative EV	(c) = (a) x (b)	203.88
Add: Cash and cash equivalents and financial assets as at 31 December 2023	(d)	(2)23.36
Implied market value of the project and repair maintenance segment⁽¹⁾	(e) = (c) + (d)	226.88

Notes:

(1) No debt was recorded as at 31 December 2023.

(2) This amount is deemed the surplus cash of the project and repair maintenance segment.

From the computation above and after taking into account the relevant components of the EV/EBITDA multiple, we have arrived at an estimated equity for UTW of RM226.88 million.

[The remaining of this page is intentionally left blank.]

6.1.4 Hotel

The hotel management and operation of the MAHB Group is entirely contributed by MAHB's wholly-owned subsidiary, K.L. Airport Hotel Sdn Bhd (“**KLAH**”) under the brand ‘Sama-Sama Hotel’. There are three (3) Sama-Sama Hotels, comprising five-star Sama-Sama Hotel KL International Airport, and two (2) airside transit hotels, namely Sama-Sama Express KLIA Terminal 1 and Sama-Sama Express KLIA Terminal 2. Therefore, we have conducted valuation on KLAH to arrive at the estimated value of the hotel segment.

In arriving at the estimated value of KLAH, we have considered the RNAV valuation methodology as the most appropriate valuation methodology. The RNAV takes into consideration any surplus and/or deficit arising from the revaluation of the material assets of a company to reflect their market values, based on the assumption that the market values of the assets are realisable on a willing buyer-willing seller basis. As at 31 December 2023, the audited NA of KLAH is approximately RM115.17 million.

We have adopted the RNAV valuation methodology in view of the following:

- (i) the principal activities of KLAH are ownership, management and operation of hotels. As such, the revenue of KLAH is derived from the hotel property assets that it owns and operates;
- (ii) the audited net book value (“**NBV**”) of KLAH's total hotel property assets of RM84.68 million (comprising property, plant and equipment of RM71.90 million and land of RM12.78 million), which constitutes approximately 53.3% of KLAH's audited total assets of RM158.8 million as at 31 December 2023.

	RM'000	% of total asset
Non-current assets		
Property, plant and equipment	71,902	45.27
Right-of-use assets	16,470	10.37
Deferred tax assets	1,640	1.03
Total non-current assets	90,012	56.67
Current assets		
Inventories	816	0.51
Trade and other receivables	9,883	6.22
Cash and bank balances	53,548	33.71
Financial assets at fair value through profit or loss	4,577	2.88
Tax recoverable	2	*
Total current assets	68,826	43.33
Total assets	158,838	100.00

Note:

* less than 0.01%

Apart from the hotel property assets, the other assets in KLAH as at 31 December 2023 comprises current assets such as inventories (which are less than 1.00%), trade and other receivables (6.22%), cash and bank balances (33.71%) and financial assets (2.88%), which are relatively short-term and/or liquid in nature. Further, the management of MAHB confirms that there is no evidence for impairment for these assets as at the LPD. Based on our discussion with the management of MAHB, we are satisfied with the reasons provided by the management of MAHB that there is no event or circumstance as at the LPD which indicates that an impairment is required in respect of these assets. Pursuant thereto, the carrying value of these assets is reasonably expected to approximate their fair values. We also take note that the carrying value of these assets also forms part of the total assets based on the audited consolidated financial statements of MAHB for the FYE 31 December 2023.

Accordingly, we are of the view that the carrying value of these assets is reasonably expected to approximate its fair value after taking into consideration, amongst others, the nature of the assets which are expected to be relatively liquid as well as the annual impairment review being conducted on the carrying value of these assets.

Hence, we have considered the RNAV valuation methodology as the most appropriate valuation methodology and did not adopt the earnings-based valuation methodology in arriving at the estimated value of KLAH.

In arriving at the estimated RNAV of KLAH, we have relied on the following key bases and assumptions:

- (i) KLAH will continue to operate as a going concern and the realisation of the hotel property values is expected to be undertaken in an orderly manner and not under a forced-sale or liquidation scenario;
- (ii) there will not be any significant or material increase in costs which is expected to have a material adverse effect on the business activities of KLAH;
- (iii) there will not be any compulsory acquisition of the land on which the hotels are situated by the relevant authorities;
- (iv) there will not be any significant or material changes to the agreements, approvals, contracts, licenses, permits and regulations governing the assets and business operations of KLAH;
- (v) insurable risks relating to KLAH's assets are and will continue to be appropriately covered by relevant insurance policies and the sums insured are adequate;
- (vi) there will not be any significant or material changes to the risks inherent to the businesses of KLAH and effective measures will continue to be implemented to mitigate risks known to KLAH;
- (vii) the current accounting policies adopted by KLAH will remain relevant and there will not be any significant changes in the accounting policies of KLAH which will have a material adverse effect on the financial performance and financial position of KLAH; and
- (viii) there will not be any material changes in the political, social and economic conditions, monetary and fiscal policies, inflation, regulatory requirements of the hospitality industry in Malaysia and applicable tax regimes or tax rates.

[The remaining of this page is intentionally left blank.]

In arriving at the estimated RNAV of KLAH, we have relied upon the valuation conducted by JLL for all the hotel property assets on 26 August 2024 (which is the material date of valuation), which in our opinion are current valuations which reflect the market value of the hotel property assets. The details of the property assets and net revaluation surplus are as set out below:

No.	Property	Address	Premise area ⁽¹⁾ (sq.ft)	Tenure ⁽²⁾	Valuation method	Market Value RM'000 (A)	Audited NBV as at FYE 31 December 2023 RM'000 (B)	Revaluation surplus RM'000 (C) = (A) – (B)	Taxation ⁽³⁾ RM'000 (D)	Net revaluation surplus RM'000 (E) = (C) – (D)
1.	Sama-Sama Hotel KLIA	Jalan CTA 4B KLIA 64000 Bandar Lapangan Terbang Antarabangsa Sepang, Selangor	307,623	99 years lease (expiring on 16 November 2121 (approximately 97 years unexpired term))	DCF method	364,600 ⁽⁴⁾	65,160	299,440	71,866	227,574
2.	Sama-Sama Express KLIA Terminal 1	Mezzanine level, Satellite A Building, KLIA Terminal 1	30,570	Lease (expiring 11 February 2069 (approximately 45 years unexpired term))	DCF method	46,500 ⁽⁵⁾	732	45,768	10,984	34,784
	Operational 80-room airside transit hotel	64000 Bandar Lapangan Terbang Antarabangsa Sepang, Selangor								
3.	Sama-Sama Express KLIA Terminal 2, along with a waiting lounge known as "Sky Suite Airport Lounge"	L3 Satellite Building, KLIA Terminal 2 64000 Bandar Lapangan Terbang Antarabangsa Sepang	38,065 ⁽⁶⁾	Lease (expiring 11 February 2069 (approximately 45 years unexpired term))	DCF method	20,700 ⁽⁵⁾	6,010	14,690	3,526	11,164
	Operational 70-room airside transit hotel									
	Total					431,800	71,902	359,898	86,376	273,522

Notes:

(1) The details of the premise area are as per the Airport Facilities Agreement between KLIA Aeropolis and KLAH for Sama-Sama Hotel, and as per the Tenancy Agreements between MA Sepang and KLAH for Sama-Sama Express KLIA Terminal 1 and 2, respectively.

- (2) *The details of tenure of the leases, are as per the Land Lease Agreement between KLIA Aeropolis and the Federal Land Commissioner for Sama-Sama Hotel, and as per the Land Lease Agreement between MA Sepang and the Government of Malaysia for Sama-Sama Express KLIA Terminal 1 and 2, respectively.*
- (3) *Based on an assumed corporate tax rate of 24.00% on the assumption that the properties are realised in the ordinary course of business.*
- (4) *Sama-Sama Hotel is located on a parcel of land currently being leased by fellow subsidiary, KLIA Aeropolis, from the Federal Lands Commissioner. KLAH, the legal owner of the Sama-Sama Hotel business and property, operates the hotel under rights granted via the Airport Facilities Agreement and an Assignment and Novation Agreement with KLIA Aeropolis and MA Sepang. The stated value represents the combined interest of KLIA Aeropolis as the lessee of the land and KLAH's property and hotel business together with the supporting amenities and facilities.*
- (5) *Unlike Sama-Sama Hotel, where KLAH is the legal owner of the hotel building, KLAH does not hold legal ownership of the premises where Sama-Sama Express KLIA Terminal 1 and Sama-Sama Express KLIA Terminal 2 are located in the Satellite Area of KLIA Terminal 1 and Terminal 2 respectively. For these two hotels, KLAH operates only as the tenant cum operator via a tenancy agreement with MA Sepang (the registered lessee of the premises). The stated value represents the interest of KLAH as the tenant cum operator of the hotel business.*
- (6) *Total premise area includes the waiting lounge for Sama-Sama Express KLIA Terminal 2.*

The basis of valuation adopted by JLL is “**Market Value**”, which is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. The valuation has been made in conformity with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia.

In arriving at the market value of the relevant assets, JLL has adopted the DCF approach as the hotel property assets are income generating assets and such income can be capitalized to determine the said market value.

Based on our review of the valuation reports prepared by JLL, we are of the view that the valuation methodologies adopted by the Valuers for the valuation of the hotel property assets are reasonable and are consistent with generally applied valuation methodologies. We are of the view that the bases and assumptions used by the Valuers in deriving the valuation for the hotel property assets are reasonable. As such, we are satisfied with the reasonableness of their respective opinion and have thus relied upon the valuation of the hotel property assets determined by the Valuers for the purpose of computing the RNAV.

Premised on the above, the estimated RNAV of KLAH is as follows:

Audited NA of KLAH as at FYE 31 December 2023	Amount
	RM'000
Add: Estimated net revaluation surplus of the hotel property assets	115,168
	273,522
Estimated RNAV of KLAH	388,690

From the above, we arrived at the estimated value of the hotel segment of approximately RM389 million.

6.1.5 Agriculture and horticulture

MAHB Group's agriculture and horticulture business segment is conducted by MAHB's wholly-owned subsidiary, MAB Agriculture-Horticulture Sdn Bhd ("MAAH"). MAAH is focused primarily on the cultivation and management of oil palm and other agricultural products and undertaking horticulture activities. Therefore, we have conducted valuation on MAAH to arrive at the estimated value of the agriculture and horticulture segment.

In arriving at the estimated value of MAAH, we have considered the RNAV valuation methodology as the most appropriate valuation methodology. The RNAV takes into consideration any surplus and/or deficit arising from the revaluation of the material assets of a company to reflect their market values, based on the assumption that the market values of the assets are realisable on a willing buyer-willing seller basis. As at 31 December 2023, the audited NA of MAAH are approximately RM56.11 million.

We have adopted the RNAV valuation methodology in view of the following:

- (i) the principal activities of MAAH are cultivation and management of oil palm and other agricultural products. As such, the revenue of MAAH is derived from the plantation assets that it owns and operates;
- (ii) MAAH has experienced fluctuation in earnings for the past 5 FYEs as shown below:

	Audited FYE 31 December				
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Revenue	33,200	41,549	57,431	54,001	38,543
(LAT)/PAT	(950)	5,203	15,031	11,408	1,502
Net cash generated from operating activities	1,675	12,229	16,919	18,333	5,453

Based on the above, we did not adopt the earnings-based valuation methodology such as PE Multiple or EV/EBITDA or DCF valuation methodology as the predictability of future earnings of the MAAH may be unreliable due to volatility of earnings of MAAH; and

- (iii) the audited NBV of MAAH's total plantation assets of RM78.09 million (comprising property, plant and equipment of RM51.33 million, land of RM24.42 million and biological assets of RM2.34 million) constitutes approximately 76.07% of MAAH's audited total assets as at 31 December 2023. The composition of the total assets of MAAH based on its audited statement of financial position as at 31 December 2023 is set out below:

	RM'000	% of total asset
Non-current assets		
Plant and equipment	51,334	50.01
Right-of-use assets	26,223	25.55
Total non-current assets	77,557	75.56
Current assets		
Inventories	492	0.48
Biological assets	2,342	2.28
Financial assets at fair value through profit or loss	9,724	9.47
Trade and other receivables	7,261	7.07
Tax recoverable	1,684	1.64
Cash and cash equivalents	3,588	3.50
Total current assets	25,092	24.44
Total assets	102,648	100.00

Apart from the plantation assets, the other assets in MAAH as at 31 December 2023 comprises current assets such as inventories (0.48%), trade and other receivables (7.07%), cash and bank balances (3.50%) and financial assets (9.47%), which are relatively short-term and/or liquid in nature. Further, the management of MAHB confirms that there is no evidence for impairment for these assets as at the LPD. Based on our discussion with the management of MAHB, we are satisfied with the reasons provided by the management of MAHB that there is no event or circumstance as at the LPD which indicates that an impairment is required in respect of these assets. Pursuant thereto, the carrying value of these assets are reasonably expected to approximate their fair values. We also take note that the carrying value of these assets also forms part of the total assets based on the audited consolidated financial statements of MAHB for the FYE 31 December 2023.

Accordingly, we are of the view that the carrying value of these assets are reasonably expected to approximate its fair value after taking into consideration, amongst others, the nature of the assets which are expected to be relatively liquid as well as the annual impairment review being conducted on the carrying value of these assets.

