

**Bursa Announcement**

**Subject: Leasing of Five (5) A320-200 Aircraft to PT Indonesia AirAsia Extra**

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**1. Introduction**

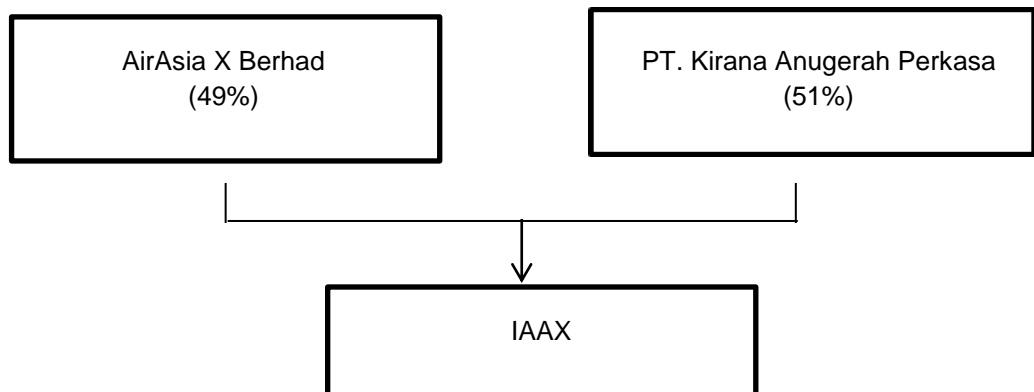
AirAsia Berhad (“AirAsia” or the “Company”) is pleased to announce that it has today through its wholly-owned subsidiary, Asia Aviation Capital Limited (“AACL”), agreed to enter into leasing transactions in relation to five (5) Airbus A320-200 aircraft bearing manufacturers serial numbers (“MSN”) 3765, 3813, 3875, 3963 and 4035 (the “Aircraft”) to be operated by PT Indonesia AirAsia Extra (“IAAX”) (the “Leases”).

**2. Details of IAAX**

IAAX, a joint venture entity incorporated in the Republic of Indonesia, officially received its Air Operator’s Certificate (“AOC”) from the Directorate General of Civil Aviation, Ministry of Transportation of the Republic of Indonesia (“Indonesia DGCA”) on 5 September 2014.

IAAX is currently engaged in low-cost, long-haul transportation services under the AirAsia X brand in Indonesia. The primary hub is in Denpasar, Bali. IAAX currently leases two (2) Airbus A330-300 aircraft and operates out of Denpasar to Melbourne, Taipei and Jakarta.

The current shareholding of IAAX is set forth below:



AirAsia X Berhad (“AAX”) holds a 49% equity stake in IAAX and both Tan Sri Dr. Anthony Francis Fernandes (“Tan Sri Dr. Tony Fernandes”) and Datuk Kamarudin Bin Meranun (“Datuk Kamarudin”) are Directors and Major Shareholders of AAX. Tan Sri Dr. Tony Fernandes’ shareholding in AAX is 2.11% (Direct) and 31.59% (Indirect) and Datuk Kamarudin’s shareholding in AAX is 8.14% (Direct) and 31.59% (Indirect).

The Company currently owns a 13.76% shareholding in AAX.

Both Tan Sri Dr. Tony Fernandes and Datuk Kamarudin are referred to hereinafter as “Related Parties”.

### **3. Salient terms of the Leases**

- i. IAAX will pay a total consideration of USD21,000,000 for the term of the Leases, whereby:
  - (a) the consideration is in the form of monthly lease payments of USD350,000 per aircraft payable monthly in advance by IAAX for the duration of the Leases;
  - (b) the consideration has been derived from averaging the cost of acquisition of aircraft and the credit risk of IAAX, with comparisons to third party leases of a similar aircraft vintage and term.
  - (c) this is the current lease rate charged to PT Indonesia AirAsia (“IAA”), the current operator of the Aircraft.
- ii. The term of the Leases shall be for twelve (12) months, and can be renewed thereafter at terms to be mutually agreed.
- iii. IAAX shall pay a security deposit equal to two (2) months lease rental in the form of cash or a letter of credit, which is customary in aircraft lease agreements of a similar nature.
- iv. IAAX shall pay maintenance reserve contributions in relation to the Airframe, Engines, Landing Gera and Auxiliary Power Unit at the same rates as paid by the other joint ventures airlines in the AirAsia Group.
- v. The Leases contain other standard terms found in aircraft lease agreements of a similar nature.

### **4. Rationale for entering into the Leases**

The Company, through AACL, currently leases the Aircraft to IAA.

Due to IAA having surplus capacity for its operational requirements for the short term, IAA has decided to return the Aircraft back to AACL. Post Aircraft return, IAA will have a fleet of only 24 aircraft.

AACL has received a request from IAAX which is in immediate need of additional aircraft to increase its fleet size.

## 5. Financial Risks

The financial risks to the Company in relation to the Leases are not expected to be material as the Leases are only for a duration of one year and further, the Company has the right to terminate the leases and repossess the aircraft as mentioned above in the event IAAX fails to make the necessary lease and maintenance reserve payments or fulfil any of its other obligations under the Leases.

## 6. Directors' and major shareholders' interests

The Related Parties are deemed interested in the Leases and have abstained from all Board and management deliberations in respect of the Leases.

The Related Parties' direct and indirect shareholdings in AAB as at 11 September 2015 are as set out in the table below:-

Shareholder	Direct		Indirect*	
	No. of Shares	%	No. of Shares	%
Tan Sri Dr. Tony Fernandes	1,600,000	0.06	528,542,082	18.99
Datuk Kamarudin	2,000,000	0.07	528,542,082	18.99

*Note:*

*\* deemed interested by virtue of Section 6A of the Companies Act, 1965 through a shareholding of more than 15% in Tune Air Sdn Bhd*

Save as disclosed above, no other directors and/or major shareholders of AirAsia and/or persons connected with them have any interest, whether directly or indirectly, in the Leases.

**7. Audit Committee's Opinion**

The Audit Committee having considered all the relevant factors in respect of the Leases is of the opinion that entering into the Leases is in the best interest of the Company as the Leases are entered under fair, reasonable and on normal commercial terms which are not detrimental to the interest of the minority shareholders.

**8. Statement by Board of Directors**

Save for the Related Parties (who have abstained), the Board of Directors having considered all the relevant factors in respect of the Leases is of the opinion that entering into the Leases is in the best interest of the Company.

**9. Financial effect of the Leases**

The Leases will not have any material financial impact in the current financial year nor will it have any effect on the share capital and substantial shareholders' shareholdings of AirAsia. It is also not expected to have a material effect on the net assets per share, earnings per share and gearing of AirAsia for this financial year ending 31 December 2015.

**10. Approval required**

AirAsia does not require the approval of its shareholders or any government authorities for AACL to enter into the Leases.

**11. Highest Percentage Ratio**

The highest percentage ratio applicable to the Leases is 1.98% and the highest aggregated percentage ratio for all transactions between the Company and the Related Parties and/or persons connected with them pursuant to Paragraph 10.12(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 2.53%.

**12. Total amount transacted for the preceding twelve months**

The total amount transacted between the Company and the Related Parties and/or persons connected with them for the preceding twelve (12) months was RM31,458,000.

**This announcement is dated 11 September 2015.**