

STRICTLY PRIVATE & CONFIDENTIAL

PNB MERDEKA VENTURES SDN. BERHAD

(Company No. 517991-A)

INFORMATION MEMORANDUM

THE PROPOSED ISSUANCE OF UNRATED SUKUK UNDER THE SHARIAH PRINCIPLES OF *MURABAHAH* VIA *TAWARRUQ* ARRANGEMENT AND *WAKALAH* (“MERDEKA SUKUK MURABAHAH”) PURSUANT TO A SUKUK PROGRAMME OF UP TO RINGGIT MALAYSIA THREE BILLION SIX HUNDRED FIFTY MILLION (RM3,650,000,000.00) IN NOMINAL VALUE (“MERDEKA SUKUK MURABAHAH PROGRAMME”)

PRINCIPAL ADVISER, LEAD ARRANGER AND LEAD MANAGER



MIDF Amanah Investment Bank Berhad
(Company No. 23878-X)

This Information Memorandum is dated 27 December 2017

IMPORTANT NOTICE

RESPONSIBILITY STATEMENT

This Information Memorandum has been approved by the directors of PNB Merdeka Ventures Sdn. Berhad (Company No. 517991-A) (the “**Issuer**” or “**PNBMV**”) who collectively and individually accepts full responsibility for the accuracy of the information contained in this Information Memorandum and after having made all reasonable enquiries, confirm that all information contained in this Information Memorandum is true and correct in all respects and that there is no omission, which is material or would make any statement in this Information Memorandum false or misleading and that the opinions and intentions expressed in the information contained in this Information Memorandum are honestly held.

No representation or warranty, expressed or implied, is made that the information remains unchanged in any respect as of any date or dates after those stated herein, with respect to any matter concerning the Issuer or any statement made in this Information Memorandum.

IMPORTANT NOTICE AND GENERAL STATEMENTS OF DISCLAIMER

This Information Memorandum is being furnished on a private and confidential basis solely for the purpose of enabling investors to consider the purchase or subscription of the unrated Sukuk under the Shariah principles of *Murabahah* via *Tawarruq* arrangement and *Wakalah* (“**Merdeka Sukuk Murabahah**”) pursuant to a Sukuk programme of up to Ringgit Malaysia Three Billion Six Hundred and Fifty Million (RM3,650,000,000.00) in nominal value (“**Merdeka Sukuk Murabahah Programme**”).

None of the information or data contained in this Information Memorandum has been independently verified by MIDF Amanah Investment Bank Berhad (Company No. 23878-X) (“**MIDF Investment**”) as the principal adviser (the “**Principal Adviser**”), lead arranger (the “**Lead Arranger**”) and lead manager (the “**Lead Manager**”). Accordingly, no representation, warranty or undertaking, express or implied, is given or assumed by the Principal Adviser, the Lead Arranger and the Lead Manager as to the authenticity, origin, validity, accuracy or completeness of such information and data or that the information or data remains unchanged in any respect after the relevant date shown in this Information Memorandum. The Principal Adviser, the Lead Arranger and the Lead Manager have not accepted and will not accept any responsibility for the information and data contained in this Information Memorandum (including any errors in, or omissions from, this Information Memorandum) or otherwise in relation to the Merdeka Sukuk *Murabahah* Programme and shall not be liable for any consequences of reliance on any of the information or data in this Information Memorandum.

It is to be noted that although the Issuer has sought the advice of the Shariah Adviser with regards to the conformity of the Merdeka Sukuk *Murabahah* and the structure and arrangement as described in the Principal Terms and Conditions of the Merdeka Sukuk *Murabahah* Programme with Shariah principles, no representation, warranty or undertaking, express or implied, is given by the Issuer as to Shariah permissibility of the structure of the Merdeka Sukuk *Murabahah* and the Issuer, the Principal Adviser, the Lead Arranger, the Lead Manager and/or the Shariah Adviser shall not be liable for any consequences of such reliance and/or assumption of any such compliance. Each recipient should perform and is deemed to have consulted its own professional advisers and obtained independent Shariah advice on the Shariah permissibility of the structure. Any non-compliance with Shariah principles may have legal consequences.

The information in this Information Memorandum supersedes all other information and material previously supplied (if any) to the recipients. By taking possession of this Information Memorandum, the recipients are acknowledging and agreeing and are deemed to have acknowledged and agreed that they will not rely on any previous information supplied. No person is authorised to give any information or data or to make any representation or warranty other than as contained in this Information Memorandum and, if given or made, any such information, data, representation or warranty must not be relied upon as having been authorised by the Issuer, the Principal Adviser, the Lead Arranger and the Lead Manager, or any other person. Further, in the event that any investor obtains information which is not expressly contained in this Information Memorandum whether from the Issuer or from any other source, such information shall not constitute part of this Information Memorandum in any way whatsoever and the investor relies on such information solely at its own risk.

This Information Memorandum has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia (the “**Foreign Jurisdiction**”), and has not been and will not be lodged, registered or approved pursuant to or under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any Foreign Jurisdiction.

This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of the selling restrictions as set out below (the “**Selling Restrictions**”) and may not be relied upon by any person other than persons to whom the Merdeka Sukuk *Murabahah* are sold falling within the ambit of the Selling Restrictions:

(1) Selling Restrictions at Issuance

The Merdeka Sukuk *Murabahah* may only be offered, sold, transferred or otherwise disposed of, directly or indirectly, to persons falling within Section 2(6) of the Companies Act, 2016 (as amended from time to time) (the “**CA**”); and Part 1 of Schedule 6 or Section 229(1)(b) of the Capital Markets and Services Act, 2007 (as amended from time to time) (the “**CMSA**”); and Part 1 of Schedule 7 or Section 230(1)(b) of the CMSA, read together with Schedule 9 or Section 257(3) of the CMSA.

(2) Selling Restrictions after Issuance

The Merdeka Sukuk *Murabahah* may only be offered, sold, transferred or otherwise disposed of, directly or indirectly, to persons falling within Section 2(6) of the CA; and Part 1 of Schedule 6 or Section 229(1)(b) of the CMSA, read together with Schedule 9 or Section 257(3) of the CMSA.

Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever. The distribution of this Information Memorandum and the issue, offer or sale of or invitation to subscribe or purchase the Merdeka Sukuk *Murabahah* may be restricted by law in certain jurisdictions. The Issuer, the Principal Adviser, the Lead Arranger and the Lead Manager do not represent that this Information Memorandum may be lawfully distributed, or that any Merdeka Sukuk *Murabahah* may be lawfully issued, offered or sold, in compliance with any applicable registration or other requirements in any Foreign Jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility or liability for facilitating any such distribution, offering or sale. In particular, no action has been taken by the Issuer, the Principal Adviser, the Lead Arranger and the Lead Manager which would permit an offering of any Merdeka Sukuk *Murabahah* or distribution of this Information Memorandum in any Foreign Jurisdiction where action for that purpose is required.

This Information Memorandum is not and is not intended to be a prospectus. Unless otherwise specified in this Information Memorandum, the information contained in this Information Memorandum is current as at the date hereof.

By accepting delivery of this Information Memorandum, each recipient agrees to the terms upon which this Information Memorandum is provided to such recipient as set out in this Information Memorandum, and further agrees and confirms that:

- (i) it will keep confidential all such information and data;
- (ii) it is lawful for the recipient to subscribe for or purchase the Merdeka Sukuk *Murabahah* under all jurisdictions to which the recipient is subject;
- (iii) the recipient has complied with the laws of Malaysia and the laws of any Foreign Jurisdiction in connection with such subscription or purchase of the Merdeka Sukuk *Murabahah*;
- (iv) the Issuer, the Principal Adviser, the Lead Arranger and the Lead Manager and their respective directors, officers, employees and professional advisers are not and will not be in breach of the laws of Malaysia and of any Foreign Jurisdiction to which the recipient is subject as a result of such subscription or purchase of the Merdeka Sukuk *Murabahah*, and they shall not have any responsibility or liability in the event that such subscription or purchase of the Merdeka Sukuk *Murabahah* are or shall become unlawful, unenforceable, voidable or void;
- (v) it is aware that the Merdeka Sukuk *Murabahah* can only be offered, sold, transferred or otherwise disposed of directly or indirectly in accordance with the relevant Selling Restrictions and all applicable laws;
- (vi) it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Merdeka Sukuk *Murabahah*, and is able and prepared to bear the economic and financial risks of investing in or holding the Merdeka Sukuk *Murabahah*;
- (vii) it is subscribing or accepting the Merdeka Sukuk *Murabahah* for its own account; and
- (viii) it falls within the ambit of the Selling Restrictions.

Each recipient is solely responsible for seeking all appropriate professional advice as to the laws of Malaysia and the laws of the Foreign Jurisdiction to which the recipient is subject. For the avoidance of doubt, this Information Memorandum shall not constitute an offer or invitation to subscribe or purchase the Merdeka Sukuk *Murabahah* in relation to any recipient who does not fall within the ambit of the Selling Restrictions.

Neither this Information Memorandum nor any other information supplied in connection with the Merdeka Sukuk *Murabahah* Programme is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation by the Issuer, the Principal Adviser, the Lead Arranger and the Lead Manager that any recipient of this Information Memorandum should purchase any of the Merdeka Sukuk *Murabahah*. Further, neither the Issuer, the Principal Adviser, the Lead Arranger and the Lead Manager nor any of their respective employees or agents makes or gives or purports to make or give any representation or warranty, expressed or implied, as to the merits of the Merdeka Sukuk *Murabahah* Programme or the purchase or acquisition thereof, the creditworthiness or condition (financial or otherwise) of the Issuer, the Principal Adviser, the Lead Arranger and the Lead Manager or any other person mentioned in this Information Memorandum. This Information Memorandum is not a substitute for, and should not be regarded as, an independent evaluation and analysis and does not purport to be all-inclusive. Each recipient contemplating purchasing the Merdeka Sukuk *Murabahah* should perform and is deemed to have made its own independent investigation and analysis of the condition (financial or otherwise), status and affairs, and its own appraisal of the creditworthiness and nature, of

the Issuer and of its subsidiaries and associated companies, the terms of the offering of the Merdeka Sukuk *Murabahah*, including the merits and risks involved, the sufficiency and relevance for its purpose of the information contained in this Information Memorandum and all other relevant matters, and each recipient should consult its own professional advisers. All information and statements herein are subject to the detailed provisions of the respective documents referred to herein and are qualified in their entirety by reference to such documents.

Neither the distribution or delivery of this Information Memorandum nor the offering, sale or delivery of any Merdeka Sukuk *Murabahah* shall in any circumstance imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or the date specified in this Information Memorandum if a date is specified, or that any other information supplied in connection with the Merdeka Sukuk *Murabahah* Programme is correct as of any time subsequent to the date indicated in the document containing the same. Neither the Principal Adviser, the Lead Arranger and the Lead Manager nor any other advisers for the Merdeka Sukuk *Murabahah* Programme undertake to review the condition (financial or otherwise), status or affairs of the Issuer or to advise any investor in any Merdeka Sukuk *Murabahah* of any information coming to their respective attention.

This Information Memorandum includes certain historical information, estimates, or reports thereon derived from sources mentioned in this Information Memorandum and other parties with respect to the economy, the material businesses which the Issuer operates and certain other matters. Such information, estimates, or reports have been included solely for illustrative purposes. No representation or warranty is made as to the accuracy or completeness of any information, estimates and/or reports thereon derived from such sources or from other third party sources. All discrepancies (if any) in the tables included in this Information Memorandum between the listed amounts and totals thereof are due to, and certain numbers appearing in this Information Memorandum are shown, after rounding.

Certain statements, information, estimates and reports in this Information Memorandum are based on historical data, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies. All forward-looking statements are based on estimates and assumptions made by the Issuer and although the board of directors of the Issuer believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by the Issuer or its advisers or arrangers, and there can be no assurance that the plans and objectives of the Issuer will be achieved.

Acknowledgement

The Issuer hereby acknowledges that it has authorised the Lead Arranger/Lead Manager and/or their affiliates to circulate or distribute this Information Memorandum on their behalf in respect of or in connection with the proposed offer or invitation to subscribe for and issue of the Merdeka Sukuk *Murabahah* to prospective investors who fall within the ambit of the Selling Restrictions and that no further evidence of authorisation is required.

Statements of Disclaimer by the Securities Commission Malaysia (“SC”)

This Information Memorandum is not a prospectus and is not intended to be a prospectus and will not be lodged as a prospectus with the SC. However, a copy of this Information Memorandum will be lodged as an Information Memorandum for the purpose of Sections 229 and/or 230 of the CMSA with the SC, which takes no responsibility for its contents.

The proposed issue, offer or invitation in relation to the Merdeka Sukuk *Murabahah* in this Information Memorandum or otherwise are subject to the fulfilment of various conditions precedent including without limitation the lodgement of information and documents in relation to the Merdeka Sukuk *Murabahah* Programme to the SC in accordance with the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (issued on 9 March 2015 and effective on 15 June 2015 and revised on 8 November 2017) (as may be amended from time to time). Such information and documents have been lodged and acknowledged by the SC on 20 November 2017.

The structure of the Merdeka Sukuk *Murabahah* Programme has been endorsed by the Shariah Advisory Council of the SC vide its letter dated 9 November 2017. Each recipient of this Information Memorandum acknowledges and agrees that the lodgement of the Merdeka Sukuk *Murabahah* Programme to the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Merdeka Sukuk *Murabahah*.

The SC, who takes no responsibility for the contents of this Information Memorandum, shall not be liable for any non-disclosure on the part of the Issuer and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Information Memorandum.

EACH MERDEKA SUKUK *MURABAHAH* WILL CARRY DIFFERENT RISKS AND ALL INVESTORS SHOULD EVALUATE EACH MERDEKA SUKUK *MURABAHAH* ISSUE ON ITS OWN MERITS. INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. INVESTORS ARE ADVISED TO NOTE THAT THE MERDEKA SUKUK *MURABAHAH* ARE TRANSFERABLE AND TRADABLE. IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR FINANCIAL, LEGAL AND OTHER ADVISERS BEFORE SUBSCRIBING OR PURCHASING THE MERDEKA SUKUK *MURABAHAH*.

Statements of Disclaimer on Shariah Pronouncement

MIDF Investment (backed by MIDF Shariah Committee) as the Shariah adviser (the “**Shariah Adviser**”) has approved the structure and arrangement of the Merdeka Sukuk *Murabahah* and their compliance with Shariah principles vide the Shariah pronouncement dated 8 November 2017. However, the approval is only an expression of the view of the Shariah Adviser based on his experience in the subject. There can be no assurance as to the Shariah permissibility of the structure of the issue and the trading of the Merdeka Sukuk *Murabahah* and neither the Issuer, the Principal Adviser, the Lead Arranger nor the Lead Manager make any representation as to the same. Investors are reminded that, as with any Shariah views, differences in opinion are possible. Investors are advised to obtain their own independent Shariah advice as to whether the structure meets their individual standards of compliance and make their own determination as to the future tradability of the Merdeka Sukuk *Murabahah* on any secondary market.

Documents Incorporated by Reference

The following documents published or issued from time to time after the date hereof and before the date of first issuance under the Merdeka Sukuk *Murabahah* Programme shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

- (i) the most recently published audited annual consolidated financial statements and, if published later, the most recently published interim consolidated financial statements (if any) of the Issuer; and
- (ii) all supplements or amendments to this Information Memorandum deposited with the SC by the Issuer, if any,

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

The Issuer will provide, without charge, to each person, falling within the Selling Restrictions, to whom a copy of this Information Memorandum has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer through any of the Lead Arranger/Lead Manager at their offices set out at the end of this Information Memorandum.

This Information Memorandum may not be, in whole or in part, reproduced or used for any other purpose, or shown, given, copied to or filed with any other person except as required under Malaysian laws, regulations or guidelines or with the prior written consent of the Issuer.

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CONFIDENTIALITY

To the recipient of this Information Memorandum:

This Information Memorandum and its contents are strictly confidential and are made strictly on the basis that the recipient shall ensure that they will remain confidential. Accordingly, this Information Memorandum and its contents, or any information, which is made available in connection with any further enquiries, must be held in complete confidence.

This Information Memorandum is sent to selected persons who fall within the ambit of the Selling Restrictions. Any person who receives this Information Memorandum who does not fall within the ambit of the Selling Restrictions must immediately notify the Lead Arranger/Lead Manager and return the Information Memorandum to the Lead Arranger/Lead Manager or the Issuer.

In the event that there is any contravention of this confidentiality undertaking or there is reasonable likelihood that this confidentiality undertaking may be contravened, the Issuer may, at its discretion, apply for any remedy available to the Issuer whether at law, equity, including without limitation, injunctions. The Issuer is entitled to fully recover from the contravening party all costs, expenses and losses incurred and/or suffered, in this regard. For the avoidance of doubt, the recipient, the recipient's professional advisers, directors, employees and any other persons who may receive this Information Memorandum or any part of it from the recipient shall be deemed to have agreed to abide by this confidentiality undertaking.

The Principal Adviser and the Lead Arranger/Lead Manager may at any time request any recipient to return this Information Memorandum and all reproductions whether in whole or in part and any other information in connection therewith and where such a request is being made, the recipient must return this Information Memorandum and all reproductions whether in whole or in part and any other information in connection therewith to the Principal Adviser and the Lead Arranger/Lead Manager as soon as reasonably practicable after the said request from the Principal Adviser and the Lead Arranger/Lead Manager.

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DEFINITIONS AND ABBREVIATIONS

In this Information Memorandum, the following words or expressions shall have the following meanings, except where the context otherwise requires:

ASEAN GBS	- the ASEAN Green Bond Standards issued by the ASEAN Capital Markets Forum on 8 November 2017, which term shall include such guidelines as may be amended, supplemented and/or substituted from time to time, which shall be read together with the “Green Bond Principles” which are voluntary process guidelines issued by the International Capital Markets Association, as revised from time to time, that recommend transparency and disclosure and promote integrity in the development of the green bond market
CA	- Companies Act, 2016 (as amended from time to time)
Car Parks	- Parcel 6 Car Park and Parcel 3 Car Park
CCC	- certificate of completion and compliance or any similar document(s) certifying project completion as the relevant authority may require from time to time
CMSA	- Capital Markets and Services Act, 2007 (as amended from time to time)
Completion	- issuance of the Sectional CCC for the respective Parcel 6 Properties pursuant to the JDA no later than the Extended Completion Date
Completion Guarantee	- completion guarantee executed or to be executed between PNB and the Security Agent upon the terms and conditions set out therein
Cost Overrun	- any amount in excess of the Total Project Cost
DBKL	- Dewan Bandaraya Kuala Lumpur
EBITDA	- earnings before interest/profit, taxation, depreciation and amortisation
Environment	- living organisms including the ecological systems of which they form part and the following media: (i) air (including air within natural or man-made structures, whether above or below ground); (ii) water (including territorial, coastal and inland waters, water under or within land and water in drains and sewers); and (iii) land (including land under water)
Environmental Claim	- any litigation, arbitration or administrative proceedings of or before any court, arbitral body or regulatory authority relating to Environmental Law or the environmental, health or safety related obligations of any agreement, laws and regulations of any jurisdiction

Environmental Law	- all laws and regulations of any relevant jurisdiction concerning or applicable with regard to: (i) the pollution or protection of, or compensation of damage or harm to, the Environment; (ii) occupational or public health and safety; or (iii) emissions, discharges or releases into, or the presence in, the Environment or of the use, treatment, storage, disposal, transportation or handling of hazardous substances (including without limitation taxation or any obligation to purchase credits or allowances or to provide financial security with regard to any such activities) and shall include the Environmental Quality Act, 1974 and any regulations thereunder
Environmental Licences	- any authorization, notification, assessment, certificate, allowance or credit required at any time under Environmental Law
Equity Contributions	- Equity contribution to the Project funded by PNB via shares and/or subordinated/junior facilities
Event of Default	- event(s) of default as set out in Section 6.0 of this Information Memorandum under item entitled “Event of Default”
Excluded Assets	<p>- collectively:</p> <ul style="list-style-type: none"> (i) Lot 802, Lot 803, Lot 746 (Non-P6 Portion), Lot 760, Lot 1211, Parcel 1 and Parcel 2 and upon consolidation and subdivision of the relevant titles via the relevant land processes, the Other Parcels together with properties erected thereon; (ii) shares and securities in and financings to PNBM-Park Hotel; (iii) shares and securities in and financings to Other Companies; (iv) all rights, title, interest and benefit in the SPA entered into between PNBMV and PNBM-Park Hotel; and (v) all rights, title, interest and benefit in and to the Other Project(s) and any project documents and other agreements entered into in relation to the Other Project(s); <p>and references to “Excluded Assets” includes references to any one or more of them</p>
Extended Completion Date	<p>- the extended completion date is as follows:</p> <ul style="list-style-type: none"> (i) the Project (excluding the Service Apartments) by 31 December 2022; and (ii) the Service Apartments by 31 December 2026
FSCR	- Finance Service Cover Ratio
GBI	- Green Building Index
GFA	- gross floor area
Government	- Government of Malaysia
GST	- goods and services taxation

Guarantor or PNB	- Permodalan Nasional Berhad
Guidelines on LOLA Framework	- Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (issued on 9 March 2015 and effective on 15 June 2015 and revised on 8 November 2017) issued by the SC
Handover Date of the Office Tower	- the date PNBMV shall grant to PNB and PNB shall accept from PNBMV the Office Tower Lease upon the terms and conditions as set out in the MLA, which date shall be no later than the Extended Completion Date
Infrastructure Works	- collectively: <ul style="list-style-type: none"> (i) JDA Infrastructure Works (which includes common infrastructure works serving Parcel 4); (ii) development and construction of the Parcel 3 Car Park; (iii) construction of a museum on Parcel 3; (iv) refurbishment of the stadiums on Parcel 1 and Parcel 2; and (v) the construction and delivery of a new police station and ancillary buildings and facilities outside Warisan Merdeka in order to relocate the police station currently situated within Parcel 5
JDA	- the Joint Development Agreement dated 27 December 2013 entered into between PNBMV, the Project Companies and PNB-M-Park Hotel, wherein the Project Companies and PNB-M-Park Hotel appoints PNBMV as the Project Manager to jointly develop the JDA Development and the Park Hotel (as amended and/or supplemented by the Supplemental JDA and the Second Supplemental JDA)
JDA Development	- collectively, <ul style="list-style-type: none"> (i) the construction and development of JDA Properties on JDA Land; and (ii) the JDA Infrastructure Works
JDA Infrastructure Works	- the infrastructure works on the JDA Land and neighbouring lands serving the JDA Properties on the JDA Land
JDA Land	- the Parcel 6 Titles and the Parcel 4 Titles
JDA Properties	- the Parcel 6 Properties and the Park Hotel
Kawasan Lapang	- the “Kawasan Lapang” portion and road reserve forming part of Parcel 6 which are shaded in purple in Figure 1 under Section 3.3 of this Information Memorandum, held under Lot No. 20007 Geran 79006, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan and Lot No. 20008 Geran 79400, located at Section 56, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan
Lease Agreement	- the Lease Agreement dated 12 December 2017 entered into between PNBMV and PNB whereby PNBMV grants and PNB

	accepts the lease of the Office Tower subject to and upon the terms and conditions set out therein
LEED	- Leadership in Energy and Environmental Design
Lot 746	- Lot 746 held under Geran 36080, located at Section 56 Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan
Lot 746 (Non-P6 Portion)	- Lot 746 excluding Lot 746 (P6 Portion)
Lot 746 (P6 Portion)	- the portion of Lot 746 forming part of Parcel 6 and shaded in dark green in Figure 1 under Section 3.3 of this Information Memorandum
Lot 760	- Lot 760 held under Geran 49285, located at Section 56, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan
Lot 802	- Lot 802 held under Geran 66974, located at Section 56, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan
Lot 803	- Lot 803 held under Geran 66975, located at Section 56, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan
Lot 1211	- Lot 1211 held under Geran 47916, located at Section 56, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan
LRT	- light rail transit
Material Adverse Effect	- a material adverse effect on the ability of the Issuer to perform any of its payment obligations under Merdeka Sukuk <i>Murabahah</i> Programme
Merdeka ASEAN Green SRI Sukuk Programme	- unrated Sukuk under the Shariah principles of <i>Murabahah</i> via <i>Tawarruq</i> arrangement and <i>Wakalah</i> (" 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, raised to, inter alia, part-finance the construction and development of the Office Tower, including costs related to its ancillary facilities and Office Tower Infrastructure Works
Merdeka Sukuk <i>Murabahah</i> Programme	- unrated Sukuk under the Shariah principles of <i>Murabahah</i> via <i>Tawarruq</i> arrangement and <i>Wakalah</i> (" Merdeka Sukuk Murabahah ") pursuant to a Sukuk programme of up to Ringgit Malaysia Three Billion Six Hundred Fifty Million (RM3,650,000,000.00) in nominal value, raised to, inter alia, part-finance the construction and development of the Parcel 6 Properties and Infrastructure Works
Merdeka PNB118	- a one hundred eighteen (118) storey tower mainly comprising of: <ul style="list-style-type: none"> (i) the Office Tower; (ii) the Tower Hotel; and (iii) the Observation Deck

MIDF Investment or Principal Adviser or Lead Arranger or Facility Agent or Security Agent	- MIDF Amanah Investment Bank Berhad (Company No. 23878-X)
MLA	- the Master Lease Agreement dated 12 December 2017 entered into between PNBMV and PNB whereby PNBMV agrees to lease and PNB agrees to take on the lease of the Office Tower upon handover of the Office Tower for a lease period of fifteen (15) years which is renewable for another fifteen (15) years subject to and upon the terms and conditions set out therein
MRT	- mass rapid transit
NLA	- net lettable/leasable/sellable area
Observation Deck	- a three (3)-storey observation deck/sky deck within the upper portion of the Merdeka PNB118 with an additional destination restaurant just below this deck
Office Tower	- an eighty three (83)-storey office forming part of the Merdeka PNB118 with a total of approximately three thousand five hundred (3,500) proposed allocated car park bays
Office Tower Infrastructure Works	- The JDA Infrastructure Works in relation to the Office Tower only
Office Tower Lease	- the lease over the Office Tower granted or to be granted by PNBMV as the lessor to PNB as the lessee pursuant to: <ul style="list-style-type: none"> (i) the MLA; and (ii) any lease agreement to be entered into between PNBMV and PNB (including the memorandum of lease and any annexures for the registration of the lease under the National Land Code, 1965)
Other Companies	- companies incorporated to carry out the development and construction of Other Project(s)
Other Parcels	- Parcel 1, Parcel 2, Parcel 4, Parcel 5 and Parcel 7 within Warisan Merdeka
Other Project(s)	- the Warisan Merdeka development project other than the Project
Other Properties	- collectively: <ul style="list-style-type: none"> (i) the Tower Hotel; (ii) the Observation Deck; (iii) the Retail Mall; (iv) Service Apartments; and (v) Podium

- | | |
|---------------------|--|
| Owners | - collectively: <ul style="list-style-type: none">(i) PNBM-Skydeck;(ii) PNBM-Tower Hotel;(iii) PNBM-Retail Mall;(iv) PNBM-Development; and(v) PNBM-Park Hotel |
| Parcel 1 | - the parcel of land marked as “P1” in the Site Layout of Warisan Merdeka set out in Figure 1, Section 3.3 of this Information Memorandum upon which Stadium Merdeka is located |
| Parcel 2 | - the parcel of land marked as “P2” in the Site Layout of Warisan Merdeka set out in Figure 1, Section 3.3 of this Information Memorandum upon which Stadium Negara is located |
| Parcel 3 | - the parcel of land marked as “P3” in the Site Layout of Warisan Merdeka set out in Figure 1, Section 3.3 of this Information Memorandum |
| Parcel 3 Car Park | - the construction and development of approximately one thousand (1,000) car park bays on Parcel 3 comprising: <ul style="list-style-type: none">(i) five (5) levels of basement car park together with mechanical space (underground level); and(ii) two (2) levels of access tunnel known as “Belfield Tunnel” (connecting to Basement B4 and B5) |
| Parcel 4 | - the land forming part of Parcel 4 Titles and marked as “P4” in the Site Layout of Warisan Merdeka set out in Figure 1, Section 3.3 of this Information Memorandum |
| Parcel 4 Titles | - part of Lot 802 and Lot 803 constituting Parcel 4 |
| Parcel 5 | - the parcel of land marked as “P5” in the Site Layout of Warisan Merdeka set out in Figure 1, Section 3.3 of this Information Memorandum |
| Parcel 6 or Plot 6 | - the land constituted by the Parcel 6 Titles, Lot 746 (P6 Portion) and the Kawasan Lapang upon which the Parcel 6 Properties are proposed to be constructed and marked as “P6” in the Site Layout of Warisan Merdeka set out in Figure 1, Section 3.3 of this Information Memorandum |
| Parcel 6 Car Parks | - approximately seven thousand three hundred (7,300) proposed allocated car park bays forming part of the Parcel 6 Properties to be developed under the Project |
| Parcel 6 Properties | - structures to be developed on Parcel 6 comprising the following: <ul style="list-style-type: none">(i) Merdeka PNB118;(ii) Podium;(iii) Retail Mall;(iv) Service Apartments; and |

(v) Parcel 6 Car Parks

Parcel 6 Titles - all those pieces of land located at Section 56, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan held under the following lot numbers:

	<u>Lot No.</u>		<u>Geran No.</u>
(i)	795	-	66969
(ii)	796	-	66970
(iii)	797	-	66971
(iv)	799	-	66972
(v)	800	-	66973

which together with Lot 746 (P6 Portion) and the Kawasan Lapang, constitute Parcel 6 and shall include any title(s) issued in continuation or in substitution thereof from time to time and references to "Parcel 6 Titles" includes references to any one or more of them

Parcel 7 - the parcel of land marked as "P7" in the Site Layout of Warisan Merdeka set out in Figure 1, Section 3.3 of this Information Memorandum

Park Hotel - a hotel and/or such other construction as may be agreed between the Project Manager and the Owners proposed to be erected on Parcel 4

Periodic Payment Date - a scheduled profit payment date and/or principal payment date of Merdeka Sukuk *Murabahah*

PNB - Permodalan Nasional Berhad (Company No. 38218-X)

PNBMV or the Project Manager or the Issuer - PNB Merdeka Ventures Sdn. Berhad (Company No. 517991-A)

PNBM-Development - PNB Merdeka Development Sdn. Bhd. (Company No. 1064272-A)

PNBM-District Cooling System - PNB Merdeka District Cooling System Sdn. Bhd. (Company No. 1064280-X)

PNBM-Park Hotel - PNB Merdeka Park Hotel Sdn. Bhd. (Company No. 1064279-K)

PNBM-Retail Mall - PNB Merdeka Retail Mall Sdn. Bhd. (Company No. 1064275-H)

PNBM-Skydeck - PNB Merdeka Skydeck Sdn. Bhd. (Company No. 1064262-T)

PNBM-Tower Hotel - PNB Merdeka Tower Hotel Sdn. Bhd. (Company No. 1064278-W)

Podium - the podium located on the west side of Merdeka PNB118 which consists of two (2) grand foyers (north lower/south upper) that run from floor one (1) to five (5) with meeting rooms, lobbies, a banking hall, a theatre and a ballroom at the seven (7) storey west podium

Podium (Ballroom)	- the part of the Podium which are to be owned by Tower Hotel comprising the ballroom and such other rooms and space for which a separate strata title is proposed to be issued
Podium (Others)	- Podium other than Podium (Ballroom)
Power of Attorney	- the power of attorney dated 1 July 2014 granted by the Owners in favour of the Project Manager whereby the Owners appoint the Project Manager as their respective attorney to, among others, do all such acts or things as may be necessary or expedient in connection with the management, improvement and development of the JDA Land
Principal Payment Amount	- the principal payment shall be based on the Principal Reduction Schedule as set out in Section 6.0 of this Information Memorandum under item entitled "Principal Reduction Schedule"
Project	- collectively: <ul style="list-style-type: none"> (i) the construction and development of the Parcel 6 Properties on Parcel 6; and (ii) all Infrastructure Works
Project Companies	- collectively: <ul style="list-style-type: none"> (i) PNBMV; (ii) PNBM-Skydeck; (iii) PNBM-Tower Hotel; (iv) PNBM-Retail Mall; and (v) PNBM-Development
Project Documents	- documents pertaining to the Project including the following: <ul style="list-style-type: none"> (i) the JDA; (ii) the Power of Attorney; (iii) the SPAs; (iv) the MLA; (v) the Office Tower Lease; and (vi) any other documents to be entered into in connection with the Project and designated as such by the Security Agent
Retail Mall	- an eight (8)-storey mall at the east podium to be constructed on top of a five (5)-storey underground car park with a total of approximately one thousand eight hundred (1,800) proposed allocated car park bays
Scheduled Completion Date	- scheduled completion date is as follows: <ul style="list-style-type: none"> (i) the Project (excluding the Service Apartments) by 30 June 2021; and (ii) the Service Apartments by 30 June 2025
Scheduled Profit Amount	- Periodic Profit Payments to be paid at every Periodic Payment Date

Second Supplemental JDA	- second supplemental agreement to the JDA dated 12 December 2017 entered into between the Project Manager and the Owners amending and supplementing the terms of the JDA
Sectional CCC	- certificate(s) of completion and compliance in respect of the respective components of the Project issued by the Project architect
Security Agent	- an entity to be appointed to hold the security under the Sukuk Programmes and to act as security agent for and on behalf of the Sukukholders, and includes its successors-in-title and assigns and any successors in such capacity
Service Apartments	- the proposed service apartments constituted by three (3) separate towers with two (2) towers to the east of the Merdeka PNB118 to be constructed on top of the Retail Mall and another one (1) essentially identical tower to the west to be constructed on top of the Podium with a total of approximately one thousand eight hundred (1,800) proposed allocated car park bays
SPA or Sale and Purchase Agreement(s)	- the sale and purchase agreements entered into by the respective Owners with PNBMV as the registered proprietor of the JDA Land dated 27 December 2013, wherein PNBMV has agreed to sell and the Owners have respectively agreed to purchase an undivided share each in the JDA Land in the proportion set out in the respective SPA as may be amended, supplemented or substituted from time to time
sq. ft.	- square feet
SRI	- means sustainable and responsible investment
Sukuk Programmes	- Merdeka ASEAN Green SRI Sukuk Programme and Merdeka Sukuk <i>Murabahah</i> Programme
Sukuk Trustee	- AmanahRaya Trustees Berhad (Company No. 766894-T)
Sukukholders	- holders of the Merdeka Sukuk <i>Murabahah</i>
Supplemental JDA	- supplemental agreement to the JDA dated 19 March 2015 entered into between the Project Manager and the Owners amending and supplementing the terms of the JDA
Supplemental SPA(s)	- supplemental agreement(s) to the SPA(s) dated 12 December 2017 entered into by the respective Owners with PNBMV as the registered proprietor of the JDA Land amending and supplementing the terms of the SPA(s)
Total Project Cost	- the total project cost (based on base case cashflow projections required to complete the Project) estimated at Ringgit Malaysia Eight Billion Seventy Million (RM8,070,000000.00) or such other amount as may be agreed upon between the Issuer and the Lead Arranger

- | | |
|----------------------------|--|
| Tower Hotel | - a sixteen (16)-storey hotel forming part of the Merdeka PNB118 with a total of approximately five hundred (500) proposed allocated car park bays and two hundred thirty (230) rooms |
| UKAS Letter | - the letter dated 29 September 2017 issued by the Public Private Partnership Unit of the Prime Minister's Department |
| Warisan Merdeka | - a development project on Parcel 1, Parcel 2, Parcel 3, Parcel 4, Parcel 5, Parcel 6 and Parcel 7 as indicated in the Site Layout set out in Figure 1, Section 3.3 of this Information Memorandum of which the Project forms part thereof |
| Working Capital Facilities | - the working capital facilities of up to Ringgit Malaysia Two Hundred Million (RM200,000,000.00) only on an unsecured basis incurred in the ordinary course of business subject to the terms of the Sukuk Programmes |

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1.0 EXECUTIVE SUMMARY

The information set out in this Section is an executive summary of the principal features of the Merdeka Sukuk Murabahah Programme. It is qualified in its entirety by, and must be read in conjunction with, the further detailed information appearing elsewhere in this Information Memorandum.

1.1 Introduction

The Issuer proposes to issue Merdeka Sukuk *Murabahah* of up to Ringgit Malaysia Three Billion Six Hundred Fifty Million (RM3,650,000,000.00) in nominal value under the Shariah principles of *Murabahah* via *Tawarruq* arrangement and *Wakalah* under the Merdeka Sukuk *Murabahah* Programme.

1.2 Brief Background of the Issuer

PNBMV was incorporated in Malaysia under the laws of Malaysia, as an investment holding company on 24 June 2000. PNBMV is a wholly-owned subsidiary of PNB. PNBMV is responsible for managing the development and construction of the JDA Development in accordance with the terms of the JDA and upon completion, to own the Office Tower. PNBMV will also act as the financing conduit to facilitate the necessary financing as required in relation to the Project.

PNBMV has six (6) wholly-owned subsidiaries, namely:

- (i) PNBM-Skydeck;
- (ii) PNBM-Tower Hotel;
- (iii) PNBM-Retail Mall;
- (iv) PNBM-Development;
- (v) PNBM-Park Hotel; and
- (vi) PNBM-District Cooling System

PNBM-Park Hotel, which shall be the owner of the Park Hotel, shall not form part of the Project and therefore, will not be funded by the Sukuk Programmes.

Please refer to Section 2.0 of this Information Memorandum for further information on the Project Companies.

1.3 Brief Background of PNB as a Guarantor

PNB was incorporated on 17 March 1978 and is a subsidiary of Yayasan Pelaburan Bumiputra (Bumiputra Investment Foundation). Yayasan Pelaburan Bumiputra was established in January 1978 to formulate policies and guidelines for Bumiputra equity investment participation and PNB was set up as its subsidiary to implement its policies. PNB is the parent company for Amanah Saham Nasional Berhad which manages a number of unit trust schemes. To date, PNB holds a diversified portfolio of investments in asset management, unit trusts, institutional property trusts and property management.

Please refer to Section 2.0 of this Information Memorandum for further information on PNB.

1.4 Brief Description of the Project

In 2009, PNB announced their proposal to embark on a project to build an integrated development with an iconic tower in the historic Stadium Merdeka and Stadium Negara enclave. Since the announcement, PNB has undertaken comprehensive market and feasibility studies to assess the viability of the project. Other than investment returns, the project also aims to rejuvenate property development and economic activities in the south end of Kuala Lumpur's central business district. PNBMV, as a wholly-owned subsidiary of PNB, was identified to undertake the development of this project.

The development, proposed to be named as "**Warisan Merdeka**" will cover approximately forty (40) acres of land comprising Parcel 1 to Parcel 7. Parcel 6 or Plot 6, which forms part of the Project, is the largest land parcel with a land area of approximately fifteen point seven (15.7) acres and will be the first land parcel to be developed. The remaining acreage comprise of Stadium Merdeka (Parcel 1), Stadium Negara (Parcel 2), a green area (Parcel 3), Parcel 4, Parcel 5 and Parcel 7.