In arriving at the estimated RNAV of MAAH, we have relied on the following key bases and assumptions:

- (i) MAAH will continue to operate as a going concern and the realisation of the assets values is expected to be undertaken in an orderly manner and not under a forced-sale or liquidation scenario;
- (ii) there will not be any significant or material increase in costs which is expected to have a material adverse effect on the business activities of MAAH;
- (iii) there will not be any compulsory acquisition by the relevant authorities of the lands held by MAAH;
- (iv) there will not be any significant or material changes to the agreements, approvals, contracts, licenses, permits and regulations governing the assets held by MAAH;
- (v) insurable risks relating to the assets held by MAAH are and will continue to be appropriately covered by relevant insurance policies and the sums insured are adequate;
- (vi) there will not be any significant or material changes to the risks inherent to the businesses of MAAH and effective measures will continue to be implemented to mitigate risks known to the business of MAAH;
- (vii) the current accounting policies adopted by MAAH will remain relevant and there will not be any significant changes in the accounting policies of MAAH which will have a material adverse effect on the financial performance and financial position of MAAH; and
- (viii) there will not be any material changes in the political, social and economic conditions, monetary and fiscal policies, inflation, regulatory requirements of the plantation industry in Malaysia and applicable tax regimes or tax rates.

In arriving at the estimated RNAV of MAAH, we have relied upon the valuation conducted by JLL for all the plantation assets on 26 August 2024 (which is the material date of valuation), which in our opinion are current valuations which reflect the market value of the plantation assets. The details of the plantation assets and net revaluation surplus are as set out below:

No.	Property Description	Land area (acres)	Tenure	Valuation method	Market Value ⁽¹⁾ RM'000 (A)	Audited NBV as at FYE 31 December 2023 RM'000 (B)	Revaluation surplus (C) = (A) – (B) RM'000 (C)	Taxation ⁽²⁾ RM'000 (D)	Net revaluation surplus (E) = (C) – (D) RM'000 (E)
1.	KLIA Estate (Oil palm plantation) Part of Lot 14 (GRN 341616), PT 82 (HSD 7498), PT 100 (HSD 7516), PT 101 (HSD 7517) and PT 102 (HSD 104), Bandar Lapangan Terbang Antarabangsa Sepang District of Sepang, State of Selangor	8,311.71	Lease (expiring 11 February 2069) (approximately 45 years unexpired term)	DCF method	100,980 ⁽³⁾	12,267	88,713	21,291	67,422
2.	Kota Bharu Estate (Coconut plantation) Part of Lot 1013 (GRN 38937), Lot 1244 (GRN 38939), Lot 1246 (GRN 38941), Lot 1357 (GRN 38932), Lot 1358 (GRN 38933), Lot 1373 (GRN 38934), Lot 1374 (GRN 38935), Lot 3292 (GRN 38936), Lot 3672 (GRN 38943), Lot 3673 (GRN 38944) and Lot 3674 (GRN 38945), all located within Jajahan Kota Bharu, State of Kelantan	313.28	Lease (expiring 11 February 2069) (approximately 45 years unexpired term)	Comparison method	4,170 ⁽⁴⁾	1,956	2,214	531	1,683
3.	Miri Estate (Oil palm plantation) Part of Lot 581 (TRN 04-LCLS-006-005-00581), Block 5 Lambir Land District, Miri, Sarawak	667.75	Lease (expiring 11 February 2069) (approximately 45 years unexpired term)	DCF method	8,560 ⁽⁴⁾	5,047	3,513	843	2,670

4.	Bintulu Estate (Oil palm plantation)	Part of Lot 94 (TRN 09-LCLS-032-036-00094) & Lot 95 (TRN 09-LCLS-032-036-00095), both located within Block 36, Kemena Land District Bintulu, Sarawak	1,012.19	Lease (expiring 11 February 2069) (approximately 45 years unexpired term)	DCF method	11,900 ⁽⁴⁾	4,608	7,292	1,751	5,541
5.	Sibu Estate (Oil palm plantation)	Part of Lot 5807 (TRN 03-LCLS-005-001-05807), Block 1, Menyan Land District, and Part of Lot 525 (TRN 03-LCLS-001-015-00525), Block 15, Seduan Land District, both located within Sibü, Sarawak	623.10	Lease (expiring 11 February 2069) (approximately 45 years unexpired term)	DCF method	7,200 ⁽⁴⁾	6,964	236	57	179
Total						132,810	30,842	101,968	24,473	77,496

Notes:

- (1) *The valuation of plantation assets above is based on the market value for the existing use, in line with Section 4.3.14 of the Malaysian Valuation Standards. As at the date of valuation, the land where the assets are located cannot be used for any purposes other than for agriculture because they are required as buffer zones to prevent encroachment and as reserve land for potential future airport expansions.*
- (2) *Based on an assumed corporate tax rate of 24.00% on the assumption that the properties are realised in the ordinary course of business.*
- (3) *KLIA Estate is located on parcels of land currently being leased by MA Sepang, from the Federal Lands Commissioner. MAAH is the legal owner of the plantation business, while MA Sepang holds the land lease. The stated value represents the combined interest of MA Sepang as the lessee of the land and MAAH as the planter and estate operator of the estate.*
- (4) *Kota Bharu Estate, Miri Estate, Bintulu Estate and Sibü Estate are located on parcels of land currently being leased by MASB, from the Federal Lands Commissioner. MAAH is the legal owner of the plantation business, while MASB holds the land lease. The stated value represents the combined interest of MASB as the lessee of the land and MAAH as the planter and estate operator of the estate.*

The basis of valuation adopted by JLL is “**Market Value**”, which is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. The valuation has been made in conformity with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia.

In arriving at the market value of the relevant assets, JLL has adopted the DCF approach for the valuation of KLIA, Miri, Bintulu and Sibü estates as well as the comparison method for valuation of Kota Bharu estate as the plantation assets are income generating assets and such income can be capitalized to determine the said market value.

The comparison approach generally entails comparing the subject property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect the value such as size and tenure.

The DCF method could not be adopted on Kota Bharu Estate due to the matured coconut palms which would be felled within next 3 years and the immature trees are only at most a few months old and planted sparingly across the Kota Bharu Estate. As such, comparison approach is adopted.

Based on our review of the valuation reports prepared by JLL, we are of the view that the valuation methodologies adopted by the Valuers for the valuation of the plantation estates are reasonable and are consistent with generally applied valuation methodologies. We are satisfied with the bases and assumptions used by the Valuers in deriving the valuation for the plantation estates. As such, we are satisfied with the reasonableness of their respective opinion and have thus relied upon the valuation of the plantation estates determined by the Valuers for the purpose of computing the RNAV.

Premised on the above, the estimated RNAV of MAAH is as follows:

	Amount
	RM'000
Audited NA of MAAH as at FYE 31 December 2023	56,107
Add: Estimated net revaluation surplus of the plantation assets	77,496
Estimated RNAV of MAAH	133,603

From the above, we arrived at the estimated value of the agriculture and horticulture segment of approximately RM134 million.

6.1.6 Others

The other businesses entail MAHB's investment in associated companies and joint ventures. We did not conduct any valuation on the other business as MAHB does not have the level of control on these companies as MAHB's subsidiaries and resulting outcome is not expected to have a material impact to the estimated value of the MAHB Group in view that the total audited NA of associated companies and joint ventures attributable to MAHB amounting to RM303.5 million, which constituted less than 5.00% of the MAHB Group's audited consolidated NA as at 31 December 2023 of RM8.0 billion. In addition, share of profits of associated companies and joint ventures are amounting to RM35.09 million, which constituted approximately 6.46% of the MAHB Group's audited consolidated PAT as at 31 December 2023 of RM543.18 million.

In view of the above, we have adopted the latest audited NA of associated companies and joint ventures attributable to MAHB of RM303.5 million as the value of this segment.

6.1.7 Off-terminal developments segment

The off-terminal developments segment of MAHB Group are real estate development activities relating to the use of MAHB Group's landbanks around KLIA terminal and Subang Airport. The segment comprises KLIA Aeropolis development, KLIA's Aeropolis Support Zone ("ASZ") 1 (Plot 2), ASZ 2 and Subang Airport's off-terminal development.

i. KLIA Aeropolis development

KLIA Aeropolis development is undertaken by KLIA Aeropolis MAHB's wholly-owned subsidiary. KLIA Aeropolis is incorporated specifically to manage landside and off-terminal real estate development for all airports under MAHB Group and is the registered lessee of the lands under KLIA Aeropolis development. KLIA Aeropolis development contains 40 parcels of development land measuring approximately 8,530.02 acres, which are categorized into 5 zones, namely Logistics and Industrial Park (Zone 1), Aeropolis Central (Zone 2), Business Park (Zone 3), Integrated Commercial & Agro Tourism (Zone 4) and Aviation Park (Zone 5), based on the MAHB's proposed master development plan. The said parcels of land generally surround the airport operation premises in KLIA.

ii. Subang Airport's off terminal development

Subang Airport's off terminal development, which forms part of the Subang Airport, contains 17 parcels of development land measuring approximately 111.57 acres, which are categorized into 2 zones, namely Business Aviation which comprises 7 parcels of land designated for industrial use, and Aerospace (Subang Aerotech Park) which comprises 10 parcels of land designated for industrial, commercial and car park uses. The registered lessee of this land is MASB.

iii. KLIA's ASZ

ASZ 1 (Plot 2) and ASZ 2 are the remaining parcels of land within KLIA's ASZ, which are yet to develop as at the LPD. The registered lessee of these two parcels of land is MA Sepang. It is situated in between the airport runways of KLIA Terminal 1 and Terminal 2. Both parcels of land, in aggregate, cover approximately 778.87 acres. ASZ 1 (Plot 2) is currently designated for air cargo and logistic developments to support the services and operation of the airport and airlines. ASZ 2 is currently earmarked for future development which will potentially be developed as a dedicated zone to support air cargo and logistic developments, along with other supporting services for the operation of the airport and airlines.

In arriving at the estimated value of the off-terminal development segment, we have considered the RNAV valuation methodology as the most appropriate valuation methodology. The RNAV methodology takes into consideration any surplus and/or deficit arising from the revaluation of the material assets of a company to reflect their market values, based on the assumption that the market values of the assets are realisable on a willing buyer-willing seller basis.

In arriving at the estimated RNAV of the off-terminal developments segment, we have relied on the following key bases and assumptions:

- (i) the above properties will continue to operate as a going concern and the realisation of the land values is expected to be undertaken in an orderly manner and not under a forced-sale or liquidation scenario;
- (ii) there will not be any significant or material increase in costs which is expected to have a material adverse effect on the business activities as intended for the off-terminal developments segment;
- (iii) there will not be any compulsory acquisition of the above parcels of land;
- (iv) there will not be any significant or material changes to the agreements, approvals, contracts, property development plans, licenses, permits and regulations governing the development projects on the lands within the off-terminal development;
- (v) insurable risks relating to the above properties are and will continue to be appropriately covered by relevant insurance policies and the sums insured are adequate;
- (vi) there will not be any significant or material changes to the risks inherent to the businesses of the off-terminal development segment and effective measures will continue to be implemented to mitigate any potential risks;
- (vii) there will not be any material changes in the political, social and economic conditions, monetary and fiscal policies, inflation, regulatory requirements of the hospitality industry in Malaysia and applicable tax regimes or tax rates.

[The remaining of this page is intentionally left blank.]

In arriving at the estimated RNAV of off-terminal development segment, we have relied upon the valuation conducted by JLL for all the land of the above-mentioned off-terminal development on 5 July 2024 (which is the material date of valuation). In our opinion, these valuations reflect the current market value of the land. The details of the land and building and net revaluation surplus are as set out below:

No.	Property	Description	Land area (acres)	Tenure	Valuation method	Market Value ⁽¹⁾⁽²⁾ RM'000 (A)	Audited NBV as at FYE 31 December 2023 RM'000 (B)	Revaluation surplus (C) = (A) – (B) RM'000 (D)	Taxation ⁽³⁾ RM'000 (E)	Net revaluation surplus (E) = (C) – (D) RM'000 (F)
1.	KLIA Aeropolis	Zone 1 to 5 (inclusive), all forming part of the KLIA Aeropolis, Bandar Lapangan Terbang Antarabangsa Sepang, District of Sepang, State of Selangor	7,303 ⁽⁴⁾	Lease (expiring on 16 November 2121) (approximately 97 years unexpired terms)	Comparison method	4,632,000 ⁽⁶⁾	53,453	4,578,547	1,098,851	3,479,696
2.	ASZ 2	Part of Parent Lot 14 held under GRN 341616, Bandar Lapangan Terbang Antarabangsa Sepang, District of Sepang, State of Selangor	767	Lease (expiring on 11 February 2069) (approximately 45 years unexpired terms)	Comparison method	449,200 ⁽⁶⁾	764	448,436	107,625	340,811
3.	ASZ 1 (Plot 2)	Part of Parent Lot PT 29 held under HSD 50445, Bandar Lapangan Terbang Antarabangsa Sepang, District of Sepang, State of Selangor	11.87	Lease (expiring on 11 February 2069) (approximately 45 years unexpired terms)	Comparison method	26,400 ⁽⁶⁾	12	26,388	6,333	20,055
4.	Subang Airport Off-Terminal	Zone 2, 3 (Business Aviation) & 4 (Aerospace - Subang Aerotech Park) located within the premises of Subang Airport, forms part of Parent Lot	111.57	Lease (expiring on 11 February 2069) (approximately 45 years unexpired terms)	Comparison method	382,000 ⁽⁷⁾⁽⁸⁾	26,150	355,850	85,404	270,446

