

Date: 20 May 2020

AMANAHRAYA TRUSTEES BERHAD (Company No. 766894-T)
Level 14, Wisma AmanahRaya
No.2, Jalan Ampang
50508 Kuala Lumpur
(as Sukuk Trustee)

Attention: Encik Zainudin b. Suhaimi/ Encik Roslim Syah b. Idris

Dear Trustee (Acting on behalf of the Sukukholders),

PNB MERDEKA VENTURES SDN BERHAD (Company No. 517991-A) (“PNBMV” or the “ISSUER”)

UNRATED SUKUK UNDER THE SHARIAH PRINCIPLES OF MURABAHAH VIA TAWARRUQ ARRANGEMENT AND WAKALAH (“MERDEKA ASEAN GREEN SRI SUKUK”) PURSUANT TO A SUKUK PROGRAMME OF UP TO RINGGIT MALAYSIA TWO BILLION (RM2,000,000,000.00) IN NOMINAL VALUE (“MERDEKA ASEAN GREEN SRI SUKUK PROGRAMME)

MERDEKA ASEAN GREEN SRI SUKUK ANNUAL REPORTING FOR THE YEAR ENDED 31 DECEMBER 2019

1. We refer to the above matter.
2. As required under the Green Sukuk Framework as published in PNBMV’s official website (“**Framework**”), the ASEAN Green Bonds Standards (first issued in November 2017 and revised in October 2018) and the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (first issued on 9 March 2015 and revised on 11 October 2018) issued by the Securities Commission Malaysia (“**SC Guidelines**”), PNBMV hereby confirms the following of our covenant compliance of the SC Guidelines, as stated in clause 11.2(f) of the Merdeka ASEAN Green Sri Sukuk Trust Deed dated 12 December 2017 (“**Trust Deed**”):

[Unless otherwise stated, capitalised words used herein this letter shall have the same meaning as set out in the Trust Deed]

Use of Proceeds

	RM million
Original amount earmarked for Eligible SRI Project¹	2,000.0
Total drawdown as at 31 December 2019	1,570.0

2019	RM million
Total amount unutilised as at 1 January 2019	332.5
Add: Drawdown in 2019	880.0
Total proceeds available for 2019	1,212.5
Less: Amount utilised for Eligible SRI project in 2019 ¹	(570.7)
Total amount unutilised as at 31 December 2019	641.8

Analysis of amount unutilised	RM million
Invested in Permitted Investments	629.1
Deposited in Designated Accounts	12.7
Total amount unutilised as at 31 December 2019	641.8

Note: (1) Eligible sustainable and responsible investment (“SRI”) projects refer to the list of projects described in Paragraph 7.04 of the SC Guidelines.

Impact Reporting

During construction the only available impact reporting are as follows:

- i. **Construction Waste Management:** Ninety four point three eight percent (94.38%) of total construction waste has been recycled.

Description	Tonnes	Percentage
Total construction waste	62,005.96	94.38%
Total recycled waste	58,519.45	

According to the requirement of the Green Building Index of Malaysia, the percentage of recycled construction waste should be at least seventy five percent (75%).

- ii. **Health & Safety:** The Project has achieved 28 million man hours without Lost Time Injury. Other statistics include:

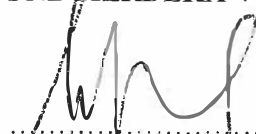
Statistic	Standard rate	Project
Lost Time Injury (per 1,000 workers)	Department of Occupational Safety & Health – not more than 2.93	0
Incident rate	Occupational Safety and Health Administration – not more than 3.0	0.66

3. PNBMV have engaged Ernst & Young Advisory Services Sdn. Bhd. to provide independent verification via Independent Limited Assurance Report dated 20 May 2020 on the management of proceeds and the reporting of use of proceeds in accordance with the Framework. Please refer to Appendix I for the Independent Limited Assurance Report.
4. Should you require any clarification, please do not hesitate to contact our Puan Nurdina Mohd. Shamsudin at Tel. No. 03-2057 3010.

Thank you.

Yours faithfully,
For and on behalf of

PNB MERDEKA VENTURES SDN BERHAD



.....
TENGGU DATO' AB. AZIZ TENGGU MAHMUD
Chief Executive Officer

Independent Limited Assurance Report to the Directors of PNB Merdeka Ventures Sdn. Bhd. ("PNBMV")

Assurance conclusion

Based on our limited assurance procedures, in our opinion, nothing has come to our attention that causes us to believe that the proposed use of proceeds, policies and procedures for management of proceeds and the reporting on use of proceeds in relation to PNBMV's Green Sukuk issuance does not meet the criteria outlined in PNBMV's Green Sukuk Framework, in all material aspects.

Scope

We have performed a limited assurance engagement on the Subject Matter Information set out below. These Subject Matter Information are included in the Investor Letter of PNBMV for the financial year ended 31 December 2019.

Subject Matter Information

Our limited assurance engagement covers the following Subject Matter Information:

- ▶ Management of PNBMV's RM 1.2125 billion Green Sukuk Proceeds ("Proceeds")
- ▶ Reporting on the use of Proceeds

Reporting Criteria

The reporting criteria of the Subject Matter Information are set out in the PNBMV's Green Sukuk Framework (the "Framework"). The Framework sets out the guidelines for PNBMV Green Sukuk issuance in accordance with the following core components of the Green Bond Principles issued by the International Capital Market Association (ICMA): Use of Proceeds, Management of Proceeds and Reporting.

Management Responsibility

The management of PNBMV is responsible for the collection, preparation, presentation and implementation of the Subject Matter in accordance with the Reporting Criteria; and for implementing appropriate risk management, internal controls and maintaining of records in respect of the Subject Matter so that it is free from material misstatement, whether due to fraud or error; and making estimates that are reasonable.

Our Responsibility

Our responsibility is to express a limited assurance conclusion as to whether the Subject Matter is presented in accordance with the Reporting Criteria, in all material aspects. Our assurance engagement has been planned and performed in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our Independence and Quality Control (cont'd.)

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Approach

Our review was limited to the Subject Matter set out in the Subject Matter Information section did not include statutory financial statements of PNBMV. We designed our procedures in order to form a conclusion whether we are aware of any material amendments that need to be made to the Subject Matter information to be in accordance with the Framework. Our procedures included, but were not limited to:

- ▶ Reviewing the implementation of PNBMV's procedures in relation to the management and utilization of Proceeds;
- ▶ Interviewing selected business unit and group level personnel to understand key issues related to PNBMV's policies and procedures;
- ▶ Checking the accuracy of calculations performed;
- ▶ Obtaining supporting evidence to confirm internal systems and process were in place as indicated; and
- ▶ Obtaining and reviewing evidence to support key assumptions and other data.

Limitations

There are inherent limitations in performing assurance - for example, assurance engagements are based on selective testing of the information being examined - and it is possible that fraud, error or non-compliance may occur and not be detected. There are additional inherent risks associated with assurance over non-financial information including reporting against standards which require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to ISAE 3000 is subjective and will be interpreted differently by different stakeholder groups.

Restriction of Use

Our responsibility in performing our assurance activities is to the directors of PNBMV only, and in accordance with the terms of reference for this engagement as agreed with PNBMV. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Green Sukuk post-issuance is entirely at its own risk. No statement is made as to whether the criteria are appropriate for any third-party purpose.



Ernst & Young Advisory Services Sdn Bhd
811619-M
Kuala Lumpur, Malaysia
20 May 2020