The development on Parcel 6 will be undertaken by PNBMV as the Project Manager and will comprise a mixture of Merdeka PNB118 (which houses the Office Tower, the Tower Hotel and the Observation Deck), the Retail Mall and the Service Apartments, of which Merdeka PNB118 will be the centre piece. Merdeka PNB118 comprises a 118-storey building comprising 83-storey of offices, 16-storey luxury hotel, a 8-storey retail mall, a podium and a 3-storey observation deck with a total of approximately seven thousand three hundred (7,300) proposed allocated car park bays. Total gross floor area to be developed under the Project will be around 6,200,000 sq. ft. with approximately over 4,553,000 sq. ft. of NLA.

Designed by international architectural firm, Fender Katsalidis Architects, Merdeka PNB118 will supersede the Petronas Twin Towers as the tallest building in Malaysia at more than 630 metres (including spire) upon completion. Meanwhile, the Council on Tall Buildings and Urban Habitat ("**CTBUH**") has ranked Merdeka PNB118 as "11th Future Tallest Building in the World" based on their list of "100 Tallest Future Buildings in the World" as at 26 December 2017. Merdeka PNB118 is expected to rival the International Finance Centre of Hong Kong, Taipei 101 in Taipei, Burj Khalifa in Dubai and Shanghai Tower in Shanghai. Other than increasing the profile of Kuala Lumpur as an international and progressive city, the Project is expected to positively impact the entire Kuala Lumpur cosmopolitan area, especially the surrounding vicinity of the Warisan Merdeka development site.

Merdeka PNB118 is pre-certified at the highest level (Platinum) under the Green Building Index ("**GBI**") which obtained a provisional GBI platinum rating by the Green Building Index Accreditation Panel ("**GBI Accreditation Panel**") on 30 January 2014, and Green RE Platinum Award (Provisional) by GreenRE Sdn Bhd on 21 August 2015, both in Malaysia. PNBMV is also pursuing certification of Merdeka PNB118 under LEED and is targeting platinum design certification by the U.S. Green Building Council.

The Project also covers Infrastructure Works which comprise:

- (i) the JDA Infrastructure Works (which includes common infrastructure works serving Parcel 4);
- (ii) the development and construction of Parcel 3 Car Park;

- (iii) the construction of a museum located on Parcel 3;
- (iv) refurbishment of the stadiums located on Parcel 1 and Parcel 2; and
- (v) the construction and delivery of a new police station and ancillary buildings and facilities outside Warisan Merdeka in order to relocate the police station currently situated within Parcel 5.

The Warisan Merdeka development site is accessible via Jalan Hang Jebat to the north, Jalan Hang Tuah to the east and Bulatan Merdeka to the south west of the site. It is adjacent to the Maharajalela monorail station to the south, Hang Tuah monorail and LRT stations to the east and Plaza Rakyat LRT station to the north. There is also a MRT station adjacent to the site which will be connected to the Retail Mall, Merdeka PNB118 and Stadium Negara. This MRT station will also be connected directly to the Plaza Rakyat LRT station.

Please refer to Section 3.0 of this Information Memorandum for further information on the Project.

1.5 Key Project Documents

The key Project Documents are as follows:

(i) SPAs (including Supplemental SPAs)

PNBMV, as the registered proprietor of the JDA Land and vendor, had entered into the SPAs with each of the Owners, as purchasers, whereby PNBMV has agreed to sell and the Owners have respectively agreed to purchase an undivided share each in the JDA Land therein in accordance with the following proportions subject to and upon the terms and conditions set out therein:

Owners/Purchasers	Percentage of undivided share in the JDA Land (%)
PNBM-Tower Hotel	7.64
PNBM-Park Hotel	2.61
PNBM-Skydeck	1.09
PNBM-Retail Mall	29.97
PNBM Development	18.63

(ii) JDA (including Supplemental JDA and Second Supplemental JDA)

PNBMV, as the Project Manager, and the Owners had entered into the JDA, whereby the Owners have agreed to appoint PNBMV as the project manager for the JDA Development for the consideration set out therein and the Owners agreed to jointly develop the JDA Development together with the Project Manager subject to and upon the terms and conditions set out therein.

Subsequently, PNBMV and the Owners had entered into the Supplemental JDA, whereby the parties agreed that, inter alia:

- (a) the JDA Development may be completed in sections via the issuance of Sectional CCC;

- (b) the completion date for the Project (except the Service Apartments) is 31 December 2019 and the Service Apartments is 31 December 2024; and
- (c) PNBM-Development may convert the Service Apartments or any part thereof into a hotel or any other development as they deem fit subject to obtaining mutual agreement in writing from the Project Manager and the rest of the Owners.

On 12 December 2017, the Project Manager and the Owners had entered into the Second Supplemental JDA, whereby the parties agreed to, inter alia:

- (a) complete the Project at the cost and expenses of the Owners within the Scheduled Completion Date;
- (b) PNB shall irrevocably and unconditionally guarantee:
 - (i) to complete the Project (save for the Service Apartments) by 30 June 2021; and
 - (ii) to complete the Service Apartments by 30 June 2025,

upon the terms and conditions set out in the Completion Guarantee.

Pursuant to the terms of the SPAs and the JDA, the various parcels comprising the JDA Land in relation to Parcel 6 are to be amalgamated into a single title and upon issuance of strata titles, the strata title of the respective components of the JDA Development are to be registered in the names of the respective Owners as follows:

<u>Land</u>	<u>Component</u>	<u>Entities</u>
Parcel 6	Office Tower	: PNBMV
Parcel 6	Observation Deck	: PNBM-Skydeck
Parcel 6	Tower Hotel	: PNBM-Tower Hotel
Parcel 6	Retail Mall	: PNBM-Retail Mall
Parcel 6	Service Apartments	: PNBM Development
Parcel 4	Park Hotel	: PNBM-Park Hotel ⁽¹⁾
Parcel 3	Parcel 3 Car Park	: To be determined no later than the Scheduled Completion Date or the Extended Completion Date, as the case may be
Parcel 6	Podium (Ballroom)	: PNBM-Tower Hotel
Parcel 6	Podium (Others)	: PNBMV
Parcel 6	Parcel 6 Car Park	: To be determined upon issuance of Sectional CCC

Note:

- (1) *Park Hotel is not included in the Project, and will not be financed by the Sukuk Programmes.*

(iii) Power of Attorney

Each of the Owners has, via the Power of Attorney appointed PNBMV as their attorney to, among others, do all such acts or things as may be necessary or expedient in connection with the management, improvement and development of the JDA Land on their behalf for a period of five (5) years or for so long the JDA is in force, whichever is later.

(iv) MLA

PNB has also entered into the MLA with PNBMV, whereby PNB agrees to lease from PNBMV the Office Tower upon the Handover Date of the Office Tower. Pursuant to the MLA, PNB undertakes the responsibilities in relation to the costs/expenses incurred arising from maintaining the Office Tower including maintenance and service fees, insurance, assessment and quit rent from the Handover Date of the Office Tower. The lease term is fifteen (15) years from the Handover Date of the Office Tower and is renewable for another fifteen (15) years subject to the terms and conditions therein.

(v) Lease Agreement

PNBMV has granted and PNB has accepted the lease of the Office Tower excluding the common property for the term of fifteen (15) years from the Handover Date of the Office Tower.

Please refer to Section 5.0 of this Information Memorandum for further information on the key Project Documents.

1.6 Salient Features of the Merdeka Sukuk *Murabahah* Programme

The Merdeka Sukuk *Murabahah* Programme comprise issuances of Merdeka Sukuk *Murabahah* of up to Ringgit Malaysia Three Billion Six Hundred Fifty Million (RM3,650,000,000.00) in nominal value, under the Shariah principles of *Murabahah* via *Tawarruq* arrangement and *Wakalah*.

Merdeka Sukuk *Murabahah* is an unrated instrument and shall constitute direct, unconditional, unsubordinated and secured obligations of the Issuer.

The summary of the salient features of the Merdeka Sukuk *Murabahah* Programme is as follows:

1.6.1 Programme Size

The programme limit of the Merdeka Sukuk *Murabahah* Programme is up to Ringgit Malaysia Three Billion Six Hundred Fifty Million (RM3,650,000,000.00) in nominal value and the limit of the Merdeka Sukuk *Murabahah* Programme shall be reduced according to a reduction schedule ("**Principal Reduction Schedule**") as set out below:

Principal Payment Date	Principal Payment Amount (RM'million)	Merdeka Sukuk <i>Murabahah</i> Programme Available Limit (RM'million)
12 th anniversary from the first issue date	200.0	3,450.0

Principal Payment Date	Principal Payment Amount (RM'million)	Merdeka Sukuk <i>Murabahah</i> Programme Available Limit (RM'million)
13 th anniversary from the first issue date	200.0	3,250.0
14 th anniversary from the first issue date	200.0	3,050.0
15 th anniversary from the first issue date	3050.0	-

*Note: The principal payment shall commence on the 12th anniversary from, the first issue date of the Merdeka Sukuk *Murabahah*.*

1.6.2 Tenure of Programme and Sukuk

The Merdeka Sukuk *Murabahah* Programme shall have a tenure of up to fifteen (15) years from the date of the first issuance of Merdeka Sukuk *Murabahah* subject to the first issuance to be effected within sixty (60) business days from the date of lodgement with the SC.

The tenure of each Merdeka Sukuk *Murabahah* to be issued under the Merdeka Sukuk *Murabahah* Programme shall be more than one (1) year and up to fifteen (15) years as the Issuer may elect, provided that the relevant Merdeka Sukuk *Murabahah* mature on or prior to the expiry of the Merdeka Sukuk *Murabahah* Programme.

1.6.3 Utilisation of Proceeds

The proceeds raised from the Merdeka Sukuk *Murabahah* Programme will be utilised for the following Shariah-compliant purposes to partly finance the Total Project Cost:

- (i) To fund the development and construction costs of the Project⁽¹⁾;
- (ii) To pay Periodic Profit Payments during construction and to fund the Periodic Profit Payments and/or any recurring fees and expenses during initial operating period⁽²⁾;
- (iii) To pre-fund the FSRA 2 at least fourteen (14) days prior to the Scheduled Completion Date; and
- (iv) To defray fees and expenses incidental to the Merdeka Sukuk *Murabahah* Programme and Completion Guarantee fee payable to PNB, during construction period.

Notes:

- (1) Any unutilised amount under items (ii), (iii) and (iv) above may be utilised towards the purpose under item (i) above.
- (2) For clarity, there is a reserve of approximately two (2) Periodic Profit Payments allocated during initial operating period to cover any shortfall in cashflows.
- (3) For clarity, the amount raised shall not be used to reimburse the cost of land in Parcel 6 Titles for purposes of developing Parcel 6 Properties other than the Office Tower and construction and development costs/expenses spent by PNBMV prior to the establishment of Merdeka Sukuk *Murabahah* Programme.

1.6.4 Selling Restrictions

Selling Restrictions at Issuance

The Merdeka Sukuk *Murabahah* may only be offered, sold, transferred or otherwise disposed of, directly or indirectly, to persons falling within Section 2(6) of the CA, as amended from time to time; and Part 1 of Schedule 6 or Section 229(1)(b) and Part 1 of Schedule 7 or Section 230(1)(b) read together with Schedule 9 or Section 257(3) of the CMSA, as amended from time to time.

Selling Restrictions after Issuance

The Merdeka Sukuk *Murabahah* may only be offered, sold, transferred or otherwise disposed of, directly or indirectly, to persons falling within Section 2(6) of the CA, as amended from time to time; and Part 1 of Schedule 6 or Section 229(1)(b) read together with Schedule 9 or Section 257(3) of the CMSA, as amended from time to time.

Tradability and transferability

The Merdeka Sukuk *Murabahah* are transferrable and tradable subject to the selling restrictions described above.

1.6.5 Completion Guarantee from PNB

PNB shall provide an unconditional and irrevocable guarantee for the period commencing from (and including) the first issue date of Merdeka ASEAN Green SRI Sukuk under the Merdeka ASEAN Green SRI Sukuk Programme or Merdeka Sukuk *Murabahah* under the Merdeka Sukuk *Murabahah* Programme, whichever is the earlier, in favour of the Security Agent, to complete:

- (i) the Project (save for the Service Apartments) by 30 June 2021; and
- (ii) the Service Apartments by 30 June 2025,

upon the terms and conditions set out herein, including:

- (i) to fund any Cost Overrun incurred relating to the Project to ensure that the Project is completed by the Scheduled Completion Date; and
- (ii) in the event the Completion of the Project is delayed beyond the Scheduled Completion Date, undertakes to complete and to fund all cost relating to the Project to ensure the Completion of the Project by the Extended Completion Date, including any costs incurred for such delay in connection with the Project which shall include but is not limited to construction costs and/or any cost and expenses, all outstanding financial obligations under the Merdeka ASEAN Green SRI Sukuk Programme and the Merdeka Sukuk *Murabahah* Programme and any other costs arising from the delay (inclusive of the liquidated damages and/or penalties payable by PNBMV to the Project Companies under the Project; and

- (iii) in the circumstances where the Completion of the Project is delayed beyond the Extended Completion Date, the Security Agent may at its discretion and shall if instructed by either the sukukholders of the Merdeka ASEAN Green SRI Sukuk Programme by a special resolution, declare an Event of Default has occurred under the Merdeka ASEAN Green SRI Sukuk Programme or the sukukholders of the Merdeka Sukuk *Murabahah* Programme by a special resolution, declare an event of default has occurred under the Merdeka Sukuk *Murabahah* Programme, and whereupon all amounts payable by the Issuer under the Merdeka ASEAN Green SRI Sukuk Programme and the Merdeka Sukuk *Murabahah* Programme and all accrued profits and principal thereon and any other amounts payable under the Merdeka ASEAN Green SRI Sukuk Programme and the Merdeka Sukuk *Murabahah* Programme, shall become due and payable and the Security Agent shall be entitled to immediately enforce on the Completion Guarantee (at the instruction of either the sukukholders of the Merdeka ASEAN Green SRI Sukuk Programme or the Sukukholders of the Merdeka Sukuk *Murabahah* Programme and the Guarantor shall on demand immediately settle all outstanding sum (including principal and profits due and payable under the Merdeka ASEAN Green SRI Sukuk Programme and the Merdeka Sukuk *Murabahah* Programme), without further notice to the Issuer.

In the event the Completion of the Project is delayed beyond the Scheduled Completion Date, Completion of the Project by the Scheduled Completion Date guaranteed PNB under the Completion Guarantee shall be extended to guarantee the Completion by the Extended Completion Date and such extension shall not be subject to the consent of the sukukholders under the Merdeka ASEAN Green SRI Sukuk Programme and/or the sukukholders under the Merdeka Sukuk *Murabahah* Programme.

For the avoidance of doubt, where no issuance has been made under the Merdeka Sukuk *Murabahah* Programme for purposes of funding the construction of the Service Apartments on or before the Scheduled Completion Date of the Service Apartments ("**Non-Issuance Event**"), the Completion Guarantee shall automatically cease to guarantee the Completion of Service Apartments by 30 June 2025 and all construction costs and/or any cost/expenses to be incurred in connection with the Service Apartments, including all outstanding financial obligations under the Merdeka Sukuk *Murabahah* Programme in relation to the funding of the construction of the Service Apartments after the Scheduled Completion Date and any other costs arising from the delay (inclusive of the liquidated damages and/or penalties payable by PNBMV to the Project Companies under the Project).

The Completion Guarantee shall automatically cease to guarantee:

- (i) the Completion and Cost Overrun incurred in connection with the Office Tower, on the Handover Date of the Office Tower; and
- (ii) the Completion and Cost Overrun incurred in connection with all the other components of the Project (other than the Office Tower), the Completion Guarantee shall automatically cease upon issuance of the Sectional CCC in respect of all the other components of the Project

(save for the guarantee under the Completion Guarantee in relation to the Service Apartments where the Non-Issuance Event occurs, the Completion Guarantee shall automatically cease to guarantee the Completion of Service Apartments by 30 June 2025 and all construction costs and/or any cost/expenses to be incurred in connection with the Service Apartments, including all outstanding financial obligations under the Merdeka Sukuk *Murabahah* Programme, if any in relation to the funding of the construction of the Service Apartments after the Scheduled Completion Date and any other costs arising from the delay (inclusive of the liquidated damages and/or penalties payable by PNBMV to the Project Companies under the Project).

For the avoidance of doubt, the Completion Guarantee for the guarantee of the Completion and Cost Overrun incurred in connection with all the other components of the Project (other than the Office Tower and the Service Apartments) shall not in any way be prejudiced or affected by the automatic cessation of the Completion Guarantee in respect of the Office Tower and the Service Apartments.

1.6.6 Rolling Guarantee from PNB

Upon cessation of the Completion Guarantee and until the settlement of all outstanding amounts under the Merdeka Sukuk *Murabahah* Programme in full, PNB shall provide the Rolling Guarantee to pay on demand, an amount equivalent to the Scheduled Profit Amount and Principal Payment Amount or any part thereof within seven (7) business days of the Periodic Payment Date, unless on or before such date, the same has already been paid in full by the Issuer.

The Rolling Guarantee shall automatically be renewed at every Periodic Payment Date or at each time the Rolling Guarantee is called upon, as the case may be until full settlement of Merdeka Sukuk *Murabahah*. Notwithstanding the automatic renewal of the Rolling Guarantee at every Periodic Payment Date or each time the same is called upon, as the case may, PNB agrees that obligation of PNB to pay the Scheduled Profit Amount and the Principal Payment Amount (if applicable) due and payable on the relevant Periodic Payment Date under the Merdeka Sukuk *Murabahah* Programme under the Rolling Guarantee shall not be discharged until full settlement of all outstanding Merdeka Sukuk *Murabahah* issued under the Merdeka Sukuk *Murabahah* Programme.

PNB acknowledges and unconditionally and irrevocably undertakes, agrees, guarantees and covenants with the Security Agent that notwithstanding any accelerated payments upon a declaration of an Event of Default under Merdeka Sukuk *Murabahah* Programme, PNB shall, until all the secured amounts have been irrevocably paid in full and the Merdeka Sukuk *Murabahah* Programme cancelled, continue to pay the Scheduled Profit Amount and the Principal Payment Amount (if applicable) payable under the Merdeka Sukuk *Murabahah* Programme on each scheduled Periodic Payment Date as if no accelerated payments upon a declaration of an Event of Default has occurred. For the avoidance of doubt, the payment of Scheduled Profit Amount and the Principal Payment Amount (if applicable) by

PNB under the Merdeka Sukuk *Murabahah* Programme upon the declaration of the Event of Default on each scheduled Periodic Payment Date and until all the secured amounts have been irrevocably paid in full and the Merdeka Sukuk *Murabahah* Programme cancelled, shall not operate as or be taken to be a waiver of the Event of Default nor preclude the Security Agent from exercising any of its rights or remedy under the Rolling Guarantee or the Issue Documents.

One (1) month prior to each Periodic Payment Date, in the event of a shortfall in the FSA 2 to meet the Scheduled Profit Amount and Principal Payment Amount, the Rolling Guarantee will be called upon for PNB to fund the FSA 2 up to an amount equivalent to the shortfall in the credit balance of the FSA 2 on or no later than three (3) business days, prior to the Periodic Payment Date.

In the event the credit balance of the FSRA 2 is utilised to meet the shortfall in the FSA 2, the Rolling Guarantee will be called upon for PNB to replenish the shortfall in the FSRA 2, up to an amount equivalent to the shortfall so as to comply with the FSRA Minimum Required Balance within fourteen (14) days from the day the balance in the FSRA 2 is less than the FSRA Minimum Required Balance.

1.6.7 Rating

The Merdeka Sukuk *Murabahah* Programme is not rated.

Please refer to Section 6.0 of this Information Memorandum for further details of the Merdeka Sukuk *Murabahah* Programme.

1.7 Lodgement to SC

The structure of the Merdeka Sukuk *Murabahah* Programme has been endorsed by the Shariah Advisory Council of the SC vide its letter dated 9 November 2017.

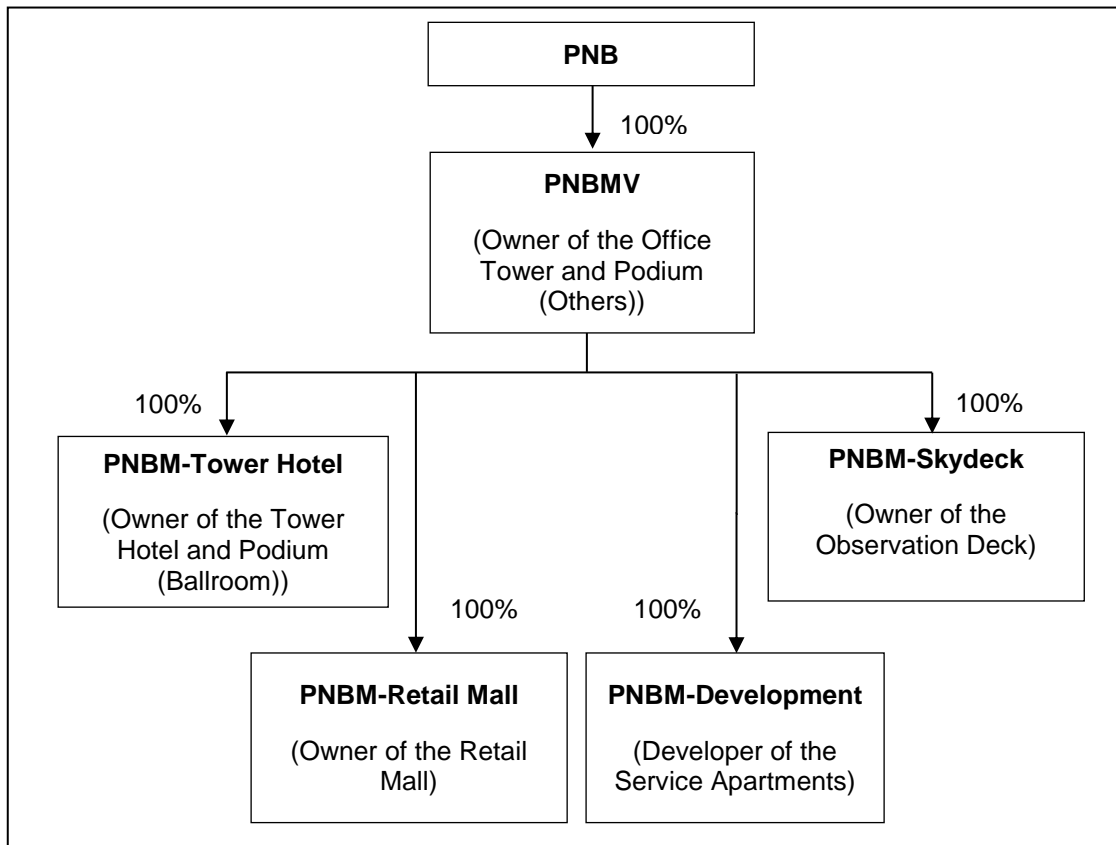
Information and documents in relation to the Merdeka Sukuk *Murabahah* Programme in accordance with the Guidelines on LOLA Framework has been lodged and acknowledged by the SC on 20 November 2017.

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2.0 BACKGROUND INFORMATION ON THE PROJECT COMPANIES AND PNB

2.1 Project Corporate Structure

Diagram 1: Corporate Structure of the Project



2.2 Background Information on the Issuer

2.2.1 Corporate Information

PNBMV was incorporated in Malaysia under the laws of Malaysia, as an investment holding company on 24 June 2000. PNBMV is a wholly-owned subsidiary of PNB. PNBMV is responsible for managing the development and construction of the JDA Development in accordance with the JDA.

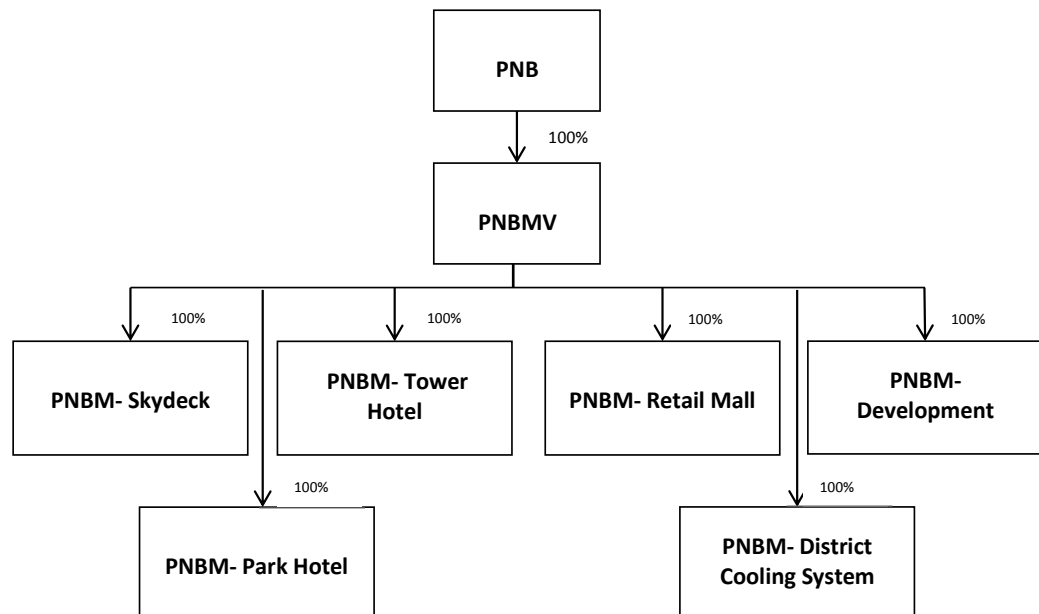
In addition to being the Project Manager, PNBMV is also the owner of the Office Tower and will also act as the financing conduit to facilitate the necessary financing as required in relation to the Project.

PNBMV has six (6) wholly-owned subsidiaries, namely:

- (a) PNBM-Skydeck;
- (b) PNBM-Tower Hotel;
- (c) PNBM-Retail Mall;
- (d) PNBM-Development;
- (e) PNBM-Park Hotel; and
- (f) PNBM-District Cooling System

PNBM-Park Hotel, which shall be the owner of the Park Hotel, shall not form part of the Project and therefore, will not be funded by the Sukuk Programmes.

Diagram 2: Corporate Structure of PNBMV and Its Subsidiaries



Note: Park Hotel shall not form part of the Project and hence not financed by the Sukuk Programmes.

2.2.2 Share Capital

As at 15 October 2017, the issued and paid-up share capital of PNBMV is RM310,000,002.00 comprising 62,000,002 ordinary shares.

2.2.3 Shareholding Structure

As at 15 October 2017, PNB holds 100% of the ordinary share capital of PNBMV.

2.2.4 Profiles of Directors

As at 15 October 2017, the directors of PNBMV are as follows:

(i) Tan Sri Abdul Wahid bin Omar (“Tan Sri Abdul Wahid”)

Tan Sri Abdul Wahid, aged 53, was appointed as the Group Chairman of PNB on 1 August 2016, following the completion of his term as a Senator and Minister in the Prime Minister’s Department in charge of Economic Planning from June 2013 to June 2016. Prior to his cabinet appointment, Tan Sri Abdul Wahid was the President and Chief Executive Officer (“CEO”) of Malayan Banking Berhad (“Maybank”), Malaysia’s largest banking group and one of the leading banking groups in Southeast Asia, from May 2008 until June 2013. He was also the Chairman of The Association of Banks in Malaysia.

He is a Fellow of the Association of Chartered Certified Accounts (UK), a member of the Institute of Chartered Accounts in England & Wales (“**ICAEW**”) and the Malaysian Institute of Accountants (“**MIA**”).

Maybank was the third major organisation that he has lead as CEO. Prior to joining Maybank, he was the Group CEO of Telekom Malaysia Berhad from July 2004 until its demerger with Axiata Group Berhad in April 2008. He was also formerly Managing Director/CEO of UEM Group Berhad as well as Executive Vice Chairman of PLUS Expressways Berhad from October 2001 to June 2014. He is also a holder of the Capital Market Services Representative’s Licence.

Tan Sri Abdul Wahid has received numerous awards throughout his career. This includes Malaysia’s CEO of the Year 2006 award from Business Times/American Express, The Asian Banker’s 2013 Leadership Achievement Award for Malaysia and The Edge Value Creator 2013. He was also awarded the Honorary Doctorate in Economy from Multimedia University, Malaysia in 2014.

In June 2016, he was conferred with Panglima Setia Mahkota awarded by His Majesty Seri Paduka Baginda Yang Dipertuan Agong for his invaluable contributions to the country.

(ii) Dato’ Abdul Rahman bin Ahmad (“Dato’ Abdul Rahman”)

Dato’ Abdul Rahman, aged 48, was appointed as the President & Group Chief Executive and Director of PNB on 1 October 2016.

He was formerly the CEO of Ekuiti Nasional Berhad (“**Ekuinas**”), a Government-linked private equity firm. Prior to joining Ekuinas, Dato’ Abdul Rahman was the Group Managing Director/CEO of Media Prima Berhad, the leading integrated media investment group in Malaysia. He also held the post of Group Managing Director/CEO of Malaysian Resources Corporation Berhad, a leading Malaysian conglomerate involved in property, construction and infrastructure.

Dato’ Abdul Rahman holds a Master of Arts in Economics from Cambridge University, United Kingdom, and is a member of the ICAEW and also MIA. He is currently also serving as a Non-Independent Non-Executive Chairman of UMW Oil & Gas Corporation Berhad.

(iii) Dato’ Johan bin Ariffin (“Dato’ Johan”)

Dato’ Johan, aged 58, was appointed to the Board of Directors of PNBMV on 22 May 2001.

Dato’ Johan graduated with a Bachelor of Arts Degree in Economics from Indiana University, Bloomington Indiana, the United States of America in 1980 and obtained his MBA (Marketing) from University of Miami, Coral Gables, Florida, the United States of America in 1981.

Presently, Dato' Johan is the Chairman of Mitraland Group and a Board Member of Maybank. He is also currently a Director of several other companies.

(iv) Dato' Khor Chap Jen ("Dato' Khor")

Dato' Khor, aged 58, was appointed to the Board of Directors of PNBMV on 2 February 2017.

Dato' Khor has been President, CEO and Executive Director of S P Setia Berhad ("**SP Setia**") since 1 April 2016. He served as Executive Director from 2002 to 2009 and was re-appointed on 27 June 2013. He was the Acting President and CEO from 1 January 2015 to 31 March 2016 and Acting Deputy President and Chief Operating Officer of SP Setia from 1 May 2014 to 31 December 2014. Prior to that, he was the Executive Vice President of the group, overseeing the northern and central region of the Property Divisions, the Construction Division of the group as well as the group's overseas subsidiaries in Australia and Vietnam. Dato' Khor joined the SP Setia group in 1995 and was previously the General Manager of the Property Division prior to being seconded to Setia Putrajaya Sdn Bhd as the Deputy CEO. His secondment to this joint-venture company from year 1997 to 2000 was to lead the team in the development of the Government's New Administrative Centre in Putrajaya. During his stint there, he played a role in the completion of the Prime Minister's Office Complex and the Prime Minister's Official Residence. He has also delivered over 5,000 apartment units to house the civil servants in Putrajaya.

Prior to joining the SP Setia group, Dato' Khor was the Associate Director for Jurutera Perunding Kemajuan Sdn Bhd, an engineering consultancy firm. He was involved in the design and construction of housing, industrial, highways and infrastructure projects. Among the notable projects are the North-South Expressway and the KESAS Highway.

Dato' Khor has in all, over 30 years of experience in the construction and property development industry. Dato' Khor is the current REHDA National Vice-President. He is also the Chairman of the Planning Policies & Standards Committee.

He holds Bachelor of Engineering (Hons), University of Malaya. He is Fellow of the Institution of Engineers, Malaysia and a Professional Engineer registered with the Board of Engineers, Malaysia.

(v) Dato' Mohd. Nizam bin Zainordin ("Dato' Mohd. Nizam")

Dato' Mohd Nizam, aged 54, was appointed as the Deputy President & Group Chief Financial Officer of PNB on 4 July 2016.

Dato' Mohd Nizam began his career with Sime Darby Berhad as a management trainee. He first joined PNB in 1994 as an assistant manager in the Finance Department. He was in the Finance Department until 2002 as Senior Manager I, before joining the Operation Management Department as Assistant Vice President. He then moved to the Finance & Investment Processing Department, serving the role as Vice President and subsequently Senior Vice President. In 2010, he was promoted as the Chief Financial Officer and later on as Group Chief Financial Officer in 2014.

Dato' Mohd Nizam is a Fellow of the Association of Chartered Certified Accountants, a member of the MIA and the Financial Planning Association of Malaysia.

Dato' Mohd Nizam holds an Executive Master of Business Administration from the ASEAN Institute of Management, Philippines.

(vi) Datuk Ir. Hamzah bin Hassan ("Datuk Ir. Hamzah")

Datuk Ir. Hamzah, aged 66, was appointed to the Board of Directors of PNBMV on 2 February 2017.

Datuk Ir. Hamzah graduated with a Bachelor of Science (Honours) degree in Civil Engineering from Glasgow University, United Kingdom in 1975 and obtained his Master of Science (Construction Management) from Loughborough University, United Kingdom in 1987. He is a Professional Engineer of the Board of Engineers Malaysia, Fellow of Construction Industry Development Board, Royal Institute of Chartered Surveyors, Institution of Engineers Malaysia, Institute of Value Engineering Malaysia, Chartered Institute of Building, ASEAN Federation of Engineering Organizations and Honorary Fellow of the Project Management Institution Malaysia.

He started his career as a Civil Engineer in the Public Works Department in 1975. With his vast experience in both the public and private sectors, he was appointed as Chief Executive of the Construction Industry Development Board (CIDB), Malaysia in 2003 and then served as the Chairman from 2011 to February 2014.

Datuk Ir. Hamzah's directorships in other public companies include School of Professional and Continuing Education, University of Technology Malaysia (UTM Space), IJM Corporation Berhad and WCE Holdings Berhad.

(vii) Dato' Noorizah binti Haji Abdul Hamid ("Dato' Noorizah")

Dato' Noorizah, aged 57, was appointed to the Board of Directors of PNBMV on 2 February 2017.

Dato' Noorizah graduated with a Diploma in Accountancy from MARA Institute of Technology in 1980, a Bachelor of Science Degree in Business Administration (Finance) and a Master Degree in Business Administration (Finance and Management) from Central Michigan University, United States of America in 1982 and 1984 respectively.

She joined UEM Group since September 1991. She was the Managing Director/CEO of PLUS Malaysia Berhad and PLUS Expressways International Berhad ("**PEIB**") from February 2012 to 31 December 2016. Prior to that, she was a Managing Director of PLUS Expressways Berhad since April 2007. Since joining UEM Group, she was attached to various companies in the group which includes Renong Berhad (now known as UEM Sunrise Berhad), Projek Lebuh raya Utara-Selatan Berhad and Faber Group Berhad. Currently, she also sits on the Board of Directors of PEIB and various subsidiaries of PEIB in India and Indonesia as Non-Executive Director. She was appointed to the Board of Scientex Berhad as Independent Non-Executive Director in November 2016. Prior to 1991, she was attached to PNB.

2.2.5 Profiles of Key Management

(i) Tengku Dato' Ab. Aziz bin Tengku Mahmud ("Tengku Dato' Ab. Aziz")

Tengku Dato' Ab. Aziz, aged 60, is the CEO of PNBMV. He joined PNBMV on 1 April 2010. Prior to PNBMV, he was the Head, Property Development of Sime Darby Property Berhad from August 2008 to March 2010.

Since January 2015, Tengku Dato' Ab. Aziz has joined the Board of Directors of SP Setia as a Non-Independent and Non-Executive Director.

Prior to Sime Darby Property Berhad, he had also served in Kumpulan Guthrie Berhad as Head, Property and as the CEO of Guthrie Property Development Holding Berhad from 2005 to 2007.

He is a Member of the Council on CTBUH, the Institution of Engineers Malaysia and Malaysian Institute of Management.

He has a Master in Business Administration from Cranfield Institute of Technology, and a Bachelor of Science (Hons) in Civil Engineering, Loughborough University of Technology in United Kingdom.

2.2.6 Financial Highlights

The following are the financial highlights of PNBMV based on its audited financial statements for the financial year ended 31 December 2016.

Audited	Group	Company
Financial Year Ended 31/12/2016	RM'000	RM'000
Revenue	1,358	1,358
Loss After Tax	24,121	25,244
Shareholders' Funds	206,065	204,997
Cash and Bank Balances	69	59
Total Assets	1,014,535	1,013,375
Borrowings	0	0

2.3 Background Information on PNBM-Tower Hotel

2.3.1 Corporate Information

PNBM-Tower Hotel was incorporated in Malaysia under the laws of Malaysia, as a private limited company on 30 September 2013. The principal activity of the company is as the owner of six (6)-star hotel building and restaurant below observation deck at the PNB iconic tower.

2.3.2 Share Capital

As at 15 October 2017, the issued and paid-up share capital of PNBM-Tower Hotel is RM2.00 comprising 2 ordinary shares.

2.3.3 Shareholding Structure

As at 15 October 2017, PNBMV holds 100% of the ordinary share capital of PNBM-Tower Hotel.

2.4 Background Information on PNBM-Sykdeck

2.4.1 Corporate Information

PNBM-Skydeck was incorporated in Malaysia under the laws of Malaysia, as a private limited company on 30 September 2013. The principal activity of the company is as the owner of the observation deck at the Merdeka PNB118 Tower.

2.4.2 Share Capital

As at 15 October 2017, the issued and paid-up share capital of PNBM-Skydeck is RM2.00 comprising 2 ordinary shares.

2.4.3 Shareholding Structure

As at 15 October 2017, PNBMV holds 100% of the ordinary share capital of PNBM-Tower-Skydeck.

2.5 Background Information on PNBM-Retail Mall

2.5.1 Corporate Information

PNBM-Retail Mall was incorporated in Malaysia under the laws of Malaysia, as a private limited company on 30 September 2013. The principal activity of the company is as the owner of retail mall at the Warisan Merdeka.

2.5.2 Share Capital

As at 15 October 2017, the issued and paid-up share capital of PNBM-Retail Mall is RM2.00 comprising 2 ordinary shares.

2.5.3 Shareholding Structure

As at 15 October 2017, PNBMV holds 100% of the ordinary share capital of PNBM-Retail Mall.

2.6 Background Information on PNBM-Development

2.6.1 Corporate Information

PNBM-Development was incorporated in Malaysia under the laws of Malaysia, as a private limited company on 30 September 2013. The principal activity of the company is as the property developer for the residential towers for sale.

2.6.2 Share Capital

As at 15 October 2017, the issued and paid-up share capital of PNBM-Development is RM2.00 comprising 2 ordinary shares.

2.6.3 Shareholding Structure

As at 15 October 2017, PNBMV holds 100% of the ordinary share capital of PNBM-Development.

2.7 Background Information on PNB

2.7.1 Corporate Information

PNB was incorporated on 17 March 1978 and is a subsidiary of Yayasan Pelaburan Bumiputra (Bumiputra Investment Foundation). Yayasan Pelaburan Bumiputra was established in January 1978 to formulate policies and guidelines for Bumiputra equity investment participation and PNB was set up as its subsidiary to implement its policies. PNB is the parent company for Amanah Saham Nasional Berhad which operates a number of unit trust schemes. To date, PNB holds a diversified portfolio of investments in asset management, unit trusts, institutional property trusts and property management. The main business activities of PNB are (i) asset management; (ii) unit trusts and real estate investment trusts; (iii) property and hospitality; and (iv) education and corporate social responsibility.