No.	Property Description	Land area	Tenure	Valuation method	Market Value ⁽¹⁾⁽²⁾	Audited NBV as at FYE 31 December 2023	Revaluation surplus	Taxation ⁽³⁾	Net revaluation surplus
	1210, Geran 19583, Mukim of Damansara, District of Petaling, Selangor				5,489,600	80,379	5,409,221	1,298,213	4,111,008
Total									

Notes:

- (1) The market value for KLIA Aeropolis Lands, ASZ1 (Plot 2) and ASZ2 are based on the assumption and basis that the current gazetted local plan by Sepang Municipal Council will be amended in accordance with the intended land uses as stipulated within MAHB's proposed master development plan, and that the lands can be used for the intended purpose without the need for conversion of land use.
- (2) All of the above valuation covers only vacant plots of lands, lands to be developed and disregards any existing structures erected on the land as these existing structures are either owned by the Government and MAHB or under sub-leases. These sub-lessees are categorized as parking lots and other tenant structures. These other sub-leases have been disregarded in general as they account for only a minor portion of the KLIA Aeropolis land, whereby only other tenant structures are on a lease basis (1.5% of 7,303 acres of KLIA Aeropolis land).
- (3) Based on an assumed corporate tax rate of 24.00% on the assumption that the properties are realised in the ordinary course of business.
- (4) The above excludes 1,227 acres of land occupied by government-related entities/agencies, to which no value has been assigned as they are on a sub-leased to Government agencies at back-to-back terms.
- (5) KLIA Aeropolis Lands is a group of 40 parcels of land currently being leased by KLIA Aeropolis, from the Federal Lands Commissioner. The stated value represents the interest of KLIA Aeropolis as the lessee of the land.
- (6) ASZ 2 and ASZ 1 (Plot 2) are two parcels of land currently being leased by MA Sepang, from the Federal Lands Commissioner. The stated value represents the interest of MA Sepang as the lessee of the land.
- (7) Subang Airport Off-Terminal is a group of 17 parcels of land currently being leased by MASB, from the Federal Lands Commissioner. The stated value represents the interest of MASB as the lessee of the land.
- (8) The market value derived above for Subang Airport Off Terminal land is based on the assumption and basis that the lease from the Federal Land Commissioner in relation to the land has been extended to 11 February 2069 (on the same terms and conditions contained in the prevailing land lease agreement), and that the land can be used for the intended purpose without the need for conversion of land use.

The basis of valuation adopted by JLL is "Market Value", which is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeable, prudently and without compulsion. The valuation has been made in conformity with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia.

In arriving at the market value of the relevant assets, JLL has adopted the comparison approach as the lands are income generating assets and such income can be capitalized to determine the said market value. The comparison approach generally entails comparing the subject property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect the value such as location and accessibility, category of land use, size, tenure and restriction, if any, and any other relevant characteristics.

Based on our review of the valuation reports prepared by JLL, we are of the view that the valuation methodologies adopted by the Valuers for the valuation of land are reasonable and are consistent with generally applied valuation methodologies. We are satisfied with the bases and assumptions used by the Valuers in deriving the valuation for the land. As such, we are satisfied with the reasonableness of their respective opinion and have thus relied upon the valuation and/or valuation updates of the land determined by the Valuers for the purpose of computing the RNAV.

Premised on the above, the estimated value for the off-terminal development segment contributed is as follows:

NA of off-terminal development segment as at FYE 31 December 2023	Amount RM'000 (1)25,911
Add: Estimated net revaluation surplus of the lands	4,111,008
Estimated RNAV of off-terminal development segment	4,136,919

Note:

(1) Based on the net liability of KLIA Aeropolis of RM1.02 million, NBV of Subang Airport's off-terminal development lands of RM26.15 million and NBV of KLIA's ASZ 1 (Plot 2) and ASZ 2 of RM0.78 million.

From the above, we arrived at the estimated value of the off-terminal development segment of approximately RM4,137 million

6.2 SOPV of MAHB Shares

Segments	Valuation method	Low range (RM'million)	High range (RM'million)
Airport services	DCF		
- Malaysia airports		14,972	16,721
- Türkiye airport		3,029	3,029
Duty Free and Non-Dutiable goods	DCF	878	960
Project and repair maintenance	EV/EBITDA	227	227
Hotel	RNAV	389	389
Agriculture and horticulture	RNAV	134	134
Others	Carrying value/ book value	303	303
Off-terminal developments	RNAV	4,137	4,137
Tax-saving benefits ⁽¹⁾		489	499
Total Value		24,558	26,399
Less: MAHB (company level)'s debts as at 31 December 2023 ⁽²⁾		(4,180)	(4,180)
Add: Cash and financial assets as at 31 December 2023		91	91
Add: Proceeds from disposal of Hyderabad and Passenger Service Charges ("PSC") resolution ⁽³⁾		577	577
Estimated value		21,046	22,887
Number of MAHB Shares as at the LPD ('million)		1,669	1,669
Estimated value per MAHB Shares (RM)		12.61	13.71

Notes:

(1) Arising from utilised deferred tax asset as well as investment tax allowance.

(2) MAHB's company level's debts as at 31 December 2023 are as follows:

	Audited as at 31 December 2023
	RM'million
Borrowings	3,182
Perpetual Sukuk*	998
Debts	4,180

Note:

* The Perpetual Sukuk is classified as equity in the audited financial statement for the FYE 31 December 2023. However, we are of the view that the Perpetual Sukuk should be deemed as debt as the Offer is made to the ordinary shareholders of MAHB, whom are ranked lower than Perpetual Sukuk holders in seniority.

(3) The disposal of the entire 41,580,000 equity shares of Indian Rupee 10 each held by MAHB together with its wholly-owned subsidiary, MAHB Mauritius Pte Ltd representing 11% of the issued and paid-up share capital of GMR Hyderabad International Airport Limited to GMR Airports Limited, for a cash consideration of USD100 million (approximately RM473.55 million) subject to the terms and conditions of the Sale and Purchase Agreement dated 25 October 2023 and the Amendment Agreement dated 17 January 2024 as well as the PSC resolution of RM103.84 million.

Based on the above, the Offer Price represents a discount of 12.77% to 19.77% to the estimated value of between RM12.61 and RM13.71 per MAHB Share.

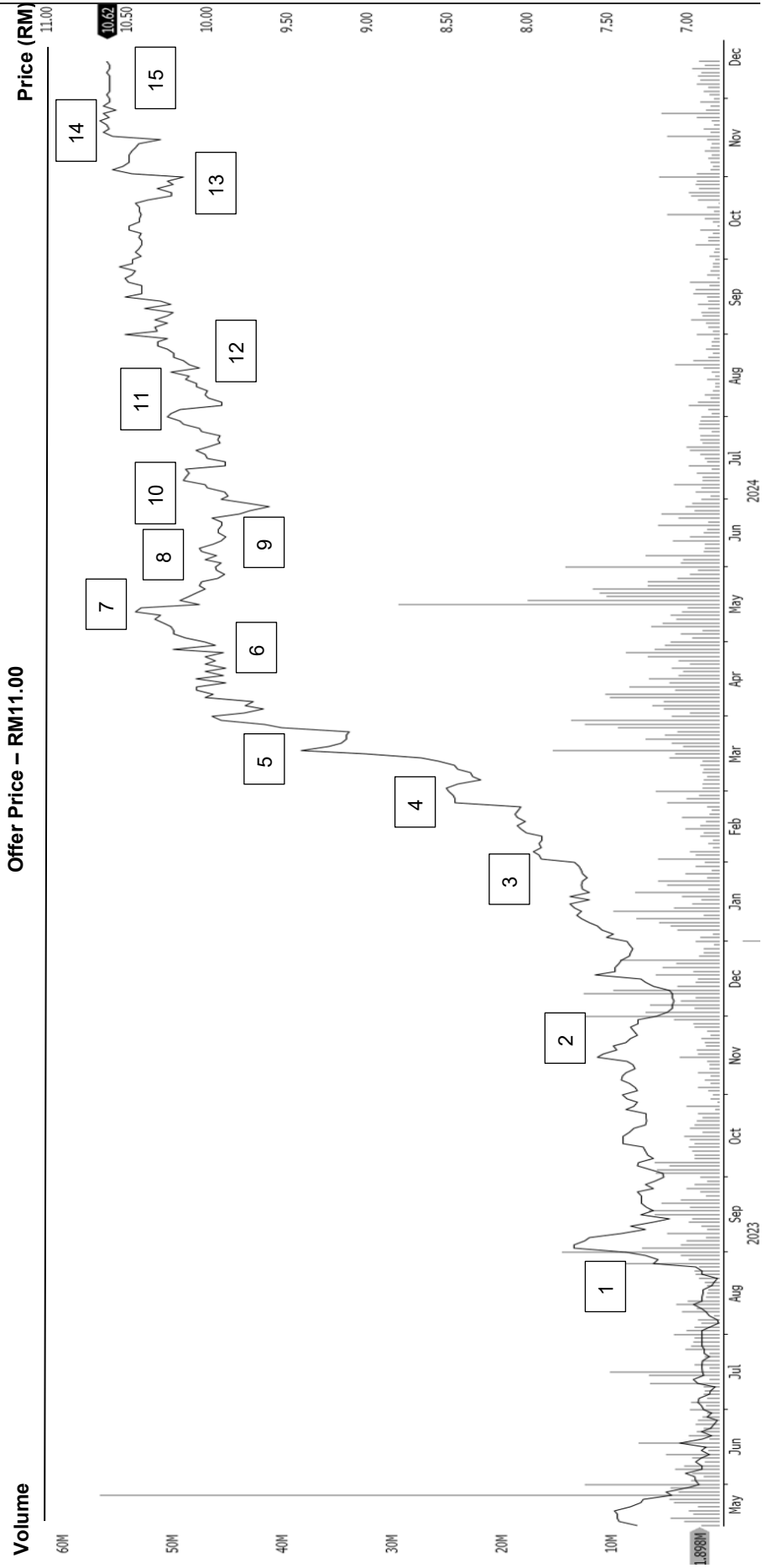
Our view on the fairness of the Offer

Based on our evaluation in Section 6 of this IAL, the Offer Price of RM11.00 is lower than and represents a discount of RM1.61 and RM2.71 or approximately 12.77% to 19.77% to the estimated value per MAHB Share ranging between RM12.61 and RM13.71 derived using the SOPV methodology. Hence, we are of the view that the Offer is **NOT FAIR**. The Holders are advised to read the ensuing sections of this IAL for a comprehensive evaluation of the Offer and not to rely on the valuation of MAHB Shares derived based on the SOPV methodology as the sole criteria when assessing the Offer. For information purposes only, the Offer Price of RM11.00 represents a premium of RM6.11 or approximately 124.95% to the latest unaudited net asset per Share of RM4.89 as at 30 September 2024.

7. REASONABLENESS OF THE OFFER

7.1 Historical market price analysis of MAHB Shares

In evaluating the Offer, we have taken into consideration the movement of the closing market prices of MAHB Shares over the past 12 months preceding the Pre-Conditional Offer Announcement LTD and up to and including the LPD as depicted below:



(Source: Bloomberg L.P.)

