

Your Ref: IQL-04042016-00003

Date : 5 April 2016

Pn. Suzalina Harun

Senior Vice President, Issuers

Listing Division

Bursa Securities

RE: Notice of Arbitration from Kuala Lumpur Aviation Fuelling System Sdn. Bhd served on Malaysia Airports (Properties) Sdn. Bhd (MA Properties) pursuant to clause 23.1 (b), 23.2 & 23.4 of the Airport Facilities Agreement

- 1) The particulars of the claim under the Notice, including the amount claimed for under the Notice and the interest rate

The amount claimed for is estimated at RM 456 million. However, as stated in the Notice itself, this is still subject to a comprehensive evaluation by Kuala Lumpur Aviation Fuelling System Sdn. Bhd. ("KAFS") of the quantum or amount of losses. Interest on the said sum will be calculated from the date the sum first became due and owing until full and final settlement at a rate to be determined at a later date.

- 2) The details of the circumstances leading to the filing of the Notice against MA Properties

On 26 September 2007, Malaysia Airports (Sepang) Sdn. Bhd. ("MA Sepang") and KAFS entered into an Airport Facilities Agreement ("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 and the Government of Malaysia entered into an Operating Agreement wherein MA Sepang was given the rights to operate and maintain KLIA for a period of 25 years.

On 16 April 2009, MA Sepang and KAFS entered into a Supplemental AFA which confirmed the concession period as set out in the AFA.

On 14 May 2009, MA Sepang and KAFS entered into a Novation Agreement wherein the AFA was novated to MA Properties.

Disputes and/or differences arose between KAFS and MA Properties arising out of and/or relating to the OA entered into between MA Properties and the Government of Malaysia which effectively reduced the concession period from 50 years to 25 years. As a result, KAFS has alleged that MA Properties has breached the AFA by entering into the OA. Numerous attempts have been made to amicably settle the disputes and differences. However, the disputes and differences remain unresolved.

At this stage, the Notice of Arbitration sets out the above circumstances of the disputes and/or difference arising between MA Properties and KAFS. Any further details that come to light will be announced to Bursa accordingly.

3) Whether MA Properties is a major subsidiary?

MA (Properties) is a wholly-owned subsidiary of Malaysia Airports Holdings Berhad (“MAHB”).

4) The total cost of investment in MA Properties.

MA (Properties) is a wholly-owned subsidiary of MAHB. The issued and paid-up share capital of MA (Properties) is RM2.00 as at 31 December 2015. The total cost of investment by MAHB in MA (Properties) is RM2.00.

5) The financial and operational impact of the Notice on the group

Financial Impact:

KAFS is claiming for the damages and compensation as a result of the breach in the estimated sum of RM 456 million. KAFS's claims represent approximately 5% of the net assets of MAHB Group as at 31 December 2015. Accordingly, the claims are not expected to have material financial impact to MAHB Group.

Operational Impact:

MAHB does not foresee that the alleged claim from KAFS will have any material impact on the operational position of MAHB. The solicitors for MAHB continue to have the opinion that MAHB has a good arguable case against KAFS in the arbitration. Any further update on this matter will be announced to Bursa accordingly

Thank you and regards,

MALAYSIA AIRPORTS HOLDINGS BERHAD