2.7.2 Share Capital

As at 15 October 2017, the issued and paid-up share capital of PNB is RM100,000,000.00 comprising 100,000,000 ordinary shares.

2.7.3 Shareholding Structure

As at 15 October 2017, the name of shareholder and structure of shareholding of PNB are as follows:

Name of Shareholders	No of shares held	% of shareholding
Minister of Finance, Incorporated	1	0.00000001
Yayasan Pelaburan Bumiputra	99,999,999	99.99999999

2.7.4 Profiles of Directors

(i) Tan Sri Abdul Wahid, Chairman

Please refer to Section 2.2.4 - Profiles of Directors item (i) above.

(ii) Dato' Abdul Rahman, President & Group Chief Executive

Please refer to Section 2.2.4 - Profiles of Directors item (ii) above.

(iii) Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah ("Tan Sri Dr. Wan Abdul Aziz")

Tan Sri Dr. Wan Abdul Aziz was appointed as a member of the Board of Directors of PNB on 9 April 2012, and Chairman of Audit Committee, Tender and Compliance Committee of the Board of Directors of PNB. He was appointed as a member of the Investment Committee of Skim Amanah Saham Bumiputera, Amanah Saham Malaysia, Amanah Saham Didik, Amanah Saham 1Malaysia, Skim Amanah Saham Nasional, Amanah Saham Nasional 2, Amanah Saham Nasional 3 Imbang, Amanah Saham Gemilang (ASG)-Amanah Saham Pendidikan, ASG-Amanah Saham Kesihatan and ASG-Amanah Saham Persaraan on 4 December 2012.

Tan Sri Dr. Wan Abdul Aziz has more than 37 years of experience in the public sector, most notably in the area of economic planning and finance. He started his career at the Economic Planning Unit ("EPU"), Prime Minister's Department in 1975, serving in various capacities in the area of macro economy, human resource and energy. He also served as an Alternate Executive Director for the World Bank Group in Washington DC, where he represented several Asian countries. He then returned to Malaysia in 2001 to serve in the Ministry of Finance and also in EPU, Prime Minister's Department. In 2007 he was appointed the Secretary General of Treasury until his retirement in August 2012. Tan Sri Dr. Wan Abdul Aziz is the Chairman of Malaysia Airports Holdings Berhad and Bank Pembangunan Malaysia Berhad. He has been appointed as Deputy Chairman of Sime Darby Bhd since July 31, 2015. He also sits on the Board of Directors of several other companies. He holds a Ph.D in Business Economics from the University of Leeds, United Kingdom.

(iv) Tan Sri Dr. Ali bin Hamsa (“Tan Sri Dr. Ali”)

Tan Sri Dr. Ali was appointed to the Board of Directors of PNB on 30 April 2015. He is presently the Chief Secretary to the Government.

Tan Sri Dr. Ali has been the Chief Secretary to the Government of Malaysia since June 2012, and currently serves as President of CAPAM for a second consecutive term. He started his Administrative and Diplomatic Service career as Assistant Secretary at the Ministry of Trade and Industry in 1981, before assuming strategic roles in the Economic Planning Unit, Prime Minister's Department (“**PMD**”), as Director of Disbursement, and Deputy Director-General of the National Transformation and Advancement Programme. In 2009, he was appointed as the first Director-General of the Public-Private Partnerships (“**PPP**”) Unit, PMD, a new central agency spearheading PPP projects.

Tan Sri Dr. Ali is the Chairman of the Mass Rapid Transit (MRT) Corp, MyHSR (High Speed Rail) Corp, Malaysian Integrity Institute, and Bintulu Port Holdings Berhad; and Co-Chair of the Special Taskforce to Facilitate Business in Malaysia. He drives the implementation of the 1Malaysia Civil Servants Housing Scheme, and engaged in regional economic development in Malaysia as Board Member of the corridor development authorities. He also heads the National Blue Ocean Strategy initiative, a cross-cutting collaborative effort delivering high impact outcomes for the nation.

Tan Sri Dr. Ali holds a Bachelor of Arts (Honours) degree from University of Malaya, a Masters in Economics and a Ph.D. in Environmental Sciences and Economics, both from Oklahoma State University.

(v) Tan Sri Dr. Mohd Irwan Serigar bin Abdullah (“Tan Sri Dr. Mohd Irwan Serigar”)

Tan Sri Dr. Mohd Irwan Serigar was appointed to the Board of Directors of PNB on 13 February 2015. He is currently Secretary General of Treasury, Ministry of Finance. His career in the civil service began in 1984 when he joined the Malaysian Administrative and Diplomatic Service as Assistant Director, Regional Economics Division in the EPU of the Prime Minister's Department. He served in various positions in EPU before joining the Ministry of Finance in 2003 as Principal Assistant Secretary, Economic and International Division. On 24 August 2012, he was appointed as Secretary General of Treasury.

Tan Sri Dr. Mohd Irwan Serigar serves on the Board of Directors of several key organizations including Khazanah Nasional Berhad, Petroliaam Nasional Berhad (“**Petronas**”), Lembaga Tabung Haji, Mass Rapid Transit Corporation Sdn Bhd, and Bank Negara Malaysia. He is also Chairman of Retirement Fund (Incorporated), Inland Revenue Board of Malaysia, Cyberview Sdn Bhd and Malaysian Global Innovation and Creativity Centre.

Tan Sri Dr. Mohd Irwan Serigar holds a PhD in Economics from International Islamic University Malaysia, a Master of Science in Energy Management and Policy from University of Pennsylvania and a Bachelor of Arts (Honours) in Population Studies from University of Malaya.

(vi) Tan Sri Zarinah Sameehah binti Anwar (“Tan Sri Zarinah Sameehah”)

Tan Sri Zarinah Sameehah was appointed to the Board of Directors of PNB on 11 January 2017. She is the Chairman of Malaysia Debt Ventures Berhad.

Tan Sri Zarinah Sameehah is the former Chairman of the SC, a position she held for six (6) years until her retirement in March 2012. She had served as the Deputy Chief Executive of the SC since December 2001. While at the helm of the SC, Tan Sri Zarinah Sameehah had served as Vice Chairman of the Emerging Markets Committee of the International Organisation of Securities Commissions and served two terms as Chairman of the ASEAN Capital Markets Forum, established under the auspices of the ASEAN finance ministers to discuss policy issues on ASEAN capital market development.

Prior to joining the SC, Tan Sri Zarinah Sameehah was Deputy Chairman of Shell Malaysia, having spent 22 years with the Shell Group, serving in various capacities across Shell's diverse business interests in Malaysia.

Tan Sri Zarinah Sameehah is currently a member of the Board of Directors of Petronas and a Trustee of the Razak School of Government, Yayasan Hasanah and the Jeffrey Cheah Foundation. She is Pro-Chancellor of Universiti Teknologi Mara (“**UiTM**”) and a member of the Academic Advisory Council of Universiti Teknologi Petronas. She is also one of the Founding Chairs of the 30% Club, Malaysia and serves as a member of the National Advisory and Consultative Council on Women.

Tan Sri Zarinah Sameehah is the Abdullah bin Abdulaziz Fellow at the Oxford Centre for Islamic Studies United Kingdom, and is a member of the Advisory Board of the Emirates Securities & Commodities Authority, UAE.

Tan Sri Zarinah Sameehah graduated with an LLB (Hons) from the University of Malaya and started her career in the government's Legal and Judicial service before joining Shell in 1979.

(vii) Datuk Dr. Mohd. Yaakub bin Haji Johari (“Datuk Dr. Mohd. Yaakub”)

Datuk Dr. Mohd. Yaakub was appointed to the Board of Directors of PNB on 1 January 2017. Having had his secondary education at the Malay College Kuala Kangsar, Perak, he proceeded for his higher

education and graduated with a Bachelor of Science (Hons) from the University of Sussex and a Master of Science (Liberal Studies) from the University of Manchester, England. In 1982, he obtained his PhD in Sociology from the University of Salford, England.

Began his career as a part-time lecturer in Political Science at the MARA Institute of Technology and in 1983, he joined the Sabah State Civil Service as an Assistant Director (Research and Consultancy) in the Chief Minister's Department. He was made the Principal Assistant Director (Management Development) in 1984. He joined the Institute of Development Studies, Sabah (IDS), the State's official think tank as an Associate Director (Social Affairs) in 1985 and later moved up to Deputy Chief Executive/Senior Research Fellow in 1991-1994. He served as the Executive Director/Chief Executive of the Institute for Development Studies (Sabah) for 15 years from 1994-2009 prior to his appointment in 2009, as the Chief Executive of the Sabah Economic Development and Investment Authority ("**SEDIA**").

While in IDS, he carried out applied research, consultancy studies as well as policy studies for the State and Federal Government. He had written and published extensively on economics and development related studies. He led the team preparing the Sabah Development Corridor Blueprint (2008-2025). As the Chief Executive of SEDIA, he was tasked initially to oversee the establishment of SEDIA. In his current position, he is responsible for planning, coordination, monitoring and implementation of Sabah Development Corridor projects as well as investment promotion.

He also sits on the board of corporate bodies, including Suria Capital Holdings Berhad, Warisan Harta Sabah Sdn. Bhd., Institute for Development Studies (Sabah), Sipitang Oil and Gas Development corporation and Kimanis Power Sdn. Bhd. He had served as the President of the Association of Development Research and Training Institutes for Asia Pacific (ADIPA), Board Member of the International Federation of Institutes of Advanced Studies (IFIAS), Toronto, and a Governing Council Member of the Commonwealth Association of Local Action and Economic Development, London. He had also served as an adjunct Professor in Social Science at University Malaysia Sabah.

His other experience include serving as Deputy Chairman of Papar District Council (2000-2010); Chairman, National Wage Council for Security Guards, Ministry of Human Resources (2006-2007); Deputy Chairman, Commission of Inquiry in Plantation Workers, Ministry of Human Resources (2003-2004), CEO Faculty, Jabatan Pendidikan Politeknik (2015-2017), Panelist of Perunding Tenaga Negeri Sabah (September 1, 2015-August 31, 2017) and Member of Majlis Pembangunan Kemahiran Kebangsaan (MPKK) (August 16, 2016-August 15, 2019).

(viii) Tuan Haji Soedirman bin Aini (“Tuan Haji Soedirman”)

Tuan Haji Soedirman was appointed to the Board of Directors of PNB on 1 January 2017. He started his career with Petronas in 1982, and after serving 13 years with the company, resigned in 1995, to join Sarawak State Government.

He is currently the General Manager of Sarawak Economic Development Corporation (SEDC). He is a Chartered Accountant and is a Fellow of the Association of Chartered Certified Accountants (UK). His previous employment in the Sarawak Civil Service includes being the Permanent Secretary of the Ministry of Social Development, Director of State Implementation Monitoring Unit, Permanent Secretary of the Ministry of Industrial Development, Deputy State Financial Secretary and State Accountant-General. Between November 2002 and September 2003, he was seconded to Amanah Saham Sarawak Berhad as its CEO. He currently sits on the Board of various Government-Linked Companies and Non-Government Organisations, which includes sitting in the Board of Rosewood Station Pty Ltd, a company that owns and operates a cattle station in Australia.

(ix) Dato’ Dr. Awang Adek bin Hussin (“Dato’ Dr. Awang Adek”)

Dato’ Dr. Awang Adek was appointed to the Board of Directors of PNB on 11 January 2017. Dato’ Dr. Awang Adek was born in 1955 in Kelantan and obtained his Ph.D in economics from the Wharton School, University of Pennsylvania in 1984. He has extensive work experience in the areas of economics and finance. He spent 17 years in the Central Bank of Malaysia before he left in 2001 as an Assistant Governor. He later on became the Chairman of Tenaga Nasional Berhad, a national utility company listed on the Main Board of the Malaysian Stock Exchange.

Dato’ Dr. Awang Adek stood for election in 2004 and won a Parliament seat, after which he was appointed Deputy Minister of Rural Development of Malaysia. Subsequently for the period 2006-2013, he was the Deputy Minister of Finance. Finally he was appointed the Malaysian Ambassador to the United States of America for the period 2014-2016. President Obama visited Malaysia twice during his tenure as Ambassador.

2.7.5 List of the Senior Management Team of PNB

- (i) Dato’ Abdul Rahman bin Ahmad**
President & Group Chief Executive
- (ii) Datin Paduka Kartini bin Haji Abdul Manaf**
Deputy President, Strategic Investments
- (iii) Dato’ Idris bin Kechot**
Deputy President & Group Chief Operating Officer, Asset Management

- (iv) **Dato' Mohd Nizam bin Zainordin**
*Deputy President, Group Chief Financial Officer, Group Finance,
Human Capital & Information Technology*
- (v) **Adibah Khairiah binti Ismail@Daud**
Group Company Secretary

2.7.6 Financial Highlights

The following are the financial highlights of PNB based on its audited financial statements for the financial year ended 31 December 2016.

Financial Year Ended 31/12/2016	RM'000
Total Income	2,531,091
Profit After Taxation and Zakat	1,653,108
Shareholders' Funds	27,619,536
Cash and Bank Balances	3,563,610
Total Assets	42,156,172
Borrowings	13,154,898

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3.0 PROJECT INFORMATION

3.1 Overview

The Project, which forms part of the Warisan Merdeka development, will be developed in the historic Stadium Merdeka (Independence Stadium) and Stadium Negara enclave. Comprehensive market and feasibility studies have been undertaken to assess the viability of the Warisan Merdeka development as well as economic spill over impact, marketability and future growth potential arising from the Warisan Merdeka development. The Warisan Merdeka development is intended to act as a catalyst to rejuvenate property development and economic activity in an older part of Kuala Lumpur's central business district.

Stadium Negara, located to the east of the Warisan Merdeka development site, was the first indoor stadium to be constructed in Malaysia and was officially opened in April 1962. Stadium Merdeka is located to the immediate south east of the Parcel 6 development site on the opposite side of Jalan Stadium. Stadium Merdeka was initially built to mark Malaysia's Declaration of Independence on 31 August 1957. Stadium Merdeka includes a grass pitch and has a seating capacity of twenty thousand (20,000). Both stadiums are considered national monuments and are heritage buildings listed under the National Heritage List and are currently being managed for restoration and preservation works under the National Heritage Act 2005.

Approximately 6,200,000 sq. ft. of total gross floor area will be developed from the Project with Merdeka PNB118 being the centre piece. Upon completion, Merdeka PNB118 component of the Project will be the tallest building in Kuala Lumpur and will change the city skyline.

3.2 Site Location

Warisan Merdeka is located in Kuala Lumpur's central business district, adjacent to and between Jalan Hang Jebat and Jalan Maharajela to the north, Jalan Stadium to the south and Chin Woo Stadium to the west and Victoria Institution to the east. The surrounding area comprises matured commercial properties and associated establishments dating back thirty (30) to forty (40) years and schools dating back even further. The development of the Project is anticipated to bring about a complementary new look to an area rich with significant historical and cultural importance such as Stadium Negara, Stadium Merdeka, Petaling Street, Chin Woo Stadium and Victoria Institution.

3.3 Development Masterplan

The Warisan Merdeka development site covers approximately forty (40) acres of land comprising Parcel 1 to Parcel 7. Parcel 6 or Plot 6 is the largest land parcel with a land area of approximately fifteen point seven (15.7) acres and will be the first land parcel to be developed.

The remaining acreage comprise of Stadium Merdeka (Parcel 1), Stadium Negara (Parcel 2), a green area (Parcel 3), Parcel 4, Parcel 5 and Parcel 7.

Parcel 6 is constituted by the Parcel 6 Titles and Lot 746 (P6 Portion). PNBMV is the registered proprietor of the Parcel 6 Titles. Lot 746 is not currently owned by PNBMV.

PNBMV will be entering into an agreement with the Government and Syarikat Tanah dan Harta Sdn Bhd for the transfer of, among others, Lot 746 to PNBMV in exchange for PNBMV constructing and delivering a new police station together with the ancillary buildings and facilities on another land outside Warisan Merdeka in order to relocate the police station currently situated on a piece of land within Parcel 5. Pursuant to the UKAS Letter, it is a condition of the said transfer of land for a land bond to be provided by PNBMV in accordance with the UKAS Letter.

The Project also covers Infrastructure Works which comprise:

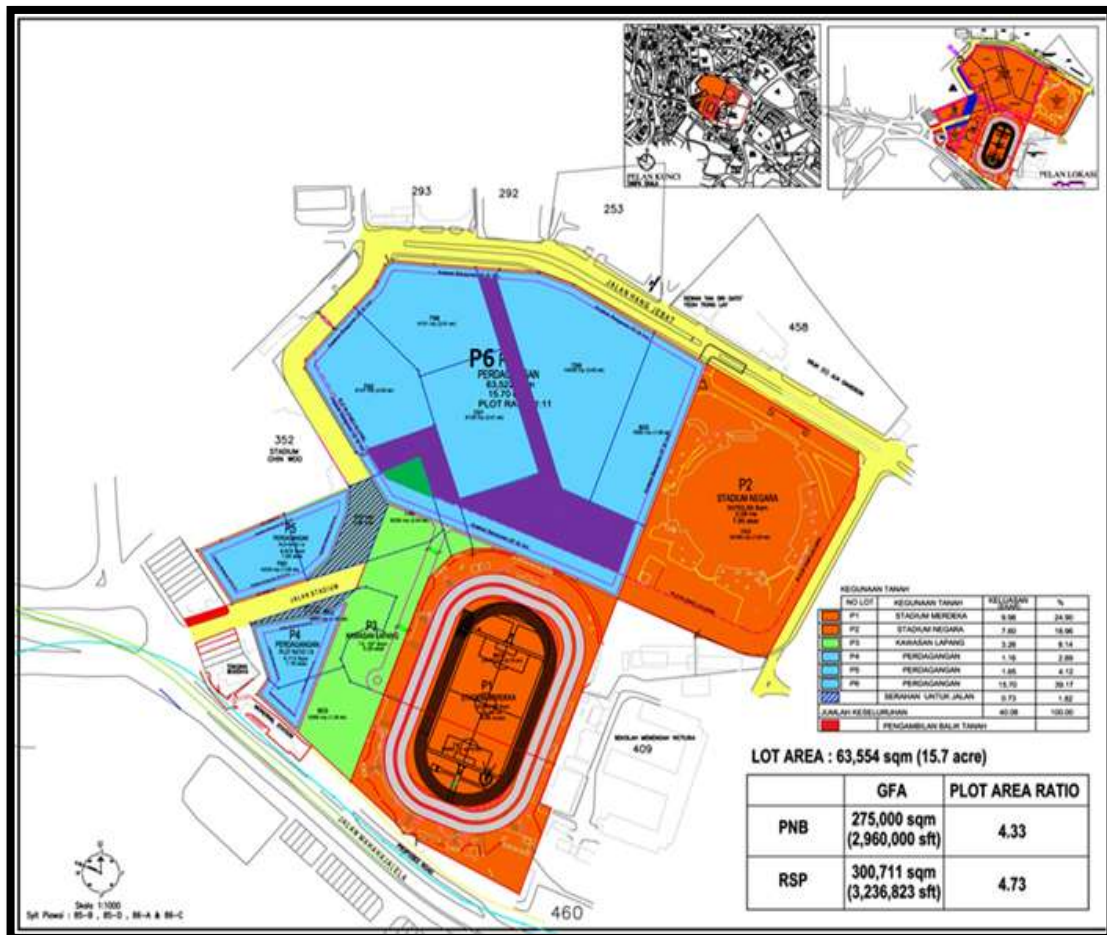
- (i) the JDA Infrastructure Works (which includes common infrastructure works serving Parcel 4);
- (ii) the development and construction of Parcel 3 Car Park;
- (iii) the construction of a museum located on Parcel 3;
- (iv) refurbishment of the stadiums located on Parcel 1 and Parcel 2; and
- (v) the construction and delivery of a new police station and ancillary buildings and facilities outside Warisan Merdeka in order to relocate the police station currently situated on a piece of land within Parcel 5.

The Parcel 3 Car Park will comprise five (5) levels of basement car park including mechanical space (underground level) and two (2) levels of access tunnel known as “Belfield Tunnel” (connecting to basement B4 and B5) and will house approximately one thousand (1,000) car park bays. The above ground open space will be developed into a “linear park”. Parcel 3 is constituted by part of Lot 802 and Lot 803 of which PNBMV is the registered proprietor and portions of land which are not currently owned by PNBMV. PNBMV will surrender the lands owned by it in Parcel 3 to DBKL but will be granted specified rights over Parcel 3 upon completion of the Parcel 3 Car Park in return. It is proposed that PNBMV will apply for “stratum/subterranean title” for the underground car park and lease the linear park from DBKL for a period of twenty one (21) years at the rate of RM10,000.00 per month. PNBMV will be responsible for maintaining the linear park and a management agreement is proposed to be signed between PNBMV and DBKL. The nature and extent of PNBMV’s rights over Parcel 3 and further details of the above proposed arrangement are currently being finalised with the relevant authorities.

The construction and delivery of a new police station and ancillary buildings and facilities referred to in item (v) above is to be carried out in order to relocate the police station currently situated on Parcel 5. In return, it is proposed that, among others, Lot 746 be transferred to PNBMV subject to a land bond to be provided by PNBMV in accordance with the UKAS Letter.

The diagram below show the site layout of Warisan Merdeka:

Figure 1: A Site Layout of Warisan Merdeka



3.3.1 Development components of Parcel 6

The diagram below show the masterplan layout of Warisan Merdeka for Parcel 6:

Figure 2: Approved Masterplan of Parcel 6



Parcel 6 which measures approximately fifteen point seven (15.7) acres is the largest land parcel to be developed under Warisan Merdeka. It is strategically located to the south of Kuala Lumpur's central business district and is adjacent to the Golden Triangle. Situated next to Stadium Negara and Stadium Merdeka, it is within the vicinity of an existing monorail station, two (2) existing LRT stations and one (1) MRT station.

The development on Parcel 6 will comprise of Merdeka PNB118 (which houses the Office Tower, the Tower Hotel and the Observation Deck), the Retail Mall and Service Apartments. Merdeka PNB118 will be linked internally with the Retail Mall to improve the overall permeability of the development.

The Office Tower within Merdeka PNB118 will house the headquarters of PNB and its subsidiaries, associates and/or affiliate companies. The Tower Hotel within Merdeka PNB118 will be managed by a reputable international hotel chain under the luxury category. The Tower Hotel will be the tallest hotel in Malaysia with unprecedented views of the entire city. The Observation Deck at the highest point of Merdeka PNB118 will provide a magnificent 360-degree Kuala Lumpur view and will be a new tourist destination. The main dedicated public drop-off area is shared with the Tower Hotel which shall be located off Jalan Hang Jebat.

The Retail Mall is located to the east of Merdeka PNB118 to complement the overall development. The Retail Mall is to be built based on "lifestyle concept

mall” to suit the changing lifestyles of the community which seek more entertainment and is intended to be a recreational destination, in contrast to just catering for basic retailing needs. The Retail Mall is intended to be a high-end retail destination within Kuala Lumpur with planned foot traffic of over forty (40) million people per year. It is directly connected to the new MRT subway station. Bus and taxi drop-offs are dedicated to the east and vehicle drop-offs are dedicated to the north off Jalan Hang Jebat.

The Service Apartments are proposed to be built to the east of Merdeka PNB118 with two (2) towers on top of the Retail Mall and to the west of Merdeka PNB118 with one (1) tower on top of the Podium. The Service Apartments would have separate dedicated vehicle drop-off areas, parking and direct pedestrian access to the exterior. PNBM-Development may convert the Service Apartments or any part thereof into a hotel or any other development as they deem fit subject to obtaining mutual agreement in writing from the Project Manager and the rest of the Owners.

Merdeka PNB118 has been awarded a provisional GBI platinum rating by GBI Accreditation Panel on 30 January 2014 as well as GreenRE Platinum Award (Provisional) by GreenRE Sdn Bhd both in Malaysia and is further targeting platinum design certification by U.S. Green Building Council’s LEED.

3.3.2 Estimated Development Timeline for Parcel 6

The Parcel 6 component of the Warisan Merdeka development will be completed in stages with the target completion date of 30 June 2021 (save for the Service Apartments). The Service Apartments are targeted to be completed by 30 June 2025.

Construction of the substructure commenced in March 2014 following receipt of the Development Order. The piling works for Merdeka PNB118 has been completed. The superstructure works for the Merdeka PNB118 is currently in progress.

3.3.3 Accessibility

Warisan Merdeka will be easily accessible from KL Sentral, Bangsar, Petaling Jaya and Cheras as it will be connected to several main roads, namely Jalan Syed Putra, Jalan Tun Sambathan, Jalan Damansara, Jalan Bangsar and Jalan Loke Yew.

The most accessible mode public transport will be via monorail with the closest stations being the Maharajalela station to the south, Hang Tuah monorail/LRT stations to the east and Plaza Rakyat LRT station to the north which is currently only accessible via a pedestrian walkway from Puduraya with no direct access to Jalan Hang Jebat. The Merdeka MRT station adjacent to the Warisan Merdeka site will be connected to the Retail Mall, Merdeka PNB118 and Stadium Negara. The Merdeka MRT station is connected directly to the Plaza Rakyat LRT station.

Public transportation in the form of buses and taxi services are available along Jalan Maharajalela, Jalan Hang Tuah.

There are six (6) public road access points to the development parking areas not including the two (2) residential parking entrances or valet/service access points. Road infrastructure will undergo significant improvements in order to support the increase in vehicular and pedestrian capacity associated with such a large development. Although there are several stations within walking distance from Warisan Merdeka, the existing infrastructure will have to be upgraded to support a development of this nature and scale.

A bus parking area will be provided mainly for the schools in the locality. Jalan Hang Jebat will be widened at this section along the north side of the road, just to the north east of Stadium Negara.

Automotive accessibility will be facilitated with various direct access points from all sides of the development and from a direct vehicle tunnel connection to the interchange at Jalan Syed Putra/ Jalan Istana. Based on the scale of the Warisan Merdeka development, the road infrastructure will undergo significant improvement in order to support the increase in traffic flow associated with the development.

The Warisan Merdeka site is expected to be accessible via selected major highways and roads which include SMART tunnel, Jalan Hang Jebat, Jalan Loke Yew, Jalan Pudu, Jalan Kinabalu, Jalan Hang Tuah, Jalan Syed Putra and Federal Highway.

3.4 Merdeka PNB118

3.4.1 Description of Merdeka PNB118

The development plan for Merdeka PNB118 has been approved by the Jabatan Perancangan Bandar, DBKL and a Development Order has been granted for Merdeka PNB118 on 24 February 2014. Certain modifications have been made to the approved development plan to accommodate the site requirements and an application will be made to DBKL in relation to the proposed modifications.

Merdeka PNB118 will consist of one (1) block of one hundred eighteen (118) storey of mixed commercial development. It will include Office Tower, Tower Hotel and Observation Deck (Sky Deck) (approximate GFA of 3,100,000 sq. ft.).

Merdeka PNB118 will be stratified into the following:

- (i) eighty-three (83) floors of commercial Grade A office (approximate GFA 2,165,000 sq. ft., NLA 1,700,000 sq. ft.);
- (ii) sixteen (16) floors of luxurious hotel (approximate GFA of 435,000 sq. ft., NLA 360,000 sq. ft.) with two hundred thirty (230) rooms including an executive salon floor, meeting center and spa/pool facilities. The Tower Hotel will also include an upper sky lobby; and
- (iii) a destination restaurant near the upper floors and an adjacent three (3) level public observation deck center (sky deck) (approximate GFA of 100,000 sq. ft., NLA 73,000 sq. ft.) which will include outdoor

access on two (2) open-air decks. The destination restaurant and observation (sky deck) levels will be accessible directly from the ground by two (2) dedicated scenic high speed double deck lifts providing views while traveling to the top floors.

Merdeka PNB118 will be topped with a steel and panelized spire which allows for the practical installation of various types of communication antennas enclosed within its radio frequency neutral cladding.

The podium, expected to be located on the west side of Merdeka PNB118, will consist of two (2) grand foyers (north lower/south upper) that will run from floor one (1) to five (5) with meeting rooms, lobbies, a banking hall, a theatre and a ballroom at the seven (7) storey west podium.

Escalators will manage the approximately ten (10) meter difference between the north and south foyers, while water-features in the lower lobby will help to segregate hotel concierge desks from the office entries. Direct access is expected to be available to the west podium which houses hotel managed meeting rooms, a ballroom, a theatre and a banking hall. Direct access is expected to be also available to the east side of the Retail Mall.

Fronting Merdeka PNB118 from the north will be dedicated vehicle access roads and protected drop offs. Fronting Merdeka PNB118 from the south will be the approximately four (4.0) acres Linear Park which will connect Merdeka PNB118 with Stadium Merdeka, the museum development, the Maharajalela monorail station and the future Parcel 4 development.

Merdeka PNB118 will be serviced by eighty-seven (87) lifts including thirty five (35) high speed double-deck lifts and two (2) scenic shuttles for the Observation Deck. Vertical access throughout Merdeka PNB118 will be facilitated by subdividing it into three (3) zones with a series of high speed double deck lift shuttles serving the upper two zones and two (2) double storey sky lobbies for local lift transfers. Merdeka PNB118 will be clad by high performance laminated insulated glazing units. Integrated into the exterior envelope are LED programmable lighting and a BMU (Building Maintenance) system for cleaning and maintenance.

Merdeka PNB118 structure will consist of a composite concrete and steel system using the latest tall tower technology and designed to withstand all local seismic and wind loads expected at this location. Sustainable features include material selection for improved indoor air quality, recycled and regional content, energy efficient cladding, lighting and equipment, underfloor air distribution, centralised district cooling plant, automated blinds in key locations, solar hydronic panels at the top of the building and solar photovoltaic panels at the south foyers, grey water and rain water harvesting and reuse, innovative combined car park exhausts and cooling tower ventilation.

3.4.2 Description of Office Tower

The Office Tower will comprise of eighty three (83) storey office forming part of the Merdeka PNB118 with a total of approximately three thousand five hundred (3,500) proposed allocated car park bays.

The Issuer has entered into the MLA and the Lease Agreement with PNB whereby PNB shall lease the Office Tower from PNBMV (excluding the common property) on the Handover of the Office Tower and PNB undertakes the responsibilities in relation to the costs/expenses incurred arising from the maintenance of the Office Tower.

Please refer to Section 5.1 of this Information Memorandum for key salient terms of the MLA.

The management and services of the Office Tower will be undertaken by PNBMV.

3.4.3 Description of Tower Hotel

PNBMV had signed a hotel management agreement dated 12 November 2012 ("**Hotel Management Agreement**") with Hyatt Hotel Management Limited ("**Hyatt**") whereby Hyatt shall provide the Tower Hotel with the day-to-day operations, management and technical assistance services as appropriate and required to operate and manage the Tower Hotel. Under the Hotel Management Agreement, the initial operating term shall commence at the formal opening of the Tower Hotel (in accordance with the Hotel Management Agreement) and expire at midnight on 31 December of the calendar year that contains the 25th anniversary of the date of the formal opening of the Hotel, provided that if such date shall occur after the 30th September of the applicable calendar year, the term and the initial operating term shall expire on midnight on 31 December of the calendar year following the calendar year which contains the 25th anniversary of the formal opening of the Tower Hotel.

In addition, PNBMV, PNBM-Tower Hotel, the Security Agent and Hyatt will be entering into a non-disturbance agreement and attornment agreement in relation to, inter alia, the recognition of Hyatt's rights under the Hotel Management Agreement and the recognition of the Security Agent's rights in relation to the relevant security documents.

3.4.4 Description of the Observation Deck

PNBM-Sky Deck will manage and service the Observation Deck.

3.5 Retail Mall

3.5.1 Design and Layout

In order to draw customers and increase dwell time, the proposed tenant mix aims to offer a variety of merchandise and experiences that is attractive and new to Kuala Lumpur City Centre. This includes international brands, fashion, lifestyle, beauty, kids, food & beverage and entertainment elements that would cater to both locals and tourists. Key anchor and junior anchor concepts would include the department store and supermarket, flagship fashion stores, bookstore, food court and entertainment concepts.

3.5.2 Target Market

The target markets of the Retail Mall are as follows:

- (i) office workers working within Merdeka PNB118;
- (ii) office workers from the office premises in Kampung Attap;
- (iii) domestic and foreign tourists visiting Merdeka PNB118 including the Observation Deck;
- (iv) tourists visiting Chinatown and Bukit Bintang – as an extension of the shopping belt;
- (v) businessmen with business dealings in the area;
- (vi) hotel guests of the luxurious Tower Hotel within Merdeka PNB118 including meeting, incentive, convention and exhibition groups and out of town visiting guests of Kuala Lumpur;
- (vii) students from the neighbouring schools;
- (viii) visitors who are attending events at Stadium Negara, Stadium Merdeka and Chin Woo Stadium; and
- (ix) residents in the vicinity of Warisan Merdeka especially from the neighbouring Cheras area.

3.6 Service Apartments

3.6.1 Design and Layout

The proposed Service Apartments to the east of Merdeka PNB118 will have direct access to underground parking, segregated from the rest of the Merdeka PNB118 car parks. Each tower will have direct pedestrian access. The proposed west residential tower will have segregated parking within the Podium.

The north-east tower will consist of fifty-four (54) floors of which fifty one (51) will be residential floors, located above the Retail Mall roof. The south-east tower will consist of thirty-four (34) floors of which thirty-two (32) will be residential floors, located above the Retail Mall roof. Each floor will have approximately 8,000 sq. ft. of NLA. The estimated total units for both north east and south east residential towers are five hundred sixty-five (565).

The proposed Service Apartments to the west of Merdeka PNB118 will be housed in a single tower of fifty-six (56) floors above the west podium below including a direct access at grade lobby providing pedestrian access to the exterior. The estimated total units for the west residential tower are four hundred seventeen (417).

The units in each tower are expected to be divided into a to-be-determined mix of one (1), two (2) and three (3) bedroom units serviced by approximately ten (10) lifts. Final floor totals and configuration are subject to change.

The above description is subject to further revision in consultation with the architect for the Service Apartments to be appointed.

3.7 Infrastructure

3.7.1 Ancillary works

The ancillary works shall include the following:

- (i) JDA Infrastructure Works (which includes common infrastructure works serving Parcel 4);
- (ii) development and construction of Parcel 3 Car Park;
- (iii) construction of a museum;
- (iv) refurbishment of the stadiums on Parcel 1 and Parcel 2; and
- (v) construction and delivery of a new police station and ancillary buildings and facilities outside Warisan Merdeka in order to relocate the police station currently situated within Parcel 5.

3.7.2 Car Parks

The application for development orders are being submitted individually for the various components of the Project. The first Development Order for Merdeka PNB118 requires four thousand three hundred and forty-seven (4,347) car park bays for Merdeka PNB118 including the Tower Hotel. The remaining requirements are being defined in subsequent Development Order submissions and are expected to result in a net requirement of about eight thousand three hundred (8,300) car park bays in total of which, approximately seven thousand three hundred (7,300) car park bays are in Parcel 6 and one thousand (1,000) car park bays are in Parcel 3. The total car park bays to be allocated to the various Project components are approximately three thousand and five hundred (3,500) for the Office Tower, five hundred (500) for the Tower Hotel, one thousand eight hundred (1,800) car park bays for the Retail Mall and one thousand eight hundred (1,800) car park bays for the Service Apartments.

The parking for the Office Tower, Tower Hotel, Retail Mall and Stadium Merdeka/Stadium Negara have a common access. The shared access provides the flexibility for the car park bays to be used during off-hours for stadium events, particularly the approximately one thousand (1,000) car park bays located in Parcel 3 with direct access to the Linear Park and stadiums.

PNBMV is also required to provide more than two thousand (2,000) motorcycle bays with a separated and dedicated access way and to be located within the car park. The car park and motorcycle parking areas cannot be converted for other uses.

3.7.3 Utilities and Services

Piped water, electricity mains and telephone facilities are available within the vicinity of the Warisan Merdeka and are connected to Stadium Merdeka, Stadium Negara and the Tun HS Lee police station. Nevertheless, the said facilities are available for connection to Parcel 6 upon development. The usual municipal services, namely, road maintenance, cleaning and public lighting, are to be provided by DBKL. Both power and telecommunications utilities are provided to Merdeka PNB118 in order to obtain Multimedia Super Corridor (MSC) status.

3.8 Project Insurance

3.8.1 Construction Insurance

Insurance Policies/ Insurance Period	Coverage	Sums Insured / Basis of Sum Insured
<p>Construction All Risks Takaful</p> <p>Insurance Period: 17 March 2014 until 31 December 2019 including individual testing/commissioning of single components and combined testing of entire building each not exceeding 8 weeks plus 24 months defects liability period</p>	<p>Section I – Material Damage</p> <p>Provide coverage for physical loss or damage from any cause, other than those specifically excluded, in a manner necessitating repair or replacement, on all permanent and temporary works and all material for use in connection with the project which include temporary works materials and other materials which are intended for use in the project forming as either part of the temporary works, permanent works, site accommodation, camps and stores.</p>	RM3,000,000,000
	<p>Section II – Third Party Liability</p> <p>Provide indemnity to the insured up to the limits of indemnity specified in the schedule in respect of any sums the insured shall become legally liable to pay as damages as a result of the following:</p> <ul style="list-style-type: none"> (i) accidental bodily injury to or illness of third parties (whether fatal or not); or (ii) accidental loss of or damage to property belonging to third parties. 	RM25,000,000
<p>Workmen Compensation</p> <p>Insurance Period: 17 March 2014 until 31 December 2019 plus 24 months maintenance period from 1 January 2020 to 31 December 2021</p>	<p>Provide coverage for the Project Manager's legal liabilities for sickness, disease, death or injury of any staff or employee of the Project Manager during the course of employment and or project as provided under the law or at common law.</p>	<ul style="list-style-type: none"> (i) Estimated contract value: RM3,000,000,000 (ii) Estimated total earnings: RM300,000,000 (10% of contract value) (iii) Common law limit: RM3,000,000

3.8.2 Insurance after Completion

PNBMV proposes to put in place the following policies to reduce and mitigate operational risk upon completion of the Project or the relevant component thereof:

- (a) Industrial All Risks Insurance including Business Interruption or Fire & Extended Perils and Fire Consequential Loss insurance

The Industrial All Risks policy will indemnify the Project Manager against any loss or damage caused to the property insured and/or the business interruption or interference in consequence of the loss or damage, unless excluded. Some of the common exclusions are as follows:

- (i) Collapse or cracking of buildings, corrosion, rust extremes or changes in temperature (unless caused by perils insured under the policy);
- (ii) Settling or bedding down of structures, shrinkage or expansion of foundation, wall, floor or ceiling (unless caused by perils insured under the policy);
- (iii) Machinery breakdown (more specifically covered under Machinery Breakdown policy);
- (iv) Act of Terrorism; and
- (v) Machinery during installation, dismantling and/or re-erection.

- (b) Machinery Breakdown and Machinery Breakdown Loss of Profit Insurance

Machinery Breakdown policy will compensate the Project Manager in the event of any critical machines insured suffer any unforeseen and sudden physical loss or damage from causes such as defects in casting and material, faulty design, faults at workshop or in erection, bad workmanship, lack of skill, carelessness, shortage of water in boiler, physical explosion, tearing apart on account of centrifugal force, short circuit, storm, or from any other cause not specifically excluded.