No	Date of announcement	Announcement
1.	24 August 2023	<ul style="list-style-type: none"> MAHB announced its second quarter consolidated result for the FPE 30 June 2023, whereby MAHB recorded an unaudited PBZT of RM197.16 million for the FPE 30 June 2023 as compared to an unaudited loss before tax and zakat of RM241.48 million for the FPE 30 June 2022.
2.	29 November 2023	<ul style="list-style-type: none"> MAHB announced its third quarter consolidated result for the FPE 30 September 2023, whereby MAHB recorded an unaudited PBZT of RM284.27 million for the FPE 30 September 2023 as compared to an unaudited loss before tax and zakat of RM260.61 million for the FPE 30 September 2022.
3.	26 January 2024	<ul style="list-style-type: none"> MAHB announced that the disposal of the entire 41,580,000 equity shares of Rs.10 each held by MAHB together with its wholly-owned subsidiary, MAHB (Mauritius) Pte Ltd representing 11% of the issued and paid-up share capital of GMR Hyderabad International Airport Limited to GMR Airports Limited, for a cash consideration of USD100 million (approximately RM473.55 million) has been completed on 25 January 2024.
4.	29 February 2024	<ul style="list-style-type: none"> MAHB announced its fourth quarter consolidated result for the FYE 31 December 2023, whereby MAHB recorded an unaudited PBZT of RM506.10 million for the FYE 31 December 2023 as compared to an unaudited PBZT of RM184.62 million for the FYE 31 December 2022. MAHB announced its single-tier final dividend declaration of 10.80 sen per MAHB Share for the FYE 31 December 2023.
5.	18 March 2024	<ul style="list-style-type: none"> MAHB announced that the Group entered into Operating Agreements and Lease Agreements with the Government of Malaysia on 18 March 2024 which affirm the operation, management, maintenance and development of 39 airports and STOLports until 11 February 2069.
6.	29 April 2024	<ul style="list-style-type: none"> MAHB released its annual and corporate governance report for the FYE 2023. MAHB released its audited financial statements for the FYE 2023.
7.	15 May 2024	<ul style="list-style-type: none"> MAHB has been notified by AmInvestment Bank on behalf of the Joint Offerors of a pre-conditional voluntary conditional take-over offer pertaining to the Joint Offerors' intention, subject to and contingent upon the satisfaction or waiver of the Pre-Conditions, to acquire all the remaining 1,118,098,325 MAHB Shares not already held by the Joint Offerors which represent 67.01% of the total issued MAHB Shares, for a cash Offer Price of RM11.00 per Offer Share in accordance with the Rules by the SC.
8.	28 May 2024	<ul style="list-style-type: none"> MAHB has announced that, MAHB and its wholly-subsiary, MA Sepang on 28 May 2024 entered in supplement agreement with WCT Berhad ("WCTB"), WCT Land Sdn Bhd ("WCTL") and Segi Astana Sdn Bhd ("SASB") for purposes of varying the terms and conditions of the following principal agreements in conjunction with MAHB's agreement on the proposed extension of the concession period of gateway@klia2 in favour of SASB for a further period of twenty-two (22) years:

No	Date of announcement	Announcement
		<ul style="list-style-type: none"> (a) The Principal Concession Agreement entered into between MAHB, WCTB and SASB; (b) The Principal Sub-Lease Annexure entered into between MA Sepang and SASB; and (c) The Principal Shareholders Agreement entered into between WCTL, MAHB and SASB.
9.	30 May 2024	<ul style="list-style-type: none"> • MAHB announced its first quarter consolidated result for the FPE 31 March 2024, whereby MAHB recorded an unaudited PBZT of RM214.64 million for the FPE 31 March 2024 as compared to an unaudited PBZT of RM63.26 million for the FPE 31 March 2023.
10.	12 Jun 2024	<ul style="list-style-type: none"> • MAHB announced that MAHB had on 12 June 2024, received a press release from AmlInvestment Bank, on behalf of the Joint Offerors, informing the MAHB that the pre-condition relating to the merger control approval, or notification that such approval is not required, from the GAC of Saudi Arabia pursuant to Royal Decree M/75 of 29/6/1440H, as set out in Section 2.1.3 of the Pre-Conditional Offer Announcement, has been fulfilled.
11.	6 August 2024	<ul style="list-style-type: none"> • MAHB announced that MAHB had on 6 August 2024, received a press release from AmlInvestment Bank, on behalf of the Joint Offerors, informing MAHB that the Joint Offerors have elected to waive the pre-condition relating to the receipt of merger control approval (whether by lapse of time or express confirmation) from the ECA pursuant to Law 3 of 2005 on the Protection of Competition and Prohibition of Monopolistic Practices, as amended by Law No. 175 of 2022 effective December 2022, as set out in Section 2.1.4 of the Pre-Conditional Offer Announcement.
12.	19 August 2024	<ul style="list-style-type: none"> • MAHB announced that MAHB had on 19 August 2024, received a press release from AmlInvestment Bank, on behalf of the Joint Offerors, informing MAHB that the pre-condition relating to the receipt of a non-infringement decision from the TCB pursuant to Article 7 of Law No. 4054 on the Protection of Competition (as may be amended, modified or re-enacted by other legislation), as set out in Section 2.1.2 of the Pre-Conditional Offer Announcement, has been fulfilled. • The Company was also informed vide the press release that save for the approval required from the TCB as mentioned above, there are no other approvals/consents required from the relevant authorities/parties in Republic of Türkiye.
13.	8 November 2024	<ul style="list-style-type: none"> • MAVCOM issued its final decision that the proposed transaction by the Joint Offerors pursuant to the Offer falls within the scope of subparagraph 54(2)(b) of Act 771 and if carried into effect, will not infringe the prohibition in Section 54 of Act 771. <p>The final decision was, however, subject to the MAVCOM Condition. Given that the final decision was subject to the MAVCOM Condition, the final Pre-Condition was not fulfilled at this time.</p>
14.	15 November 2024	<ul style="list-style-type: none"> • MAVCOM confirmed that it is satisfied that the MAVCOM Condition is met following its receipt and review of the executed finalised, valid and binding shareholders' agreement by the Joint Offerors.

No	Date of announcement	Announcement
		<ul style="list-style-type: none"> On behalf of the Joint Offerors, AmInvestment Bank, announced that all of the Pre-Conditions under the Offer have been satisfied (without conditions or on conditions reasonably satisfactory to the Joint Offerors) or waived by the Joint Offerors.
15.	26 November 2024	<ul style="list-style-type: none"> MAHB announced its third quarter consolidated result for the FPE 30 September 2024, whereby MAHB recorded an unaudited PBZT of RM624.54 million for the FPE 30 September 2024 as compared to an unaudited PBZT of RM284.27 million for the FPE 30 September 2023.

Save for the above announcements made by MAHB, there is no fundamental change to the business of the MAHB Group or announcements of material development affecting MAHB and/or its share price for the relevant period illustrated in the above historical share price graph.

For the period from 16 May 2024, being the next Market Day after the Pre-Conditional Offer Announcement until the LPD, the market prices of MAHB Shares had been trending upwards and closer to the Offer Price. We are of the view that Holders should take particular note of MAHB Share price for the 12 months prior to Pre-Conditional Offer Announcement as MAHB share price thereafter may have been influenced by it.

Nonetheless, this may not be an indication of future market price performance of MAHB Shares which may be influenced by, amongst others, the performance and prospects of MAHB Group, prevailing economic conditions, economic outlook, stock market conditions, market sentiments and other general macroeconomic conditions, as well as company-specific factors. In addition, notwithstanding that the share price of MAHB may have fluctuated in response to the release of the above announcements by MAHB, we note that the share price of MAHB has not traded above the Offer Price over the past 12 months up to the Pre-Conditional Offer Announcement LTD.

The monthly highest and lowest market prices of MAHB Shares traded on Bursa Securities for the past 12 months up to the LPD are as follows:

	High (RM)	Low (RM)
2023		
December	7.560	7.060
2024		
January	7.800	7.350
February	8.600	7.700
March	10.040	8.240
April	10.360	9.570
May	10.580	9.850
June	10.060	9.600
July	10.260	9.840
August	10.500	9.870
September	10.560	10.200
October	10.500	10.060
November	10.700	10.200

(Source: Bloomberg)

Based on the graph above, we noted that:

- (i) The highest closing price of MAHB Shares in the past 12 months up to the Pre-Conditional Offer Announcement LTD was RM10.44.
- (ii) The highest closing price of MAHB Shares post the Notice and up to the LPD was RM10.66.

Further, the table below sets out the premium represented by the Offer Price where the relevant last traded market price:

	Market price	Premium over market price	
	RM	RM	%
<u>Up to the Pre-Conditional Offer Announcement LTD:</u>			
Last traded market price	10.400	0.600	5.77
5-day VWAMP	10.3342	0.6658	6.44
1-month VWAMP	10.0667	0.9333	9.27
3-month VWAMP	9.5523	1.4477	15.16
6-month VWAMP	8.7328	2.2672	25.96
1-year VWAMP	7.9839	3.0161	37.78
<u>Up to the Notice LTD:</u>			
Last traded market price	10.28	0.72	7.00
5-day VWAMP	10.4251	0.5749	5.51
1-month VWAMP	10.3465	0.6535	6.32
3-month VWAMP	10.3317	0.6683	6.47
6-month VWAMP	10.0982	0.9018	8.93
1 year VWAMP	9.2681	1.7319	18.69
<u>Up to the LPD:</u>			
Last traded market price	10.62	0.38	3.57
5-day VWAMP	10.6187	0.3813	3.59

(Source: Bloomberg L.P.)

Based on our evaluation above, the Offer Price of RM11.00 represents:

- (i) a premium ranging from RM0.60 (5.77%) to RM3.0161 (37.78%) over the last traded market price of MAHB Shares as at the Pre-Conditional Offer Announcement LTD, and the 5-day, 1-month, 3-month, 6-month and 1-year VWAMPs up to and including the Pre-Conditional Offer Announcement LTD;
- (ii) a premium ranging from RM0.72 (7.00%) to RM1.7319 (18.69%) over the last trade market price of MAHB Shares as at the Notice LTD, and the 5-day, 1-month, 3-month, 6-month and 1-year VWAMPs up to and including the Notice LTD; and
- (iii) a premium ranging from RM0.38 (3.57%) to RM0.3813 (3.59%) over the last trade market price of MAHB Shares as at the LPD and 5-day VWAMP up to and including the LPD.

There is no assurance that the market price of MAHB Shares will continue to trade at the current level after the Closing Date.

The historical trading volume of MAHB Shares for the past 12 months from 1 December 2023 up to 30 November 2024 (being the last full trading month before the LPD) is as follows:

Month	Volume traded of MAHB Shares ⁽¹⁾	Volume traded over free float (%) ⁽²⁾
<u>2023</u>		
December	17,896,300	2.07
<u>2024</u>		
January	26,640,600	3.08
February	32,196,300	3.73
March	72,646,771	8.41
April	84,481,180	9.78
May	139,005,600	16.10
June	53,690,000	6.22
July	41,380,000	4.79
August	28,151,756	3.26

Month	Volume traded of MAHB Shares ⁽¹⁾	Volume traded over free float (%) ⁽²⁾
September	27,068,404	3.13
October	37,460,000	4.34
November	31,400,000	3.64
Simple Average	49,334,743	5.71
Simple Average (excluding May 2024)	41,182,846	4.77

(Source: Bloomberg L.P.)

Notes:

- (1) Monthly volume traded excludes MAHB Shares traded in the open market by MAHB's Directors, substantial shareholders and persons connected with them.
- (2) The monthly free float of MAHB Shares excludes MAHB Shares held by MAHB's Directors, substantial shareholders and persons connected with them.

The comparison made is set out in the table below:

Company/Index	Average monthly volume traded	Average monthly volume traded over free float %
MAHB	⁽¹⁾ 41,182,743	4.77
FBM KLCI Index ⁽²⁾	⁽¹⁾ 4,537,909,654	⁽³⁾ 5.43

(Source: Bloomberg L.P.)

Notes:

- (1) Excluding May 2024 as it is deemed outlier.
- (2) Selected as a benchmark for comparison, in view that the MAHB Group is predominantly involved in airport services, which does not have direct comparable companies listed on Bursa Securities.
- (3) Calculated by dividing the average monthly volume traded over the free float of FBM KLCI Index as extracted from Bloomberg.

Based on the table above, MAHB Shares were traded at an average monthly volume of 49.33 million MAHB Shares, representing approximately 5.71% of the free float of MAHB Shares for the past 12 months from December 2023 up to November 2024 (being the last full trading month before the LPD).

However, there were unusually high trading volume recorded in the months of March 2024, April 2024 and May 2024 after the announcement of MAHB entering into Operating Agreements and lease agreements with the Government of Malaysia on 18 March 2024 and Pre-Conditional Offer Announcement on 15 May 2024. If the trading volumes of May 2024 are excluded from the analysis, the average monthly trading volume for the past 12 months up to November 2024 (being the last full trading month before the LPD) would be lower at 41.18 million Shares, representing approximately 4.77% of the free float of MAHB Shares.

The average monthly trading liquidity of MAHB Shares of approximately 4.77% (excluding May 2024) is lower than the average trading liquidity of the FBM KLCI Index of 5.43% for the past 12 months from 1 December 2023 up to 30 November 2024 (being the last full trading month before the LPD). MAHB Shares were relatively illiquid compared against the FBM KLCI Index. Nonetheless average monthly volume of MAHB Shares for the past 12 months is 41.18 million Shares which provide sufficient trading liquidity, as such Holders may have the opportunity to realise their investment in MAHB in the open market if they do not wish to accept the Offer.

Further, if the Joint Offerors and Joint Ultimate Offerors accumulate a higher shareholding level (beyond the collective shareholdings of the Joint Offerors, Joint Ultimate Offerors and their PACs in MAHB of 41.22% as at the LPD) as a result of valid acceptances received pursuant to the Offer and/or via further acquisitions of MAHB Shares, the liquidity of MAHB Shares and the Holders' ability to dispose of their MAHB Shares in the open market after the Closing Date may be adversely affected.

The Offer may represent an avenue for the Holders (especially for those holding a significant number of MAHB Shares) to realise their investment in MAHB Shares for cash at the Offer Price.

The above evaluation is based on the historical trading volume of MAHB Shares for the respective periods as well as the free float as at the LPD, and should not be relied upon as an indication of the future trading liquidity of MAHB Shares, which may be influenced by amongst others, the performance and prospects of MAHB Group, prevailing economic conditions, economic outlook, stock market conditions, market sentiments and other general macroeconomic conditions as well as sector and company-specific factors.

Holders are advised to closely monitor the market prices and trading volume of MAHB Shares and evaluate the Offer Price before making a decision on the course of action to be taken in respect of the Offer Shares.

7.2 No competing/alternative offer and level of control

MAHB confirms that, as at the LPD, save for the Offer, it had not received any competing offer or any alternative offer for its securities or its business, assets and liabilities.

In the absence of a competing/alternative offer, the Offer provides an opportunity to the Holders to realise their investments in MAHB at the Offer Price.

