

AIRASIA GROUP BERHAD (“AAGB” OR “COMPANY”)

PROPOSED DISPOSAL BY AAGB OF 100.0% EQUITY INTEREST EACH IN THE MERAH AVIATION ENTITIES TO AS AIR LEASE HOLDINGS 5T DAC, AN ENTITY INDIRECTLY CONTROLLED BY CASTLELAKE, L.P.

For the purpose of this announcement, “USD” refers to United States Dollar and “RM” refers to Ringgit Malaysia. Unless otherwise stated, the exchange rate of USD1.00:RM4.0685, which is the middle rate quoted by Bank Negara Malaysia as at 5.00 p.m. on 28 February 2019, being the latest practicable date of this announcement (“LPD”), has been applied to the figures included in this announcement.

1. INTRODUCTION

We refer to the announcement dated 24 December 2018 (“**Announcement**”). Unless otherwise defined, the abbreviations and definitions used in the Announcement shall apply herein.

In the Announcement, on behalf of the Board, RHB Investment Bank Berhad announced that AACL, an indirect wholly-owned subsidiary of AAGB had on 24 December 2018 entered into:

- (i) the SPA with AS Air Lease Holdings 5T DAC (Purchaser) and AS Air Lease 8 (Offshore) LP (Purchaser Guarantor), both entities indirectly controlled by Castlake, for the proposed disposal by AACL to the Purchaser of its entire equity interest in Merah Aviation, which will own Aircraft Assets to be leased to AAB, a direct wholly-owned subsidiary of AAGB, for a Base Purchase Price of USD768.0 million (approximately RM3,124.6 million), subject to terms and conditions as stipulated in the SPA; and
- (ii) the SLB Agreement with the Purchaser for the proposed sale by AACL to the Purchaser and leaseback of four SLB Aircraft for SLB Sale Consideration (“**Proposed SLB**”).

On behalf of the Board, RHB Investment Bank Berhad wishes to announce that AACL had subsequently on 8 March 2019 entered into an amended share purchase agreement (“**Amended SPA**”) with the Purchaser and the Purchaser Guarantor, for the proposed disposal by AACL to the Purchaser of its entire equity interests in the following:

- (i) Merah Aviation,
- (ii) Merah Aviation Asset Holding Two Limited,
- (iii) Merah Aviation Asset Holding Three Limited,
- (iv) Merah Aviation Asset Holding Four Limited; and
- (v) Merah Aviation Asset Holding Five Limited,

(such companies, collectively, the “**Merah Aviation Entities**” or “**Entities**”),

which collectively will own the Aircraft Assets, for the Base Purchase Price of USD768.0 million (approximately RM3,124.6 million), subject to terms and conditions as stipulated in the Amended SPA (“**Proposed Disposal**”).

For the avoidance of doubt, the mainstay of the Proposed Disposal, amongst others, the objective of the Proposed Disposal, the Base Purchase Price and other key terms, remains unchanged under the Amended SPA.

The Proposed Disposal and the Proposed SLB are collectively referred to as, the “**Proposed Transaction**”.

Further details of the Amended SPA are set out in the ensuing sections of this announcement. Unless otherwise stated herein, all other material details of the Proposed Transaction as disclosed in the Announcement including the effects of the Proposed Transaction remain unchanged.

2. AMENDED SPA

The previous SPA is restated by the Amended SPA mainly due to variation to the mechanics of the sale and transfer, including the method of financing and settlement, with a view to attaining a more efficient implementation of the Proposed Disposal.

Under the Amended SPA, the Proposed Disposal to the Purchaser involves the disposal by AACL of one ordinary share of USD1.00, representing 100.0% of the issued share capital of each of the Entities (such shares, collectively, the "**Sale Shares**").

The Merah Aviation Entities were incorporated for the purposes of owning, leasing and/or financing of aircraft. The original cost of investment of each of the Entities is USD1.00 each. As at the LPD, there is no audited NBV for each of the Entities as they are newly incorporated and therefore do not have audited financial statements.