The business interruption or interference in consequence of the breakdown can also be covered under Machinery Breakdown Loss of Profit policy, if relevant.

- (c) Public Liability Insurance

Public Liability policy will protect the Project Manager for all sums (maximum up to the policy's limit of liability) which the Project Manager legally liable in the event of:

- (i) Accidental bodily injury and illness to third parties;
- (ii) Accidental loss damage to property belonging to third parties; and

- (iii) Litigation cost and expenses recovered by claimant (third party) from the Project Manager are covered. Defense cost is also covered with the written consent from insurer.

3.9 Key Project Development Participants

3.9.1 Project Manager

PNBMV is the Project Manager for the Project. As the Project Manager, PNBMV is responsible for the proper management of the Project and shall coordinate with the Project Management Consultant to ensure the execution and completion of works by contractors is within the specified Project timeframe.

3.9.2 Project Management Consultant

Turner International Malaysia Sdn. Bhd. ("**Turner**") has been appointed by the Project Manager, as the Project Management Consultant for the purposes of the Merdeka PNB118, Retail Mall and the Infrastructure Works and any other Project component for which a project management agreement is executed from time to time, or any other project management company appointed in relation to any other Project component.

Turner is a North American-based, international construction services company and is a leading builder in diverse and numerous market segments. Turner has earned recognition for undertaking large and complex projects, fostering innovation, embracing emerging technologies and making a difference for their clients, employees and community.

Turner has worked in sixty (60) countries since 1965, maintaining a regional and country-focused management structure to carry out their assignments. Their operations are divided geographically into five (5) regions, namely, East Asia, Europe, Latin America and the Caribbean, India and the Middle East.

Functioning on an agency project/construction management or consultancy basis from its headquarters in New York, the International group, with regional offices in Kuala Lumpur, Istanbul, Mexico City, Mumbai and Dubai, provides clients with the accessibility and support of a local firm with the strength, stability and resources of an international company. With more than one thousand (1,000) staff, thus far Turner has managed projects totalling more than thirty six million (36,000,000) square meters in building area with a value of approximately USD39 billion.

Some notable projects of Turner in the region include:

- Taipei 101, Taipei, Taiwan
- CCTV Headquarters, Beijing, China
- JW Marriott Hanoi, Hanoi, Vietnam
- VietinBank Tower, Hanoi, Vietnam
- Bitexco Financial Tower, Ho Chi Minh City, Vietnam
- Eximbank Headquarters Tower, Ho Chi Minh City, Vietnam
- Pullman Saigon Centre, Ho Chi Minh City, Vietnam
- Four Season Hotel, Kuala Lumpur, Malaysia

- Tun Razak Exchange, Malaysia
- Etiqa Tower, Malaysia

3.9.3 Architects

(i) Architect for Design of Merdeka PNB118

Fender Katsalidis (Australia) Pty. Ltd. (“**FKA**”) is an architect firm in Melbourne, Australia. Headed by principals Karl Fender and Nonda Katsalidis, the firm has been notable since the early 1990s, producing many landmark buildings in Melbourne and other Australian cities and also in South East Asia.

FKA designed buildings are distinctive, often very functional and sculptural. They also feature a variety of materials and textures such as exposed steel, left to the weather, or rough hewn timber. An early FKA project involved the conversion of former grain silos in Richmond, a Melbourne suburb, into distinctive apartments featuring balconies resembling a ship's bow. FKA also designed Eureka Tower which was completed in June 2006 in Southbank, Melbourne and has become Melbourne's tallest building and one of the tallest residential buildings in the world.

Some other notable projects of FKA include:

- 108 Flinders Street, Melbourne (residential building)
- 171 La Trobe Street, Melbourne (office building)
- 2 National Circuit (office building)
- 300 La Trobe Street, Melbourne (office building)
- 350 William Street, Melbourne (residential building)
- 399 Bourke Street, Melbourne (residential building)
- 4 National Circuit, Canberra (office building)
- 505 Street Kilda Road, Melbourne (residential building)
- 51 Spring Street, Melbourne (residential building)
- Bendigo Art Gallery
- Circular Quay, Sydney
- Cohen Place, Melbourne (residential building)
- Eastside, Gibraltar (residential development)

(ii) Architect for Design of Retail Mall

Buchan Group International Pty. Ltd. (“**Buchan Group**”) is a global architectural group, with a staff of almost four hundred (400) professionals. The Buchan Group is recognised for its design excellence and depth of experience in all sectors. The Buchan Group operates across seven (7) locations in Australia and New Zealand, and they also have offices in London, Shanghai and Dubai.

The Buchan Group traces its history back to 1890, with the opening of the first practice in Geelong, Victoria. The Melbourne office subsequently opened in 1945. The Perth practice was established in 1896 and the Brisbane practice was launched in 1983.

The Buchan Group was formed in 1990 and today is an interdisciplinary design group servicing clients across Australia, New Zealand, Asia, the Middle East, North America and the United Kingdom.

The Buchan Group is a multi-disciplinary design practice with expertise in architecture, masterplanning, interior design, graphic design and 3-dimension visualisation. Their founding principles are excellence in design and delivery, and an abiding commitment to sustainability. The Buchan Group believes that creativity and vision, blended with analysis and pragmatism, are the essence of good design.

The Buchan Group can demonstrate extensive experience in mixed-use developments, retail, entertainment and lifestyle, hotels, residential, commercial offices, transport and aviation, civic, education and health.

Some of the Buchan Group's notable entertainment & lifestyle projects include:

- Bayside Entertainment, Melbourne
- Jupiters Casino, Gold Coast
- Oasis at Elizabeth, Adelaide
- Skycity Darwin, Northern Territory
- Star City Casino, Sydney
- Station Street, Watergardens Town Centre, Melbourne
- Treasury Brisbane Casino, Brisbane
- Victoria Racing Club Grandstand, Melbourne
- Wet'n'Wild Sydney, New South Wales

(iii) Project Architect for Merdeka PNB118

RSP Architects Sdn. Bhd. ("**RSP**") was established in 1981 and later on became RSP to continue the tradition of dedication to design excellence, effective management and client satisfaction. This is made possible through good teamwork by selected and experienced architects, technicians and drafting teams supported by a well-equipped office using the latest technology for architectural design and drafting. RSP has won many awards and competitions throughout the years through their prestigious commissions locally and internationally.

RSP group employs more than one thousand (1,000) employees with offices in Kuala Lumpur, Singapore, Dubai, China, Vietnam and India. RSP group has successfully ventured into other related disciplines providing not only architectural, but also planning, interior, civil and structural as well as mechanical and electrical engineering services.

Some of RSP's projects include:

- 66-storey Republic Plaza, Raffles Place, Singapore
- 66-storey Republic Plaza, with Kisho Kurokawa, Japan

- 60-storey St. Regis Hotel & Residences, KL Sentral with SOM New York
- 66-storey Republic Plaza, Singapore

(iv) Project Architect for Retail Mall

GDP Architects Sdn. Bhd. (“**GDP**”) was incorporated as a private limited company in November 1994. GDP’s works are not confined to a singular architectural style but are expressions of the diverse minds within the office, all of which are committed to create innovative, workable solutions in response to the unique characteristic of each project. GDP’s approach to design is thus a collective effort, which guides design decisions and the individual thinking processes. Experience with international partners and projects have provided the firm with invaluable cross-cultural and technical expertise.

GDP’s portfolio includes a variety of building types such as residential buildings, educational buildings, hospitals, universities, commercial developments, hotels and hospitality related projects, transportation buildings, government office buildings, corporate offices and mixed-use developments. They have also been involved in refurbishment and renovation projects.

Some of GDP’s projects include:

- Aman Central (retail mall in Alor Setar, Kedah)
- Amansuri Residences (residential building in Kedah)
- Kuala Lumpur Eco City (an integrated urban city development located in Bangsar)
- Lot 595 Hap Seng Tower
- Menara Tun Razak
- Moulmein Rise
- Pandora Serviced Residence (part of Tropicana Metropark, a mixed development in Subang)
- Rimbun Embassy Row
- Tropicana Danga Bay
- Tropicana Gardens
- TTDI Ascencia
- Universiti Teknologi Petronas Exploration & Production Research Centre in Perak
- Windows On The Park (residential development in Cheras)

3.9.4 Quantity Surveyor

(i) Quantity Surveyor for Merdeka PNB118

JUBM Sdn. Bhd. (“**JUBM**”) is one of the foremost local quantity surveying firms in Malaysia. JUBM has established a collaborative partnership with Langdon & Seah Sdn. Bhd., a regional construction consultancy, and has a global affiliation with Arcadis which is one of the largest and longest established quantity surveyor practices. The collaboration equips JUBM with an extensive staff resource.

JUBM (in affiliation to Langdon & Seah and Arcadis), has more than thirty (30) years of experience in offering an unparalleled range of complementary and integrated cost and management services which, alongside JUBM particular fields of specialism, are designed to provide a seamless service to the construction industry and property market as a whole.

Some of JUBM's notable projects include:

- Kuala Lumpur Eco City (an integrated urban city development located in Bangsar)
- Setia Walk Puchong, Selangor
- The Strand Mall & Residences Damansara, Selangor
- Surian Hotel Damansara, Selangor
- Legoland Malaysia Iskandar, Johor
- The Royale Bintang, Penang
- Persada Johor International Convention Centre, Johor
- Redevelopment of Kota Kinabalu International Airport, Sabah
- Neo Damansara Perdana, Selangor
- Cahaya Alam at Section U12 Shah Alam, Selangor
- Semi Detached and Cluster Housing at Anggun Rawang, Selangor
- Kiara Hills Courtyard Villas Kuala Lumpur
- Berjaya International Boarding School Bentong, Pahang
- Sunway Monash University Bandar Sunway, Selangor
- Naza Tower, Platinum Park Kuala Lumpur
- Pantai Hospital Kuala Lumpur

(ii) Quantity Surveyor for Retail Mall

KPK Quantity Surveyors (Semenanjung) Sdn. Bhd. ("KPK")

KPK group of companies ("KPK Group") is an international consultancy conglomerate, specialising in construction cost and contract management consultancy.

First established in 1973, the KPK Group has expanded to its present capacity of eighteen (18) offices in eight (8) countries. Their progress has mirrored the rapid economic growth in Asia and they look forward to continue to grow in tandem with regional progress.

With a strong focus on long-term planned expansion and systematic diversification, KPK Group is well-poised to serve their clients in a global environment.

Some of KPK's notable projects include:

- Menara Perak, Kuala Lumpur
- The Impiana KLCC, Kuala Lumpur
- Putrajaya Boulevard, Putrajaya
- The Prince Court Medical Centre, Kuala Lumpur
- Northshore Condominium, Kuala Lumpur

- Kuala Lumpur Convention Centre (KLCC) Kuala Lumpur

3.9.5 Other Consultants

(i) Civil and Structural Consultant

Leslie E. Robertson Associates (“LERA”) - International

LERA is a M/WBE structural engineering firm providing services to architects, owners, contractors and developers. LERA was founded in 1923 and has designed numerous landmark projects across the world and has established a strong reputation for design and technical excellence. Their portfolio includes a wide variety of building types of every size and level of complexity. LERA's services include complete structural designs, feasibility studies, peer reviews, value engineering, blast analysis and design, forensic consulting, and special inspections. LERA's headquarter is based in New York City, USA but also operates through its offices in Mumbai, India and Shanghai, China.

Some of LERA's projects include:

- World Trade Center Tower 4, New York, USA
- Lotte Jamsil, Super Tower, Seoul, Korea
- Shanghai World Financial Tower, Shanghai, China
- World Trade Center, Freedom Tower, New York, USA
- Emirates Headquarters, Dubai, UAE
- International Commerce Tower, Hong Kong
- Busan Lotte Tower, Busan, South Korea
- Industrial and Commercial Bank of China, Shanghai, China
- Bank of China Tower, Hong Kong, China
- Trump International Hotel and Tower, New York, USA
- Sony Building, New York, USA
- Shanghai International Finance Center, Shanghai, China
- Russia Tower, Moscow, China
- JW Marriott Hanoi International Hotel, Hanoi, Vietnam
- One Central, Mandarin Oriental, Macau, China
- Apollo Theater, New York, USA
- Incheon International Airport, Incheon, South Korea
- King Fahd International Airport, Dhahran, Saudi Arabia

Arup Jururunding Sdn. Bhd. (“Arup Jururunding”) - Local

Arup Jururunding is a firm of Consulting Engineers that provides a broad range of engineering consultancy services relating to structural, civil, mechanical, electrical, industrial, geotechnical, façade and environmental engineering. Their services cover full multi-disciplinary engineering, technical audits and project management. Arup Jururunding was first established in Malaysia in 1964 under the name of Ove Arup dan Rakan-Rakan. In 1983, the company was incorporated as a private limited company and renamed into Arup Jururunding Sdn. Bhd. The company has undertaken commissions in Malaysia, Singapore, Brunei, and Indonesia for clients such as

Government Departments, Local Authorities, Statutory Bodies, Institutions, Aid Agencies, International Corporations, Foreign Embassies and Private Enterprises.

Some of Arup Jururunding's current projects include:

- 42-storey PWTC, Kuala Lumpur
- 41-storey The Oval, Lorong Kuda, Kuala Lumpur
- 40-storey Public Mutual HQ, Kuala Lumpur
- 40-storey Lot 4G9, Putrajaya

(ii) Mechanical & Engineering Consultant

KTA Tenaga Sdn. Bhd. ("**KTA Tenaga**") is a professional engineering body corporate registered with the Board of Engineers, Malaysia (BEM) practicing as consulting engineers in the electrical, mechanical, civil and structural engineering discipline and is a panel member of the Association of Consulting Engineers Malaysia. KTA Tenaga was established in January 1993, as a result of a merger between two (2) Malaysian engineering consultancy firms, Kumarasivam, Tan & Ariffin Sdn. Bhd. and Tenaga Ewbank Preece (Malaysia) Sdn. Bhd. ("**Tenaga Ewbank**"). Tenaga Ewbank's practice centered on electric power generation, transmission and distribution, environmental, mechanical and electrical/instrumentation engineering consultancy in the oil and gas, petrochemical and industrial sectors. With the combined resources and the resulting synergy, KTA Tenaga has undertaken major engineering projects, both in Malaysia and in the region.

Some of KTA Tenaga's projects include:

- Tropicana Gardens
- 88-storey Petronas Twin Towers with Flack & Kurtz of USA
- Two Tower of 60 and 40-storey at Abu Dhabi, UAE
- 50-storey Menara Citibank
- 40-storey PWTC
- 65-storey Four Seasons Centre, Kuala Lumpur
- Kuala Lumpur Eco City (an integrated urban city development located in Bangsar)
- KL Sentral (Lot G) NU Sentral Shopping Mall and office tower
- UiTM City Campus, Seremban 3
- Setia City Mall, Setia Alam
- D'Tiara Amanahraya Hotel
- Gurney Paragon Shopping Mall
- Mixed Development Abu Dhabi
- 25-Storey Sunway Pinnacle Office Tower

(iii) Hotel Interior Design

G.A Design ("**G.A**") is a leading interior and architectural design practice specialising in hospitality design worldwide. G.A's operations are based in London but have studios in Budapest, Kuala Lumpur and

Shanghai that support the London operations as well as working independently on other projects.

Some of G.A's current project includes:

- Palace Hotel, Tokyo, Japan
- Threadneedles, London, England
- Strings, Tokyo, Japan
- Conrad, Tokyo, Japan
- St Regis, Osaka, Japan
- St Pancras Renaissance, London, England
- Corinthia, London, England
- W, Taipei
- Sanctuary Santa Rosa, Amalfi, Italy
- Moven Pick, Dead Sea, Jordan
- Park Hyatt, Mallorca
- Grand Hyatt, Goa
- Plavi Horizonti, Montenegro
- Four Seasons, Marrakech
- Le Spa, Marrakech
- Bonds, London, England
- The Northall, London, England

(iv) Traffic Management Consultant

MAG Technical & Development Consultants Sdn. Bhd. ("**MAG**") is a land use/transportation planning consultant firm located in Kampung Pandan, Kuala Lumpur. MAG provides studies on the feasibility to widen roads to solve traffic issues.

(v) Retail Mall Consultant

Husband Retail Consulting Limited ("**Husband Retail Consulting**")'s areas of expertise include consulting, leasing and marketing for forward-thinking developers who wish to build and develop high quality retail centres and destination brands across Asia.

From initially focusing on working with clients in Hong Kong, their global reach currently encompasses projects and clients in Australia, China, India, Korea, Malaysia, Singapore, Taiwan, Thailand and recently the United Kingdom and Russia. Husband Retail Consulting partners with international clients to identify their highest-value opportunities, address their most critical challenges, and transform their retail projects into memorable centres of excellence in an increasingly challenging global marketplace.

Some of Husband Retail Consulting's projects include:

- Bellavita, Taipei, Taiwan
- Central Embassy, Bangkok, Thailand
- Convent Garden, London, United Kingdom
- Emporio, New Delhi, India

- Gaysorn, Bangkok, Thailand
- IFC Seoul, Seoul, Korea
- Mahanakhon, Bangkok, Thailand
- Mandarin Oriental Moscow Retail Arcade, Moscow, Russia
- Park Life, Beijing, China
- The Landmark and Central, Hong Kong
- Three on the Bund, Shanghai, China

(vi) Mechanical & Engineering Designer & Schematic Design of the District Cooling Plant Consultant

Lehr Consultants International, LLC. (“**LCI**”) is the evolution of a firm which began in 1969. Challenging the standard approach to electro-mechanical engineering, LCI offers traditional and innovative consulting services worldwide, as well as access to cutting edge technological thought, applications and proprietary systems. LCI has received several awards for engineering excellence by The New York Association for Consulting Engineers. Among these are the Senayan Convention Center in Jakarta, Indonesia and the London Hilton on Park Lane in London, United Kingdom. LCI also received the certificate of merit for Excellence in Design Awards from the New York State Association of Architects for the Fireman's Training Center and The Recycling Center of Milton School. Numerous members of LCI have been published in leading engineering publications and are recognised as technical experts in their respective disciplines.

Some of LCI's notable projects include:

- Harrods Store and Crown Courts Conversion, London, England
- Taipei 101, Taipei, Taiwan
- Rinker Hall, University of Florida, Gainesville, Florida
- Atlantis, Paradise Island, Bahamas
- Waldorf Astoria, New York
- Robert Wood Johnson Hospital, Oncology and Children's Hospital Buildings, New Brunswick, New Jersey
- Hyatt Hotel, Cairo, Egypt
- Senayan Convention Center, Jakarta, Indonesia
- Orion Towers, Houston, Texas

3.9.6 Main contractor for Merdeka PNB118

Samsung C&T Corporation UEM Construction JV Sdn Bhd is a joint venture of South Korea's Samsung C&T and UEM Group Bhd.

Samsung C&T had experience participating in the building of skyscrapers, which included the Petronas Twin Towers, Taipei 101 in Taipei, Taiwan and the Burj Khalifa in Dubai.

UEM Group Bhd via its subsidiary and construction arm being UEM Construction Sdn Bhd had experience participating in the construction of certain packages under the North-South expressway, the construction of Malaysia-Singapore second crossing bridge and the construction of Penang

Second Bridge, the widening of the North-South Expressway and the widening of the existing Penang Bridge.

3.10 Relevant Reports

3.10.1 Traffic Management Report

MAG was appointed to provide traffic consultancy services for the Project.

(a) Traffic Surveys

Within the area of interest, the highest flows occur on the main roads, namely, Jalan Maharajalela, Jalan Loke Yew, Jalan Hang Tuah, Jalan Kinabalu, Jalan Syed Putra, Jalan Istana and Jalan Damansara. The highest hourly flow recorded by the surveys occurs on Jalan Loke Yew, east end of the Dewan Bahasa interchange. Here the surveyed two-way morning and evening peak hour flows reached 8,966 and 10,682 passenger car unit per hour respectively. The corresponding flows on Jalan Maharajalela approaching the Dewan Bahasa interchange were 8,459 and 9,724 passenger car unit per hour. Elsewhere, in comparison the flows are relatively light. In particular, the flows recorded on Jalan Pudu are in comparison to its link capacity very low due to the existing congestion at the traffic signal controlled intersection of Jalan Pudu, Jalan Hang Tuah and Jalan Imbi.

Within the Stadium Merdeka area, traffic flows are very light with local flows supplemented by some traffic from the town centre and traffic making a short cut between Bulatan Merdeka and Jalan Hang Tuah. In comparison to the main road route along Jalan Maharajalela to the Dewan Bahasa interchange and to Jalan Hang Tuah, the latter movement through the stadium site is fairly devious and only explicable in that it enables vehicles to gain a few places in any queue backing up from the Jalan Pudu intersection. When the Pudu interchange opens, it would appear that this movement will become unnecessary.

(b) Historic Traffic Data

In addition, some historic traffic flow data recorded in 2004 has been referenced in an effort to determine trends and growth rates. The information covers a 16-hour period, including the morning and evening peak hours, but is of limited value as it is in the form of two-way flows only without a directional split. Nevertheless an attempt has been made to use this data to obtain a preliminary indication of traffic growth trends in the area. This suggests that daily traffic growth in this area has been around five percent (5.0%) to six percent (6.0%) per annum, with peak hours growing at a slower rate of around two point five percent (2.5%) due to capacity restraint. Because of capacity restraint these growth rates are significantly lower than the annual growth in car ownership registrations, which continues to increase at some nine percent (9.0%).

(c) Forecast 2025 Traffic Situation

- (i) The completion of the Jalan Pudu, Jalan Imbi, Jalan Hang Tuah interchange will upgrade the crossing road capacities significantly. This is shown by the traffic assignment to provide some relief to Jalan Maharajalela, mostly in the eastbound direction.
- (ii) The Warisan Merdeka development will be served by the blue line of the MRT, which will run underground through the central area of the city from the Jalan Cochrane development in the east through to the Sentral transport hub in the west. The MRT will provide Warisan Merdeka with direct connection to Sentral, Pasar Seni, Bukit Bintang, the Kuala Lumpur International Finance District and the Jalan Cochrane development. The MRT alignment runs some thirty (30) metres down under the southern edge of Jalan Hang Jebat enabling the Warisan Merdeka station to be fully integrated with the development. It will also have pedestrian tunnel linkages to the STAR LRT and the new bus station at Pudu Raya.

(d) Conclusion by the Traffic Management Consultant

MAG concluded that no technical reasons can cause the proposed road system to serve the Warisan Merdeka should not be approved and thus enables the development, not only to commemorate its historic site, but to reach its full potential and fulfil its major role in the life of the city.

3.10.2 Property Valuation Report

Rahim & Co International Sdn. Bhd. ("**Rahim & Co**") was appointed as the valuer to assess the market value of the freehold interest of Project land.

In arriving at the market value of Parcel 6 or Plot 6, the Comparison Method of valuation is adopted.

The Comparison Method entails critical analyses of recent evidence of values of comparable properties in the neighbourhood and making adjustments for differences. In valuing the subject property, the valuer has taken into consideration all the relevant factors, which include the neighbourhood of the property, plot ratio and plot size, amongst others. In regard to Plot 6 valuation, the valuer has also reflected the progress work done on Phase 1 and Phase 2 of Plot 6, as given by PNBMV on this portion of land.

The Parcel 6 Titles are located at the south-western fringe of the Kuala Lumpur city and is situated approximately four (4) kilometres by road due south-west of the Kuala Lumpur city centre. It is easily accessible from the Kuala Lumpur city centre from different directions, i.e. via Jalan Kuching, Jalan Pudu and Jalan Imbi.

The following is the market value specifically for Parcel 6 or Plot 6, as per valuation date 6 November 2017:

Parcel 6	Market value (RM)
Market Value	1,470,000,000
Forced Sale Value	1,029,000,000

In this valuation exercise, the valuer valued the subject property on “As is basis” with Plot 6 with approved plot ratio of 1:11:42 and on the basis that upon issuance of the individual titles, which will contain, amongst others, the following particulars:

Type of Title	: Registry Title
Tenure	: Freehold interest
Category of Land Use	: Building
Express Condition	: “Bangunan perdagangan”
Registered Owner	: PNBMV
Encumbrances	: Free from encumbrances

(Source: Rahim & Co's valuation report dated 17 November 2017)

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4.0 PROJECT ECONOMICS

4.1 Base Case Cashflow Projections

The information and assumptions contained in the base case financial model as presented in Appendix 2 of this Information Memorandum ("**Base Case Cashflow Projections**") represents the current and anticipated contractual terms between the Issuer and the relevant parties as well as other assumptions on the following:

- (i) Current and projected construction and development costs of the Project;
- (ii) Current and anticipated contractual terms between PNBMV and the relevant parties involved during the construction period and operating period;
- (iii) Operating and financial parameters of the Parcel 6 Properties (save for the Office Tower); and
- (iv) Other assumptions on the operating and financial parameters of the Parcel 6 Properties (save for the Office Tower).

The Base Case Cashflow Projections and certain statements herein are forward looking statements and for illustrative purposes only. The calculations are based on certain assumptions which may not be realised. In addition, the forward-looking statements involve a number of risks and uncertainties. Prospective investors should and are expected to undertake their own independent analysis and associated due diligence to determine the viability of the undermentioned assumptions.

As the Parcel 6 Properties are still under development, these parameters are expected to change or be revised from time to time in the future. An extract of the Base Case Cashflow Projections and the parameters of the summary of Project assumed in the Base Case Cashflow Projections are attached as Appendix 2 of this Information Memorandum.

4.2 Project Capital Structure

The Total Project Cost is estimated at RM8.07 billion and shall be financed based on the following:

Source of Funds	Amount (Up to RM'billion)	(%)
Merdeka ASEAN Green SRI Sukuk Programme	2.00	24.8
Merdeka Sukuk <i>Murabahah</i> Programme	3.65	45.2
Equity Contributions	2.42	30.0
Total Project Cost	8.07	100.0

4.2.1 Sukuk Programmes

The Merdeka Sukuk *Murabahah* to be issued under the Merdeka Sukuk *Murabahah* Programme will be backed by, among others, the Completion Guarantee and the Rolling Guarantee. The Rolling Guarantee will take effect upon the cessation of the Completion Guarantee and until the settlement of full amounts under the Merdeka Sukuk *Murabahah* Programme, in which PNB shall provide a rolling, unconditional and irrevocable guarantee to cover the next scheduled profit and principal payment amounts.

The Merdeka ASEAN Green SRI Sukuk to be issued under the Merdeka ASEAN Green SRI Sukuk Programme will be backed by, among others the Completion Guarantee, the MLA and the Lease Agreement.

The Working Capital Facilities may be obtained by PNMBV for the purpose of meeting its normal business operations.

Please refer to Section 6.0 of this Information Memorandum for further information on the Completion Guarantee and the Rolling Guarantee.

4.2.2 Equity Contributions

The Equity Contributions of up to RM2.42 billion will be funded by PNB in the form of ordinary shares and/or preference shares (redeemable or otherwise) to PNB and/or subordinated junior facilities from PNB.

Nonetheless, the land acquisition cost of Parcel 6 Titles amounting to RM296.2 million has been fully paid by PNB on behalf of PNBMV to Pengurusan Danaharta Nasional Berhad. As of 15 October 2017, PNB has spent approximately RM1,396.2 million (excluding land cost of approximately RM296.2 million) to meet the initial development and construction costs of the Project. The land acquisition cost and the initial development and construction costs of the Project, amounting to RM1,136.4 million will form part of the 30% Equity Contributions.

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4.3 Total Project Cost

The breakdown of the Total Project Cost is as follows:

Project Components	Office Tower (RM'million)	Observation Deck (RM'million)	Tower Hotel (RM'million)	Retail Mall (RM'million)	Service Apartments (RM'million)	Podium (RM'million)	Total (RM'million)
Land Cost	121.8	3.3	23.2	91.1	56.7	-	296.1
Infrastructure Cost	442.1	6.1	41.7	231.9	122.4	-	844.2
Construction Cost	2,432.0	86.8	460.4	906.2	870.7	83.1	4,839.2
Soft Cost and Contingency	441.4	15.8	86.1	191.3	168.2	16.6	919.4
Total Gross Development Cost ("GDC")	3,437.3	112.0	611.4	1,420.5	1,218.0	99.7	6,898.9
GST	175.2	4.6	30.7	69.7	61.0	5.1	346.3
Total GDC (inclusive GST)	3,612.5	116.6	642.1	1,490.2	1,279.0	104.8	7,245.2
% of Total GDC	49.9%	1.6%	8.9%	20.6%	17.6%	1.4%	100.0%
Financing Cost							1,384.5
Total Project Cost							8,629.7
Withdrawal of money from Housing Development Account ("HDA") for Service Apartments							(560.4)
Total Project Cost (net of Service Apartments cost)							8,069.3

Notes:

- (1) The total GDC of the Office Tower includes the common infrastructure costs (i.e. museum, future plot etc.) which amount to RM236.1 million.
- (2) Based on the base case financial model, the financing amount required to fund the development of Service Apartments is approximately RM718.5 million (assuming the remaining of RM560.4 million is funded via withdrawal of money from HDA).
- (3) The Project cost set out above is subject to changes as it is based on projections. The actual costs incurred may differ from the estimates in the base case financial model.

5.0 SUMMARY OF THE KEY PROJECT DOCUMENTS

5.1 MLA

The MLA sets out the terms and conditions upon which PNBMV (“**Lessor**”) agrees to lease and PNB (“**Lessee**”) agrees to accept the lease of the Office Tower (excluding the common property) (“**Demised Premises**”) on the Handover Date (hereinafter defined) of the Demised Premises.

Key salient terms of the MLA are as follows:

1. Proposed rental rates:

Zone	Rental rate (per square foot per month (excluding GST))
Office Tower area designated as high zone	RM7.85
Office Tower area designated as medium zone	RM6.95
Office Tower area designated as lower zone	RM6.60

2. The rent shall be revised every three (3) years commencing from the Handover Date for the Demised Premises based on an escalation rate of twelve percent (12%) every three (3) years only.
3. The Lessee shall be entitled to a rent free period of three (3) months from the Handover Date.
4. The lease period is fifteen (15) years commencing on the Handover Date and renewable for another fifteen (15) years from the expiry of the first fifteen (15) years lease period.

5.1.1 Agreement to Lease

- (a) In consideration of the procurement and delivery of a bank guarantee for the requisite amount as the security deposit (“**Deposit Bank Guarantee**”) by or on behalf of the Lessee to the Lessor, the Lessor agrees to grant to the Lessee and the Lessee agrees to accept from the Lessor the lease of the Demised Premises for a term of fifteen (15) years commencing from the Handover Date of the Demised Premises (“**Term**”), renewable for another fifteen (15) years (“**Renewal Term**”) subject to any encumbrances and with vacant possession.
- (b) The clauses and the provisions set out in the annexure to the memorandum of lease to be attached to the MLA (“**Lease Annexure**”) shall govern the relationship of the parties and constitute the terms and conditions of the lease from the Handover Date notwithstanding that the Lease Annexure may not have been executed or registered with the relevant land office.
- (c) The Lessor and the Lessee shall take all necessary and appropriate measures expected to ensure:

- (i) that the lease complies with the requirements set out in the ASEAN GBS and the Issuer's green Sukuk framework for the Merdeka PNB118 (**"Merdeka PNB118 Green Sukuk Framework"**);
 - (ii) that the Lease Annexure incorporates the "green leases" requirements namely the relevant sustainability language guiding the operations and management of space which includes environmental requirements for the tenant out-fit and use phase and the performance and strategies for tenant engagement based on the tenant fit out manual;
- (d) The Lessor and the Lessee shall execute the Lease Annexure no later than the Handover Date.

5.1.2 Construction of the Office Tower

- (a) The Lessor shall forthwith upon the execution of the MLA, cause the project architect to prepare revise and/or finalise the building plans, specifications and infrastructure scope of works for the Office Tower in accordance with the requirements of the Lessee. The Lessee shall be entitled from time to time to vary or modify the building plans, specifications and infrastructure scope of works for the Office Tower provided that the Lessee shall bear all costs of variation or modification as aforesaid.
- (b) No variation or modification shall be made to the building plans, specifications and infrastructure scope of works by the Lessor or the project architect without the prior written consent of the Lessee, unless required by the relevant authority and the costs of such variation or modification shall be borne by the Lessor.

5.1.3 Completion of the Office Tower

- (a) Handing Over

The handover date for the Demised Premises shall be the date Lessor shall grant to the Lessee and the Lessee shall accept from the Lessor the Lease of the Office Tower upon the terms and conditions as set out in the MLA, which date shall be 30 June 2021 or such other date as shall be mutually agreed between the parties to the MLA provided always that the Sectional CCC has been issued and further provided that the handover date shall automatically be extended by the same number of days that the completion date for the Office Tower under the JDA is extended under or in accordance with the terms of the JDA (**"Handover Date"**).

- (b) Notice of Completion

The Lessor shall, within three (3) business days from the date of receipt by the Lessor of the project architect's certificate of practical completion of the Office Tower (**"Date of Practical Completion"**), give written notice to the Lessee that the Office Tower has achieved

practical completion and deliver a copy of the project architect's certificate of practical completion to the Lessee.

- (c) Lessor to obtain the certificate of completion and compliance issued by the project architect in respect of the Office Tower ("**Sectional CCC**").

Forthwith upon the Office Tower having achieved practical completion as certified by the project architect, the Lessor shall:

- (i) apply for the issuance of the Sectional CCC;
 - (ii) keep the Lessee informed from time to time and upon request of the Lessee of the status of the issuance of the Sectional CCC;
 - (iii) at its own cost and expense, duly comply with all the requirements of the relevant authority which are necessary for the issuance of the Sectional CCC;
 - (iv) take all steps to expeditiously obtain the issuance of the Sectional CCC within three (3) months of its application; and
 - (v) forthwith notify the Lessee of the same upon the issuance of the Sectional CCC.
- (d) Remedy of defects, shrinkages or other faults
- (i) Any defect shrinkage or other fault to or in the Office Tower which shall appear within thirty six (36) months of the Date of Practical Completion and be certified by an architect appointed by the Lessee as being caused by defective workmanship or materials or by reason that the Office Tower has not been constructed in accordance with the building plans and specifications shall be made good by the Lessor at its own cost and expense, to the satisfaction of the Lessee. The Lessor shall commence the works necessary to make good the defects, shrinkages or faults within fourteen (14) business days after receipt of notice from the Lessee of the same and shall carry out and complete the works efficiently and expeditiously.
 - (ii) In the event that the Lessor shall fail to make good any defect, shrinkage or other fault referred to above, the Lessee shall be entitled (but not obliged) to undertake to make good the same and the Lessor shall be liable to forthwith compensate the Lessee for the cost and expense incurred by the Lessee in so doing within fourteen (14) business days of receipt by the Lessor of a written request from the Lessee failing which the Lessor shall pay to the Lessee interest at the rate of eight per cent (8%) per annum on the costs and expenses so incurred by the Lessee calculated daily from the date the costs and expenses are incurred until full reimbursement is made to the Lessee.

(e) Warranty on Equipment and Apparatus

The Lessor shall procure a warranty from the suppliers of all the mechanical, electrical, plumbing, fire-fighting and gas systems and other equipment and apparatus serving the Office Tower ("**Equipment and Apparatus**") in favour of the Lessor to warrant that such Equipment and Apparatus shall be free from breakdown, faulty materials and workmanship for a period of twelve (12) months ("**Warranty Period**") from the date the Lessor issues to the supplier a written confirmation that such Equipment and Apparatus are successfully tested and commissioned which confirmation shall not be issued by the Lessor without the written approval of the Lessee and thereafter the Lessee shall maintain and repair all Equipment and Apparatus after the Warranty Period has expired including but not limited to replacement of faulty Equipment and Apparatus. For the avoidance of doubt, the Lessee is responsible to maintain the Equipment and Apparatus in good working condition throughout the Term.

(f) Inherent and Latent Defects

In the event that there shall be any inherent or latent defect in:-

- (i) the Office Tower;
- (ii) the Equipment and Apparatus;
- (iii) the infrastructure works (including but not limited to the drains, culverts, retaining walls, connecting pipes, bulk meter and sewer) for the Office Tower; and
- (iv) other parts of the Demised Premises,

the Lessor shall, remedy the defect and to complete the works within a reasonable time period having regard to the circumstances. If the Lessor fails to remedy such defect within the aforesaid period, the Lessee shall be entitled but not obliged to effect such remedial work and the Lessor shall be liable to compensate the Lessee for the costs and expenses incurred by the Lessee in so doing within thirty (30) days from the date of receipt by the Lessor of a written request from the Lessee failing which the Lessor shall pay to the Lessee interest at eight per cent (8%) per annum on the costs and expenses incurred by the Lessee as aforesaid calculated daily from the date such costs and expenses are incurred by the Lessee until full reimbursement is made to the Lessee.

(g) Water and Electricity

Prior to practical completion and in any event before the issuance of the Sectional CCC, the Lessor shall, at its own cost and expense, lay or cause to be laid all necessary water, electricity and sewerage mains, gas piping (if any) and internal telephone trunking and cabling (if any), to serve the Demised Premises.

(h) Failure To Complete

In the event that the Demised Premises is not handed over to the Lessee by the Handover Date, such event shall constitute a breach of the MLA and if the Lessor fails to remedy such breach within thirty (30) business days' of receipt of written notice to do so or such other time period as agreed between the parties, the Lessee shall be entitled to the remedies set out under the provisions relating to a default by the Lessor.

(i) Delays

If the construction of the Parcel 6 Properties and/or completion of the Office Tower is delayed or prevented for any reason beyond the control of the Lessor including but not limited to:

- (i) any event of Force Majeure; or
- (ii) the delay of any relevant authority in giving any approval if the Lessor has taken all practical steps to obtain the said approval; or
- (iii) any addition or amendment to the building plans requested by the Lessee and agreed to by the Lessor or required by any relevant authority,

then, the Handover Date shall be deferred by the period of delay and the Lessor shall not be in breach of its obligations under the MLA and shall not be liable to the Lessee for any loss, cost or damage caused by the delay.

"Force Majeure" means any strike, lock out, labour dispute, Act of God, restrictions, regulations or control imposed by any Act of Parliament, any rule, ordinance, proclamation or order issued by any competent authority, enemy or hostile government action, any change in government policy or a government directive, civil commotion, industrial dispute which affects any of the trades involved in constructing or providing materials for the project, fire, earthquake, flood, storm, tempest, nuclear fallout or inclement weather.

5.1.4 Commencement of Lease

Subject always to the Lessor obtaining the Sectional CCC, the Lessor shall grant to the Lessee and the Lessee shall accept from the Lessor the lease of the Demised Premises for the Term commencing on the Handover Date upon the terms and conditions as set out in the MLA and in the memorandum of lease and the Lease Annexure ("**Lease**").

5.1.5 Payment of Rent

(a) Rent

- (i) The rent shall be calculated according to the table of proposed rental rates in the beginning of Section 5.1 above multiplied by the Net Lettable Area.

“Net Lettable Area” means provisionally 1,622,528 square feet which shall be measured and confirmed by the project architect as at Date of Practical Completion whereupon the measurements as confirmed by the project architect shall be the definitive net lettable area.