As at the LPD, the Joint Offerors, Joint Ultimate Offerors and their PACs hold approximately 41.22% in MAHB. With the current level of control, the Joint Offerors, Joint Ultimate Offerors and their PACs are not able to approve any ordinary resolutions or special resolutions at the shareholders' general meetings of MAHB as these resolutions require approval from more than 50.00% or at least 75.00% respectively of the total vote cast), but are able to vote against special resolutions with their current shareholdings. Nevertheless, they may have significant influence over the outcome of these resolutions with their current shareholdings.

For information purposes, as at the Offer Document LPD, the shareholdings of the Joint Offerors, Joint Ultimate Offerors and their PACs in MAHB are as follows:

Name	Direct		Indirect	
	No. of shares	% ⁽¹⁾	No. of shares	% ⁽¹⁾
<u>Joint Offerors</u>				
PPSB	550,456,107	32.99	-	-
<u>Joint Ultimate Offerors</u>				
UEMG	-	-	⁽²⁾ 550,456,107	32.99
EPF	131,129,212	7.86	-	-
<u>PACs</u>				
Khazanah	4,132,667	0.25	⁽³⁾ 550,456,107	32.99
ADIA	⁽⁴⁾ 2,104,228	0.126	-	-

Notes:

- (1) Computed based on 1,668,554,433 MAHB Shares in issue as at the Offer Documents LPD.
- (2) Deemed interest by virtue of Section 8(4) of the Act through PPSB.
- (3) Deemed interest by virtue of Section 8(4) of the Act through UEMG.
- (4) Held via external fund managers of ADIA and internally via a public investment department of ADIA.

Based on Section 5 of the Offer Document, we note that prior to the Offer, the Joint Offerors and the Joint Ultimate Offerors do not have any relationship with respect to MAHB and the Joint Offerors and the Joint Ultimate Offerors have not acted in concert to obtain, consolidate or exercise control over MAHB. Any arrangement or understanding to jointly exercise control over MAHB pursuant to the shareholders' agreement as set out in Section 1.5 of the Offer Document, would only be effective if the Acceptance Condition is met.

In the event that the Offer is unsuccessful, the Joint Offerors and the Joint Ultimate Offerors would not have any relationship in respect of MAHB and would not have any obligations to one another (apart from maintaining confidentiality on matters discussed and information exchanged, and sharing of transaction costs). In this instance, the Joint Offerors and the Joint Ultimate Offerors will be at liberty to pursue their respective investment mandates or objectives to manage and monitor their respective shareholdings in MAHB, if any.

7.3 Our view on the reasonableness of the Offer

Premised on our analysis as set out in Section 7.1 to 7.2 of this IAL, we are of the view that the Offer is **REASONABLE**.

8. LISTING STATUS OF MAHB

Based on Section 4.1 of the Offer Document, we take note that the Joint Offerors and the Joint Ultimate Offerors do not intend to maintain the listing status of MAHB on the Main Market of Bursa Securities.

Subparagraph 8.02(1) of the MMLR states that a listed issuer must ensure that at least 25.00% of its total listed shares (excluding treasury shares) are in the hands of public shareholders to ensure its continued listing on the Main Market of Bursa Securities. Bursa Securities may accept a percentage lower than 25.00% of the total number of listed shares (excluding treasury shares) if it is satisfied that such lower percentage is sufficient for a liquid market in such shares.

A listed issuer that fails to maintain the Public Spread Requirement may request for an extension of time to rectify the situation in the manner as may be prescribed by Bursa Securities. Where no extension of time is granted by Bursa Securities, Bursa Securities may take or impose any type of action or penalty pursuant to paragraph 16.19 of the MMLR for a breach of subparagraph 8.02(1) of the MMLR and may, in its discretion, suspend trading in the securities of the listed issuer pursuant to subparagraph 16.02(1) of the MMLR. However, the non-compliance of the Public Spread Requirement will not automatically result in the de-listing of MAHB from the Official List. Notwithstanding this, the Joint Offerors and the Joint Ultimate Offerors will not be taking any steps to address any shortfall in the public shareholding spread of MAHB in the event it does not meet the Public Spread Requirement after the Closing Date.

In relation to a take-over offer for the acquisition of the listed shares of a listed issuer pursuant to the Rules, upon 90.00% or more of the listed shares (excluding treasury shares) of the said listed issuer being held by a shareholder either individually or jointly with the associates of the shareholder, an immediate announcement must be made by the listed issuer pursuant to the MMLR. Upon such immediate announcement, Bursa Securities shall, in the case where the offeror does not intend to maintain the listing status, suspend the trading of the listed issuer's securities immediately upon the expiry of five (5) market days from Closing Date.

A listed issuer may withdraw the listing of its securities from the Official List in a take-over offer upon 90.00% or more of its listed share (excluding treasury shares), being held by a shareholder either individually or jointly with the associates of the said shareholder, and the listed issuer has announced the offeror's intention not to maintain the listed issuer's listing status. Notwithstanding this, Bursa Securities may at its discretion impose additional conditions for the withdrawal of the listed issuer's listing status from the Official List.

If the de-listing of MAHB from the Official List is successful, the Shares will no longer be traded on Bursa Securities.

The Offer is conditional upon the Joint Offerors having received, on or before the Closing Date, valid acceptances by the Holders (provided that such acceptances are not, where permitted, subsequently withdrawn), which will result in the Joint Offerors and the Joint Ultimate Offerors holdings, together with such Shares that are already acquired, held or entitled to be acquired or held, not less than 90.00% of the total issued MAHB Shares.

As the Joint Offerors and the Joint Ultimate Offerors do not intend to maintain the listing status of MAHB, if the Acceptance Condition is met, the Joint Offerors and the Joint Ultimate Offerors will procure MAHB to take all necessary steps and procedures to withdraw its listing status from the Official List in accordance with the MMLR. However, if the Acceptance Condition is revised to a lower level, the Joint Offerors and the Joint Ultimate Offerors will pursue the appropriate route to de-list MAHB.

Upon such announcement, Bursa Securities shall suspend the trading of MAHB Shares immediately upon the expiry of 5 Market Days from the Closing Date. Thereafter, the Joint Offerors and Joint Ultimate Offerors will procure MAHB to take the requisite steps to withdraw its listing status from the Official List of Bursa Securities, in accordance with paragraph 16.07 of the MMLR.

The Holders are to take note that they will not be able to trade MAHB shares on the Main Market of Bursa Securities should there be any suspension in trading/delisting of MAHB Shares consequent to the circumstances above, and there may not be an active market for the unlisted MAHB Shares.

In view of the above, Holders are advised to closely monitor the market prices, trading volume, any press releases and/or announcements made in relation to the Offer, particularly on the level of acceptances, as well as changes in shareholdings of the Joint Offerors, Joint Ultimate Offerors and their PACs, and non-compliance with the Public Spread Requirement, if any.

9. COMPULSORY ACQUISITION AND RIGHTS OF DISSENTING HOLDERS

We have taken note from Section 4.2 of the Offer Document that the Joint Offerors and the Joint Ultimate Offerors intend to invoke the provisions of subsection 222(1) of the CMSA to compulsorily acquire any remaining Offer Shares from the Dissenting Holders in the event that the Joint Offerors receive valid acceptances of not less than 9/10 of the nominal value of the Offer Shares (excluding MAHB Shares already held by the Joint Offerors, Joint Ultimate Offerors and their PACs at the date of the Offer) on or prior to the Closing Date. Under such circumstances, all the Holders of these Offer Shares will be paid in cash for the Offer Shares compulsorily acquired. The consideration for the Offer Shares under this compulsory acquisition will, subject to subsection 224(1) of the CMSA, be equivalent to the Offer Price and on the same terms set out in the Offer Document.

In accordance with subsection 224(1) of the CMSA, where a notice is given under subsection 222(1) of the CMSA, the court may, on an application made by any Dissenting Holder within 1 month from the date on which the notice was given by the Joint Offerors, order that the Joint Offerors shall not be entitled and shall not be bound to acquire the Offer Shares of such Dissenting Holder, or specify terms of acquisition that are different from the terms of the Offer.

Notwithstanding that, if the Joint Offerors receive valid acceptances from the Holders resulting in the Joint Offerors, Joint Ultimate Offerors and their PACs holding not less than 9/10 of the value of MAHB Shares (including MAHB Shares that are already held by the Joint Offerors, Joint Ultimate Offerors and their PACs as at the date of the Offer) on or before the Closing Date, a Dissenting Holder may exercise his/her rights under subsection 223(1) of the CMSA by serving notice on the Joint Offerors to require the Joint Offerors to acquire his/her Offer Shares on the same terms as set out in the Offer Document or such other terms as may be agreed.

If a Dissenting Holder exercises his/her rights under the provisions of subsection 223(1) of the CMSA, the Joint Offerors shall acquire such Offer Shares in accordance with the provisions of the CMSA, subject to section 224 of the CMSA. In accordance with subsection 224(3) of the CMSA, when a Dissenting Holder exercises his/her rights under subsection 223(1) of the CMSA, the court may, on an application made by such Dissenting Holder or by the Joint Offerors, order that the terms on which the Joint Offerors shall acquire such Offer Shares shall be as the court thinks fit.

A notice to the Dissenting Holders under subsection 223(2) of the CMSA may specify the period for the exercise of the rights of the Dissenting Holders and in any event, such period shall not be less than 3 months after the Closing Date. If the Dissenting Holders become entitled and wish to exercise their rights under section 223 of the CMSA, the Dissenting Holders may wish to consult their legal adviser immediately upon the announcement made by the Joint Offerors.

10. RATIONALE FOR THE OFFER AND FUTURE PLANS FOR MAHB GROUP AND ITS EMPLOYEES

10.1 Rationale for the Offer

We note the rationale for the Offer as provided in Section 3 of the Offer Document:

- (i) Airports are critical infrastructure and enablers of economic activity through the flow of passengers and cargo.
- (ii) Malaysia is strategically located in the rapidly growing South-East Asian aviation market and has the potential to play an important role in long-haul, global, air connectivity. Malaysia's network of capital city and regional airports has the potential to develop a broad base of origin and destination traffic, transit traffic, and freight.
- (iii) Presently, Malaysia's long-haul air connectivity underperforms regional peers, adversely impacting Malaysia's ability to attract leisure and business travel, and foreign investment. The Joint Offerors and the Joint Ultimate Offerors believe that improved connectivity will stimulate traffic growth with the resultant economic benefits.
- (iv) MAHB manages 39 airports across Malaysia (consisting five (5) international airports, 17 domestic airports and 17 STOLports) and one (1) international airport in Istanbul, Türkiye, MAHB's airports are key gateways to Malaysia and Türkiye, and it is crucial to MAHB that its international airports demonstrate high and consistent service standards and provide an excellent passenger experience, leaving a positive and enduring impression on travelers.
- (v) With their combined capabilities, the Joint Offerors and the Joint Ultimate Offerors are confident that they can deliver their objectives to upgrade and modernise MAHB's operations, enhance passenger service, improve airline connectivity and stimulate traffic growth. All of these will help unlock the potential of Malaysia's airport network and drive the continued development of ISG in Türkiye.
- (vi) The Joint Offerors and the Joint Ultimate Offerors believe that these objectives will be best achieved by MAHB as a private entity, taking a long-term approach to decision-making and capital investment, and benefitting from GIP airport expertise. The Joint Offerors and the Joint Ultimate Offerors have identified several Priority Initiatives:
 - (a) Delivering to completion high priority capital and maintenance projects: The Joint Offerors and the Joint Ultimate Offerors will place immediate focus on evaluating key capital expenditure projects and resolving delays, including the aerotrain and the baggage handling system at KLIA.
 - (b) Enhancing the passenger experience: The Joint Offerors and the Joint Ultimate Offerors plan to alleviate congestion, improve passenger flows and terminal ambience at MAHB's airports, and expand the retail and food and beverage offering.
 - (c) Working with existing and attracting new airlines: A key focus area for the Joint Offerors and the Joint Ultimate Offerors will be expanding the long-haul network at KLIA, as well as improving overall connectivity at MAHB's state airports.

- (d) Maintaining the highest level of safety for passengers and employees: The well-being and safety of MAHB's staff and travelers will, at all times, be of the highest priority to the Joint Offerors and the Joint Ultimate Offerors.
- (e) Accelerating capital investment: The Joint Offerors and the Joint Ultimate Offerors intend to allocate funding to repair and maintain existing infrastructure and equipment.
- (f) Upgrading and harmonising service levels: The Joint Offerors and the Joint Ultimate Offerors are committed to implementing minimum operational best practices across MAHB's network of airports.
- (g) Planning investment to grow airport capacity: The Joint Offerors and the Joint Ultimate Offerors plan to invest in MAHB's network of airports in Malaysia and Türkiye with the benefit of long-term decision-making and GIP's expertise in expanding and optimising airport capacity.
- (h) Driving economic stimulus by partnering with state bodies and local businesses to expand activity around MAHB's airports, leveraging growth in passenger and freight flows (e.g. Aeropolis).

The successful implementation of the above initiatives will be subject to market and business conditions and, to the extent required, the approval of the MOF Inc (in its capacity as the special shareholder of MAHB) and the Government of Malaysia under the Operating Agreements.

The Joint Offerors and the Joint Ultimate Offerors look forward to working with MAHB's management and its employees to implement these initiatives.