Notwithstanding the above, in essence the objective, and the primary terms and conditions of the Proposed Disposal, remain unchanged under the Amended SPA. The proposed utilisation of the gross cash proceeds to be raised from the Proposed Disposal will also remain unchanged, although the repayment amount of the existing debt of the Aircraft Assets will be adjusted accordingly to reflect the final cut-off date of the repayment. Any excess monies shall be applied in the same manner as indicated in note (3) of Section 2.6 of the Announcement. The effects of the Proposed Disposal will not be materially affected, following the execution of the Amended SPA.

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2.1 Key changes to salient terms of the Amended SPA

The primary terms and conditions of the Proposed Disposal remain largely unchanged, except for variations to the mechanics of the sale and transfer. Key changes to the salient terms of the Amended SPA as compared to the previous SPA are set out below. There are other consequential changes to the Amended SPA on account of such key changes.

Previous SPA	Amended SPA
<u>General</u>	
The Proposed Disposal only involved the proposed disposal by AACL to the Purchaser of its entire equity interest in one entity, i.e., Merah Aviation.	The Proposed Disposal involves the proposed disposal by AACL to the Purchaser of its entire equity interests in the Merah Aviation Entities.
<u>Mode of settlement</u>	
All Aircraft Assets will be transferred to Merah Aviation (or its nominee), followed by a sale of Merah Aviation.	Aircraft Assets will be transferred in batches to the Merah Aviation Entities (or their nominees), followed by a sale of such Merah Aviation Entities.
At the time of transfer of each Aircraft Asset to Merah Aviation (or its nominee), the Purchaser will pay or procure payment of the Adjusted Transfer Amount less an amount equal to one twenty-fifth (1/25 th) of the Deposit, i.e, USD0.8 million (approximately RM3.4 million) per Aircraft Asset to AACL.	At each completion of the sale and transfer of a Sale Share of a Merah Aviation Entity, the Purchaser will pay or procure payment to AACL of an amount which shall be equal to the aggregate of the Adjusted Transfer Amounts in respect of the relevant Aircraft Assets in which such Merah Aviation Entity own(s).
<u>Conditions precedent</u>	
The conditions precedent apply to the transfer of each Aircraft Asset and subsequently to the transfer of Merah Aviation.	The conditions precedent apply to the transfer of a Sale Share in each Merah Aviation Entity.
<u>Termination</u>	
If the conditions precedent to a transfer of an Aircraft Asset to Merah Aviation are not satisfied by the date that is six months after the approval of the transaction by AAGB's shareholders, the SPA will terminate in respect of the relevant Aircraft Asset.	If the conditions precedent to a transfer of a Sale Share in a Merah Aviation Entity to Purchaser are not satisfied by the date that is six months after the approval of the transaction by AAGB's shareholders, the Amended SPA will terminate in respect of such Merah Aviation Entity and the relevant Aircraft Assets transferred or to be transferred to such Entity.
If the transfer of an Aircraft Asset to Merah Aviation does not take place on a transfer date or an extended transfer date, the SPA may be terminated at the option of the party not in default in respect of the relevant Aircraft Asset.	If the completion of the transfer of a Sale Share does not take place on an extended completion date, following the satisfaction of all relevant conditions precedent thereto, the Amended SPA may be terminated at the option of the party not in default in respect of the relevant Merah Aviation Entity and the relevant Aircraft Assets transferred or to be transferred to such Entity.

2.2 Information on lease arrangements for the Aircraft Assets

Save for the head lessor which will be the relevant Entity or its nominee, other details of the lease arrangements for the Aircraft Assets shall be the same as disclosed in Section 2.4 of the Announcement.

3. ESTIMATED TIME FRAME FOR COMPLETION

The draft circular in relation to the Proposed Transaction is expected to be submitted to Bursa Securities within one month from the date of this announcement.

Barring any unforeseen circumstances and subject to all the approvals/consents being obtained, the Proposed Transaction is expected to be completed by the second quarter of 2019.

4. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Amended SPA will be available for inspection at the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) for a period of three months from the date of this announcement.

This announcement is dated 11 March 2019.