- (ii) The rent shall be revised every three (3) years commencing from the Handover Date based on an escalation rate of twelve per cent (12%) every three (3) years only.
- (iii) The Lessee shall be entitled to a rent free period of three (3) months from the Handover Date.
- (iv) The Lessee shall be responsible for the payment of the goods and services tax (hereinafter referred to as "**GST**") in the event that GST is levied by the Government of Malaysia in respect of the rent payable under the terms of the tenancy and any renewal thereof.

(b) Payment of Rent

The Lessee shall pay to the Lessor the rent within seven (7) days upon receipt of tax invoice from the Lessor.

5.1.6 Subletting

- (a) The Lessee shall be entitled at any time and from time to time during the Term to underlet or sublet or sub-tenant, or in any other manner part with the possession or occupation of any part of the Demised Premises to any person PROVIDED ALWAYS that:

- (i) the Lessee shall provide the Lessor with a list of the sub-tenants of the Demised Premises; and
- (ii) the Lessee may not underlet, sublet or permit possession or occupation of any part of the Demised Premises or renew any such underlease, subtenancy or possession or occupation for any period beyond the duration of the Term or any extended time period, as the parties may agree, save with the prior written consent of the Lessor; and
- (iii) the Lessee shall only be allowed to underlet, sublet or permit possession or occupation of any part of the Demised Premises to third parties who intend to use the Demised Premises or such relevant part thereof for the purposes of its business

which is legal and permissible by law and such business is not of an illegal or immoral purpose; and

- (iv) save and except with the prior written consent from the Lessor, the Lessee shall not grant any leases or sub-leases as defined under the National Land Code, 1965 to any third party and the Lessee shall use its best endeavors to ensure that any tenant under any tenancy or sub-tenancy of any part of the Demised Premises or any lessee or sub-lessee under any lease or sub-lease shall not endorse such tenancy or sub-tenancy or leases or sub-leases on the register documents of title to the Demised Premises.
- (b) The subletting, subleasing or license for occupation of the Demised Premises or any part thereof shall not relieve the Lessee of any obligation to be performed by the Lessee under the MLA, and the Lessee must ensure that the subtenant, licensee or other persons in possession of any part of the Demised Premises at all times comply with all laws, rules, regulations and use of the building and the terms of the MLA. The Lessee shall indemnify the Lessor for any damage, loss, expenses suffered or incurred by the Lessor from any breach of subtenant, licensee or other persons in possession of any part of the Demised Premises.
- (c) The Lessor shall take all necessary and appropriate measures to:
 - (i) ensure that the Lessee and its tenants comply with the requirements set out in the ASEAN GBS and the Merdeka PNB118 Green Sukuk Framework; and
 - (ii) educate the Lessee and any other tenants about sustainability and motivate them to act more sustainably in accordance with the tenant fit out manual and ensure that the Lease Annexure incorporates the “green leases” requirements namely the relevant sustainability language guiding the operations and management of space of the Demised Premises which includes environmental requirements for the tenant out-fit and use phase, the performance and strategies for tenant engagement and tenant sub metering to provide accountability for energy consumption; and
 - (iii) ensure compliance by the Lessee and any other tenants with the tenant fit out manual and all requirements to maintain the green building standards of the Demised Premises as imposed by the GBI Accreditation Panel and ensure the GBI and the environment-friendly building status of the Demised Premises as granted by the GBI Accreditation Panel is not affected negatively in any way.

5.1.7 Lease documents

After the registration of the charge over the strata title(s) for the Office Tower in favour of the financiers granting facilities or participating in any financing or

sukukholders subscribing to the Sukuk to be issued by the Lessor for the purpose of or in connection with the Project including any agent or trustee representing them ("**Project Financiers**") and subject to the delivery of the relevant undertaking by the Lessee and/or the Lessor's solicitors or such other persons as may be deemed necessary by the Project Financiers to the Project Financiers or its solicitors, the Lessor shall procure delivery of the strata title(s) for the Office Tower and the memorandum of lease, the Lease Annexure and all other documents necessary and incumbent upon the Lessor to produce to facilitate the registration of the memorandum of lease in favour of the Lessee duly executed by the Lessor (where relevant) together with the quit rent receipt for the current year to the Lessee's solicitors or the Project Financiers' solicitors (as the case may be) for purpose of the registration of the Lease with the relevant land office.

Notwithstanding the foregoing, if the Project Financiers agree at their absolute discretion to a simultaneous presentation of the charge over the strata title(s) for the Office Tower together with the presentation of the memorandum of lease and Lease Annexure, the Lessor and the Lessee shall do and procure the doing of all such acts and deliver and procure the delivery of all such documents as may be required by the Project Financiers' solicitors within the time period specified by the Project Financiers to facilitate the simultaneous presentation of the charge over the strata title(s) for the Office Tower together with the presentation of the memorandum of lease and Lease Annexure.

5.1.8 Option for Renewal

The Lessor shall, upon the written request of the Lessee not less than twelve (12) months before the expiration of the Term and provided that there shall not be any subsisting non-compliance by the Lessee of the representations, warranties, undertakings, obligations and covenants contained in the MLA and/or the Lease Annexure as at the date of the said written request for renewal of the Lease, grant to the Lessee a further extension of the Lease for a Renewal Term subject to the same terms and conditions in the MLA and/or the Lease Annexure (save for the option for renewal clause) whereby the rent shall be determined at fair market value at the point of entering into the Renewal Term. The fair market value shall be determined by a licenced valuer to be agreed between the Lessor and the Lessee, failing such agreement, each party shall appoint its own valuer at its own cost and expense and the fair market value shall be the average of fair market value as determined by each valuer. The written request of the Lessee intending to renew the Lease is binding and irrevocable, and the Lessee shall be liable to the Lessor for all rental payments for the Renewal Term should the Lessee subsequently decide to surrender or terminate the Lease prior to the expiry of the Renewal Term.

5.1.9 Undertakings by the Lessor

The Lessor undertakes with the Lessee that:

- (a) all outgoings including quit rent, rates, taxes and assessments payable in respect of the JDA Land shall be fully discharged and paid up by the Lessor up till the Handover Date;

- (b) the Lessor will have good marketable absolute and indefeasible title to the JDA Land and the strata titles when issued;
- (c) save for those in relation to the Office Tower to be observed by the Lessee under the terms of the MLA or the Lease, all the express and implied conditions of title of and affecting the JDA Land and the strata titles shall be observed by the Lessor; and
- (d) the Lessor shall do all acts and things to assist the Lessee to effect the registration of the lease in favour of the Lessee subject to any encumbrances.

5.1.10 Undertakings by the Lessee

The Lessee hereby undertakes with the Lessor that:

- (a) upon taking over the Demised Premises on the Handover Date, it shall comply with the tenant fit out manual and all requirements to maintain the green building standards of the Demised Premises as imposed by the GBI Accreditation Panel and ensure the Green Building index and the environment-friendly building status of the Demised Premises as imposed by the GBI Accreditation Panel is not affected negatively in any way;
- (b) all outgoings including quit rent, rates, taxes and assessments payable in respect of the Demised Premises shall be borne by the Lessee commencing from Handover Date until the termination or expiry of the lease, as the case may be;
- (c) all other payments which is necessary for the smooth operation of the Demised Premises including security services, insurance premiums, maintenance costs, repairs and upkeep costs and service charges to all common property shall be borne by the Lessee; and
- (d) in the event the Lessee shall fail to discharge its debt to the relevant authority or utility and/or service provider and the amount so owing is then paid by the Lessor, the amount paid by the Lessor shall forthwith become a debt due and payable by the Lessee and the Lessor is entitled to forthwith recover the same from the Lessee but without prejudice to any other right or remedy which the Lessor may have against the Lessee for such failure.

5.1.11 Default by the Lessee

In the event the Lessee commits a material breach of its obligations under the MLA, the Lessor shall be entitled to:

- (a) the remedy of specific performance against the Lessee and all reliefs flowing therefrom and all costs and expenses incurred by the Lessor in connection therewith (including fees on a solicitor and client basis and on full indemnity basis) in bringing such action shall be borne and paid by the Lessee; or

- (b) terminate the MLA by notice in writing to the Lessee and upon such termination without prejudice to the remedies available to the Lessor in law including a claim for damages from the Lessee:
 - (i) the Lessor shall be entitled to make a claim on the Deposit Bank Guarantee and forfeit the security deposit thereunder as agreed liquidated damages and, thereafter all other monies paid by the Lessee pursuant to the MLA shall be refunded to the Lessee (for the avoidance of doubt, any termination occurring after the commencement of the Lease shall be dealt with in accordance with the provisions of the Lease Annexure and nothing in this provision shall be construed as imposing any obligation on the Lessor to refund any rent and any other monies paid for use and occupation of the Demised Premises and the common property by the Lessee);
 - (ii) the Lessee shall continue to pay rent to the Lessor for the period it is in occupation of the Demised Premises until the date the Lessee vacates the Demised Premises;
 - (iii) simultaneously with the handing over of vacant possession of the Demised Premises to the Lessor, the Lessee shall:
 - (1) redeliver to the Lessor the lease documents with the Lessor's interest intact free from any encumbrances created by the Lessee save and except for the memorandum of lease which may be retained by the Lessor's solicitors for the purpose of applying for a refund of stamp duty thereon, if already paid, and upon refund thereof the Lessee shall procure that the memorandum of lease be forwarded to the Lessor for cancellation; and
 - (2) deliver or cause to be delivered to the Lessor a valid and registrable withdrawal of private caveat duly executed by the Lessee together with the requisite withdrawal fees in accordance with the relevant clause of the MLA.

5.1.12 Default by the Lessor

If the Lessor commits a material breach of any of its obligations under the MLA, the Lessee shall be entitled to the remedy of specific performance against the Lessor and all reliefs flowing therefrom and all costs and expenses incurred by the Lessee in connection therewith (including fees on a solicitor and client basis and on full indemnify basis) in bringing such action shall be borne and paid by the Lessor.

5.1.13 Government Acquisition

The Lessor declares that as at the date of the MLA it is not aware nor has it received any notice of acquisition or intended acquisition of the Parcel 6 Properties or any part thereof under Section 4 or declaration under Section 8

of the Land Acquisition Act, 1960 (including any amendments thereof) in respect of the Parcel 6 Properties from the acquiring authorities and if the Lessor shall, after execution of the MLA but before the commencement of the Lease, receive any notice of acquisition or intended acquisition of the Demised Premises, or any part thereof from the acquiring authorities, it shall immediately notify the Lessee of the same and the Lessee shall have the right to:

- (a) terminate the MLA by giving a fourteen (14) days' notice to the Lessee, whereupon the Lessor shall after making the relevant claims (if any) and receiving the amount claimed (if any) under the Deposit Bank Guarantee, return the Deposit Bank Guarantee to the Lessee for cancellation and all other monies paid under the MLA by the Lessee to the Lessor pursuant to the MLA (if any) shall be refunded by the Lessor to the Lessee and, simultaneously with the refund to the Lessee, the provisions in Section 5.1.11(b)(iii) shall apply with such modifications as are necessary; or
- (b) continue with the Lease pursuant to the MLA and in such an event, all compensations (if any) offered or paid by the acquiring authority shall be paid to the financiers of the Project provided that the rent shall be adjusted accordingly at the rate as set out in the Lease if the Net Lettable Area of the Demised Premises differs from the Net Lettable Area in the approved building plans upon the acquisition of the Parcel 6 Properties.

5.1.14 Lodgement of Private Caveat

- (a) The Lessee shall be entitled at its own costs and expenses to present and register a private caveat over the JDA Land and upon issuance of the strata titles over the parcel of Office Tower provided that the Lessee shall issue a letter of consent to allow the financiers of the Project or any other financiers (if any) to register their charge (if applicable) or to withdraw the private caveat for purposes of amalgamation or subdivision of the JDA Land within fourteen (14) days from request of such letter.
- (b) In the event that the MLA is terminated pursuant to the terms therein, in exchange for the refund of all sums due and owing to the Lessee, if any, pursuant to the MLA, the Lessee shall deliver to the Lessor the withdrawal of private caveat duly executed by the Lessee in respect of the JDA Land or the parcels of the Office Tower as shown in the strata titles, together with the requisite withdrawal fees as the case may be, in accordance with the provisions of the MLA.

5.1.15 Right of Access

The Lessor agrees to grant to the Lessee or procure to be granted to the Lessee, access to the JDA Land at any time after the execution of the MLA to enable the Lessee to conduct such surveys as may be necessary to the Lessee for the purpose of the Office Tower provided that the Lessor shall not be held responsible in any way for any injury or damage cause to the Lessee, any of its employees or authorised representatives or the property of the

Lessee, any of its employees or authorised representatives. The Lessee agrees to give one (1) business day notice or such other dates as may be agreed to the Lessor of its intention to enter upon the JDA Land to conduct such surveys.

5.1.16 Assignment and Transfer

Save for the assignment of the Lessor's rights, title and interest under the MLA and the Lease in favour of the financiers of the Project and/or the Security Agent, the parties shall not in any manner whatsoever, without the prior written consent of the other party (which consent shall not be unreasonably withheld), assign or transfer any of its rights and shall not transfer any of its obligations under the MLA or enter into any transaction which would result in any of those rights or obligations passing to another person.

5.2 Lease Agreement

The Lease Agreement sets out the terms and conditions upon which the Lessor grants and the Lessee accepts the lease of the Demised Premises. The lease is for the term of fifteen (15) years from the Handover Date of the Office Tower, subject to any encumbrances in favour of the financiers granting facilities or participating in any financing for the purpose of or in connection with the Project including any agent or trustee representing them.

5.2.1 Rent

The Lessee shall pay to the Lessor the rent calculated in the table below throughout the Term and the Renewal Term, whereby the Lessee shall pay the Lessor the rent, on or before the seventh (7th) day of every month throughout the Term and the Renewal Term:

Zone	Rental rate (per square foot) per month (excluding GST)
Office Tower area designated as high zone	RM7.85
Office Tower area designated as medium zone	RM6.95
Office Tower area designated as lower zone	RM6.60

The Lessee shall be entitled to a rent free period of three (3) months from the Handover Date. In the event that the Lease commences on a day other than the first (1st) day of the month, then the first payment to be made by the Lessee shall be a proportionate sum of the rent due and payable for the first (1st) month of the Term which shall be calculated on a pro-rata basis commencing from the Handover Date up to the last day of the first month of the Term to be paid on the Handover Date and thereafter all subsequent payments of rent shall be made on an monthly basis whereby the Lessee shall pay the Lessor the rent of which payments of rent shall be made by the Lessee to the Lessor on the or before the seventh (7th) day of each and every subsequent month throughout the Term.

5.2.2 Interest on Late Payment of Rent

In the event that the rent and/or other monies payable by the Lessee hereunder shall remain unpaid at the expiration of fourteen (14) days from its due date, the Lessee shall be liable to pay the Lessor interest at the rate of five percent (5%) per annum on any sums of the Rent and/or any other outstanding payment provided for by the Lease Agreement remaining unpaid from its due date until the date of actual payment.

5.2.3 Rental Deposit

The rental deposit shall be maintained at the amount equivalent to two (2) months of the rent at all times during the Term and/or the Renewal Term and shall not without the prior written consent of the Lessor be deemed to be or treated as payment of rent or set-off against other payments covenanted to be paid by the Lessee herein. The rental deposit shall be held by the Lessor as security for the due and punctual observance and performance by the Lessee of all terms and conditions of the Lease Annexure during the Term and/or Renewal Term, as the case may be.

5.2.4 Lease for a fixed period

Subject to the terms in the Lease Agreement and save for termination pursuant to the provisions of default by the Lessee, neither party shall have the right to terminate the Lease Agreement before the expiry of the Term and/or the Renewal Term, as the case may be.

5.2.5 Subletting

The Lessee shall be entitled at any time and from time to time during the Term and Renewal Term, to underlet or sublet, or in any other manner part with the possession or occupation of any part of the Demised Premises to any person PROVIDED ALWAYS THAT:

- (a) the Lessee shall provide to the Lessor a list of sub-lessees or tenants of the Demised Premises;
- (b) the Lessee may not sublet or permit possession or occupation of any part of the Demised Premises or renew any such sub-lease, tenancy or possession or occupation for any period beyond the expiry of the Term and/or Renewal Term, as the case may be, save with the prior written consent of the Lessor; and
- (c) the Lessee shall only be allowed to sublet or permit possession or occupation of any part of the Demised Premises to third parties who intend to use the Demised Premises or such relevant part thereof for the purposes of its business which is legal and permissible by law and such business is not of an illegal or immoral purpose and subject to the Permitted Use; and
- (d) save and except with the prior written consent from the Lessor, the Lessee shall not grant any leases or sub-leases in the form as defined under the National Land Code 1965 to any third party and the Lessee

shall use its best endeavors to ensure that any tenant under any tenancy or sub-tenancy of any part of the Demised Premises or any lessee or sub-lessee under any lease or sub-lease shall not endorse such tenancy or sub-tenancy or leases or sub-leases on the register document of title to the Demised Premises.

5.2.6 Assignment/Novation

- (a) The parties to the Lease Agreement agree and consent to the assignment of the Lessor's rights, interest and benefits under the Lease and the Lease Agreement to the Project Financiers.
- (b) The parties to the Lease Agreement shall not assign, novate or transfer any of its rights, interest or benefits under the Lease Agreement to any party without the prior written consent of the other party, such consent not to be unreasonably withheld or enter into any transaction which would result in any right, interest or benefit under the Lease Agreement to be passed to another person, SAVE FOR the assignment of the Lessor's rights, interest and benefits as per Section 5.2.6(a).

5.3 SPAs (including the Supplemental SPAs)

The SPAs set out the terms and conditions for the sale of undivided shares in the JDA Land to the respective Owners.

5.3.1 Sale and Purchase of Undivided Shares in the JDA Land

PNBMV as the registered proprietor and beneficial owner of the JDA Land has entered into five (5) SPAs with each of the following Owners as purchasers for the sale and purchase of undivided shares in the JDA Land in the following proportions:

Owners	Purchase Consideration/ Purchase Price	Undivided Shares in the JDA Land
PNBM-Tower Hotel	RM23,235,014.00 or 23,235,014 redeemable preference shares ("RPS")	764/10000
PNBM-Park Hotel	RM7,929,830.00 or 7,929,830 RPS	261/10000
PNBM-Skydeck	RM3,328,838.00 or 3,328,838 RPS	109/10000
PNBM-Retail Mall	RM91,140,183.00 or 91,140,183 RPS	2997/10000
PNBM-Development	RM56,660,776.00 or 56,660,776 RPS	1863/10000

The undivided shares in the JDA Land is sold free from encumbrances and subject to all conditions of title and/or all restrictions-in-interest whether express or implied and the category of land use affecting the JDA Land.

5.3.2 Conditions Precedent

- (a) Each of the SPA(s) is conditional and subject to PNBMV applying for and obtaining the final titles whereby all the titles for the JDA Land are duly amalgamated into two (2) final titles within forty eight (48) months from the date of the respective SPA(s). If this is not fulfilled within the above time frame or a further period to be mutually agreed between both parties, either party shall be entitled by notice in writing to terminate the SPA(s) whereupon the provisions set out in Section 5.3.2(b) shall apply.
- (b) If the SPA(s) is terminated pursuant to Section 5.3.2(a):
 - (i) PNBMV shall within fourteen (14) days from the date of receipt of notification of the termination refund to the Owners all monies paid by or on behalf of the Owners towards the purchase price free of interest; and
 - (ii) simultaneous with the receipt of the monies, the Owners shall return to PNBMV, the valid memorandum of transfer in respect of the Property ("**Transfer**") (unless it is required by the stamp office for cancellation for the purpose of refund of stamp duty paid) and all other relevant documents delivered to the Owners with PNBMV's interest intact together with a valid and registrable withdrawal of private caveat duly executed by the Owners with the requisite registration fees (if a private caveat has been lodged by the Owners).

Thereafter, the SPA shall be null and void and of no further effect and the parties shall have no claim against the other save for any antecedent breaches.

5.3.3 Payment of Purchase Price

The purchase price shall be paid in the following manner:

- (a) ten percent (10%) of the purchase price ("**Deposit**") shall be paid to PNBMV upon execution of each of the SPA(s);
- (b) the balance ninety percent (90%) of the purchase price ("**Balance Purchase Price**") shall be paid to PNBMV's solicitors as stakeholders within three (3) months from the date of receipt by the Owners of notification by PNBMV of the fulfilment of the conditions precedent ("**Unconditional Date**") and the three (3) month period shall be referred to as the "**Completion Period**").

If the Owners are unable to pay the Balance Purchase Price within the time stipulated above, PNBMV shall grant to the Owners a period of one (1) month from the expiration of the Completion Period ("**Extension Period**") to comply with the same subject to payment of interest on the Balance Purchase Price at the prevailing base lending rate of Maybank per annum on a daily basis from the commencement of the Extension Period to the date of full settlement

of the Balance Purchase Price simultaneously with the payment of the outstanding Balance Purchase Price.

5.3.4 Payment alternative

As an alternative for the payment in cash of the Purchase Price, the Owners shall be entitled to settle the Purchase Price with PNBMV by way of issuance of RPS in the amounts stated in the table under Section 5.3.1 above or such other amounts to be agreed between the parties within the Completion Period as full and final settlement of the Purchase Price.

The terms and conditions of the RPS are to be agreed between the parties.

5.3.5 Presentation of Documents for Registration

Upon payment of the Balance Purchase Price to PNBMV together with interest (if any) or upon receipt by PNBMV of the RPS from the Owners, PNBMV's solicitors shall be irrevocably authorised by the parties to present the title together with the Transfer for registration at the relevant land registry if the Transfer has been adjudicated and stamped. If the Transfer has not been adjudicated and stamped, PNBMV's solicitors shall present the Transfer and the title for registration after the Transfer has been adjudicated and stamped.

The parties shall execute and do all reasonable acts and use their best endeavours to procure the registration of the Transfer in favour of the Owners at the relevant land registry.

PNBMV's solicitors are irrevocably authorised by the parties to release to PNBMV the Balance Purchase Price within seven (7) days after the presentation of the Transfer at the relevant land registry for registration. This provision is not applicable if settlement of Balance Purchase Price is made by way of issuance of RPS.

5.3.6 Legal Possession and Risk

PNBMV shall deliver legal possession of the JDA Land to the Owners within three (3) working days of the settlement of the Balance Purchase Price in accordance with the SPA ("**Date of Legal Possession**"). The risk to the JDA Land shall pass to the Owners on the Date of Legal Possession and thereafter the Owners shall be responsible for any damage and such other risks in respect of the JDA Land.

5.3.7 Apportionment of Outgoings

All quit rent, assessment (if applicable), rates, taxes and other outgoings (if any) payable in respect of the JDA Land shall be apportioned on the Date of Legal Possession based on the proportionate share of the Owners in the JDA Land. PNBMV shall indemnify the Owners in respect of all penalties and damages which arise as a result of any late payments or default in payment by PNBMV in respect of such quit rent, assessment, rates, taxes and other outgoings (if any) payable in respect of the JDA Land prior to the Date of Legal Possession.

5.3.8 Cross Default

In the event the JDA is terminated for any reason whatsoever, the parties in respect of the respective SPA(s) shall settle amicably through mutual consultation. Should the parties fail to reach an agreed decision as to any issues resulting from, in connection with, or arising out of the respective SPA(s) and/or the JDA Development (hereinafter referred to as “**Issues**”) within ninety (90) days after the termination of the JDA, then the Issues shall be referred to a mediation process to be agreed by the parties, thereafter if the Issues are not yet resolved, parties shall refer the Issues to the Director of the Regional Centre for Arbitration in Kuala Lumpur and any such reference shall be deemed to be a submission to arbitration within the meaning of the Arbitration Act 2005. The arbitrator’s decision shall be final and binding on the parties.

5.3.9 Private Caveat

Each Owner is entitled at its own cost and expense to present and register a private caveat against the JDA Land for the purpose of restraining any dealings by the Project Manager and protecting the Owner’s interest in the JDA Land, and the Owners agree with the Project Manager that the Owners shall at its own cost and expense, upon receipt of a notice from the Project Manager remove or cause to be removed the aforesaid private caveat upon any termination of the respective SPA(s).

5.3.10 Covenants, Undertakings, Warranties & Representations

- (a) PNBMV covenants, declares, undertakes, warrants and represents, among others, that:
 - (i) PNBMV has not entered into any agreement with any person, firm or company for the sale of the JDA Land or any part thereof; and
 - (ii) pending completion of the sale, PNBMV shall not transfer, assign, charge, lease, let or in any way encumber the JDA Land or any part thereof without the prior written consent of the relevant Owner.
- (b) In the event that there is a breach of any representations, warranties, covenants or undertakings which breach, if rectifiable, is not rectified by the defaulting party within thirty (30) days of receipt of written notice from the non-defaulting party, the non-defaulting party shall be entitled to exercise its rights to terminate the SPA.

5.3.11 Real Property Gains Tax

PNBMV declares that it has acquired the JDA Land for more than five (5) years and hence no real property gains tax is payable for the sale and disposal of the Property and the parties agree that no sum is to be retained out of the Purchase Price for the payment of the real property gains tax. The parties shall submit all relevant returns to the Director-General of Inland Revenue within sixty (60) days from the date of disposal of the Property.

5.3.12 Government Acquisition

- (a) If PNBMV is served with any notice or declaration of the likely or intended acquisition of the JDA Land or any part therein prior to the presentation of the Transfer for registration, PNBMV shall immediately give notice in writing to the Owners of such notification ("**Notice of Acquisition**").
- (b) Upon the relevant Owners' receipt of the notice of intended acquisition of the relevant JDA Land or any part thereof, such Owners shall be entitled to treat the relevant SPA(s) as rescinded or continue with the purchase.
- (c) If the SPA is rescinded:
 - (i) all monies paid by the Owners towards Purchase Price shall be refunded by PNBMV free of interest within fourteen (14) working days from the date of notice of rescission given by the Owners; and
 - (ii) upon such refund the Owners shall redeliver to PNBMV the Transfer (unless required by the stamp office for refund of stamp duty) and all documents forwarded to the Owners with PNBMV's interest intact and the legal possession of the Property (if the same has been delivered to the Owners) in substantially the same state, condition, nature and character as at the Date of Legal Possession and the Owners shall at its own cost and expense withdraw any private caveat lodged by the Owners on the Property,and thereafter the SPA(s) shall be deemed null and void and no party has any claim against each other save in respect of any antecedent breach.
- (d) If the Owners continues with the purchase, PNBMV shall upon required so to do by the Owners serve notice upon the appropriate authorities of the Owners' interest in the Property and the Owners shall be entitled to the whole of the benefit of any arrangement made or any monetary compensation awarded in respect of the acquisition of the Property or any part therein.

5.3.13 Default by the Owners

If the Owners fails to pay the Balance Purchase Price in accordance with the SPA(s) or breaches any of the terms and conditions of the SPA(s) which if capable of remedy is not remedied within thirty (30) days after written notice to the Owners, PNBMV shall be entitled to elect either specific performance and all relief flowing therefrom or to terminate the SPA(s) whereupon:

- (a) PNBMV shall retain the Deposit paid as agreed liquidated damages or the Owners shall pay to PNBMV a sum equivalent to the Deposit as agreed liquidated damages (whichever is applicable);

- (b) subject to sub-paragraph (a) above, PNBMV shall refund to the Owners the balance of any sums paid towards payment of the Purchase Price free of interest or the Owners are entitled to cancel any RPS previously issued to PNBMV within fourteen (14) working days of PNBMV's notice of termination;
- (c) simultaneous with the refund, the Owners shall at its own cost and expense withdraw any private caveat over the Property created by the Owners and PNBMV's solicitors are authorised to release to PNBMV all documents furnished by PNBMV including the Transfer with PNBMV's interest intact (provided that if stamp duty on the Transfer has been paid, the Owners shall be entitled to surrender the Transfer to the stamp office to obtain a refund of the stamp duty paid), and the Owners shall re-deliver legal possession of the Property (if the same has been delivered to the Owners) in substantially the same state, condition, nature and character as at the Date of Legal Possession;
- (d) the SPA(s) shall except for the provision under Section 5.3.13 be deemed null and void and of no further effect and neither party shall thereafter have any further claim for damages, compensation or otherwise save for any antecedent breach of the SPA(s); and
- (e) PNBMV shall be entitled to sell, dispose or deal with the Property without being liable to the Owners for any profit made on such sale or dealing.

5.3.14 Default by PNBMV

If PNBMV fails to complete the SPA(s) and/or commits a material breach of any of the provisions of the SPA(s) which breach is capable of remedy, is not remedied within thirty (30) days after written notice by the Owners to PNBMV or PNBMV's solicitors, the Owners shall be entitled to elect either for specific performance of the relevant SPA(s) and to all relief flowing therefrom or to terminate the SPA(s) whereupon:

- (a) PNBMV shall refund to the Owners free of interest all monies paid by the Owners towards payment of the Purchase Price together with a further sum equivalent to the Deposit as agreed liquidated damages or the Owners shall pay to PNBMV a sum equivalent to the Deposit as agreed liquidated damages within fourteen (14) working days upon receipt of the Owners' notice of termination and the Owners is entitled to cancel any RPS that have previously been issued to PNBMV (whichever is applicable);
- (b) simultaneous with the refund, the Owners shall at its own costs and expense withdraw any private caveat over the Property created by the Owners and PNBMV's solicitors are authorised to release to PNBMV all documents furnished by PNBMV including the Transfer with PNBMV's interest intact (provided that if stamp duty on the Transfer has been paid, the Owners shall be entitled to surrender the Transfer to the stamp office to obtain a refund of the stamp duty paid), and the Owners shall re-deliver legal possession of the Property (if the same

has been delivered to the Owners) in substantially the same state, condition, nature and character as at the Date of Legal Possession;

- (c) the SPA(s) shall except for the provision under Section 5.3.14 be deemed null and void and of no further effect and neither party shall thereafter have any further claim for damages, compensation or otherwise save for any antecedent breach of the SPA(s); and
- (d) PNBMV shall be entitled to sell, dispose or deal with the Property without being liable to the Owners for any profit made on such sale or dealing.

5.3.15 Non-registration Without Fault of Either Party

If the Transfer cannot be registered by the relevant authority for any reason whatsoever not occasioned by any act, default or willful refusal on the part of the Owners or PNBMV and both parties have done all acts and things in accordance with the SPA:

- (a) PNBMV shall refund to the Owners free of interest all monies paid by the Owners towards payment of the Purchase Price or the Owners is entitled to cancel any RPS that have previously been issued to PNBMV (whichever is applicable);
- (b) simultaneous with the refund, the Owners shall re-deliver legal possession of the Property (if the same has been delivered to the Owners) in substantially the same state, condition, nature and character as at the Date of Legal Possession and PNBMV's solicitors are authorised to release to PNBMV all documents furnished by PNBMV including the Transfer with PNBMV's interest intact (provided that if stamp duty on the Transfer has been paid, the Owners shall be entitled to surrender the Transfer to the stamp office to obtain a refund of the stamp duty paid);
- (c) the SPA(s) shall except for the provision under Section 5.3.15 be deemed null and void and of no further effect and neither party shall thereafter have any further claim for damages, compensation or otherwise save for any antecedent breach of the SPA(s); and
- (d) PNBMV shall be entitled to resell or deal with the Property without having to account to the Owners for any profit made on such resale.

5.4 JDA (including Supplemental JDA and Second Supplemental JDA)

The JDA sets out the terms and conditions for the Owners to appoint PNBMV to act on their behalf as may be necessary in the development of the JDA Development at the cost and expense of the Owners and the Project Manager in accordance with the Agreed Development Plan. The Service Apartments may be converted into a hotel or any other development provided the mutual agreement, in writing, has been obtained from all parties to the JDA.

5.4.1 Appointment of PNBMV as Project Manager

The Owners agree to appoint PNBMV as the project manager for the JDA Development and PNBMV accepts the appointment in consideration of the Owners agreeing to bear all costs and expenses in relation to the development of their respective components and reimburse and refund to the Project Manager all costs and expenses that the Project Manager has incurred in relation to the JDA Development in accordance with the apportionment formulae in Appendix 3 of the JDA and to pay the Project Manager a fee to be mutually agreed upon, based on a reasonable percentage of the development cost.

The Project Manager shall assist the Owners to develop their respective components in accordance with the Agreed Development Plan and shall do all acts and things to complete the JDA Development including:

- to appear and negotiate on behalf of the Owners;
- to enter into contracts on behalf of the Owners;
- to apply for and obtain all necessary approvals, licenses, certifications;
- to manage the overall development and construction of the JDA Development;
- to appoint all advisers, architects, consultants, building contractors;
- to procure equipment and other installations to be installed; and
- to oversee and monitor the financing, management, supervision, planning and control over the construction work and the day to day operation of the JDA Development upon appointment by the Owners.

5.4.2 Conditionality of JDA

The JDA is subject to the following conditions:

- (a) the Owners' fulfilment of the terms and conditions in their respective SPA(s); and
- (b) the subsistence and non-termination of the SPA(s).

5.4.3 Revenue

All revenues from the JDA Development shall be received by the Owners and the Project Manager in accordance with their respective undivided shares in the JDA Land.

5.4.4 Time for Completion

- (a) The JDA Development is to be completed in sections whereby Sectional CCC shall be issued for the completion of each component. The scheduled completion date of the JDA Development is as follows:
 - (i) completion of the JDA Development (excluding the Park Hotel and Service Apartments) by 30 June 2021; and
 - (ii) completion of the Service Apartments or any other structure agreed to be constructed thereon by 30 June 2025.

- (b) PNB shall irrevocably and unconditionally guarantee:
 - (i) to complete the Project (save for the Service Apartments) by 30 June 2021; and
 - (ii) to complete the Service Apartments by 30 June 2025,upon the terms and conditions set out in the Completion Guarantee, including, inter alia:
 - (aa) to fund any amount in excess of the total project expenditure incurred relating to the Project to ensure that the Project is completed by the Scheduled Completion Date;
 - (bb) in the event the Completion of the Project is delayed beyond the Scheduled Completion Date, PNB undertakes to complete and to fund all cost relating to the Project to ensure that the Completion of the Project by the Extended Completion Date, including any costs incurred for such delay in connection with the Project which shall include but is not limited to construction costs and/or any cost and expenses, all outstanding financial obligations under the Sukuk Programmes and any other costs arising from the delay (inclusive of the liquidated damages payable by the Project Manager to the Owners (other than PNBM-Park Hotel) under the Project); and
 - (cc) in the circumstances where the Completion of the Project is delayed beyond the Extended Completion Date, PNB shall on demand made by the sukukholders under the Sukuk Programmes, immediately settle all outstanding amounts under the Sukuk Programmes without further notice to the Project Manager.
- (c) in the event the Project Manager fails to complete the Project on or before the Scheduled Completion Date or the Extended Completion Date, the terms of the Completion Guarantee by PNB shall apply forthwith.

5.4.5 Owners' Obligations, Responsibilities and Covenants

The Owners agree, covenant and undertake with the Project Manager as follows:

- (a) Provision of the JDA Land

The Owners shall provide and make available their respective properties for the JDA Development on an as is where is basis upon execution of the SPA(s) provided the Owners and the Project Manager have approved the Agreed Development Plan in respect of the JDA Development.

(b) Covenant to Develop

(i) The Owners shall:

- (1) assist, cooperate, undertake and complete the JDA Development at its own cost and expense in accordance with the Agreed Development Plan and the JDA including the designing, planning, constructing, completing and commissioning the JDA Development;
- (2) adopt best practices commensurate with industry standards in the execution and completion of the JDA Development, in particular, the development of their respective properties in accordance with the JDA Development;
- (3) appoint the Project Manager to oversee and monitor the financing, management, supervision, planning and control over the construction work and the day to day operation of the JDA Development at the costs and expense of the Owners and the Project Manager, subject to the approval of the Project Manager whenever required and to assist the Project Manager in all the tasks involved.

- (ii) The JDA Development shall be based on the Agreed Development Plan and any variation to the Agreed Development Plan shall be subject to the prior approval and/or consent of all the parties to the JDA.

(c) Costs and Expenses

The costs and expenses incurred in:

- (i) the preparation of the subdivision plan and any other plans related to the JDA Development;
- (ii) applying for and obtaining all the approvals, authorisations and requisite consents;
- (iii) the due completion of the subdivision of the JDA Land;
- (iv) appointment of the architects, engineers, quantity surveyors, licensed land surveyors, project managers, project coordinators, contractors, sub-contractors, workmen, other specialist consultants and other professional advisers in relation to the JDA Development ("**Professional Team**") and the contractors;

and all other payments to be made in connection thereto and all other costs and expenses in respect of the execution and completion of the JDA Development shall be borne and paid by the Owners and the Project Manager in accordance with the appendix attached to the JDA.

(d) Payment of outgoings

The Owners shall pay and discharge:

- (i) all quit rent and assessments chargeable against their respective properties;
- (ii) all outgoings chargeable against their respective properties;

up to the appointment of a joint management body or management corporation whereupon these shall be apportioned accordingly for their respective properties.

(e) Development Expenditure

The Owners and the Project Manager shall bear all development expenditure in respect of the JDA Development pursuant to Appendix 3 of the JDA.

(f) Restriction against dealing with the JDA Land

The Owners shall not sell, transfer, assign, lease, let or charge their respective Property or any part thereof or subject the same to any other encumbrance or part with possession of the same, or allow any other person or persons, firm or corporation to enter upon their respective properties or in any way deal with the same, except in accordance with the provisions of the JDA.

(g) Performance of Obligations under the JDA

The Owners shall, at their own cost and expense, observe and perform all the covenants, stipulations and undertakings on their part to be observed and performed and all other duties and obligations reasonably required by the Project Manager in the fulfilment of the Owners' covenants, stipulations and undertakings under the JDA.

5.4.6 Project Manager's Obligations, Responsibilities and Covenants

(a) Licence to Enter

Upon the execution of the JDA, the Project Manager, its agents, servants and/or Professional Team shall be granted access by the Owners in a form of a licence and shall be entitled at all reasonable times to enter upon the JDA Land to view, monitor and survey the JDA Land for the purpose of performing its obligations under the JDA and for no other purposes but so as to not interfere with the respective properties or the activities of the Owners and/or its employees, contractors and/or agents and/or third parties.

(b) Subdivision Plan

Upon completion of the JDA Development, the Project Manager shall be responsible, at the cost and expense of the Owners and the Project Manager in proportion to their respective properties to apply for and obtain separate strata titles for each component duly registered in the name of their respective Owners as follows:

Components	Strata title to be registered to the following Owners
Tower Hotel	PNBM-Tower Hotel
Park Hotel	PNBM-Park Hotel
Observation Deck	PNBM-Skydeck
Retail Mall	PNBM-Retail Mall
Service Apartment	PNBM-Development
Office Tower	PNBMV
Podium (Ballroom)	PNBM-Tower Hotel
Podium (Others)	PNBMV
Parcel 3 Car Park	To be determined on the Scheduled Completion Date or the Extended Completion Date, as the case may be
Parcel 6 Car Park	To be determined upon issuance of Sectional CCC

Any subdivision plan prepared by the Project Manager for and on behalf of the Owners shall be based on the Agreed Development Plan and subject to the prior approval of all parties.

(c) Appointment of the Professional Team and the Contractors

The Project Manager shall, at the cost and expense of the Owners and the Project Manager:

- (i) appoint the Professional Team;
- (ii) appoint the relevant contractors and/or sub-contractors to undertake all building works and/or any other construction work in relation to the JDA Development.