- (vii) Accordingly, the Joint Offerors and the Joint Ultimate Offerors are offering the Holders the opportunity to realise their investment in the Offer Shares for cash at the Offer Price, which represents a 15.16% premium to the 3-month VWAMP of RM9.5523 per share up to and including the Pre-Conditional Offer Announcement LTD. The Offer Price also implies a 49.46%YTD increase which compares to the 10.40% YTD (up to the last trading date before 15 November 2024) performance of the benchmark index FTSE Bursa Malaysia KLCI.

Whilst we note that the Joint Offerors' and the Joint Ultimate Offerors' objectives as stated in Section 3 of the Offer Document, based on MAHB's Chairman's statement to its shareholders in MAHB's 2023 Annual Report and representation from management of MAHB, we understand that MAHB has put in place a long-term strategy for its sustainable growth including initiatives to elevate passenger experience, enhance its network and connectivity, accelerate MAHB Group's off-terminal development business and expansion plans for MAHB's network of airports. The anticipated outcome is expected to stimulate traffic growth and resulting in economic benefits.

Nevertheless, Holders should note that there is no assurance that such benefits will materialise and create additional benefits for the MAHB Group as it is subject to various risk factors such as geopolitical risks, capacity or fleet constraints of anchor airlines and slower than expected economy growth.

We note that the Offer will provide an opportunity for Holders to realise their investments in MAHB Shares at a premium ranging from RM0.60 (5.77%) to RM3.0161 (37.78%) over the last traded market price of MAHB Shares as at the Pre-Conditional Offer Announcement LTD, and the 5-day, 1-month, 3-month, 6-month and 1-year VWAMPs up to and including the Pre-Conditional Offer Announcement LTD.

10.2 Future plans for the MAHB Group and its employees

As at LPD, the Joint Offerors and Joint Ultimate Offerors have not entered into any negotiation or arrangement or understanding with any third party in relation to any significant change in the businesses and assets of MAHB Group or the shareholding structure of MAHB.

The current intentions of the Joint Offerors and the Joint Ultimate Offerors in relation to the future plans for MAHB Group and its employees after the completion of the Offer are as follows:

(i) Continuation of MAHB Group's business

The Joint Offerors and the Joint Ultimate Offerors intend to continue with the existing businesses and operations of MAHB Group after the completion of the Offer. The Joint Offerors and the Joint Ultimate Offerors believe that the Priority Initiatives will help to develop, optimise and grow the MAHB Group's businesses. The Joint Offerors and the Joint Ultimate Offerors will review the businesses and operations of MAHB Group and may formulate further plans and strategies as they consider suitable for the future of MAHB Group's business operations.

(ii) Major changes to MAHB Group's business

While the Joint Offerors and the Joint Ultimate Offerors intend to combine their capabilities to achieve a common objective to upgrade and modernise MAHB Group's operations, enhance passenger service, improve airline connectivity and stimulate traffic growth, they do not have any plan and/or intention to liquidate any company of MAHB Group, dispose of any major asset, or undertake any major re-deployment of the fixed assets of MAHB Group, any of which would result in a major change to the core businesses of MAHB Group as airport operator and manager. The Priority Initiatives will not result in a major change to the core businesses of MAHB Group as airport operator and manager.

The Joint Offerors and the Joint Ultimate Offerors may, from time to time, review strategic options with regards to the businesses of MAHB Group and, where appropriate, implement changes to the corporate structure, reorganise certain business operations, or rationalise certain business activities in the best interests of MAHB Group and with a view to ensure the efficient use of resources of MAHB Group.

As stated previously in the Pre-Conditional Offer Announcement:

- (a) the Government of Malaysia will retain certain special share rights in MAHB;
- (b) there will be no changes to the passenger service charge rates published by the MAVCOM on 12 March 2024 as a result of the Offer; and
- (c) the Joint Offerors remain committed to the airport operations and improving service levels at ISG International Airport in Türkiye.

(iii) Employees of MAHB Group

There are no plans for layoffs as a result of the Offer and that existing employment rights will be fully safeguarded. Nevertheless, as with any organisation, there may be continuous measures to improve operational efficiency and optimise staff productivity of MAHB Group in the future. Any such action will be conducted in accordance with the relevant legislation and the relevant terms of employment.

The Chairman and Chief Executive Officer or Managing Director of MAHB will continue to be Malaysian citizens.

Notwithstanding the above, the Joint Offerors and the Joint Ultimate Offerors shall retain the flexibility to consider any option and/or potential opportunity as they consider fit and in the best interest of MAHB Group which may include strategic investments, divestment, rationalisations and/or restructuring of MAHB Group.

Prior to the Offer, the Joint Offerors and the Joint Ultimate Offerors do not have any relationship with respect to MAHB and the Joint Offerors and Joint Ultimate Offerors have not acted in concert to obtain, consolidate or exercise control over MAHB. Any arrangement or understanding to jointly exercise control over MAHB pursuant to the shareholders' agreement as set out in Section 1.5 of the Offer Document, would only be effective if the Acceptance Condition is met.

Subject to any adjustment to the Acceptance Condition as set out in Section 2.2(iii) of this Offer Document, in the event that the Acceptance Condition is not met on or before the Closing Date such that the Offer is unsuccessful, all acceptances shall be returned to the Accepting Holders and the Joint Offerors and the Joint Ultimate Offerors would not have any relationship in respect of MAHB and would not have any obligations to one another (apart from maintaining confidentiality on matters discussed and information exchanged, and sharing of transaction costs). In this instance, they will be at liberty to pursue their respective investment mandates/objectives to manage and monitor their respective shareholdings in MAHB, if any.

We also noted that the future plans disclosed above are the present intentions of the Joint Offerors and Joint Ultimate Offerors, who intend to continue with MAHB Group' existing businesses and operations as well as having no plans for layoffs as a result of the Offer and that existing employment rights will be fully safeguarded. Nonetheless, they retain the flexibility at any time to consider any options which are in the best interest of the MAHB Group that may present itself.

The Joint Offerors and the Joint Ultimate Offerors may from time to time review strategic options with regard to the businesses or assets of the MAHB Group. The Joint Offerors and the Joint Ultimate Offerors may, where appropriate, undertake such changes, disposal and/or redeployment as part of the process to rationalise the business activities or direction of the MAHB Group. Any changes with regard to staff employment pursuant to the above will be carried out in accordance with the relevant legislation and the terms of employment of the affected employees.

Based on the Joint Offerors' and the Joint Ultimate Offerors' stated intention in relation to the future plans for the MAHB Group and its employees and in view that the Joint Offerors and the Joint Ultimate Offerors collectively held 41.22% in MAHB as at the LPD, we do not expect the MAHB Group's business, corporate structure, assets and employees to change materially after the Offer.

11. FURTHER INFORMATION

We advise the Holders to refer to the Appendices contained in this IAC and other relevant information as set out in the Offer Document for further details in relation to the Offer.

12. CONCLUSION AND RECOMMENDATION

In arriving at our conclusion and recommendation, we have assessed the fairness and reasonableness of the Offer in accordance with paragraphs 1 to 6 of Schedule 2: Part III of the Rules whereby:

- (i) the term "**fair and reasonable**" should generally be analysed as 2 distinct criteria, i.e. whether the Offer is "**fair**" and whether the Offer is "**reasonable**", rather than as a composite term.

- (ii) the Offer is considered “**fair**”, if the Offer Price is equal to or higher than the market price and is also equal to or higher than the value of the Offer Shares. However, if the Offer Price is equal to or higher than the market price, but is lower than the value of the Offer Shares, the Offer is considered as “**not fair**”. In making the assessment the value of the Offer Shares is determined based on the assumption that 100% of the issued shares of the offeree is being acquired.
- (iii) Pursuant to paragraph 4 of Schedule 2: Part III of the Rules, in considering whether the Offer is “**reasonable**”, we have taken into consideration matters other than the valuation of the Offer Shares; and generally, a take-over offer would be considered “**reasonable**” if it is “**fair**”.
- (iv) Nevertheless, an independent adviser may also recommend for shareholders to accept the take-over offer despite it being “**not fair**”, if the independent adviser is of the view that there are sufficiently strong reasons for the Holders to accept the offer in the absence of a higher bid and such reasons should be clearly explained; and
- (v) in the event the independent adviser concludes that the Offer is “**not fair but reasonable**”, the independent adviser must clearly explain the following:
 - (a) what is meant by “**not fair but reasonable**”;
 - (b) how has the independent adviser reached to this conclusion; and
 - (c) the course of action that the Holders are recommended to take pursuant to the conclusion.

We have assessed and evaluated the terms of the Offer and have set out our evaluation in the relevant sections in this IAL as set out in Sections 5, 6 and 7. Holders should carefully consider the merits and demerits of the Offer based on all relevant and pertinent factors, including those set out below and other considerations as set out in this IAL and the Offer Document.

Fairness of the Offer

We are of the view that the Offer is **NOT FAIR** as the Offer Price of RM11.00 is lower than and represents a discount of RM1.61 and RM2.71 or approximately 12.77% to 19.77% over the estimated value per MAHB Share ranging between RM12.61 and RM13.71 derived using the SOPV methodology. For information purposes only, the Offer Price of RM11.00 represents a premium of RM6.11 or approximately 124.95% to the latest unaudited net asset per Share of RM4.89 as at 30 September 2024.

Reasonableness of the Offer

Notwithstanding that the Offer is **NOT FAIR**, we are of the view that the Offer is **REASONABLE** based on the following:

- (i) Based on our evaluation, the Offer Price of RM11.00 represents:
 - a) a premium ranging from RM0.60 (5.77%) to RM3.0161 (37.78%) over the last traded market price of MAHB Shares as at the Pre-Conditional Offer Announcement LTD, and the 5-day, 1-month, 3-month, 6-month and 1-year VWAMPs up to and including the Pre-Conditional Offer Announcement LTD;
 - b) a premium ranging from RM0.72 (3.97%) to RM1.7319 (18.69%) over the last trade market price of MAHB Shares as at the Notice LTD, and the 5-day, 1-month, 3-month, 6-month and 1-year VWAMPs up to and including the Notice LTD; and

- c) a premium ranging from RM0.38 (3.57%) to RM0.3813 (3.59%) over the last trade market price of MAHB Shares as at the LPD and 5-day VWAMP up to and including the LPD.
- (iii) MAHB confirms that, as at the LPD, save for the Offer, it had not received any competing offer or any alternative offer for its securities or its business, assets and liabilities. In the absence of a competing/alternative offer, the Offer provides an opportunity to the Holders to realise their investments in MAHB at the Offer Price.
- (iv) As at the LPD, the Joint Offerors, Joint Ultimate Offerors and their PACs hold approximately 41.22% in MAHB. With the current level of control, the Joint Offerors, Joint Ultimate Offerors and their PACs are not able to approve any ordinary resolutions or special resolutions at the shareholders' general meetings of MAHB as these resolutions require approval from more than 50.00% or at least 75.00% respectively of the total vote cast, but are able to vote against special resolutions with their current shareholdings. Nevertheless, they may have significant influence over the outcome of these resolutions with their current shareholdings. In the event that the Offer is unsuccessful, the Joint Offerors and the Joint Ultimate Offerors would not have any relationship in respect of MAHB and would not have any obligations to one another (apart from maintaining confidentiality on matters discussed and information exchanged, and sharing of transaction costs). In this instance, the Joint Offerors and the Joint Ultimate Offerors will be at liberty to pursue their respective investment mandates or objectives to manage and monitor their respective shareholdings in MAHB, if any.

Premised on the above and our assessments in Sections 6 and 7 of this IAL, we are of the opinion that the Offer is **NOT FAIR** but **REASONABLE**. Accordingly, HLIB:

- (i) advises the Non-Interested Directors to recommend the Holders to **ACCEPT** the Offer; and
- (ii) recommends that the Holders **ACCEPT** the Offer.

However, the decision to be made would depend entirely on the risk appetite and specific investment requirements of the individual Holder.

If the Holders so wish and if the trading liquidity permits, they may consider disposing of their Offer Shares in the open market if they are able to obtain a price higher than the Offer Price, net of transaction costs and assuming that there will not be any revision to the Offer Price.

Holders should be mindful that there may be continuous fluctuations in the market prices of MAHB Shares prior to and after the Closing Date. As such, Holders are advised to closely monitor the market share price, trading volume and any press release and/or announcements made in relation to the Offer before making a decision on the course of action to be taken in respect of the Offer Shares.

[The remaining of this page is intentionally left blank.]

We wish to reiterate that we have not taken into consideration any specific investment objective, financial situation or particular needs of any individual Holder or any specific group of Holders. We recommend that individual Holder or group of Holders who may require advice in relation to the Offer in the context of their individual objectives, financial situation and particular situation, to consult their stockbroker, bank manager, solicitor, accountant or other professional advisers.

Yours faithfully
for and on behalf of
HONG LEONG INVESTMENT BANK BERHAD

LEE JIM LENG
Group Managing Director/
Chief Executive Officer

PHANG SIEW LOONG
Head, Equity Markets
Investment Banking

INFORMATION ON MAHB

1. HISTORY AND PRINCIPAL ACTIVITIES

MAHB was incorporated under the Companies Act 1965 on 28 June 1999. It subsequently became a public listed company and listed on the Kuala Lumpur Stock Exchange now known as Bursa Malaysia on 30 November 1999.

As at the LPD, the MAHB Group is managing 39 airports across Malaysia (with 5 international airports, 17 domestic and 17 STOLports) as well as one international airport in Istanbul, Republic of Türkiye.

MAHB's business operations mainly comprise two (2) segments which are airport operations and non-airport operations. Airport operations consist of airport and other ancillary services that MAHB, through its subsidiaries, is required to provide for the effective and efficient operation of the airports. Non-airport operations consist of other businesses that are not related to airport operations, such as hotel management, as well as agriculture and horticulture.

Further information on the subsidiaries and associated companies and joint ventures of MAHB is set out in Section 5 of this Appendix.

2. SHARE CAPITAL

2.1 Issued share capital

As at the LPD, the issued share capital of MAHB is as follows:

	No. of MAHB Shares	Amount RM
Issued share capital	1,668,554,433	5,171,077,922.29

As at the LPD, there are 2 classes of shares in MAHB, being the ordinary shares which comprise 1,668,554,432 ordinary shares, and 1 special rights redeemable preference share. All the MAHB Shares rank equally in terms of voting rights and entitlements to any dividends, rights, allotments and/or distributions (including any capital distributions) which may be declared, made or paid to shareholders. The special rights redeemable preference shareholder does not have any right to participate in the capital or profits of the Company.

2.2 Change in the issued share capital

Since the end of the FYE 31 December 2023 up to the LPD, there are no changes in MAHB's issued share capital.

2.3 Convertible securities

As at the LPD, MAHB does not have any convertible securities.

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders are as follows:

Name	Direct		Indirect	
	No. of shares	% ⁽¹⁾	No. of shares	% ⁽¹⁾
PPSB	550,456,107	32.99	-	-
Khazanah	4,132,667	0.25	⁽²⁾ 550,456,107	32.99
UEMG	-	-	⁽³⁾ 550,456,107	32.99
EPF	131,129,212	7.86	-	-
Kumpulan Wang Persaraan (Diperbadankan)	81,736,800	4.90	37,517,572	2.25

Notes:

(1) Computed based on 1,668,554,432 MAHB Shares in issue as at the LPD.

(2) Deemed interest by virtue of Section 8(4) of the Act through UEMG.

(3) Deemed interest by virtue of Section 8(4) of the Act through PPSB.

[The remaining of this page is intentionally left blank.]

4. DIRECTORS OF MAHB

The directors of MAHB as at LPD are as follows:

Name	Nationality	Designation	Date of appointment	Correspondence Address
Dr. Nungsari bin Ahmad Radhi	Malaysian	Non-Independent Non-Executive Chairman	9 May 2024	Malaysia Airports Corporate Office Persiaran Korporat KLIA, 64000 KLIA Sepang, Selangor
Dato' Mohd Izani bin Ghani	Malaysian	Managing Director	1 August 2024	Malaysia Airports Corporate Office Persiaran Korporat KLIA, 64000 KLIA Sepang, Selangor
Tan Sri Datuk Zainun binti Ali	Malaysian	Non-Independent Non-Executive Director	17 February 2023	Malaysia Airports Corporate Office Persiaran Korporat KLIA, 64000 KLIA Sepang, Selangor
Dato' Zamzuri bin Abdul Aziz	Malaysian	Non-Independent Non-Executive Director	5 June 2023	Malaysia Airports Corporate Office Persiaran Korporat KLIA, 64000 KLIA Sepang, Selangor
Dato' Normah binti Osman	Malaysian	Non-Independent Non-Executive Director	20 October 2023	Malaysia Airports Corporate Office Persiaran Korporat KLIA, 64000 KLIA Sepang, Selangor
Datuk Amran Hafiz bin Afffudin	Malaysian	Non-Independent Non-Executive Director	1 September 2023	Malaysia Airports Corporate Office Persiaran Korporat KLIA, 64000 KLIA Sepang, Selangor
Rohaya binti Mohammad Yusof	Malaysian	Non-Independent Non-Executive Director	1 October 2021	Malaysia Airports Corporate Office Persiaran Korporat KLIA, 64000 KLIA Sepang, Selangor
Dato' Ir. Mohamad bin Husin	Malaysian	Senior Independent Non-Executive Director	15 August 2016	Malaysia Airports Corporate Office Persiaran Korporat KLIA, 64000 KLIA Sepang, Selangor

APPENDIX I

Name	Nationality	Designation	Date of appointment	Correspondence Address
Ramanathan Sathiamutty	Malaysian	Independent Non-Executive Director	1 January 2019	Malaysia Airports Corporate Office Persiaran Korporat KLIA, 64000 KLIA Sepang, Selangor
Cheryl Khor Hui Peng	Malaysian	Independent Non-Executive Director	25 July 2022	Malaysia Airports Corporate Office Persiaran Korporat KLIA, 64000 KLIA Sepang, Selangor
Dato' Seri Ir. Koe Peng Kang	Malaysian	Independent Non-Executive Director	12 December 2023	Malaysia Airports Corporate Office Persiaran Korporat KLIA, 64000 KLIA Sepang, Selangor
Chris Chia Woon Liat	Malaysian	Independent Non-Executive Director	11 March 2024	Malaysia Airports Corporate Office Persiaran Korporat KLIA, 64000 KLIA Sepang, Selangor
Mohd Nizam bin Mohd Khir	Malaysian	Non-Independent Non-Executive Director/(Alternate Director to Dato' Zamzuri Abdul Aziz)	5 June 2023	Malaysia Airports Corporate Office Persiaran Korporat KLIA, 64000 KLIA Sepang, Selangor

As at the LPD, none of the directors above have any direct and/or indirect shareholdings in MAHB.

5. SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

As at the LPD, the subsidiaries of MAHB are as follows:

Subsidiaries	Place of incorporation	Effective equity interest %	Principal activities
Malaysia Airports (Sepang) Sdn Bhd	Malaysia	100	Management, operations, maintenance, and provision of airport related services in KLIA Terminal 1 and KLIA Terminal 2 in Sepang.
Malaysia Airports Sdn Bhd	Malaysia	100	Management, operations, maintenance and provision of airport related services in Malaysia.
Malaysia Airports (Niaga) Sdn Bhd	Malaysia	100	Operation of duty free, non-duty free outlets and provision of management services in respect of food and beverage outlets at airports in Malaysia.
Malaysia Airports Capital Berhad	Malaysia	100	Issuance of Ringgit-denominated Islamic commercial papers and Islamic medium term notes pursuant to an Islamic commercial papers programme and an Islamic medium term notes programme respectively in accordance with Shariah principles and in connection with its immediate holding company.
Malaysia Airports Technologies Sdn Bhd	Malaysia	100	Operations and maintenance services of Information and Communication Technology business ventures.
Malaysia Airports Consultancy Services Sdn Bhd	Malaysia	100	Investment holding company.
Malaysia Airports Consultancy Services Middle East LLC *	Qatar	49*	General maintenance, providing technical services, technical consultancy, supervision of the maintenance of elevators and intermitting escalators units and works, its maintenance, repair, inspection and operation of electronic equipment.
K.L. Airport Hotel Sdn Bhd	Malaysia	100	Participating in all aspects of the hotel business and the owner of the luxury class hotels known as Sama-Sama Hotel, Sama-Sama Express KLIA Terminal 1 and Sama-Sama Express KLIA Terminal 2 and Airport Fastrack.

APPENDIX I

Subsidiaries	Place of incorporation	Effective equity interest	Principal activities
MAB Agriculture – Horticulture Sdn Bhd	Malaysia	100	Cultivation and selling of oil palm and other agricultural products and to carry out horticulture activities.
Urusan Teknologi Wawasan Sdn Bhd	Malaysia	100	Provision of mechanical, electrical, civil engineering and facilities management services.
KLIA Aeropolis Sdn. Bhd	Malaysia	100	Real estate development and activities not limited to land dealings and master planning and provision of related services.
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.	Türkiye	100	Operation, management, development and provision of airport related services.
SGC Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.	Türkiye	100	Provision of management services in respect of transportation, parking, food and beverages, cleaning at the airport and construction of hotel and car park within the airport.
Malaysia Airports (Properties) Sdn Bhd	Malaysia	100	Provision of non-passenger related services which involve property management.
MAHB (Mauritius) Pte Ltd	Mauritius	100	Investment holding. Dormant since incorporation.
Eraman (Malaysia) Sdn Bhd	Malaysia	100	General trading. Dormant since incorporation.
Malaysia International Aerospace Centre Sdn Bhd	Malaysia	100	Planning, management and marketing for the development of Malaysia International Aerospace Centre at Sultan Abdul Aziz Shah Airport and other airports in Malaysia. The Company remained dormant.
Airport Ventures Sdn Bhd	Malaysia	100	Investment holding.
Malaysia Airports MSC Sdn Bhd	Malaysia	100	Acquisition and undertaking of the whole or any part of the business, property and liabilities of any person or company carrying on any business and subscribe for either absolutely or conditionally or otherwise acquire and hold shares, stocks, debenture stock or other obligation of any other company.
Malaysia Airports (Labuan) Pte Ltd	Malaysia	100	Investment holding.

Subsidiaries	Place of incorporation	Effective equity interest	Principal activities
Malaysia Airports Cities Sdn Bhd	Malaysia	100	Investment holding.
Malaysia Airports International Sdn Bhd	Malaysia	100	Investment holding.
MA Elogistics Sdn Bhd	Malaysia	100	Investment holding.
Malaysia Airports (Subang) Sdn Bhd	Malaysia	100	Undertake all businesses relating to Subang Airport Regeneration.
BP Malaysia Airports Subang Aerotech Sdn Bhd	Malaysia	100	Real estate development.
BPMA HS Sdn Bhd	Malaysia	100	Real estate development. Dormant since the date of incorporation.

Note:

* *Malaysia Airports Consultancy Services Middle East LLC is deemed as a subsidiary even though the proportion of ownership is 49%. Due to certain terms and conditions in the shareholders' agreement, it is stated that the MAHB's effective interest held is 100%.*

As at the LPD, the associated companies of MAHB are as follows:

Associated companies	Place of incorporation	Effective equity interest %	Principal activities
Kuala Lumpur Aviation Fuelling System Sdn Bhd	Malaysia	20	Operation, maintenance and management of Aircraft Fuelling System ("AFS") at KLIA and provision of aviation fuelling services related to the AFS to fuel suppliers.
MFMA Development Sdn Bhd	Malaysia	30	Development and operation of premium outlet park.
Alibaba KLIA Aeropolis Sdn Bhd	Malaysia	30	Development of cargo terminals, sorting centres, warehouse and fulfillment centres and other facilities for the e-commerce industry, in KLIA Aeropolis as part of the Digital Free Trade Zone Initiative in Malaysia.
Cooling Energy Supply Sdn Bhd	Malaysia	30	Operation, maintenance and upgrading of an existing district cooling co-generation plant and to supply of electricity and chilled water to customers in KLIA Terminal 1.

As at the LPD, the joint ventures of MAHB are as follows:

Joint ventures			Place of incorporation	Effective equity interest %	Principal activities
Segi Bhd	Astana Sdn		Malaysia	30	Build-operate-transfer concession to design, construct and complete an integrated complex ("KLIA 2 Integrated Complex") at KLIA Terminal 2, comprising a transportation hub, car park and commercial complex and any future expansion or modification in respect of the KLIA 2 Integrated Complex.
Airport Energy Bhd	Cooling Supply Sdn		Malaysia	23	Development, design, engineering, procurement, construction and financing of district cooling projects in the airport sector, to undertake the comprehensive operation and maintenance of district cooling projects in the airport sector and to carry on the business of producing, distributing, applying, dealing and selling of chilled water.

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of MAHB based on its audited consolidated financial statements for the FYEs 31 December 2021, 2022 and 2023 as well as the latest unaudited consolidated financial statements of MAHB for the FPE 30 September 2024 are as follows:

	Audited FYE 31 December			Unaudited FPE 30 September
	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Revenue	1,672,993	3,127,023	4,914,188	4,262,441
PBZT/Loss before zakat taxation (LBZT)	(1,040,946)	184,621	506,104	624,541
Taxation and zakat	274,507	2,575	37,063	(18,385)
PAT/(LAT)	(766,439)	187,196	543,167	606,156
Attributable to:				
Owners of the Company	(766,439)	187,196	543,167	606,156
Non-controlling interest	-	-	-	-
No. of ordinary shares in issue ('000)	1,659,192	1,659,192	1,668,554	1,668,554
EPS (sen)	(49.66)	7.82	29.17	33.74
Dividend per share (sen)	-	3.91	10.80	-

There is no material exceptional item in the audited financial statements of MAHB for the past 3 financial years up to FYE 2023 and the unaudited financial statements of MAHB for the latest FPE 30 September 2024.

7. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of MAHB based on its audited consolidated financial statements as at 31 December 2022 and 31 December 2023 as well as the latest unaudited consolidated financial statements as at 30 September 2024 are as follows:

	Audited		Unaudited
	As at		As at
	31 December	31 December	30 September
	2022	2023	2024
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	418,272	461,976	490,023
Right-of-use assets	132,128	141,338	236,629
Intangible assets	14,579,700	14,662,718	14,035,771
Investments in associates	141,921	171,337	190,279
Investments in joint ventures	109,085	97,447	144,839
Derivative financial instruments	24,159	5,785	535
Financial assets at fair value through profit or loss	351,475	462,014	-
Trade and other receivables	409,507	362,083	381,572
Employee loans	14,766	11,814	11,335
Deferred tax assets	684,017	768,918	749,545
	16,865,030	17,145,430	16,240,528
Current assets			
Inventories	97,726	127,366	137,122
Biological assets	1,986	2,342	3,037
Trade and other receivables	535,973	789,149	1,112,147
Tax recoverable	10,547	26,963	6,288
Derivative financial instruments	16,572	16,688	13,726
Financial assets at fair value through profit or loss	392,574	501,951	349,005
Cash and bank balances	1,529,590	1,845,101	2,144,630
	2,584,968	3,309,560	3,765,955
TOTAL ASSETS	19,449,998	20,454,990	20,006,483
EQUITY AND LIABILITIES			
Equity attributable to Owners of the Company			
Share capital	5,114,341	5,170,749	5,170,749
Perpetual Sukuk	997,842	997,842	997,842
Retained earnings	1,250,655	1,671,446	2,054,233
Hedging reserve	32,585	16,854	10,695
Foreign exchange reserve	24,678	139,703	(70,725)
Other reserves	6,243	3,573	1,224
TOTAL EQUITY	7,426,344	8,000,167	8,164,018
Non-current liabilities			
Borrowings	4,144,439	3,337,690	2,655,192
Lease liabilities	96,287	104,728	195,199
Trade and other payables	4,356,813	4,538,971	3,811,786
Deferred tax liabilities	568,729	560,985	505,019
	9,166,268	8,542,374	7,167,196
Current liabilities			
Borrowings	697,319	1,249,450	1,941,528
Lease liabilities	33,487	30,702	41,764
Trade and other payables	2,116,524	2,589,974	2,673,359
Income tax payable	10,056	42,323	18,618
	2,857,386	3,912,449	4,675,269
TOTAL LIABILITIES	12,023,654	12,454,823	11,842,465
TOTAL EQUITY AND LIABILITIES	19,449,998	20,454,990	20,006,483
Number of Shares as at the end of respective financial year/period ('000)	1,659,192	1,668,554	1,668,554
NA per Share (RM)	4.48	4.79	4.89

As at the LPD, there is no known material change in the financial position of MAHB Group subsequent to FPE 30 September 2024, being the latest unaudited consolidated financial statements, other than as disclosed in the announcements made by MAHB on Bursa Securities from time to time.

8. ACCOUNTING POLICIES

The audited consolidated financial statements of MAHB for the FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023, and unaudited consolidated financial statements of MAHB for the FPE 30 September 2024 have been prepared in accordance with the MFRS, International Financial Reporting Standards and/or the requirements of the Act. There was no audit qualification for MAHB Group's financial statements for the respective years under review.

There is no change in the accounting standards adopted by MAHB which would result in a material variation to the comparable figures for the audited consolidated financial statements of MAHB for the FYEs 2021, 2022 and 2023 and unaudited consolidated financial statements of MAHB for the FPE 30 September 2024.

9. BORROWINGS

As at 30 September 2024, which is not more than 3 months preceding the LPD, the total outstanding borrowings of the MAHB Group are as follows:

	RM'000
Current	
<u>Unsecured</u>	
Islamic Medium Term Notes	600,000
Revolving Credit	490,000
Senior Sukuk	499,788
<u>Secured</u>	
Senior Term Loan Facility	351,740
Non-current	
<u>Unsecured</u>	
Senior Sukuk	1,797,802
<u>Secured</u>	
Commodity Murabahah Term Financing-i	43,291
Senior Term Loan Facility	814,099
Total borrowings	4,596,720

10. CONTINGENT LIABILITIES

Save for as disclosed below, as at 30 September 2024, the Board is not aware of any material contingent liabilities incurred or known to be incurred by the MAHB Group which, upon becoming enforceable, may have a material impact on the financial position or business of MAHB Group.

	RM'million
Kuala Lumpur Aviation Fuelling System Sdn Bhd	
In respect of the alleged losses and damages in the estimated claim amount of RM456.0 million pertaining to inter alia, the changes of the concession period under the Airport Facilities Arrangement ("AFA") dated 26 September 2007.	456

11. MATERIAL COMMITMENTS

Save for as disclosed below, as at LPD, to the best of the Board's knowledge, there are no other material commitments incurred or known to be incurred by MAHB Group, that has not been provided for, which upon becoming enforceable, may have a material impact on the financial results or position of MAHB Group.

	Not later than 1 year	Later than 1 year but not later than 5 years	Total
	RM'000	RM'000	RM'000
Capital commitments			
<u>Approved and contracted for</u>			
- Capital expenditure	1,390,455	822,454	2,212,909
<u>Approved but not contracted for</u>			
- Capital expenditure	363,471	-	363,471
<u>Other investments</u>			
- Investment in MFMA Development Sdn Bhd	25,950	-	25,950
Total	1,779,876	822,454	2,602,330

12. MATERIAL LITIGATION

Save for as disclosed below, as at the LPD, MAHB Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position or business of MAHB Group and the Board is not aware of any proceeding, pending or threatened, against MAHB, or of any fact likely to give rise to any proceeding which may materially and adversely affect the financial position or business of MAHB Group:

1. Arbitration between Kuala Lumpur Aviation Fuelling System Sdn. Bhd. ("**KAFS**") and Malaysia Airports (Properties) Sdn. Bhd. ("**MA Properties**")

MA Sepang entered into a concession agreement with the Government of Malaysia dated 18 October 1999 where MA Sepang was granted the right to operate, maintain, manage and develop airport on an alienated land owned by Federal Lands Commissioner ("**FLC**") for a period of 50 years. MA Sepang also on the same day, entered into a lease agreement with FLC whereby MA Sepang was granted the right to occupy the KLIA land for a period of 48 years and 11 months.

On 26 September 2007, MA Sepang and KAFS entered into an AFA which gave KAFS the rights and authority to operate and maintain the aircraft fuelling system for a concession period of 50 years.

On 12 February 2009, MA Sepang was then granted with the rights to operate, manage and maintain KLIA for a period of 25 years by the Government of Malaysia via an Operating Agreement ("**OA**").

On 16 April 2009, MA Sepang and KAFS entered into a supplemental agreement to supplement the AFA, with the intent to adjust the concession area given to KAFS upon final survey of the area. MA Sepang, MA Properties and KAFS then entered into a Novation Agreement on 14 May 2009 wherein the AFA was novated to MA Properties from MA Sepang.

Disputes and/or differences arose between KAFS and MA Properties arising out of and/or relating to the contracting period in the AFA and which effectively reduced the concession period from 50 years to 25 years (expired on 11 February 2034). As a result, KAFS has alleged that MA Properties has breached the AFA by entering into

the OA and KAFS claimed against MA Properties for RM456 million as quantum or amount of losses suffered by KAFS via a notice of arbitration dated 26 February 2016.

On 29 August 2024, MA Properties via its solicitors requested KAFS to withdraw the Notice of Arbitration as the issues under the Notice of Arbitration are fully resolved and have become academic with the signing of the new Operating Agreement on 18 March 2024 between the Government of Malaysia, MAHB and MA Sepang.

On 30 September 2024, KAFS informed the solicitors of MA Properties that KAFS is still seeking its board approval on the withdrawal of Notice of Arbitration. In view of the above, KAFS is also seeking for a further extension to withhold the commencement of arbitration proceedings until 30 November 2024.

MA Properties has no objection to KAFS' request to withhold the commencement of the arbitration proceedings until 30 November 2024.

KAFS and MA Properties have agreed to further suspend the arbitration proceedings until 10 January 2025.

Pending KAFS' response to MA Properties' request for withdrawal of Notice of Arbitration.

13. MATERIAL CONTRACTS

As at the LPD, MAHB Group has not entered into any material contract (not being contracts entered into in the ordinary course of business) within the 2 years immediately preceding the commencement date of the Offer Period and up to the LPD.

[The remaining of this page is intentionally left blank.]

FURTHER INFORMATION**1. CONSENTS**

HLIB, AmInvestment Bank, UBS and JLL have given and have not subsequently withdrawn their written consents to the inclusion of their names and all references to them in the form and context in which they appear in this IAC, prior to the despatch of this IAC.

2. DISCLOSURE OF INTERESTS AND DEALINGS IN SECURITIES**2.1 By MAHB****(i) Disclosure of interests in the Joint Offerors and Joint Ultimate Offerors**

As at the LPD, MAHB does not have any interest, whether direct or indirect, in any voting shares and/or convertible securities of the Joint Offerors.

(ii) Dealings in the securities of the Joint Offerors and Joint Ultimate Offerors

MAHB has not dealt, directly or indirectly, in any voting shares and/or convertible securities of the Joint Offerors during the period commencing 6 months prior to the beginning of the Offer Period and up to the LPD.

(iii) Dealings in the securities of MAHB

MAHB has not dealt, directly or indirectly, in any of its own voting shares during the period commencing 6 months prior to the beginning of the Offer Period and up to the LPD.

2.2 By the Directors of MAHB**(i) Disclosure of interests in the Joint Offerors and Joint Ultimate Offerors**

As at the LPD, the directors do not have any interest, whether direct or indirect, in any voting shares and/or convertible securities of the Joint Offerors and Joint Ultimate Offerors.

(ii) Dealings in the securities of the Joint Offerors and Joint Ultimate Offerors

The directors have not dealt, directly or indirectly, in any voting shares and/or convertible securities of the Joint Offerors and Joint Ultimate Offerors during the period commencing 6 months prior to the beginning of the Offer Period and up to the LPD.

(iii) Disclosure of interests in MAHB

As at the LPD, none of the Directors have any direct and/or indirect shareholdings in MAHB.

(iv) Dealings in the securities of MAHB

The Directors have not dealt, directly or indirectly, in any voting shares and/or convertible securities of MAHB during the period commencing 6 months prior to the beginning of the Offer Period and up to the LPD.

2.3 By the persons with whom MAHB or any PACs with it has any arrangement over MAHB Shares

As at the LPD, MAHB or any PACs with it has not entered into any arrangement, including any arrangement involving rights over shares, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to MAHB Shares which may be an inducement to deal or to refrain from dealing, in relation to the Offer.

2.4 By the persons with whom MAHB or any PACs with it has borrowed or lent

As at the LPD, there is no person with whom MAHB or any PACs with it has borrowed or lent any voting shares and/or convertible securities of MAHB.

2.5 By HLIB and funds whose investments are managed by HLIB on a discretionary basis (“Discretionary Funds”)

(i) Disclosure of interests in MAHB

As at the LPD, HLIB and its Discretionary Funds do not have any interest, whether direct or indirect, in any voting shares and/or convertible securities of MAHB.

(ii) Dealings in the securities of MAHB

HLIB and its Discretionary Funds have not dealt, directly or indirectly, in any voting shares or convertible securities of MAHB during the period commencing 6 months prior to the beginning of the Offer Period and up to the LPD.

2.6 Compliance with paragraph 19.05 of the Rules

(i) MAHB, being the Offeree, confirms that (i) there are no dealings in MAHB Shares and shares in Joint Offerors and Joint Ultimate Offerors by MAHB, directors of MAHB and the persons acting in concert with MAHB from the commencement of the Offer Period up to the LPD and the disclosure of dealings requirement under paragraph 19.05 of the Rules has been complied with from the commencement of the Offer Period up to the LPD; and (ii) MAHB will ensure that all dealings of MAHB Shares and shares in Joint Offerors and Joint Ultimate Offerors by MAHB, directors of MAHB and the persons acting in concert with MAHB are disclosed in accordance with the requirements under paragraph 19.05 of the Rules up to the Closing Date.

(ii) HLIB, being the Independent Adviser to the Offeree in respect of the Offer, confirms that (i) there are no dealings in MAHB Shares by HLIB from the commencement of the Offer Period up to the LPD and the disclosure of dealings requirement under paragraph 19.05 of the Rules has been complied with from the commencement of the Offer Period up to the LPD; and (ii) HLIB will ensure that all dealings of MAHB Shares by HLIB are disclosed in accordance with the requirements under paragraph 19.05 of the Rules up to the Closing Date.

3. ARRANGEMENT AFFECTING DIRECTORS

As at the LPD:

- (i) there is no payment or other benefit which will be made or given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (ii) there is no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the outcome of the Offer; and

- (iii) there is no material contract entered into by the Joint Offerors in which any Director has a material personal interest.

4. SERVICE CONTRACTS

As at the LPD, there are no service contracts entered into by any of the Directors or proposed Directors with MAHB Group, which have been entered into or amended within 6 months before the commencement of the Offer Period, or which are fixed-term contracts with more than 12 months to run.

For the purpose of this section, the term “service contracts” excludes those expiring or determinable by the employing company without payment of compensation within 12 months from the date of this IAC.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of MAHB at Malaysia Airports Corporate Office Persiaran Korporat KLIA 64000 KLIA, Sepang, Selangor Darul Ehsan during normal business hours from 8.30 a.m. to 5.30 p.m. (Malaysian time) on Mondays to Fridays (except public holidays) from the date of this IAC up to and including the Closing Date:

- (i) the constitution of MAHB;
- (ii) the audited consolidated financial statements of MAHB for the FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023 as well as the latest unaudited consolidated financial statements of MAHB for the FPE 30 September 2024;
- (iii) a copy of the Notice;
- (iv) a copy of the letter from the SC notifying it has no further comments on this IAC dated 19 December 2024;
- (v) the material contract as referred to in Section 13 of Appendix I;
- (vi) the letters of consent as referred to in Section 1 of this Appendix II; and
- (vii) the reports on the valuation by JLL for the revalued properties.