(d) Works

The Project Manager shall, at the cost and expense of the Owners and the Project Manager, ensure that the works of and in connection with the JDA Development are carried out by themselves or its agents, the Professional Team and/or contractors:

- (i) in a good and workmanlike manner and in accordance with the specifications and plans as approved by the appropriate authorities;
- (ii) with roads, driveways, drains, culverts, water mains and sewerage plants serving the JDA Development in accordance with the requirements and standards of the appropriate authorities;
- (iii) with common facilities serving the JDA Development and provision for services;
- (iv) with all necessary water, electricity and sewerage mains and the necessary connections of the internal water, electricity and sanitary installation thereof to the water, electricity and sewage mains of the appropriate authorities; and

- (v) in conformity with the provisions and requirements of any act, enactment, ordinance, regulations and by-laws for the time being in force affecting the same.

- (e) Maintenance of the JDA Land

The Project Manager shall, at the cost and expense of the Owners and the Project Manager, keep and maintain the JDA Land in compliance with generally recognised standards, all legal requirements and all requirements and approvals of the appropriate authorities (whether or not having force of law).

- (f) Maintenance of Infrastructure, Buildings and Amenities, etc.

The Project Manager shall, at the cost and expense of the Owners and the Project Manager, maintain and manage the infrastructure and common property serving the JDA Development from the date of the JDA until such time when such maintenance is taken over by the appropriate authorities and/or the management corporation, as the case may be.

- (g) Compliance with Laws

The Project Manager shall, at the cost and expense of the Owners and the Project Manager, carry out all activities in connection with the JDA Development and the JDA in compliance with the provisions and requirements of any act, enactment, ordinance, regulations and by-laws for the time being in force affecting the same.

- (h) Right of Entry and Inspection by the Owners

The Project Manager shall grant the Owners at all reasonable times, the right to enter the JDA Land to inspect, view or monitor the execution and progress of the JDA Development but so as not to interfere in any way with the JDA Land or the activities of the Project Manager and/or its agents or servants and/or the Professional Team.

- (i) Certificate of Completion and Compliance

The Project Manager shall, at the cost and expense of the Owners and the Project Manager, submit, apply for and obtain and/or do such acts and things as may be necessary and comply with all such requirements as may be imposed by the appropriate authorities for the issuance of the CCC for and/or in respect of the JDA Development or such parts thereof within three (3) months upon completion of the construction in respect of the JDA Development or such parts thereof.

- (j) Insurance

The Project Manager shall for and on behalf of the Owners and at the cost and expense of the Owners and the Project Manager take out the following insurances for and on behalf of the Owners within thirty (30) days from the commencement of building works:

- (i) public liability insurance in the joint names of the Owners against any loss or damage to any property or any personal injury arising or occasioned by the clearing or carrying on of the earthworks or the construction or other works on the JDA Land or as a consequence thereof, against any claim or proceeding in respect of any such loss or damage or personal injury;
- (ii) insurance for buildings and/or structures (whether completed or not but excluding such temporary buildings, plant, tool and equipment owned or hired by its building contractors or the Professional Team) and building materials in the joint names of the Owners and the Project Manager in connection with the building works in their full reinstatement costs for the time being against loss or damage by fire and all other risks as the Owners may think fit;
- (iii) workmen's compensation insurance and pay the necessary contributions to such provident funds for employees and such social security schemes or organisations as may be required under the law;
- (iv) all other insurances in the joint names of the Owners and itself as may be required under the law and/or as may be required for the JDA Development.

(k) Execution of Plans and Other Documents

The Project Manager shall for and on behalf of the Owners execute all necessary forms and applications required for the subdivision approval, land use approval and all other approvals and requisite consents which may be necessary for the purposes of the agreement subject to such form and applications being in compliance with the Agreed Development Plan or any variation agreed to by the Owners and/or any other plans agreed under the JDA so long as the Owners are the registered proprietors of the respective properties provided that the Project Manager shall be indemnified in accordance with the JDA.

(l) Performance of obligations under the JDA

The Project Manager shall, at the costs and expenses of the Owners and the Project Manager perform all other duties and obligations reasonably required but not specifically mentioned in the JDA for the completion of the JDA Development including all remedial works required to address and/or remedy any default, damage and/or defect to the JDA Development.

5.4.7 Indemnity by the Project Manager

The Project Manager shall indemnify the Owners against all claims for injuries to and/or death of any person thereon and/or damage to the JDA Land and/or any property of the Owners or other third parties as a result of the activities of the Project Manager, its agents or servants and/or the Professional Team.

5.4.8 Indemnity by the Owners

The Owners shall fully indemnify the Project Manager against:

- (a) all expenses, fees and charges (including application, survey and planning fees and charges) relating to the JDA Development required or imposed by the appropriate authorities or provisions and conditions of any planning approvals and permissions (save for costs and expenses relating to subdivision plan) and the provisions of any statute, rule, or order or statutory instrument applicable to the JDA Development and the bye-laws, regulations and requirements (whether or not having the force of law) of any local or statutory undertakers having authority or jurisdiction in that behalf in the area wherein the JDA Land is situated;
- (b) all expenses, fees and charges of the Professional Team;
- (c) all losses, damages, costs, liability, actions, proceedings, suits, claims, or demands whatsoever arising out of common law or under statute in respect of any injury to or death of, any person whatsoever, damage to any property movable or immovable, the infringement or disturbance of the rights or privileges of any person whatsoever, by reason of or arising in any way directly or indirectly out of:
 - (i) the execution of, or otherwise howsoever due to, the clearing works, earthworks, construction and other works in connection with the JDA Development as a result of any act or omission of the Owners or its agents or servants, the Professional Team and/or the assignee (if applicable);
 - (ii) any act or omission of the Owners or its agents or servants, the Professional Team and/or the assignee (if applicable) in the design plans and specifications of the buildings and structures of the JDA Development;
 - (iii) any act or omission of the Owners or its agents or servants, the Professional Team and/or the assignee (if applicable) in carrying out any of their responsibilities or obligations under the JDA; and
 - (iv) any design and/or construction/installations defects to which the Owners commissioned;
- (d) all losses, damages, actions, proceedings, suits, demands, costs, liability and expenses in connection with or arising directly or indirectly out of any claim by purchasers of the residential, commercial and/or office units or parcels of building comprised in the JDA Development for sale or disposal ("**Units**") for liquidated damages on not completing the JDA Development within the time stipulated;

- (e) all losses, damages, actions, proceedings, suits, demands, costs, liability and expenses in connection with the sale of the Units to purchasers;
- (f) all losses, damages, actions, proceedings, suits, demands, costs, liability and expenses in connection with the signing and/or execution by the Project Manager of any and all documents for and on behalf of the Owners;
- (g) all losses, damages, actions, proceedings, suits, demands, costs, liability and expenses by reason of or arising directly or indirectly out of a breach of any of the terms, conditions, obligations, covenants, stipulations and undertakings on the part of the Owners or its agents or servants, the Professional Team and/or the assignee (if applicable) under the JDA; and
- (h) all losses, damages, actions, proceedings, suits, demands, costs, liability, expenses, fees and charges by reason of or arising directly or indirectly out of any change in existing and/or introduction of any new statute, rule, or order or statutory instrument applicable to the JDA Development and the laws, by-laws, regulations and requirements (whether or not having the force of law) of any local or statutory undertakers having authority or jurisdiction in that behalf in the area wherein the JDA Land is situated.

The indemnities under the JDA shall survive the completion or termination of the JDA.

5.4.9 Monitoring of the JDA Development

- (a) The Project Manager shall, at the cost of expense of the Owners and the Project Manager, submit quarterly progress reports to the Owners on the progress of the building works and the JDA Development.
- (b) The Owners and/or its agents shall have the right at all reasonable times without giving prior written notice to the Project Manager, enter upon the JDA Land to inspect and/or view or monitor the execution and progress of the JDA Development and the performance by the Project Manager of its obligations under the JDA.
- (c) The Project Manager shall at the costs and expense of the Owners keep the Owners informed of progress of the JDA Development, prepare and submit up to date, accurate and detailed accounts of the income and expenditure of the JDA Development and provide all relevant information whenever reasonably required by the Owners to enable the Owners to monitor the execution and progress of the JDA Development and the performance of the Project Manager's obligations under the JDA.
- (d) Any non-compliance by the Project Manager with the Agreed Development Plan and/or the JDA shall constitute an event of default and shall be dealt with in accordance with the provisions set out in Section 5.4.11.

5.4.10 Default by the Owners

The Owners shall be in default of the JDA if:

- (a) any of the Owners or its agent or servant, and/or any assignee (if applicable) is in breach of or fails to perform or observe any of its terms, conditions, obligations, covenants, stipulations and undertakings under the JDA and if remediable, has failed to remedy such breach or failure within such time as may be requested by the Project Manager not exceeding thirty (30) days, by notice in writing to that effect;
- (b) if a petition is presented, an order is made, an effective resolution passed or legislation enacted for the winding up (other than a voluntary winding up for the purpose of reconstruction or amalgamation not in circumstances of insolvency) of any of the Owners and/or assignee (if applicable), or if a receiver and/or manager is appointed of any of the Owners' and/or the assignee's (if applicable) undertaking or part thereof;
- (c) any of the Owners and/or the assignee is unable to pay its debts within the meaning of section 218(2) of the Companies Act 1965 or stops payment of its debts generally or commences negotiations with its creditors with a view to a general readjustment or rescheduling of its debts or compounds or enters into any arrangement with or makes any assignment for the benefit of its creditors or attempts to do any of the foregoing (except as part of or pursuant to a scheme of reconstruction or amalgamation not in circumstances of insolvency);
- (d) an execution or distress or other process of a court of competent jurisdiction be levied upon or issued or enforced against any of the Owners' and/or the assignee's (if applicable) undertaking / assets, and such execution, distress or other process as the case may be, is not satisfied or challenged bona fide by any of the Owners and/or the assignee (if applicable) within seven (7) days from the date thereof;
- (e) any of the Owners or its agents or servants, and/or the assignee (if applicable) suspends work at the site for a continuous period of three (3) months or abandons work in respect of the JDA Development;
- (f) any shareholders' or directors' dispute of any of the Owners and/or the assignee (if applicable) which, in the Project Manager's absolute discretion, affects the Project Manager and/or the JDA Development in any manner whatsoever prior to the completion of the JDA Development;
- (g) the occurrence of any event and/or any act, omission, failure, refusal, default, neglect, breach and/or non-compliance of any of the Owners or its agents or servants, and/or the assignee (if applicable) which in the opinion and/or sole and absolute discretion of the Project Manager:
 - (i) has a material adverse effect on the JDA Development or the Project Manager or performance of the JDA; and/or

- (ii) renders any of the Owners or its agents or servants, and/or the assignee (if applicable) unable to effectively continue with and/or complete the JDA Development in accordance with the terms and conditions of the JDA.

If there is an event of default by the Owners, the provisions relating to dispute and arbitration shall apply.

5.4.11 Project Manager's Event of Default

The Project Manager is to be treated as being in default if:

- (a) the Project Manager is in breach of or fails to perform or observe any of its obligations, covenants, stipulations and undertakings under the JDA, and if remediable, has failed to remedy such breach or failure within such time as may be requested by the Owners not exceeding thirty (30) days, by notice in writing to that effect;
- (b) if a petition is presented (unless otherwise disputed in good faith), an order is made, an effective resolution passed or legislation enacted for the winding up (other than a voluntary winding up for the purpose of reconstruction or amalgamation not in circumstances of insolvency) of the Project Manager, or if a receiver and/or manager is appointed of the Project Manager's undertaking or part thereof;
- (c) the Project Manager is unable to pay its debts within the meaning of section 218(2) of the Companies Act 1965 or stops payment of its debts generally or commences negotiations with its creditors with a view to a general readjustment or rescheduling of its debts or compounds or enters into any arrangement with or makes any assignment for the benefit of its creditors or attempts to do any of the foregoing (except as part of or pursuant to a scheme of reconstruction or amalgamation not in circumstances of insolvency); and/or
- (d) an execution or distress or other process of a court of competent jurisdiction be levied upon or issued or enforced against the Project Manager's undertaking/assets, and such execution, distress or other process as the case may be, is not satisfied or challenged bona fide by the Project Manager within seven (7) days from the date thereof.

If there is an event of default by the Project Manager, the provisions relating to dispute and arbitration shall apply.

5.4.12 Termination

- (a) Upon termination of the JDA:
 - (i) subject to the conditionality of the JDA, the SPA(s) which have not been completed shall also be terminated with immediate effect and both the JDA and the uncompleted SPA(s) shall be null and void and of no further force or effect where neither party shall have any further rights and claims against the other save and except for any antecedent breach of the JDA and the

uncompleted SPA(s). In respect of the SPA(s) that have been completed, the respective Owners or the Project Manager may exercise the Put Option (as defined herein) or the Call Option (as defined herein) respectively;

- (ii) all approved plans, drawings, designs and specifications and all other relevant documents in relation to the JDA Development and the sole right, interest and title to all approvals from the appropriate authorities shall be the entitlement of the Project Manager; and
- (iii) the Project Manager may then with no further reference to the Owners utilise all approved plans, drawings, designs and specifications and all other relevant documents in relation to the JDA Development in any way they deem fit.

“Put Option” means the option granted by the Project Manager to the Owners whereby the respective Owners shall have the right to require the Project Manager to re-purchase the respective Property back from the respective Owners.

“Call Option” means the option granted by the Owners to the Project Manager which is exercisable by the Project Manager whereby the Owners shall sell their respective Property to the Project Manager from all of the Owners or any one of them.

- (b) If the Owners fails, refuses, omits and/or neglects to comply with and/or fulfill any and all of its obligations stipulated under the JDA in respect of termination, the Project Manager shall be entitled to do all things and take all necessary steps deemed relevant to undertake the same at its own cost and expense.

5.4.13 Government Acquisition

The Owners shall not be entitled to terminate the JDA due to compulsory acquisition of any part of the JDA Land under the Land Acquisition Act 1960 and the JDA shall remain valid and binding on the parties in respect of the remaining area of the JDA Land.

5.4.14 JDA Land as Collateral for Loans

Subject to all relevant approvals in respect of the JDA Development having been duly obtained by the Project Manager from the appropriate authorities, the Project Manager may at the consent of the Owners and at the cost and expense of the Owners and the Project Manager, obtain a loan for the purpose of financing all or any part of the construction and completion of the JDA Development (the **“Funding”** which term is deemed to include private debt securities and sukuk and guarantee/*Kafalah* facility), whereby the Owners shall assist in providing their respective Property to be charged or any part thereof (the **“Charge”**) strictly subject to:

- (a) the Project Manager obtaining the prior written approval of the Owners in respect of the terms and conditions of the Funding, which shall

incorporate terms, inter alia, that each drawdown in respect of the Funding shall be strictly subject to construction milestones in respect of the JDA Development; and

- (b) the Project Manager's undertaking in the loan documentation of the Funding to utilise such Funding solely and strictly for the purposes of financing the JDA Development,

PROVIDED THAT all costs and expenses in relation to the Charge and the Funding shall be borne by the Owners and the Project Manager in accordance with Appendix 3 of the JDA and the Project Manager shall be indemnified and kept indemnified by the Owners in accordance with the JDA. Under the Second Supplemental JDA, the parties to the JDA, inter alia, consented to the creation of an encumbrance by the Project Manager and the Owners of the JDA Land over their respective Property of any part thereof as security for the Funding.

5.4.15 Force Majeure

- (a) Force Majeure shall be limited to any strike, lock out, labour dispute, Act of God, restrictions, regulations or control imposed by any Act of Parliament, any rule, ordinance, proclamation or order issued by any competent authority, enemy or hostile government action, any change in government policy or a government directive, civil commotion, industrial dispute which affects any of the trades involved in constructing or providing materials for the JDA Development, fire, earthquake, flood, storm, tempest, nuclear fallout or inclement weather, not existing as of the date of the JDA, not reasonably foreseeable as of such date and not reasonably within the control of either party, which prevents in whole or in material part the performance by one of the parties of its obligations. Industrial action taken by the Project Manager and/or the Owners' agents or servants or employees or the Professional Team shall not constitute a Force Majeure event in relation to both the Project Manager and/or the Owners;
- (b) Upon giving notice to the other party, a party affected by an event of Force Majeure shall be released without any liability on its part from the performance of its obligations under the JDA except for any obligations to pay any amount due and owing under the JDA but only to the extent and only for the period that its performance of such obligations is prevented by the event of Force Majeure. During the period that the performance by one of the parties of its obligations under the JDA has been suspended by reason of an event of Force Majeure, the other party may likewise suspend the performance of all or any part of its obligations under the JDA; and
- (c) If any Force Majeure event prevents any party from performing all of its obligations under the JDA for a period in excess of three (3) months from the occurrence of such event, then the Owners may terminate the JDA by notice in writing to the Project Manager, without any further costs, expenses and/or liability on the part of the Project Manager.

Upon termination of the JDA, the provisions set out in Section 5.4.12 shall apply.

5.4.16 Assignment

The Project Manager shall not assign, sub-contract and/or charge any of its rights, obligations and/or interests under the JDA except with the prior written consent of the Owners. The Owners shall be entitled to assign, sub-contract and/or charge all or any of its rights, obligations and/or interest under the JDA to any third party and/or entity with notice to but strictly without the prior approval and/or consent of the Project Manager. Under the Second Supplemental JDA, the parties to the JDA, inter alia, consented to the assignment by the Project Owner and the Owners of all their respective rights and/or interest under the JDA as security for the Funding.

5.4.17 Time is of Essence

Time shall be of the essence of the contract in relation to all provisions of the JDA.

5.4.18 Dispute and Arbitration

All disputes, controversies or differences ("**Dispute**") which may arise between the parties to the JDA in respect of the JDA shall be settled amicably through mutual consultation. Should the parties however, fail to resolve any dispute in connection with, or arising out of the JDA, or the breach, termination or validity of the JDA within ninety (90) days after the receipt of a notice of the existence of the Dispute from one party to another, then and in every such case the Dispute shall be referred to a single arbitrator to be agreed by the parties to the JDA or failing such agreement, to be nominated on the application of either party by the Director of the Regional Centre for Arbitration in Kuala Lumpur and any such reference shall be deemed to be a submission to arbitration within the meaning of the Arbitration Act, 2005. Any such arbitration shall be heard at the Kuala Lumpur Regional Centre for Arbitration ("**KLRC**") or at such other venue as may be specified by the arbitrator and agreed by the parties. The arbitrator's award shall be final and binding on the parties.

5.4.19 Governing Law

The JDA shall be governed by and construed in accordance with the laws of Malaysia and each party submits to the exclusive jurisdiction of the Malaysian courts.

5.5 Power of Attorney

5.5.1 Grant of Power of Attorney

The Owners nominate and appoint PNBMV to be the Owners' true and lawful attorney and in the Owners' name and on the Owners' behalf to do, perform and execute all or any of the following acts, deeds and things:

- (a) to appear and negotiate on behalf of the Owners;

- (b) to enter into contracts on behalf of the Owners;
- (c) to apply for and obtain all necessary approvals, licenses, certification;
- (d) to manage the overall development and construction of the JDA Development;
- (e) to appoint all advisers, architects, consultants, building contractors;
- (f) to procure and obtain equipment, machineries and other installations to be used for the JDA Development;
- (g) generally to do all such acts or things as may be necessary or expedient in connection with the management, improvement and development of the JDA Land as fully and effectively as the Owners could do themselves;
- (h) in general to do all other acts deeds matters and things whatsoever in or about the JDA Land and affairs and carry out all acts deeds matters and things under the Power of Attorney either particularly or generally described as amply and effectually to all intents and purposes as the Owners could do in their own proper persons if the Power of Attorney had not been made;

and generally to do all acts and things and sign and execute all such documents as PNBMV should in its absolute unfettered discretion deem necessary in connection with the JDA Development and for the purpose of giving effect to the acts contemplated under the Power of Attorney as fully and completely as the Owners themselves could do if personally present and the Owners agree to ratify and confirm the attorney's lawful action by virtue of the Power of Attorney.

5.5.2 Duration of the Power of Attorney

The Power of Attorney is granted to PNBMV for the period of five (5) years only from 1 July 2014 or for so long the JDA is in force, whichever is the later.

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6.0 PRINCIPAL TERMS AND CONDITIONS OF THE MERDEKA SUKUK MURABAHAH PROGRAMME

The details of the Merdeka Sukuk *Murabahah* Programme are set out in this Section 6.0.

Words and expressions used and defined in this Section 6.0 shall, in the event of an inconsistency with the definitions section of this Information Memorandum, only be applicable for this Section 6.0.

PRINCIPAL TERMS AND CONDITIONS

- (1) Name of facility : Unrated Sukuk under the Shariah principles of *Murabahah* via *Tawarruq* arrangement and *Wakalah* ("**Merdeka Sukuk Murabahah**") pursuant to a Sukuk programme of up to Ringgit Malaysia Three Billion Six Hundred Fifty Million (RM3,650,000,000.00) in nominal value ("**Merdeka Sukuk Murabahah Programme**").

The Issuer also proposes to issue 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**").

- (2) One-time issue or programme : Programme.

- (3) Shariah principles (for Sukuk) :

No	Shariah Principles
1.	<i>Murabahah</i> (via <i>Tawarruq</i> arrangement)
2.	<i>Wakalah</i>

- (4) Facility description (for Ringgit-denominated sukuk, to provide description as cleared by the SC) : Merdeka Sukuk *Murabahah* shall be effected as follows:

The Facility Agent and the investors of the Merdeka Sukuk *Murabahah* ("**Sukukholders**") (via the Sukuk Trustee ("**Sukuk Trustee**")) shall enter into an agency agreement ("**Agency Agreement**"), pursuant to which the Facility Agent is appointed as the agent ("**Wakeel**") of the Sukukholders, without imposition of fee, for the purchase and sale of Shariah-compliant commodities which would exclude ribawi items in the category of medium of exchange such as currency, gold and silver ("**Commodities**").

Pursuant to a commodity *Murabahah* master agreement ("**Commodity Murabahah Master Agreement**"), entered into between the Issuer (as "**Purchaser**") and the *Wakeel* on behalf of the Sukukholders (as "**Seller**"), the Purchaser shall, from time to time, prior to the date on which the relevant series of the Merdeka Sukuk *Murabahah* is issued, issue a purchase order for the required Commodities ("**Purchase**").

Order") in relation to the said series to the Sukukholders (as Seller) via the Facility Agent (as *Wakeel*). In the Purchase Order, the Issuer, as the Purchaser, will request the Facility Agent as the *Wakeel* of the Sukukholders to purchase the Commodities and will irrevocably undertake based on the Shariah principle of ***Wa'd Mulzim*** to purchase the Commodities from the Sukukholders for the said series at the deferred sale price, which shall be equivalent to the Purchase Price (as defined below) plus the profit margin under the said series ("**Deferred Sale Price**").

Based on the Purchase Order, the Sukukholders shall pay the purchase price of the Commodities which shall be an amount equivalent to the Merdeka Sukuk *Murabahah* proceeds for the said series ("**Purchase Price**") to the Facility Agent.

Upon receipt of the Purchase Price, the Facility Agent will appoint the Commodity Trading Participant ("**CTP**") to purchase the Commodities on a spot basis from the commodity vendor(s) in the Bursa Suq Al-Sila' commodity market or any other recognised commodity trading platform at the Purchase Price. The Purchase Price shall comply with the asset pricing requirements stipulated under the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (issued on 9 March 2015 and effective on 15 June 2015 and revised on 8 November 2017) issued by the Securities Commission Malaysia ("**SC**") ("**Guidelines on LOLA Framework**") which term shall include such guidelines as may be amended, supplemented and/or substituted from time to time).

Upon completion of the purchase of the Commodities, the Facility Agent (as *Wakeel*) on behalf of the Sukukholders shall sell the Commodities to the Issuer at the Deferred Sale Price. The Issuer shall pay the Deferred Sale Price to the Sukukholders via the Facility Agent (as *Wakeel*).

The Issuer shall issue and the Sukukholders shall subscribe to the Merdeka Sukuk *Murabahah* issued by the Issuer to represent the Sukukholders' entitlement to receive the Deferred Sale Price.

Thereafter, the Issuer shall appoint the CTP to sell the Commodities to Bursa Malaysia Islamic Services Sdn Bhd or any other recognised commodity purchaser on a spot basis at an amount equivalent to the Purchase Price.

PNB shall provide an unconditional and irrevocable completion guarantee ("**Completion Guarantee**") in relation to the Merdeka Sukuk *Murabahah* Programme and the Merdeka ASEAN Green SRI Sukuk Programme, as further stated in the item entitled "Details of guarantee" below.

Upon cessation of the Completion Guarantee and until the settlement of all outstanding amounts under the Merdeka Sukuk *Murabahah* Programme, PNB shall provide a rolling, unconditional and irrevocable guarantee (“**Rolling Guarantee**”) as further stated in item entitled “Details of guarantee” below.

The Merdeka Sukuk *Murabahah* may be issued with profit payments (“**Periodic Profit Payments**”). Merdeka Sukuk *Murabahah* with Periodic Profit Payments may be issued based on fixed profit rate to be agreed between the Issuer and the Lead Manager(s) prior to each issuance of the Merdeka Sukuk *Murabahah*. During the tenure of the Merdeka Sukuk *Murabahah*, the Purchaser, as part of its obligation to pay the Deferred Sale Price, shall make periodic payments based on a fixed profit rate to be agreed. Each such payment shall *pro tanto* reduce the obligation of the Purchaser on the Deferred Sale Price payable for the purchase of the Commodities from the Facility Agent (as *Wakeel*).

(i) On the maturity date of the relevant series of the Merdeka Sukuk *Murabahah*; or (ii) upon the declaration of an Event of Default (as defined under “Definitions and Abbreviations-Event of Default”); or (iii) upon early redemption of the relevant series of the Merdeka Sukuk *Murabahah*, whichever is earlier, all amounts then outstanding on the Deferred Sale Price (subject to *Ibra'*, where applicable), shall be paid by the Purchaser (as part of its obligation to pay the Deferred Sale Price) to the Sukukholders as final settlement of the same, whereupon the relevant series of the Merdeka Sukuk *Murabahah* shall be cancelled.

- | | | |
|--|---|--|
| (5) Currency | : | Ringgit |
| (6) Expected programme size | : | MYR3,650,000,000. |
| (7) Option to upsize | : | No. |
| (8) Tenure of programme | : | Fifteen (15) years. |
| (9) Availability period of sukuk programme | : | Merdeka Sukuk <i>Murabahah</i> is available for a period commencing from the date the conditions precedent are fulfilled or waived (as the case may be) to the satisfaction of the Joint Lead Arrangers and ending on the date of the Scheduled Completion Date (as defined under “Definitions and Abbreviations-Scheduled Completion Date”), provided always that the first issuance of the Merdeka Sukuk <i>Murabahah</i> under the Merdeka Sukuk <i>Murabahah</i> Programme shall be made within sixty (60) business days from the date of lodgement with the SC (“ Lodgement ”) as set out in the Guidelines on LOLA Framework. |

- (10) Clearing and settlement platform : Payments Network Malaysia Sdn Bhd (formerly known as Malaysian Electronic Clearing Corporation Sdn Bhd) ("**PayNet**")
- (11) Mode of issue :
 - Private placement
 - Book building
 - Bought deal
- (12) Selling Restriction :
 - Part 1 of Schedule 6 of the Capital Markets & Services Act, 2007 ("**CMSA**");
 - Part 1 of Schedule 7 of the CMSA
 - Read together with Schedule 9 of the CMSA
 - Section 2(6) of the Companies Act 2016 ("**CA**")

Other:

Selling Restrictions at Issuance

The Merdeka Sukuk *Murabahah* may only be offered, sold, transferred or otherwise disposed of, directly or indirectly, to persons falling within Section 2(6) of the CA, as amended from time to time; and Part 1 of Schedule 6 or Section 229(1)(b) and Part 1 of Schedule 7 or Section 230(1)(b) read together with Schedule 9 or Section 257(3) of the CMSA, as amended from time to time.

Selling Restrictions after Issuance

The Merdeka Sukuk *Murabahah* may only be offered, sold, transferred or otherwise disposed of, directly or indirectly, to persons falling within Section 2(6) of the CA, as amended from time to time; and Part 1 of Schedule 6 or Section 229(1)(b) read together with Schedule 9 or Section 257(3) of the CMSA, as amended from time to time.

- (13) Tradability and transferability : Tradable and transferable.
- (14) Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase Corporate Bonds/Sukuk, and whether or not obtained : Not applicable.
- (15) Details of security/collateral pledged, if : Merdeka Sukuk *Murabahah* shall be secured by the following security documents (collectively, the "**Security Documents**") in favour of the Security Agent (as defined below):

applicable

- (i) First legal charge under the National Land Code 1965 over the strata titles in respect of the Parcel 6 Properties (as defined under “Definitions and Abbreviations-Parcel 6 Properties”) (other than the Office Tower (as defined under “Definitions and Abbreviations-Office Tower”)) (**“Properties Strata Titles”**) upon issuance of the Properties Strata Titles (**“Properties Land Charge”**);

Note: The Sukukholders acknowledge and confirm that no redemption sum is payable in respect of any units sold under the Service Apartments component and that the Security Agent shall have the absolute right upon request from the purchasers or financiers of the Service Apartments or their respective solicitors, to forthwith without further notice to the Sukuk Trustee, issue and deliver to the purchasers, financiers or their respective solicitors, letters of disclaimers and undertaking as may be required under the sale and purchase agreements entered into.

- (ii) Equitable assignment over the Project Companies (as defined under “Definitions and Abbreviations-Project Companies”) (other than PNBMV in relation to the Office Tower) present and future rights, title, interest and benefit in and to all revenue, proceeds, income and cashflows derived or collected or to be generated from the Parcel 6 Properties (other than the Office Tower) including but not limited to:
 - (a) lease rental from the Retail Mall (as defined under “Definitions and Abbreviations-Retail Mall”);
 - (b) income from the Podium (Ballroom) (as defined under “Definitions and Abbreviations-Podium Ballroom”);
 - (c) income from the Podium (Others) (as defined under “Definitions and Abbreviations-Podium (Others)”);
 - (d) income from the Observation Deck (as defined under “Definitions and Abbreviations-Observation Deck”), car parks or any part thereof;
 - (e) income from the Tower Hotel (as defined under “Definitions and Abbreviations-Tower Hotel”);
 - (f) proceeds from refinancing and/or disposal of the Parcel 6 Properties (other than the Office Tower) or any part thereof;
 - (g) service charges and/or maintenance charges received in relation to the rent/lease/management of the Parcel 6 Properties (other than the Office Tower) (if any); and
 - (h) any other income or such other sums of money received by or accrued to the Project Companies

(other than PNBMV in relation to the Office Tower) whether on account of any claims for damages, awards and judgments made or given under or in connection with the Parcel 6 Properties (other than the Office Tower) or otherwise howsoever in relation to the Parcel 6 Properties (other than the Office Tower);

(“Assignment of Proceeds”);

- (iii) Assignment of all present and future rights, title, interest and benefit in and to the *takaful*/insurance policies (with preference be given to *takaful* rather than conventional insurance), if any taken or required to be undertaken for the Parcel 6 Properties (other than the Office Tower) by the Project Companies (other than PNBMV in relation to the Office Tower) with the Security Agent designated as the loss payee (save for any third party liability or compensation *takaful*/insurance), to the extent permitted by the prevailing laws (**“Assignment of *Takaful*/Insurances”**);
- (iv) Assignment of all present and future rights, title, interest and benefit in and to the SPA (as defined under “Definitions and Abbreviations-SPA”) (except for SPA entered into between PNBMV and PNBM-Park Hotel (as defined under “Definitions and Abbreviations-PNBM Park Hotel”)) (**“Assignment of SPA”**);
- (v) Assignment and/or charge of all present and future rights, title, interests and benefit in and to all the Proceeds Account 2, PA 2, PEA 2, Excess HDA, OAs 2, CA 2, Distribution Account, FSRA 2 and FSA 2 (collectively the **“Designated Accounts”**) and such additional accounts as required by the Facility Agent and agreed to by the Issuer for purposes of Merdeka Sukuk *Murabahah* Programme, including the permitted investments from the same accounts (**“Assignment and Charge of Designated Accounts”**);
- (vi) Assignment and/or charge over the surplus monies in the Housing Development Account(s) in accordance with the HDA Regulations (**“Assignment and Charge of HDA”**);
- (vii) Debenture creating a first ranking fixed and floating charge over all the assets, present and future of the Project Companies other than the Excluded Assets (as defined under “Definitions and Abbreviations-Excluded Assets”) and the Office Tower (**“Debenture”**);
- (viii) Charge over all shares of the Project Companies (other

than PNBMV) ("**Charge of Shares**");

- (ix) Assignment of all present and future rights, titles, benefits and interests in and to any contracts entered or to be entered into between the Project Companies (save for PNBMV) and/or the Project Manager (as defined under "Definitions and Abbreviations-PNBMV or the Project Manager or the Issuer") (as may be applicable) with any management company(ies) and/or manager(s) to be appointed in respect of the Parcel 6 Properties (other than the Office Tower), which are assignable and/or for which consent has been obtained (if required) ("**Assignment of Management Agreement**");
- (x) Assignment of all present and future rights, titles, benefits and interests of the Project Companies (save for PNBMV) and/or the Project Manager (as may be applicable) under relevant Project Documents (as defined under "Definitions and Abbreviations-Project Documents") (other than the JDA) which are related to the Parcel 6 Properties (other than the Office Tower), which are assignable and/or for which consent has been obtained (if required) ("**Assignment of Project Documents**");
- (xi) The Rolling Guarantee (as defined under the item entitled "Details of guarantee, if applicable"); and
- (xii) A deed of subordination in form and substance acceptable to the Sukukholders subordinating all present and future advances and financings to the Issuer from its shareholder ("**Deed of Subordination**").

Shared Security Documents

Merdeka ASEAN Green SRI Sukuk and Merdeka Sukuk *Murabahah* shall be secured *inter alia*, by the following (collectively, the "**Shared Security Documents**") in favour of the security agent for the Merdeka ASEAN Green SRI Sukuk Programme and Merdeka Sukuk *Murabahah* Programme ("**Security Agent**") subject to the terms and conditions in the security sharing agreement to be executed between the Issuer, PNB, the Project Companies, the Security Agent, the sukuk trustee under Merdeka ASEAN Green SRI Sukuk Programme and the Sukuk Trustee under Merdeka Sukuk *Murabahah* Programme ("**Security Sharing Agreement**");

- (i) First legal charge under the National Land Code 1965 ("**Parcel 6 Titles NLC Charge**") over:
 - (a) Parcel 6 Titles (as defined under "Definitions and Abbreviations-Parcel 6 Titles")⁽¹⁾;

- (b) the Kawasan Lapang (as defined under “Definitions and Abbreviations-Kawasan Lapang”⁽¹⁾),
- (c) Parcel 6 (as defined under “Definitions and Abbreviations-Parcel 6”), upon issuance of a single title to Parcel 6⁽²⁾; and
- (d) the stratum/subterranean title (“**Stratum/Subterranean Title**”) in respect of the Parcel 3 Car Park (as defined under “Definitions and Abbreviations-Parcel 3 Car Park”) upon issuance of Stratum/Subterranean Title.

Notes:

- (1) *Upon the relevant approval for the consolidation and subdivision of titles via amalgamation, subdivision, surrender, alienation or such other relevant processes being obtained, the Parcel 6 Titles, Lot 746 (P6 Portion) (as defined under “Definitions and Abbreviations-Lot 746 (P6 Portion)”) and the Kawasan Lapang will be surrendered or delivered to the relevant land authority for the issuance of a single title to Parcel 6. A new land charge over the Parcel 6 will be created upon issuance of such title, in favour of the Security Agent under the Merdeka ASEAN Green SRI Sukuk Programme and the Merdeka Sukuk Murabahah Programme.*
 - (2) *Upon application for strata titles being approved, any existing charge over Parcel 6 will be discharged and the original title to Parcel 6 will be surrendered to the relevant land office for the issuance of strata titles including the Office Tower Strata Title. A new land charge over the Office Tower Strata Title will be created in favour of the Security Agent under the Merdeka ASEAN Green SRI Sukuk Programme and new land charges will be created over the Properties Strata Titles upon the issuance of such strata titles in favour of the Security Agent under the Merdeka Sukuk Murabahah Programme.*
 - (3) *The Sukukholders under the Merdeka ASEAN Green SRI Sukuk Programme and the Merdeka Sukuk Murabahah Programme acknowledge and confirm that no redemption sum is payable in respect of any units sold under the Service Apartments component and that the Security Agent shall have the absolute right upon request from the purchasers or financiers of the Service Apartments or their respective solicitors, to forthwith without further notice to the Sukuk Trustee, issue and deliver to the purchasers, financiers or their respective solicitors, letters of disclaimers and undertaking as may be required under the sale and purchase agreements entered into.*
- (ii) Assignment of the construction contracts in relation to the Project (as defined under “Definitions and Abbreviations-Project”) including all potential liquidated ascertained damages;

- (iii) Assignment of all present and future rights, interests, titles and benefits in and to the performance bonds or completion guarantees issued or to be issued by or on behalf of the respective contractors for the Project in favour of the Project Companies and/or the Project Manager, which are assignable and/or for which consent has been obtained (if required);
- (iv) Assignment of all present and future rights, titles, benefits and interests of the Project Companies and/or the Project Manager (as may be applicable) under the JDA (as defined under “Definitions and Abbreviations-JDA”);
- (v) Irrevocable and unconditional letter of disclaimer by PNBM-Park Hotel in favour of the Project Companies and/or the Security Agent disclaiming, among others, its rights, title, benefits, interest and claims over the Parcel 6 Titles and any revenues and benefit arising from the Parcel 6 Properties; and
- (vi) Completion Guarantee (as defined below under the item entitled “Details of guarantee, if applicable”).

The rights of the Sukukholders and sukukholders of the Merdeka ASEAN Green SRI Sukuk (“**MAGSS Sukukholders**”) under the Shared Security Documents shall rank on a *pari passu* basis in point of priority and security and shall be governed by the terms and conditions set out in a Security Sharing Agreement.

Special Condition

The Merdeka Sukuk *Murabahah* Programme shall be *inter alia*, secured by the following security documents executed in favour of the Security Agent as security for Merdeka ASEAN Green SRI Sukuk Programme (collectively the “**Merdeka ASEAN Green SRI Sukuk Security Documents**”), subject to the terms and conditions in the Security Sharing Agreement:

- (i) First legal charge under the National Land Code 1965 over the strata title in respect of the Office Tower (“**Office Tower Strata Title**”) upon issuance of the Office Tower Strata Title (“**Office Tower Land Charge**”);
- (ii) Assignment of all present and future rights, title, interest and benefit in and to the Office Tower Lease (as defined under “Definitions and Abbreviations-Office Tower Lease”) (“**Assignment of Office Tower Lease**”);

- (iii) Equitable assignment over the Issuer's present and future rights, title, interest and benefit in and to all revenue, proceeds, income and cashflows derived or collected or to be generated from the Office Tower including but not limited to:
 - (a) proceeds from refinancing and/or disposal of the Office Tower or any part thereof; and
 - (b) any other income or such other sums of money received by or accrued to the Issuer whether on account of any claims for damages, awards and judgments made or given under or in connection with the Office Tower or otherwise howsoever in relation to the Office Tower**("Assignment of Office Tower Proceeds");**
- (iv) Assignment of all present and future rights, title, interest and benefit in and to the *takaful*/insurance policies, if any taken or required to be undertaken for the Project in relation to the Office Tower by PNBMV with the Security Agent designated as the loss payee (save for any third party liability or compensation *takaful*/insurance), to the extent permitted by the prevailing laws **("Assignment of Office Tower Takaful/Insurances")**;
- (v) Assignment and/or charge of all present and future rights, title, interests and benefit in and to all the Proceeds Account 1, Project Account 1 ("**PA 1**"), Profit and Expense Account 1, Operating Account 1 ("**OA 1**"), Collection Account 1 ("**CA 1**") and Finance Service Reserve Account 1 ("**FSRA 1**") (collectively the "**Office Tower Designated Accounts**") and such additional accounts as required by the Facility Agent and agreed to by the Issuer for purposes of Merdeka ASEAN Green SRI Sukuk Programme, including the permitted investments from the same accounts **("Assignment and Charge of Office Tower Designated Accounts")**;
- (vi) Debenture creating a first ranking fixed and floating charge over all the assets, present and future of the Issuer (with specific exclusion of rights in shares of the Project Companies (save for PNBMV), the Excluded Assets, the strata titles in respect of the Parcel 6 Properties (other than the Office Tower) upon issuance of the strata titles and the Parcel 6 Properties (other than the Office Tower Strata Title)) **("Office Tower Debenture")**;
- (vii) Charge over all shares of the Issuer **("Charge of PNBMV Shares")**;

- (viii) Assignment of all present and future rights, titles, benefits and interests in and to any contracts entered or to be entered into between the Issuer and/or the Project Manager (as may be applicable) with any management company(ies) and/or manager(s) to be appointed in respect of the Office Tower, which are assignable and/or for which consent has been obtained (if required) (**"Assignment of Office Tower Management Agreement"**); and
- (ix) Assignment of all present and future rights, titles, benefits and interests of the Issuer and/or the Project Manager (as may be applicable) under the relevant Project Documents which are related to the Office Tower (other than the JDA), which are assignable and/or for which consent has been obtained (if required) (**"Assignment of Office Tower Project Documents"**).

The rights of Sukukholders in the Merdeka ASEAN Green SRI Sukuk Security Documents and the security proceeds derived from Merdeka ASEAN Green SRI Sukuk Security Documents shall rank after the rights of MAGSS Sukukholders in the Merdeka ASEAN Green SRI Sukuk Security Documents and the security proceeds derived therefrom, in point of priority and security. Notwithstanding the above, in relation to the decision on whether to issue an enforcement instruction to the Security Agent in relation to the Merdeka ASEAN Green SRI Sukuk Security Documents, the Sukukholders shall only be entitled to issue an enforcement instruction to the Security Agent in relation to the Merdeka ASEAN Green SRI Sukuk Security Documents only upon the full settlement of Merdeka ASEAN Green SRI Sukuk.

(16) Details of
guarantee, if
applicable

: Completion Guarantee

- (i) PNB shall provide the Completion Guarantee, commencing from (and including) the first issue date of the Merdeka Sukuk *Murabahah* under the Merdeka Sukuk *Murabahah* Programme or the Merdeka ASEAN Green SRI Sukuk under the Merdeka ASEAN Green SRI Sukuk Programme, whichever is the earlier, in favour of the Security Agent, to complete:

- (a) the Project (except the Service Apartments) by 30 June 2021; and
- (b) the Service Apartments by 30 June 2025,

upon the terms and conditions set out therein, which shall include:

- (a) to fund any Cost Overrun (as defined under "Definitions and Abbreviations-Cost Overrun")

incurred relating to the Project to ensure the Project is completed by the Scheduled Completion Date;

- (b) in the event the Completion (as defined under “Definitions and Abbreviations-Completion”) of the Project is delayed beyond the Scheduled Completion Date, to complete and to fund all cost relating to the Project to ensure the Completion of the Project by the Extended Completion Date (as defined under “Definitions and Abbreviations-Extended Completion Date”), including any costs incurred for such delay in connection with the Project which shall include but is not limited to construction costs and/or any cost/expenses, all outstanding financial obligations under the Merdeka Sukuk *Murabahah* Programme and the Merdeka ASEAN Green SRI Sukuk Programme and any other costs arising from the delay (inclusive of the liquidated damages and/or penalties payable by PNBMV to the Project Companies under the Project); and
 - (c) in the circumstances where the Completion of the Project is delayed beyond the Extended Completion Date, the Security Agent may at its discretion and shall if instructed by either the Sukukholders by a special resolution, declare an Event of Default has occurred under the Merdeka Sukuk *Murabahah* Programme or the MAGSS Sukukholders by a special resolution, declare an event of default has occurred under the Merdeka ASEAN Green SRI Sukuk Programme, and whereupon all amounts payable by the Issuer under the Merdeka Sukuk *Murabahah* Programme and the Merdeka ASEAN Green SRI Sukuk Programme and all accrued profits and principal thereon and any other amounts payable under the Merdeka Sukuk *Murabahah* Programme and the Merdeka ASEAN Green SRI Sukuk Programme, shall become due and payable and the Security Agent shall be entitled to immediately enforce on the Completion Guarantee (at the instruction of either the Sukukholders or MAGSS Sukukholders) and PNB shall on demand immediately settle all outstanding sum (including principal and profits due and payable under the Merdeka Sukuk *Murabahah* Programme and the Merdeka ASEAN Green SRI Sukuk Programme) without further notice to the Issuer.
- (ii) In the event the Completion of the Project is delayed

beyond the Scheduled Completion Date, Completion of the Project by the Scheduled Completion Date guaranteed by PNB under the Completion Guarantee shall be extended to guarantee the Completion by the Extended Completion Date and such extension shall not be subject to the consent of the MAGSS Sukukholders under the Merdeka ASEAN Green SRI Sukuk Programme and/or the Sukukholders under the Merdeka Sukuk *Murabahah* Programme.

- (iii) For the avoidance of doubt, where no issuance has been made under the Merdeka Sukuk *Murabahah* Programme for purposes of funding the construction of the Service Apartments on or before the Scheduled Completion Date of the Service Apartments (“**Non-Issuance Event**”), the Completion Guarantee shall automatically cease to guarantee the Completion of Service Apartments by 30 June 2025 and all construction costs and/or any cost/expenses to be incurred in connection with the Service Apartments, including all outstanding financial obligations under the Merdeka Sukuk *Murabahah* Programme in relation to the funding of the construction of the Service Apartments after the Scheduled Completion Date and any other costs arising from the delay (inclusive of the liquidated damages and/or penalties payable by PNBMV to the Project Companies under the Project).
- (iv) The Completion Guarantee shall automatically cease to guarantee the Completion of the Office Tower and the Cost Overrun incurred in connection with the Office Tower, on the Handover Date Of The Office Tower (as defined under “Definitions and Abbreviations-Handover Date Of The Office Tower”) and in relation to the guarantee of the Completion and Cost Overrun incurred in connection with all the other components of the Project (other than the Office Tower), the Completion Guarantee shall automatically cease upon issuance of the Sectional CCC (as defined under “Definitions and Abbreviations-Sectional CCC”) in respect of all the other components of the Project (save for the guarantee under the Completion Guarantee in relation to the Service Apartments where the Non-Issuance Event occurs, the Completion Guarantee shall automatically cease to guarantee the Completion of Service Apartments by 30 June 2025 and all construction costs and/or any cost/expenses to be incurred in connection with the Service Apartments, including all outstanding financial obligations under the Merdeka Sukuk *Murabahah* Programme, if any in relation to the funding of the construction of the Service Apartments after the Scheduled Completion Date and any other costs arising from the delay (inclusive of the liquidated damages

and/or penalties payable by the Issuer to the Project Companies under the Project)). For the avoidance of doubt, the Completion Guarantee for the guarantee of the Completion and Cost Overrun incurred in connection with all the other components of the Project (other than the Office Tower and the Service Apartments) shall not in any way be prejudiced or affected by the automatic cessation of the Completion Guarantee in respect of the Office Tower and the Service Apartments.

Rolling Guarantee

Upon cessation of the Completion Guarantee and until the settlement of all outstanding amounts under the Merdeka Sukuk *Murabahah* Programme in full, PNB shall provide the Rolling Guarantee to pay on demand, an amount equivalent to the Scheduled Profit Amount (as defined under “Definitions and Abbreviations-Scheduled Profit Amount”) and Principal Payment Amount (as defined under “Definitions and Abbreviations-Principal Payment Amount”) or any part thereof within seven (7) business days of the Periodic Payment Date (as defined under “Definitions and Abbreviations-Periodic Payment Date”), unless on or before such date, the same has already been paid in full by the Issuer.

The Rolling Guarantee shall automatically be renewed at every Periodic Payment Date or at each time the Rolling Guarantee is called upon, as the case may be until full settlement of Merdeka Sukuk *Murabahah*. Notwithstanding the automatic renewal of the Rolling Guarantee at every Periodic Payment Date or each time the same is called upon, as the case may, PNB agrees that obligation of PNB to pay the Scheduled Profit Amount and the Principal Payment Amount (if applicable) due and payable on the relevant Periodic Payment Date under the Merdeka Sukuk *Murabahah* Programme under the Rolling Guarantee shall not be discharged until full settlement of all outstanding Merdeka Sukuk *Murabahah* issued under the Merdeka Sukuk *Murabahah* Programme.

PNB acknowledges and unconditionally and irrevocably undertakes, agrees, guarantees and covenants with the Security Agent that notwithstanding any accelerated payments upon a declaration of an Event of Default under Merdeka Sukuk *Murabahah* Programme, PNB shall, until all the secured amounts have been irrevocably paid in full and the Merdeka Sukuk *Murabahah* Programme cancelled, continue to pay the Scheduled Profit Amount and the Principal Payment Amount (if applicable) payable under the Merdeka Sukuk *Murabahah* Programme on each scheduled Periodic Payment Date as if no accelerated payments upon a declaration of an Event of Default has occurred. For the

avoidance of doubt, the payment of Scheduled Profit Amount and the Principal Payment Amount (if applicable) by PNB under the Merdeka Sukuk *Murabahah* Programme upon the declaration of the Event of Default on each scheduled Periodic Payment Date and until all the secured amounts have been irrevocably paid in full and the Merdeka Sukuk *Murabahah* Programme cancelled, shall not operate as or be taken to be a waiver of the Event of Default nor preclude the Security Agent from exercising any of its rights or remedy under the Rolling Guarantee or the Issue Documents (as defined below under the item entitled "Other Terms and Conditions-(I) Documentation").

One (1) month prior to each Periodic Payment Date, in the event of a shortfall in the FSA 2 to meet the Scheduled Profit Amount and Principal Payment Amount, the Rolling Guarantee will be called upon for PNB to fund the FSA 2 up to an amount equivalent to the shortfall in the credit balance of the FSA 2 on or no later than three (3) business days, prior to the Periodic Payment Date.

In the event the credit balance of the FSRA 2 is utilised to meet the shortfall in the FSA 2, the Rolling Guarantee will be called upon for PNB to replenish the shortfall in the FSRA 2, up to an amount equivalent to the shortfall so as to comply with the FSRA Minimum Required Balance within fourteen (14) days from the day the balance in the FSRA 2 is less than the FSRA Minimum Required Balance.

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|---|-----|--|
| (17) Convertibility of Issuance and details of convertibility | : | Non-convertible |
| (18) Exchangeability of Issuance and details of exchangeability | : | Non-exchangeable |
| (19) Call option and details, if applicable | : | No call option |
| (20) Put option and details, if applicable | : | No put option |
| (21) Details of Covenants | : | |
| (a) Positive Covenant | : | Positive covenants shall include but not limited to the following: |
| | (i) | <u>Conduct of Business:</u> The Issuer will and shall procure that the Project Companies maintain its |

corporate existence and its rights to carry on operation and exercise reasonable diligence in carrying out its respective businesses in a proper and efficient manner which shall ensure amongst others, that all necessary approvals, permits or licenses are obtained and maintained and will promptly obtain any further authorisations, consents, rights, licenses, approvals and permits (governmental or otherwise) which is or may become necessary to enable it to own its assets and/or to operate its business respectively;

- (ii) **Material Adverse Change:** The Issuer will and shall procure that the Project Companies shall take all steps as may be necessary to procure that there is no material adverse change to their condition (financial or otherwise) and to promptly notify the Sukuk Trustee and the Facility Agent of any material adverse change or event which may or is likely to have a Material Adverse Effect (as defined under “Definitions and Abbreviations-Material Adverse Effect”);
- (iii) **Shariah-compliant:** The Issuer will comply at all times with Shariah requirements during the subsistence of the Merdeka Sukuk *Murabahah* Programme tenure;
- (iv) **Financial Statements:** The Issuer will and shall procure that the Project Companies prepare its respective financial statements and shall procure on a basis consistently applied in accordance with approved accounting standards in Malaysia and those financial statements shall give a true and fair view of the results of the operations of the Issuer and its Project Companies for the period to which the financial statements are made up and shall disclose or provide against all liabilities (actual or contingent) of the Issuer;
- (v) **Utilisation of Proceeds:** The Issuer shall utilise the proceeds only as permitted under the Issue Documents (as defined below under the item entitled “Other Terms and Conditions-(I) Documentation”);
- (vi) **Access:** Subject to prior reasonable notice, the Issuer shall permit the Facility Agent, the Security Agent, the Sukuk Trustee and any other person appointed by any of them, full and free access to the site of the Project, at all reasonable times during normal business hours, and give any such person, any information required by him so as to enable him to inform himself about all aspects of the Project at its costs and all costs and expenses incurred by the Facility Agent, the Security Agent, the Sukuk Trustee and any other person appointed by any of them in relation to the inspection of the site of the Project shall be borne by the Issuer and

the Project Companies (as the case may be);

- (vii) **Records on the Project:** The Issuer will and shall ensure that the Project Companies shall maintain adequate records to record the progress of the Project against work schedule (including the cost thereof and the progress of the works thereunder) and shall submit progress report on the Project against work schedule in form and substance acceptable to the Facility Agent and the Sukuk Trustee on a quarterly basis or at any time as required by the Facility Agent and the Sukuk Trustee in a format to be agreed and shall allow the Facility Agent, the Security Agent, the Sukuk Trustee and any other person appointed by any of them, during ordinary office or working hours to inspect all records in relation to the Project at any of its offices, branches or places of business or elsewhere and shall use its best endeavours to allow the Facility Agent, the Security Agent, the Sukuk Trustee or their agents, servants or officers during ordinary office or working hours to inspect all records in relation to the Project kept by any other authorities or persons so far as such records relate to or affect the Project;
- (viii) **Project:** The Issuer will and shall ensure that the Project Companies shall carry out the Project in accordance with prudent industrial practices and in compliance with all laws in Malaysia and all rules, regulations, by-laws, orders and directives in Malaysia (whether or not having the force of law);
- (ix) **Performance and Enforcement of Project Documents:** The Issuer will and shall ensure that the Project Companies shall ensure:
 - (a) its due performance of and compliance with all provisions of the Project Documents;
 - (b) the proper exercise of all rights, remedies, powers and discretions available to it under the Project Documents; and
 - (c) where the enforcement or non-enforcement of its rights, powers or remedies under the Project Documents will have a Material Adverse Effect, it shall ensure the enforcement of the rights, powers, remedies and the exercise of any authorities and discretion under or in respect of the Project Documents only in accordance with the directions of the Sukuk Trustee;
- (x) **Environmental undertakings:** The Issuer will and shall ensure that the Project Companies shall, if required in relation to the Project:

- (a) comply with all Environmental Laws (as defined under “Definitions and Abbreviations-Environmental Laws”) to which it may be subject or pertaining to the Project;
 - (b) obtain all Environmental Licences (as defined under “Definitions and Abbreviations-Environmental Licences”) required or desirable in connection with the Project, if required by law; and
 - (c) comply with all Environmental Licences obtained in connection with the Project; and
 - (xi) Such other positive covenants as required for purposes of compliance with the SC’s Trust Deeds Guidelines and as may be advised by the Solicitors, the Joint Lead Arrangers and agreed by the Issuer.
- (b) Negative Covenant : Without prior written consent of the Sukuk Trustee which consent shall not be unreasonably withheld:
- (i) **Restriction on subscription of shares:** The Issuer shall not inject, channel or on-lend the proceeds from the issuance of the Merdeka Sukuk *Murabahah* into the Project Companies (save for PNBMV) via subscription of shares (whether ordinary or preference shares, redeemable or otherwise);
 - (ii) **Negative Pledge:** The Issuer shall not and shall procure that the Project Companies do not create or permit to exist over all or any part of their respective businesses or assets any security interest other than:
 - (a) security interest over the Excluded Assets provided that recourse is limited to the Excluded Assets;
 - (b) those created pursuant to or permitted under the Merdeka Sukuk *Murabahah* Programme and the Merdeka ASEAN Green SRI Sukuk Programme;
 - (c) liens arising in the ordinary course of business by operation of law and not by way of contract; and
 - (d) those disclosed to Sukuk Trustee/ Sukukholders in writing prior to the date of the Issue Documents;
 - (iii) **Disposals/dealings with assets:** The Issuer will not and shall procure that the Project Companies do not sell, transfer, lease or otherwise dispose of or in any case cease to exercise control over, whether by single transaction or a number of transactions, related or not, all or a substantial part of the Issuer’s or the Project

Companies' undertaking, businesses or assets (other than the Excluded Assets) save and except for:

- (a) those contemplated under the Project Documents;
 - (b) those carried out in connection with or to give effect to Shariah-compliant financing permitted under sub-paragraph (viii) below provided that they do not result in legal and/or beneficial interest in such undertakings, businesses or assets being vested in an entity other than the Issuer and/or the Project Companies (as the case may be); and
 - (c) those carried out in the ordinary course of business and at arm's length;
- (iv) **Restriction on merger consolidation or reorganisation:** Other than an intra-group reorganisation on a solvent basis and provided that the Issuer shall be the surviving entity or dissolution pursuant to voluntary winding up proceedings of any of its dormant subsidiaries, the Issuer shall not and shall procure that the Project Companies do not undertake or permit any merger, consolidation, amalgamation, reconstruction or winding up which will have a Material Adverse Effect;
- (v) **Shareholding:** The Issuer shall not and shall procure that the Project Companies do not change or permit any change in their controlling shareholders or shareholding structure;
- (vi) **Restriction on transactions:** Except for the Project Documents, Parcel 3 Car Park Agreement (as defined under "Definitions and Abbreviations-Parcel 3 Car Park Agreement"), agreement for the acquisition/transfer of Lot 746 (as defined under "Definitions and Abbreviations-Lot 746") and agreements and documents relating to the Other Project(s) (as defined under "Definitions and Abbreviations-Other Project(s)") and the Excluded Assets, the Issuer shall not and shall procure that the Project Companies do not enter into any transaction, whether directly or indirectly, with any person, firm or company except in the ordinary course of their respective businesses on ordinary commercial terms and on the basis of arm's length arrangements or establish any exclusive purchasing or sales agency, or enter into any transaction whereby the Issuer and/or the Project Companies might pay more than the ordinary commercial price for any purchase or might receive less than the full commercial price (subject to normal trade discounts) for its products;

(vii) **Related party transactions** : The Issuer shall not enter into any transaction whether directly or indirectly with interested persons (who shall include directors, major shareholders and chief executive officer) (the “**Related Transaction**”) unless:

- (a) the transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested persons; and
- (b) with respect to transactions involving an aggregate payment or value equal to or greater than Ringgit Malaysia One Billion (RM1,000,000,000.00), the Issuer obtains certification from an independent adviser that the transaction is carried out on fair and reasonable terms,

provided that the Issuer certifies to the Sukuk Trustee that:

- (1) the transaction complies with sub-paragraph (vii)(a) above;
- (2) where applicable, the Issuer has received the certification referred to in sub-paragraph (vii)(b) above; and
- (3) the transaction has been approved by the majority of the Issuer’s board of directors or shareholders in a general meeting (as the case may require);

(viii) **Financings**: The Issuer shall not and shall procure that the Project Companies do not incur, assume, make, grant, lend, provide, extend or permit to exist, any financings, advances, credit, accommodation, guarantee, indemnity or assurance against loss to or for the benefit of any person, enterprise or company, or act as surety or otherwise voluntarily assume any liability, whether actual or contingent except for:

- (a) the Merdeka Sukuk *Murabahah* Programme and the Merdeka ASEAN Green SRI Sukuk Programme;
- (b) any guarantee facility(ies) of up to the aggregate principal amount of Ringgit Malaysia Two Hundred Million (RM200,000,000.00) only in connection with the agreement for the acquisition/transfer of, among others, the Lot 746 or such other increased amount as may be determined by:

- (i) the Joint Lead Arrangers prior to the first issuance of the Merdeka Sukuk *Murabahah* under the Merdeka Sukuk *Murabahah* Programme; or
 - (ii) the Sukukholders after the first issuance of the Merdeka Sukuk *Murabahah* under the Merdeka Sukuk *Murabahah* Programme;
- (c) the working capital facilities of up to Ringgit Malaysia Two Hundred Million (RM200,000,000.00) only on unsecured basis incurred in the ordinary course of business (“**Working Capital Facilities**”) provided that the Working Capital Facilities does not result in a breach of the Financial Covenants (as stated below under the item entitled “Financial Covenants”);
- (d) liabilities arising from security created over the Excluded Assets provided that such liability is limited to the amount recovered by financiers under the Excluded Assets;
- (e) liabilities arising from financing facilities in relation to Other Project(s) (other than those referred to in sub-paragraph (viii)(d) above) provided that it does not result in a breach of the Financial Covenants;
- (f) the existing indebtedness (including trade or bank guarantee facilities) incurred or obtained by the Issuer and/or the Project Companies, and disclosed in writing to the Joint Lead Arrangers prior to the date of the Issue Documents (where applicable);
- (g) the intercompany financings, advances or any transactions for the purpose of effecting the on-flow of the proceeds of financing facilities permitted under this sub-paragraph (viii) (“**Intercompany Facilities**”);
- (h) subordinated financings and/or advances from shareholders and/or affiliates referred to in sub-paragraph (xiii) below;
- (i) financings and/or advances to Other Companies (as defined under “Definitions and Abbreviations-Other Companies”) as equity contribution to Other Project(s) provided it does not result in a breach of Financial Covenants; and

- (j) indebtedness arising pursuant to the FSRA BG (as defined below in the table for FSRA 2 under the item entitled “Designated Accounts”);
- (ix) **Constitutional Documents:** The Issuer will not and shall procure that the Project Companies do not add, delete, vary or amend their respective constitution in any manner which would be inconsistent with the terms of the Issue Documents or which may be materially prejudicial to the interests of the Sukukholders;
- (x) **Share Capital:** The Issuer will not and shall procure that the Project Companies do not reduce or in any way whatsoever alter (other than by way of an increase) their respective issued shares in existence at the date hereof by varying the amount, structure or value thereof or the rights attached thereto or convert any of its share capital into stock or by consolidating, dividing or subdividing all or any of their respective shares;
- (xi) **Nature of business:** The Issuer will not and shall procure that the Project Companies do not permit any substantial change to their respective current direction and/or nature of businesses;
- (xii) **Enter into partnership:** Other than those contemplated under the financing facilities permitted under sub-paragraph (viii) above, to give effect to Shariah-compliant financing, the Issuer shall not and shall procure that the Project Companies do not, unless in their respective normal course of business and on arm's length basis, enter into any partnership, profit-sharing or royalty agreement or other arrangement of whatsoever nature whereby the Issuer's and/or the Project Companies' income or profits are, or might be, shared with any other person, firm or company or enter into any management contract or similar arrangement of whatsoever nature whereby the Issuer's and/or the Project Companies' business or operations are managed by any other person, firm or company;
- (xiii) **Financings and/or Advances from shareholders and affiliates:**
 - (a) The Issuer shall not obtain or permit to exist any financings or advances from its shareholders and/or affiliates unless such financings and advances are subordinated to the Merdeka Sukuk *Murabahah* Programme and the Merdeka ASEAN Green SRI Sukuk Programme; and
 - (b) Other than the Intercompany Facilities, the Project Companies shall not obtain or permit to

exist any financings or advances from its shareholders and/or affiliates unless such loans and advances are subordinated to the Intercompany Facilities.

- (xiv) **HDA(s) and Designated Accounts:** the Issuer will not and shall procure that the Project Companies do not open and/or maintain any accounts in relation to the Project and the Properties other than the HDA(s) and the Designated Accounts, any accounts as may be required under any hotel management agreement in relation to the Tower Hotel and such additional accounts as required by the Facility Agent or the Joint Lead Arrangers and agreed to by the Issuer for purposes of the Merdeka ASEAN Green SRI Sukuk Programme and the relevant Designated Accounts under the Merdeka Sukuk *Murabahah* Programme;
- (xv) **Extension of completion date under JDA:** the Issuer will not and shall procure the Project Manager and the respective Project Companies do not extend or agree to extend the Completion date under the JDA except for:
 - (a) extension pursuant to force majeure events in accordance with the terms of the JDA; or
 - (b) extension of the Completion date for the Project:
 - (1) which does not exceed eighteen (18) months from the original completion date of 30 June 2021 for the Project (other than the Service Apartments) and 30 June 2025 for the Service Apartments; and
 - (2) no Event of Default has occurred and is subsisting at the time of such extension;
- (xvi) **Project Documents:** In relation to the JDA, the Power of Attorney (as defined under “Definitions and Abbreviations-Power of Attorney”), the SPA(s), the MLA (as defined under “Definitions and Abbreviations-MLA”) and the Office Tower Lease the Issuer shall not and shall procure the Project Companies do not:
 - (a) amend or supplement or agree to amend or supplement any provision of any of the said Project Documents;
 - (b) cancel, rescind or otherwise terminate such Project Documents;
 - (c) accept or agree to accept any repudiation or purported repudiation of any other party to such

Project Documents;

- (d) grant any waiver or indulgence to the other party to such Project Documents; or
- (e) do or omit to do any act or execute or omit to execute any document which may render any of the said Project Documents to be illegal, void, voidable or unenforceable,

and in relation to all other Project Documents (other than the JDA, the Power of Attorney, the SPA(s), the MLA and the Office Tower Lease) the Issuer shall not and shall procure the Project Companies do not:

- (1) amend or supplement or agree to amend or supplement any provision of any of the said Project Documents;
- (2) cancel, rescind or otherwise terminate such Project Documents;
- (3) accept or agree to accept any repudiation or purported repudiation of any other party to such Project Documents;
- (4) grant any waiver or indulgence to the other party to such Project Documents; or
- (5) do or omit to do any act or execute or omit to execute any document which may render any of the said Project Documents to be illegal, void, voidable or unenforceable,

which may have a Material Adverse Effect; and

- (xvii) The Issuer shall not utilise or allow the utilisation of the proceeds from the Merdeka Sukuk *Murabahah* for any purposes other than for the purposes set out in the Issue Documents, which shall be Shariah-compliant;
- (xviii) Such other negative covenants as required for purposes of compliance with the SC's Trust Deeds Guidelines and as may be advised by the Solicitors, the Joint Lead Arrangers and agreed by the Issuer.

- (c) Financial covenants : The Issuer shall maintain the following financial covenants at all times:
 - (i) **FSCR During Operation:** A FSCR of at least 1.25 times commencing from the first full year of operations of the Parcel 6 Properties (other than the Office Tower).

“FSCR” is a ratio of:

The sum of:

- (a) Opening cash balance (including total opening balances in the Designated Accounts (excluding CA 2, OA 2 and FSRA 2 opened and maintained under the Merdeka Sukuk *Murabahah* Programme) and those amount invested under Permitted Investment (as stated in the item entitled “Permitted Investments”)); and
- (b) EBITDA (as defined under “Definitions and Abbreviations-EBITDA”) of the Parcel 6 Properties (save for EBITDA from Office Tower) minus taxes,

divided by: The sum of (i) principal amount maturing and (ii) profit payments due and payable in the financing year.

Provided that the principal amount due in respect of the Merdeka Sukuk *Murabahah* Programme in the financial year upon which the final maturity date fall shall not be taken into account in computing the FSCR.

- (ii) **Finance to Equity Ratio (“FE Ratio”)**: FE Ratio of not more than 70:30 throughout the tenure of the Merdeka Sukuk *Murabahah* Programme and the Merdeka ASEAN Green SRI Sukuk Programme.

The FE Ratio is a ratio of:

Total External Debt / Total Equity

where, “**Total External Debt**” is defined as total financing (including the Merdeka Sukuk *Murabahah*, the Merdeka ASEAN Green SRI Sukuk and any other form of financing) obtained by the Issuer; and

“**Total Equity**” refers to the shareholders’ funds of the Issuer (including any form of shareholders/related parties advances and/or junior debt subordinated to the Merdeka Sukuk *Murabahah* and the Merdeka ASEAN Green SRI Sukuk such as ordinary shares, preference shares, loan stocks, subordinated debt and/or any form of equity instruments).

The FE Ratio and FSCR shall be certified/confirmed by one (1) authorised director of the Issuer based on the following:

- (a) Six (6)-month and twelve (12)-month unaudited financial statements, within ninety (90) days from

- the end of the financial period, to be supported by a copy of the draft unaudited financial statements; and
- (b) Full year audited financial statements within one hundred and eighty (180) days from the end of the financial year to be supported by the relevant financial report.
- (d) Information covenants : (i) The Issuer shall deliver to the Facility Agent and the Sukuk Trustee:
- (a) annually a certificate signed by one (1) director of the Issuer stating that the Issuer has complied with all its obligations under the relevant Issue Documents and the terms and conditions of the Merdeka Sukuk *Murabahah* and that there did not exist or had not existed, from the date of issuance of the Merdeka Sukuk *Murabahah* or from the date of the previous certificate, as the case may be, any Event of Default, and if such is not the case, to specify the same and steps being taken, if any, to remedy the same;
- (b) a copy of its annual audited consolidated financial statements (which shall contain a profit and loss account, a balance sheet and a cash flow statement) audited and certified without qualification by an external auditor within one hundred and eighty (180) days after the end of each of its financial year;
- (c) a copy of its unaudited half yearly consolidated financial statements prepared in accordance with generally accepted accounting principles and standards in Malaysia within one hundred and twenty (120) days after the end of each first half of its financial year; and
- (d) as soon as practicable, any other accounts, report, notice, statement or circular issued by the Issuer to its shareholders.
- (ii) The Issuer shall immediately notify the Facility Agent and the Sukuk Trustee in the event that the Issuer becomes aware of the following:
- (a) any Event of Default;
- (b) the happening of any event that has caused or could cause, one or more of the following:
- (1) any amount payable under the Merdeka

- Sukuk *Murabahah* to become immediately payable;
 - (2) Merdeka Sukuk *Murabahah* to become immediately enforceable; or
 - (3) any other right or remedy under the terms, provisions or covenants of the Merdeka Sukuk *Murabahah* or the Trust Deed to become immediately enforceable;
 - (c) of any circumstance that has occurred that would materially prejudice the Issuer, the Project Companies, PNB (as the guarantor under the Completion Guarantee and Rolling Guarantee) or any security included in or created by the Merdeka Sukuk *Murabahah* or the Trust Deed (where applicable);
 - (d) any substantial change in the nature of the business of the Issuer, the Project Companies or PNB (as the guarantor under the Completion Guarantee and Rolling Guarantee);
 - (e) any change in the name of the Project Companies or PNB (as the guarantor under the Completion Guarantee and Rolling Guarantee);
 - (f) of any cessation of liability of the Project Companies or PNB (as the guarantor under the Completion Guarantee and Rolling Guarantee) (where applicable) for the payment of the whole or part of the moneys for which they were liable under the Security Documents or the Completion Guarantee and Rolling Guarantee respectively;
 - (g) any change in the utilisation of proceeds from the Merdeka Sukuk *Murabahah* other than for the purposes stipulated in the Issue Documents, the Information Memorandum or any agreement entered into in connection with the issue, offer or invitation which sets out a specific purpose for which proceeds are to be utilised;
 - (h) any change in the Issuer's withholding tax position or tax jurisdiction; and
 - (i) any other matter that may materially prejudice the interest of the Sukukholders;
- (iii) **Changes in Board of Directors and/or Chief Executive Officer:** The Issuer shall immediately notify the Sukuk Trustee and the Facility Agent in writing of any change in its board of directors and/or chief executive officer (or equivalent);

(iv) **Delivery of documents relating to the Project:** The Issuer and/or the Project Companies shall within thirty (30) days of being requested to do so by the Facility Agent or the Sukuk Trustee, deliver to the Facility Agent or the Sukuk Trustee a certified true copy of any material documents related to the Project, entered into or executed by or on its behalf and furnish any information relating to the Project as the Facility Agent may reasonably request from time to time;

(v) **Project Documents:** The Issuer and/or the Project Companies shall inform the Facility Agent and the Sukuk Trustee in the event:

- (a) any of the Project Documents is terminated for any reason whatsoever;
- (b) any breach of, or an event of default under, any of the provision of the Project Documents upon it becoming aware of the same; and
- (c) the actions, if any, to be taken by any party in respect of the breach or event of default referred to in sub-paragraph (v)(b) above,

which will have a Material Adverse Effect;

(vi) **Environmental claims:** The Issuer and/or the Project Companies shall notify the Facility Agent and the Sukuk Trustee in writing upon becoming aware of:

- (a) any Environmental Claim (as defined under “Definitions and Abbreviations-Environmental Claim”) pertaining to the Project or any part thereof;
- (b) any communication received by it in respect of any actual or alleged breach of or liability under Environmental Law pertaining to the Project or any part thereof; or
- (c) any facts or circumstances which shall or are reasonably likely to result in any Environmental Claim pertaining to the Project or any part thereof;

which, if substantiated, might have a Material Adverse Effect;

(vii) Such other information covenants as required under the SC’s Trust Deeds Guidelines and as may be advised by the Solicitors, the Joint Lead Arrangers and agreed by the Issuer.

(22) Details of designated

: The Issuer shall open and maintain the following Shariah compliant accounts with a financial institution which is

accounts

acceptable to the Facility Agent:

Name of account	Proceeds Account 2
Parties responsible for opening the account	Issuer
Parties responsible for maintaining/ operating the account	<p><u>Prior to the occurrence of an Event of Default or potential Event of Default</u> Security Agent</p> <p><u>Upon occurrence of an Event of Default or potential Event of Default</u> Security Agent</p>
Signatories to the account	<p><u>Prior to the occurrence of an Event of Default or potential Event of Default</u> Security Agent</p> <p><u>Upon occurrence of an Event of Default or potential Event of Default</u> Security Agent</p>
Sources of funds	<p>The following shall be deposited into the Proceeds Account 2:</p> <p>(a) the proceeds from the Merdeka Sukuk <i>Murabahah</i> Programme;</p> <p>(b) any forms of equity contributions (minus the land acquisition cost of Parcel 6 Titles for purposes of developing Parcel 6 Properties other than the Office Tower of approximately Ringgit Malaysia One Hundred Seventy Four Million Three Hundred Eighty One Thousand Five Hundred and Six (RM174,381,506.00) that have been fully paid and all development and construction costs of the Project up to the date of opening of the Proceeds Account 2); and</p> <p>(c) any amount or payment or contribution required from PNB pursuant to its obligations under the Completion Guarantee.</p>
Utilisation of funds	The proceeds deposited in the Proceeds Account 2 shall only be utilised for the intended purposes as follows:

	<p>(a) firstly, towards payment of one-off fees and expenses and transfer to the PEA 2 (as defined hereinafter) to fund recurring fees and expenses (excluding the Completion Guarantee fee and Rolling Guarantee fee to PNB) incidental to the establishment of the Merdeka Sukuk <i>Murabahah</i> Programme including the fees and charges in relation to the FSRA BG (as defined hereinafter);</p> <p>For the avoidance of doubt, proceeds from the first issuance of the Merdeka Sukuk <i>Murabahah</i> under the Merdeka Sukuk <i>Murabahah</i> Programme shall be utilised towards payment of one-off fees and expenses incidental to the establishment of the Merdeka Sukuk <i>Murabahah</i> Programme.</p> <p>(b) secondly, to transfer to:</p> <p>(1) the PA 2 (as defined hereinafter) to fund the construction and development costs of the Parcel 6 Properties (other than the Service Apartments) including the remainder of construction and development costs of the Office Tower and Infrastructure Works (as defined under "Definitions and Abbreviations-Infrastructure Works"); and upon closure of PA 2 to the CA 2 (as defined hereinafter);</p> <p>(2) the Housing Development Account ("HDA") (for the Service Apartments);</p> <p>(c) thirdly, to transfer to the PEA 2 (as defined hereinafter) to fund the profit payments under the Merdeka Sukuk <i>Murabahah</i> Programme, during the construction of the Project and initial operating period; and upon closure of the PEA 2 to the CA 2;</p>
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	<p>(d) fourthly, to transfer to the FSRA 2 (as defined hereinafter) to meet the FSRA Minimum Required Balance (as defined hereinafter); and</p> <p>(e) fifthly, to transfer to the PEA 2 to fund the Completion Guarantee fee (on a proportionate basis) and/or Rolling Guarantee fee (if applicable) to PNB, during the construction period.</p> <p>For the avoidance of doubt, in the event there is insufficient funds in the Proceeds Account 2 to pay the Completion Guarantee fee and Rolling Guarantee fee (if applicable) to PNB, the payment of the Completion Guarantee fee and Rolling Guarantee fee that are not paid for the relevant year, shall be accumulated to the following year. Failure to pay the Completion Guarantee fee and Rolling Guarantee fee does not constitute an Event of Default.</p> <p>Monies kept in the Proceeds Account 2 are allowed for making Permitted Investments.</p>
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Name of account	Project Account 2 ("PA 2")
Parties responsible for opening the account	Issuer
Parties responsible for maintaining/operating the account	<p><u>Prior to the occurrence of an Event of Default or potential Event of Default</u> Security Agent</p> <p><u>Upon occurrence of an Event of Default or potential Event of Default</u> Security Agent</p>
Signatories to the account	<p><u>Prior to the occurrence of an Event of Default or potential Event of Default</u> Security Agent</p> <p><u>Upon occurrence of an Event of Default or potential Event of Default</u></p>

	Security Agent
Sources of funds	<p>The following shall be deposited into the PA 2:</p> <ul style="list-style-type: none"> (a) proceeds transferred from the Proceeds Account 2 and the Excess HDA to meet the construction and development costs for the Parcel 6 Properties (save for the Service Apartments) and Infrastructure Works; (b) proceeds from <i>takaful</i> insurance claims and any claims in respect of third party performance bonds and/or guarantees in relation to the Parcel 6 Properties (other than those received in relation to the Office Tower which are required to be deposited into the PA 1 and Service Apartments which are required to be deposited into the HDA); (c) all compensation and damages in relation to the Parcel 6 Properties (other than those received in relation to the Office Tower which are required to be deposited into the PA 1 and Service Apartments which are required to be deposited into the HDA); and (d) all other cash flow to which the Project Companies (other than PNBMV in relation to Office Tower) are legally and beneficially entitled in connection with the Project and/or the Parcel 6 Properties (save for the Service Apartments) which are not required to be deposited into the HDA, PA 1 or any other Designated Accounts.
Utilisation of funds	<p>For so long as there is no occurrence of an Event of Default, the proceeds in the PA 2 shall be utilised to transfer to the Project Companies' respective OAs 2 to part finance the construction costs of the Parcel 6 Properties (save for the Service Apartments) and Infrastructure Works, subject to the receipt by the Security</p>

	<p>Agent of the following in form and substance acceptable to the Security Agent with respect to the amount to be transferred:</p> <p>(a) certificate of work done and/or progress billings duly certified/verified by the PMC in relation to the Parcel 6 Properties (save for the Service Apartments) and Infrastructure Works; and</p> <p>(b) the invoices with respect to claims made by the project consultants/contractors and relevant authorities in relation to the Parcel 6 Properties (save for the Service Apartments) and Infrastructure Works.</p> <p>For the avoidance of doubt, the certification of work done and/or progress billings duly certified/verified by the PMC shall be in line with the construction cost and timeline estimate provided by the PMC and duly accepted by the Project Manager.</p> <p>Upon the occurrence of an Event of Default, payments will be made in accordance with the instructions of the Security Agent.</p> <p>Upon completion of the Parcel 6 Properties (save for the Service Apartments) and Infrastructure Works, all surplus monies will be transferred to the CA 2 and the PA 2 will be closed.</p> <p>Monies kept in the PA 2 are allowed for making Permitted Investments.</p>
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Name of account	Excess HDA
Parties responsible for opening the account	Issuer
Parties responsible for maintaining/operating the	<u>Prior to the occurrence of an Event of Default or potential Event of Default</u> Security Agent

account	<u>Upon occurrence of an Event of Default or potential Event of Default</u> Security Agent
Signatories to the account	<u>Prior to the occurrence of an Event of Default or potential Event of Default</u> Security Agent <u>Upon occurrence of an Event of Default or potential Event of Default</u> Security Agent
Sources of funds	Surplus monies from the HDA.
Utilisation of funds	Monies in the Excess HDA shall be withdrawn and transferred to PA 2 (during construction) as required, to fund the construction and development costs of the Parcel 6 Properties (save for the Service Apartments) and Infrastructure Works. Upon completion of the Parcel 6 Properties) and them being operationalised, all surplus monies in the Excess HDA will be transferred to FSA 2 to meet any financing obligations under the Merdeka Sukuk <i>Murabahah</i> . Monies kept in the Excess HDA are allowed for making Permitted Investments.

Name of account	Profit and Expense Account 2 ("PEA 2")
Parties responsible for opening the account	Issuer
Parties responsible for maintaining/operating the account	<u>Prior to the occurrence of an Event of Default or potential Event of Default</u> Security Agent <u>Upon occurrence of an Event of Default or potential Event of Default</u> Security Agent
Signatories to the account	<u>Prior to the occurrence of an Event of Default or potential Event of Default</u> Security Agent

	<u>Upon occurrence of an Event of Default or potential Event of Default</u> Security Agent
Sources of funds	Proceeds transferred from the Proceeds Account 2.
Utilisation of funds	<p>The proceeds deposited in the PEA 2 shall only be utilised for the intended purposes as follows:</p> <ul style="list-style-type: none"> (a) firstly, to pay the recurring fees and expenses (excluding the Completion Guarantee fee and Rolling Guarantee fee to PNB) incidental to the establishment of the Merdeka Sukuk <i>Murabahah</i> Programme including the fees and charges in relation to the FSRA BG; (b) secondly, to pay the profit payments under the Merdeka Sukuk <i>Murabahah</i> Programme, during the construction of the Project and transfer to FSA 2 for profit payments during the initial operating period; and (c) thirdly, to pay the Completion Guarantee fee (on a proportionate basis) and/or Rolling Guarantee fee (if applicable) to PNB, during the construction period. <p>For the avoidance of doubt, in the event there is insufficient funds in the PEA 2 to pay the Completion Guarantee fee and Rolling Guarantee fee (if applicable) to PNB, the payment of the Completion Guarantee fee (on a proportionate basis) and Rolling Guarantee fee (if applicable) to PNB which are not paid for the relevant year shall be accumulated to the following year. Failure to pay the Completion Guarantee fee and Rolling Guarantee fee does not constitute an Event of Default.</p> <p>Upon completion of the Parcel 6 Properties (save for the Service</p>

	<p>Apartments) and them being operational, all surplus monies will be transferred to the CA 2, and the PEA 2 will be closed.</p> <p>Monies kept in the PEA 2 are allowed for making Permitted Investments.</p>
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Name of account	Collection Account 2 ("CA 2")
Parties responsible for opening the account	<p>Issuer</p> <p><i>Note: The CA 2 shall be opened at least one (1) month prior to the Scheduled Completion Date.</i></p>
Parties responsible for maintaining/operating the account	<p><u>Prior to the occurrence of an Event of Default or potential Event of Default</u> Security Agent</p> <p><u>Upon occurrence of an Event of Default or potential Event of Default</u> Security Agent</p>
Signatories to the account	<p><u>Prior to the occurrence of an Event of Default or potential Event of Default</u> Security Agent</p> <p><u>Upon occurrence of an Event of Default or potential Event of Default</u> Security Agent</p>
Sources of funds	<p>The Issuer and the Project Companies shall deposit all monies including but not limited to the following into the CA 2:</p> <ul style="list-style-type: none"> (a) surplus/balance from the PA 2 upon closure of the PA 2; (b) surplus/balance from the PEA 2 upon closure of the PEA 2; (c) income/revenue from the Parcel 6 Properties (save for the Office Tower and Service Apartments); (d) proceeds from sale of the individual units of the Service Apartments after the relevant HDA is closed; (e) proceeds from <i>takafull</i>/insurance claims and any claims in respect of third party performance bonds and/or guarantees in respect of the

	<p>Parcel 6 Properties (save for the Office Tower) and/or the Project;</p> <p>(f) all compensation and damages in relation to the Parcel 6 Properties (save for the Office Tower) and/or the Project;</p> <p>(g) surplus/balance from OAs 2; and</p> <p>(h) all other cashflows to which PNBMV and the Project Companies are legally and beneficially entitled in connection with the Project and/or the Parcel 6 Properties (save for the Office Tower) (other than those which are to be deposited into the OAs 2).</p> <p>For the avoidance of doubt, upon the occurrence of an Event of Default or potential Event of Default, all gross cashflow generated from the Parcel 6 Properties (save for the Office Tower and Service Apartments prior to closure of HDAs) are to be deposited into the CA 2.</p>
Utilisation of funds	<p>Monies in the CA 2 shall be withdrawn and utilised in the following order of priority:</p> <p>(a) firstly, towards payment of annual recurring fees (excluding the Completion Guarantee fee and Rolling Guarantee fee to PNB) incidental to the establishment of the Merdeka Sukuk <i>Murabahah</i> Programme and expenses in relation to the Merdeka Sukuk <i>Murabahah</i> Programme (including without limitation the fees and charges in relation to the FSRA BG and recurring fees to Security Agent, Sukuk Trustee and other professional fees to advisers or agents, if applicable);</p> <p>(b) secondly, transfer to the FSA 2 so as to meet Scheduled Profit Amount and/or the Principal Payment Amount under the Merdeka Sukuk <i>Murabahah</i> Programme in accordance to the terms set out</p>

	<p>under FSA 2;</p> <p>(c) thirdly, transfer to OAs 2 to fund the payment for all operating, management and maintenance expenditure of the Parcel 6 Properties (except for Office Tower and Service Apartments);</p> <p>(d) fourthly, transfer to the FSRA 2 to top up any shortfall so as to meet the FSRA Minimum Required Balance (as defined herein);</p> <p>(e) fifthly, transfers to the OAs 2 to fund any shortfall in the OAs 2 subject to such transfer being approved by the Facility Agent;</p> <p>(f) sixthly, towards payment of the Completion Guarantee fee and Rolling Guarantee fee to PNB; and</p> <p>(g) lastly, transfer to the Distribution Account to meet such permitted payments to shareholder, subject to Issuer maintaining a Distribution FSCR (as defined in the Distribution Account table below) of not less than 1.75 times after the transfer from the CA 2.</p> <p>For the avoidance of doubt, in the event there are insufficient funds in the CA 2 to pay the Completion Guarantee fee and Rolling Guarantee fee to PNB, the amount for the Completion Guarantee fee and Rolling Guarantee fee to PNB which is not paid for the relevant year shall be accumulated to the following year. Failure to pay the Completion Guarantee fee and Rolling Guarantee fee do not constitute an Event of Default.</p> <p>Monies kept in the CA 2 are allowed for making Permitted Investments.</p>
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Name of account	Finance Service Account 2 ("FSA 2")
Parties responsible for opening the	<p>Issuer</p> <p><i>Note: The FSA 2 shall be opened at least</i></p>

account	<i>one (1) month prior to the Scheduled Completion Date.</i>														
Parties responsible for maintaining/operating the account	<p><u>Prior to the occurrence of an Event of Default or potential Event of Default</u> Security Agent</p> <p><u>Upon occurrence of an Event of Default or potential Event of Default</u> Security Agent</p>														
Signatories to the account	<p><u>Prior to the occurrence of an Event of Default or potential Event of Default</u> Security Agent</p> <p><u>Upon occurrence of an Event of Default or potential Event of Default</u> Security Agent</p>														
Sources of funds	Monies from CA 2, PEA 2, OAs 2, Distribution Account and Excess HDA, monies from PNB pursuant to the Rolling Guarantee and proceeds received from the refinancing exercise of the Merdeka Sukuk <i>Murabahah</i> Programme.														
Utilisation of funds	<p>The credit balances in the FSA 2 will be used to service the Scheduled Profit Amount and the Principal Payment Amount due under the Merdeka Sukuk <i>Murabahah</i> on each Periodic Payment Date.</p> <p>The Issuer shall undertake to ensure that an amount equivalent to the next Scheduled Profit Amount and Principal Payment Amount (save for the final Scheduled Profit Amount and/or Principal Payment Amount which shall be funded via the refinancing exercise of the Merdeka Sukuk <i>Murabahah</i> Programme) due shall be built up and deposited in the FSA 2 as follows:</p> <table border="1"> <thead> <tr> <th>Months prior to the Periodic Payment Date</th><th>Cumulative Amount to be built up</th></tr> </thead> <tbody> <tr> <td>6</td><td>15%</td></tr> <tr> <td>5</td><td>30%</td></tr> <tr> <td>4</td><td>45%</td></tr> <tr> <td>3</td><td>60%</td></tr> <tr> <td>2</td><td>75%</td></tr> <tr> <td>1</td><td>100%</td></tr> </tbody> </table>	Months prior to the Periodic Payment Date	Cumulative Amount to be built up	6	15%	5	30%	4	45%	3	60%	2	75%	1	100%
Months prior to the Periodic Payment Date	Cumulative Amount to be built up														
6	15%														
5	30%														
4	45%														
3	60%														
2	75%														
1	100%														

	<p>In the event that one (1) month prior to each Periodic Payment Date, the balance held in the FSA 2 is insufficient to meet the Scheduled Profit Amount and/or the Principal Payment Amount due under the Merdeka Sukuk <i>Murabahah</i>:</p> <p>(a) the credit balance in the FSRA 2, OAs 2 or the Distribution Account shall be used to meet the shortfall in the Scheduled Profit Amount and/or the Principal Payment Amount, up to an amount equivalent to the forthcoming Scheduled Profit Amount and/or the Principal Payment Amount; and</p> <p>(b) in the event if there is still a shortfall after the transfer from the FSRA 2, OAs 2 or the Distribution Account to meet the shortfall in the Scheduled Profit Amount and/or the Principal Payment Amount, up to an amount equivalent to the forthcoming Scheduled Profit Amount and/or the Principal Payment Amount the Rolling Guarantee shall be called upon for PNB to immediately fund the shortfall in the FSA 2 so as to meet the Scheduled Profit Amount and/or the Principal Payment Amount on or no later than three (3) business days prior to the Periodic Payment Date, unless on or before such due date, the shortfall has already been paid in full by the Issuer.</p> <p>In the event PNB fails to fund the shortfall in the FSA 2, PNB shall under the Rolling Guarantee, pay on demand an amount equivalent to the Scheduled Profit Amount and/or the Principal Payment Amount or any part thereof within seven (7) business days of the Periodic Payment Date unless on or before such due date, the shortfall has already been paid in full by the Issuer.</p> <p>Monies kept in the FSA 2 are allowed for making Permitted Investments.</p>
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Name of	Operation Accounts 2 ("OAs 2")
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account	
Parties responsible for opening the account	Each of the Project Companies.
Parties responsible for maintaining/ operating the account	<p><u>Prior to the occurrence of an Event of Default or potential Event of Default</u> The Project Companies.</p> <p><u>Upon occurrence of an Event of Default or potential Event of Default</u> Security Agent</p>
Signatories to the account	<p><u>Prior to the occurrence of an Event of Default or potential Event of Default</u> The Project Companies.</p> <p><u>Upon occurrence of an Event of Default or potential Event of Default</u> Security Agent</p>
Sources of funds	<p>The following shall be deposited into the OAs 2:</p> <p>(a) During construction phase, transfers from the PA 2 into the OAs 2 to finance the construction and development costs of the Parcel 6 Properties (save for the Service Apartments), Infrastructure Works and/or the Project, as specified under item (a) below; and</p> <p>(b) During the operating period, half-yearly or such other periods to be agreed between Issuer and the Facility Agent, transfers from CA 2 in accordance with the semi-annual operating expenditure budget for Parcel 6 Properties (save for the Office Tower and Service Apartments), including payment of/setting aside amount for taxes due. The semi-annual operating expenditure budget prepared by the Project Companies shall be approved by the Facility Agent, including such other payments not accounted in the semi-annual operating expenditure budget as may be requested by the Project Companies and from other OAs 2. The funds in the OAs 2 can</p>

	only be utilised for the purpose stated above and any excess thereafter shall be utilised for the purposes as set out in item (b) below.
Utilisation of funds	<p>Funds in the OAs 2 shall be used for the following purposes:</p> <ul style="list-style-type: none"> (a) During construction phase, payment of the construction and development costs of the Parcel 6 Properties (save for the Service Apartments), Infrastructure Works and/or the Project. (b) Post-completion, payment will be withdrawn in accordance with the semi-annual operating expenditure budget, including such other approved payments not accounted in the semi-annual operating expenditure budget and any excess funds in the OAs 2 shall be utilised as follows: <ul style="list-style-type: none"> (1) transfer to FSA 2 to top up the Scheduled Profit Amount and/or the Principal Payment Amount due under the Merdeka Sukuk <i>Murabahah</i>; (2) transfer to the FSRA 2 to top up the FSRA Minimum Required Balance; (3) refund of deposits collected and/or set-off of deposit against payment due from the lessees/tenants/licensees; (4) transfer to other OAs 2 to top up shortfalls in relevant OAs 2; (5) transfer of remaining balance to the CA 2 (after taking into account the projected semi-annual operating expenditure of the Project Companies for the next six (6) months based on the list of semi-annual operating expenditure prepared by the Project Companies).

	<p>The transfer of the remaining balance from the OAs 2 to the CA 2 referred to in sub-paragraph (b)(5) above shall be made on a half-yearly basis but if at any time, the balance in the CA 2 is insufficient to pay for the cash outflows referred to in sub-paragraphs (a) to (g) under CA 2, the Issuer/Project Companies shall transfer such amount as may be required from the OAs 2 to the CA 2 in a timely manner to cover such shortfall in the CA 2 (irrespective of whether the transfer on a half-yearly basis is due to be made).</p> <p>The list of semi-annual operating expenditure shall be furnished to the Facility Agent semi-annually, sixty (60) days in advance by the Issuer and the Project Companies.</p> <p>Monies kept in the OAs 2 are allowed for making Permitted Investments.</p>
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Name of account	Finance Service Reserve Account 2 ("FSRA 2")
Parties responsible for opening the account	<p>Issuer</p> <p><i>Note: The FSRA 2 shall be opened at least one (1) month prior to the Scheduled Completion Date.</i></p>
Parties responsible for maintaining/operating the account	<p><u>Prior to the occurrence of an Event of Default or potential Event of Default</u> Security Agent</p> <p><u>Upon occurrence of an Event of Default or potential Event of Default</u> Security Agent</p>
Signatories to the account	<p><u>Prior to the occurrence of an Event of Default or potential Event of Default</u> Security Agent</p> <p><u>Upon occurrence of an Event of Default or potential Event of Default</u> Security Agent</p>
Sources of funds	<p>The funds in the FSRA 2 shall be transferred from Proceeds Account 2, CA 2, Distribution Account and/or OAs 2 upon completion of the Parcel 6 Properties (save for the Service</p>

	<p>Apartments) in accordance with the terms as stated below.</p> <p>The initial deposit equivalent to an amount payable for Scheduled Profit Amount ("FSRA Minimum Required Balance") shall be deposited into the FSRA 2 at least fourteen (14) days prior to the Scheduled Completion Date and maintained therein throughout the tenure of the Merdeka Sukuk <i>Murabahah</i> Programme.</p>
Utilisation of funds	<p>Funds in the FSRA 2 may be withdrawn to the extent that funds in the FSA 2 are insufficient to meet the Scheduled Profit Amount and Principal Payment Amount on any Periodic Payment Date. In the event that the balance held in the FSRA 2 is less than the FSRA Minimum Required Balance, the Rolling Guarantee will be called upon for PNB to fund the shortfall so as to comply with the FSRA Minimum Required Balance within fourteen (14) days from the day the balance held in the FSRA 2 is less than the FSRA Minimum Required Balance.</p> <p>The Issuer may also provide an irrevocable, unconditional and unsecured bank guarantee payable on demand, issued by a AAA-rated licensed financial institution by local rating agency(ies) or its equivalent ("FSRA BG") in favour of the Security Agent for an amount equivalent to the FSRA Minimum Required Balance in lieu of the monies to be deposited in the FSRA 2.</p> <p>The requirement to meet the FSRA Minimum Required Balance can be in the form of cash or FSRA BG or a combination of both.</p> <p>Monies kept in the FSRA 2 may be allowed for making Permitted Investments.</p>

Name of account	Distribution Account
Parties responsible for	Issuer

opening the account	
Parties responsible for maintaining/operating the account	<p><u>Prior to the occurrence of an Event of Default or potential Event of Default</u> Security Agent</p> <p><u>Upon occurrence of an Event of Default or potential Event of Default</u> Security Agent</p>
Signatories to the account	<p><u>Prior to the occurrence of an Event of Default or potential Event of Default</u> Security Agent</p> <p><u>Upon occurrence of an Event of Default or potential Event of Default</u> Security Agent</p>
Sources of funds	To capture deposit from the CA 2.
Utilisation of funds	<p>The funds in the Distribution Account shall be utilised for dividend/distribution payments to the Issuer's shareholder subject to the Issuer maintaining a distribution finance service cover ratio ("Distribution FSCR") of not less than 1.75 times after the transfer of funds from the CA 2. Monies in the Distribution Account shall also be withdrawn and transferred to the FSA 2 and/or FSRA 2 as and when required so as to meet the Scheduled Profit Amount, the Principal Payment Amount and/or the FSRA Minimum Required Balance respectively.</p> <p>Monies kept in the Distribution Account may be allowed for making Permitted Investments.</p>

(23) Name of credit : Unrated.
rating agency,
credit rating and
amount rated

(24) Conditions : Conditions precedent to the satisfaction of the Joint Lead
Precedent Arrangers, which shall include but not limited to the following:

A. Main Documentation

- (i) Issue Documents (save for the Properties Land Charge, Office Tower Land Charge and the Parcel 6 Titles NLC Charge in relation to the Lot 746 (P6 Portion)) have been signed and where applicable, stamped or exempted and presented for registration;
- (ii) Evidence that the relevant forms as prescribed under the Companies Act 2016 in respect of the security interest created by the Security Documents (save and except for the Properties Land Charge), the Merdeka ASEAN Green SRI Sukuk Security Documents (save and except for the Office Tower Land Charge) and the Shared Security Documents (save and except for the Parcel 6 Titles NLC Charge in relation to the Lot 746 (P6 Portion)), have been duly executed and duly lodged with the Companies Commission of Malaysia;
- (iii) Evidence that the relevant Security Documents, the Merdeka ASEAN Green SRI Sukuk Security Documents and the Shared Security Documents, shall have been presented to the relevant High Court of Malaya for registration of the power of attorney clauses contained therein;
- (iv) The Issuer shall ensure and shall procure the Parcel 6 Titles NLC Charge (other than Lot 746 (P6 Portion)) is presented for registration with the relevant land office/registry; and
- (v) All relevant notices of assignment, consents and acknowledgments including the consent from the Pendaftar Hakmilik Tanah Wilayah Persekutuan to create the Parcel 6 Titles NLC Charge (if applicable) (other than the Parcel 6 Titles NLC Charge in relation to Lot 746 (P6 Portion)), required in relation to the relevant Security Documents (save for the notice of assignments pursuant to the Assignment of Proceeds), the Merdeka ASEAN Green SRI Sukuk Security Documents (save for the notice of assignments pursuant to the Assignment of Office Tower Proceeds) and the Shared Security Documents.

B. The Issuer, PNB and the Project Companies

- (i) The following documents certified as a true and correct copy by the company secretary of the Issuer, PNB and the Project Companies respectively:
 - (a) Certificate of Incorporation and the constitution;
 - (b) Latest Return for Allotment of Shares, Notification for Change in the Registered Address, Notification of Change in the Register of Directors, Managers and Secretaries; and
 - (c) Board resolutions authorising, amongst others, the establishment and acceptance of the Merdeka Sukuk *Murabahah* Programme, the issuance of the Merdeka Sukuk Murabahah under the Merdeka Sukuk Murabahah Programme and the Issuer's, PNB's and the Project Companies' execution of the relevant Issue Documents to which the Issuer, PNB and/or the Project Companies are a party;
 - (d) A certified true copy of board resolutions of the relevant security party authorising, among others, the creation of the security over the Security Documents, Merdeka ASEAN Green SRI Sukuk Security Documents and the Shared Security Documents as the case may be, and the execution of the Security Documents, Merdeka ASEAN Green SRI Sukuk Security Documents and the Shared Security Documents to which it is a party;
- (ii) List of authorised signatories and their respective specimen signatures;
- (iii) All necessary corporate or other approvals, authorisations, consents and licenses (regulatory or otherwise) for the establishment of the Merdeka Sukuk *Murabahah* Programme including the consents from the existing financiers/lenders (if any) in relation to the execution of the Security Documents, the Merdeka ASEAN Green SRI Sukuk Security Documents and the Shared Security Documents, shall have been obtained and are in full force and effect; and
- (iv) Relevant document/form acceptable to the Joint Lead Arrangers to evidence that the issued and paid-up capital of PNBMV is not less than Ringgit Malaysia Five Million (RM5,000,000.00).

C. General

- (i) Receipt of confirmation from the Shariah Adviser that the structure and mechanism together with the Issue Documents are in compliance with Shariah principles;
- (ii) Receipt of the endorsement from the SAC of the SC in respect of the Merdeka Sukuk *Murabahah* Programme;
- (iii) Receipt of the acknowledgements in respect of the Lodgement for the Merdeka Sukuk *Murabahah* Programme have been obtained in accordance with the provisions of the Guidelines on LOLA Framework;
- (iv) Receipt of satisfactory legal opinion from the Solicitors, to be addressed to the Principal Adviser and Joint Lead Arrangers confirming, among others, the legality, validity and enforceability of the Issue Documents and confirmation that all conditions precedent in relation to the Merdeka Sukuk *Murabahah* Programme have been fulfilled or waived;
- (v) Receipt of a report on cashflow projections from a reporting accountant of which is satisfactory to the Principal Adviser and Joint Lead Arrangers;
- (vi) The results of the company search and winding up search conducted on the Issuer, the Project Companies and PNB being satisfactory to the Joint Lead Arrangers or in lieu thereof, the relevant statutory declarations in form and substance acceptable to the Joint Lead Arrangers;
- (vii) Land search results conducted on the Parcel 6 Titles, Lot 746 (P6 Portion) and the Kawasan Lapang at the relevant land office being satisfactory to the Joint Lead Arrangers;
- (viii) Evidence that all fees, costs and expenses in relation to the Merdeka Sukuk *Murabahah* Programme have been or will be paid in full from the proceeds of the Merdeka Sukuk *Murabahah* and/or by the Issuer;
- (ix) Receipt of evidence that the Designated Accounts (save and except for FSRA 2, FSA 2 and CA 2) and such additional accounts as required by the Joint Lead Arrangers and agreed to by the Issuer for purposes of the Merdeka Sukuk *Murabahah* Programme have been opened in accordance with the terms set out herein;
- (x) Receipt of evidence that the Trustees' Reimbursement Account (as stated in the section entitled "Other Terms and Conditions-(c) Trustees' Reimbursement Account) has been opened and the Trustee has been appointed as the sole signatory of the Trustees' Reimbursement

Account and a sum of Ringgit Malaysia Thirty Thousand (RM30,000.00) has been deposited into the Trustees' Reimbursement Account; and

- (xi) Evidence that the conditions precedent under the Merdeka ASEAN Green SRI Sukuk Programme (save for the conditions precedent requiring the conditions precedent under the Merdeka Sukuk *Murabahah* Programme to be fulfilled) have been fulfilled and/or waived and duly confirmed by the Solicitors; and

Evidence of the completion of satisfactory legal due diligence exercise on the Issuer, Project Companies and Guarantor and the receipt of the legal due diligence report by the Principal Adviser / Joint Lead Arrangers from the Solicitors.

D. The Project

- (i) Execution of the Completion Guarantee by PNB in favour of the Security Agent;
- (ii) Execution of the Rolling Guarantee by PNB in favour of the Security Agent;
- (iii) All relevant statutory fees and conversion premiums in relation to the Parcel 6 Titles have been paid (if applicable);
- (iv) A certified true copy of the agreement for the acquisition/transfer of Lot 746 (P6 Portion) which has been signed by all parties and evidence that all conditions precedent for the transfer of Lot 746 (P6 Portion) to PNBMV have been met and where completed, evidence that Lot 746 (P6 Portion) has been transferred to and registered in the name of PNBMV or where the agreement for the acquisition/transfer of Lot 746 (P6 Portion) has not been finalised and executed, such other evidence acceptable to the Joint Lead Arrangers to evidence the arrangement/agreement between PNBMV and the registered proprietor of Lot 746 for the proposed acquisition/transfer of Lot 746 (P6 Portion) to PNBMV;
- (v) Receipt of a copy of the following valuation reports (valuation period must not exceed six (6) months from the proposed issue date) addressed to the Joint Lead Arrangers and Security Agent from a licensed valuer acceptable to the Joint Lead Arrangers and the Security Agent on the Parcel 6 Titles on an as-is-where-is basis of not less than Ringgit Malaysia One Billion Two Hundred and Seventy Million

(RM1,270,000,000);

- (vi) Receipt of original/certified true copies (as may be required by the Joint Lead Arrangers) of the JDA, Supplemental JDA, SPAs, the MLA and the Office Tower Lease and other documents assigned/charged as security and any other documents in relation to the Project as may be specified by the Joint Lead Arrangers;
- (vii) Legal opinion from the Issuer's legal counsel with respect to the legality, validity and enforceability of the JDA, the Power of Attorney and the SPA(s), the MLA and the Office Tower Lease (executed and dated as at the date of the opinion); and
- (viii) Such other conditions precedent as may be advised by the Solicitors and mutually agreed between the Joint Lead Arrangers and the Issuer.

The Conditions Precedent may be waived by the Joint Lead Arrangers in whole or in part at its sole and absolute discretion with or without terms or conditions and without prejudicing the rights of the Joint Lead Arrangers to assert such terms and conditions in respect of utilisation of the Merdeka Sukuk *Murabahah*.

Conditions subsequent

- (i) The Parcel 6 Titles NLC Charge shall be presented for registration with the relevant land office within ninety (90) days from issuance of a single title to Parcel 6;
- (ii) The Office Tower Land Charge shall be presented for registration with the relevant land office within ninety (90) days from the issuance of the Office Tower Strata Title;
- (iii) The Properties Land Charge shall be presented for registration with the relevant land office within ninety (90) days from the issuance of the Properties Strata Titles;
- (iv) Lot 746 (P6 Portion) has been transferred and registered in the name of PNBMV within three (3) years from the first issuance of the Merdeka Sukuk *Murabahah* and (unless the Lot 746 (P6 Portion) title is required to be surrendered or delivered to the relevant land authority for the issuance of a single title to Parcel 6), a land charge over the Lot 746 (P6 Portion) title shall be presented for registration with the relevant land office within three (3) months from the date Lot 746 (P6 Portion) has been transferred and registered in

the name of the Issuer ;

- (v) The FSRA 2, FSA 2, CA 2 and such additional accounts as required by the Joint Lead Arrangers and agreed to by the Issuer for purposes of the Merdeka Sukuk *Murabahah* Programme shall have been opened in accordance with the terms set out herein at least one (1) month prior to the Scheduled Completion Date;
- (vi) Delivery to the Joint Lead Arrangers and Security Agent of valuation report conducted by panel of valuers acceptable to the Joint Lead Arrangers and Security Agent every three (3) years after Completion date of the Project (excluding the Service Apartments); and
- (vii) Such other conditions subsequent as may be advised by the Solicitors and mutually agreed between the Joint Lead Arrangers and the Issuer.

Issuance Conditions

The issuance conditions of the Merdeka Sukuk *Murabahah* under the Merdeka Sukuk *Murabahah* Programme shall be conditional upon, among others:

- (i) the delivery of an issue request under the Merdeka Sukuk *Murabahah* Programme to the Facility Agent and the nominal value of the Merdeka Sukuk *Murabahah* to be issued under the issue request thereunder not exceeding the programme size in accordance with the requisite form;
- (ii) the maturity date of the Merdeka Sukuk *Murabahah* to be issued under the issue request not extending beyond the tenure of the Merdeka Sukuk *Murabahah* Programme;
- (iii) certified true copies of all relevant approvals (including layout and building plans) issued in respect of the Properties being financed by the Merdeka Sukuk *Murabahah* Programme;
- (iv) all representations and warranties in the Issue Documents remain true and correct in all material respects;
- (v) no Event of Default or potential Event of Default has occurred or will occur as a result of the issuance of the Merdeka Sukuk *Murabahah*; and
- (vi) evidence that the FE Ratio has not exceeded 70:30 on an aggregate basis and will not so exceed after the issuance of the Merdeka Sukuk *Murabahah*.

- (25) Representations and Warranties : The representations and warranties shall include but is not limited to the following:
- (i) **Status:** The Issuer and the Project Companies are duly incorporated and validly existing under the laws of Malaysia and:
 - (a) have full power to own their respective properties and assets and carry on their respective businesses as they are being conducted; and
 - (b) are capable of being sued in their respective own right;
 - (ii) **Powers and Authorisations:** The constitution of the Issuer and the Project Companies incorporate the following provisions:
 - (a) the Issuer and the Project Companies have the power to execute, deliver and perform their respective obligations under the Issue Documents to which it is a party; and
 - (b) all necessary action have been taken to authorise the execution, delivery and performance of obligations by the Issuer and the Project Companies respectively under the Issue Documents to which it is a party;
 - (iii) **Litigation:** Save as disclosed in the Information Memorandum and/or disclosed in writing to the Facility Agent and the Joint Lead Arrangers prior to the date of execution of the Issue Documents, there is no litigation, arbitration, administrative proceedings, claims or disputes which is presently in progress or pending or to the Issuer's and the Project Companies' knowledge, threatened against the Issuer and the Project Companies;
 - (iv) **Financial Statements:** The Issuer's and the Project Companies' financial statements have been prepared on a basis consistently applied in accordance with generally accepted accounting principles and standards in Malaysia and in full compliance with the requirements of applicable laws and present a true and fair view of the financial position of the Issuer and the Project Companies as at the date or for the period for which the financial statements were made up;
 - (v) **Legality and Validity:** The Issuer's and the Project Companies' acceptance, entry and execution of the Issue Documents to which it is a party and the delivery and performance by the Issuer and the Project Companies of all their respective obligations in the Issue Documents to which it is a party have been duly

authorised and constitute legal, valid, binding and enforceable obligations of the Issuer and the Project Companies;

(vi) **Non-Violation:** The entry into, exercise of rights and performance of obligations by the Issuer and the Project Companies under the Issue Documents and the Project Documents to which it is a party, do not and will not:

- (a) contravene their respective constituent documents or cause any limitation on any powers whatsoever of the Issuer and/or the Project Companies, howsoever imposed, or on the right or ability of the directors of the Issuer and/or the Project Companies, to exercise such powers, to be exceeded; or
- (b) contravene or constitute a default under any provision contained in any agreement or instrument to which the Issuer and/or the Project Companies are parties or which is binding upon the Issuer and/or the Project Companies and/or any of their respective assets; or
- (c) contravene or constitute a default under any law, policies, decree or official directive of any governmental authorities, judgment, order, licence, permit, authorisation or approvals by which the Issuer, the Project Companies and/or any of their respective assets is bound or affected; or
- (d) result in the creation or imposition of or oblige the Issuer and/or the Project Companies to create any security interest on any of their respective assets or undertakings;

(vii) **Information and Disclosure:**

- (a) The Issuer and the Project Companies have fully disclosed to the Joint Lead Arrangers and Sukuk Trustee in writing all facts relating to the Issuer and the Project Companies which are material for disclosure;
- (b) The information furnished do not contain any statement or information that is false or misleading and there is no material omission of any information;
- (c) All expressions of expectation, intention, belief and opinion contained therein were honestly made on reasonable grounds after due and careful enquiry by the Issuer and the Project Companies; and
- (d) The Issuer and the Project Companies are not aware of any material facts or circumstances that

have not been disclosed which might, if disclosed, adversely affect the decision of a person considering whether or not to subscribe for the Merdeka Sukuk *Murabahah* ;

- (viii) **No Immunity:** The Issuer and the Project Companies are subject to civil and commercial law with regard to their respective obligations under the Issue Documents and the execution, delivery and performance of the Issue Documents constitute private and commercial acts rather than governmental or public acts and neither the Issuer, the Project Companies nor any of their respective properties enjoy any immunity on the grounds of sovereignty or otherwise in respect of their respective obligations under the Issue Documents;
- (ix) **Dissolution:** No step has been taken by the Issuer and/or the Project Companies nor has any legal proceedings been started, in progress or threatened for the winding-up or dissolution or judicial management or liquidation or re-organisation of the Issuer and/or the Project Companies or for the appointment of a receiver, receiver and manager, agent, trustee nominee, judicial manager or similar officer in respect of all or any of the Issuer's and/or the Project Companies' business or assets which if started or appointed is not discharged or stayed within sixty (60) days, and no demand under Section 466(1)(a) of the Companies Act 2016 and no enquiry under Section 551(1) of the Companies Act 2016 have been received by the Issuer and/or the Project Companies;
- (x) **No Default:** No event has occurred which constitutes, or which with the giving of notice and/or the lapse of time and/or a relevant determination would constitute, a contravention of, or default under any agreement or instrument by which the Issuer, the Project Companies or any of their assets are bound or affected;
- (xi) **Title:** The Issuer and the Project Companies are the legal and beneficial owners and have title to all their respective assets disclosed in their respective financial statements;
- (xii) **Project Documents:** No event which constitutes, or which with the giving of notice or the lapse of time and/or a relevant determination being made would constitute a contravention or default under the Project Documents which will have a Material Adverse Effect, has occurred and no steps have been taken by any party to terminate, suspend, cancel or revoke the Project Documents which termination, suspension, cancellation or revocation will have a Material Adverse

Effect and the Project Documents are valid and subsisting and all authorisations in respect of the Project Documents have been duly obtained and made;

(xiii) **Environmental laws and licences:** The Issuer and the Project Companies have:

- (a) complied with all Environmental Laws pertaining to the Project; and
- (b) obtained all Environmental Licences required in connection with the Project and has complied with the terms of those Environmental Licences;

and there are to its knowledge no circumstances that would be reasonably likely to have a Material Adverse Effect;

(xiv) **Disclosure pertaining to Environmental matters:** The Issuer and the Project Companies have disclosed full details to the Joint Lead Arrangers, the Facility Agent and the Sukuk Trustee any material claims, inspections, investigations, studies, audits, tests, reviews or other analyses pertaining to the Environment in connection with the Project and no event that are likely to give rise to a material liability under an Environmental Law or Environmental Licence has arisen which has a Material Adverse Effect; and

(xv) **Environmental releases:**

- (a) No property currently or previously occupied or owned by it (including any offsite waste management or disposal location operated or owned at any time by it) in relation to the Project is or was contaminated with any hazardous substance or in a contaminated state during its period of occupation or ownership; and
- (b) No discharge, release, leaching, migration or escape of any hazardous substance into the Environment has occurred or is occurring on, onto, under or from that property developed under the Project;

in each case in circumstances where this will have a Material Adverse Effect.

(xvi) such other representations and warranties as advised by the Solicitors and agreed by the Issuer.

(26) Events of defaults : (i) **Breach of Obligations:** The Issuer and/or any of the

or enforcement events, where applicable, including recourse available to investors

Project Companies commit a breach or omit or fail to observe or perform any of their respective covenants and/or obligations under the Issue Documents to which it is a party or under any undertaking, documents or arrangement entered into in connection therewith (other than an obligation of the type referred to in subparagraph (ii) below) and in the case of a failure which in the reasonable opinion of the Sukuk Trustee, is capable of being remedied, the Issuer or the relevant Project Company does not remedy the failure within a period of fourteen (14) days after the Issuer or the relevant Project Company became aware of the failure to comply or has been notified by the Sukuk Trustee in writing of the failure, whichever is earlier;

- (ii) **Failure to Pay:** The Issuer and/or the Project Companies fail to pay any amount due from them under the Merdeka Sukuk *Murabahah* Programme on the due date or, if so payable, on demand, unless such failure to pay is remedied within seven (7) business days of its due date or such failure to pay is caused by administrative or technical error and payment is made within seven (7) business days of its due date;
- (iii) **Ownership:** The Issuer ceases to be wholly-owned subsidiary of PNB;
- (iv) **Financial Covenants:** Any of the Financial Covenants is breached and the Issuer and/or the Project Companies fail to rectify the breach within thirty (30) days from the date of the said occurrence;
- (v) **Cross-Default:** Any indebtedness for borrowed/financed monies of the Issuer and/or the Project Companies (other than that arising pursuant to the Merdeka Sukuk *Murabahah* issued under the Merdeka Sukuk *Murabahah* Programme) becomes due and payable prior to its stated maturity or capable of being declared due prior to its stated maturity unless the obligation to pay is being disputed in good faith or within thirty (30) business days and the Sukuk Trustee is furnished with evidence that the relevant creditor's agreement has been obtained not to declare due such debt or to waive such default or not to take any further action in relation thereto or any guarantee or similar obligation of the Issuer and/or the Project Companies are not discharged at maturity or when called or the Issuer and/or the Project Companies go into default under or commit a breach of any agreement or instrument relating to such indebtedness, guarantee or other obligation or any security created to secure such indebtedness, guarantee or other obligations becomes enforceable. No Event of Default will occur under this

paragraph (v) if the aggregate amount of indebtedness for borrowed/financed monies falling within this paragraph (v) is less than Ringgit Malaysia Fifty Million (RM50,000,000.00);

(vi) **Winding-up:**

- (a) A winding-up order has been made against the Issuer and/or the Project Companies by a court of competent jurisdiction; or
- (b) A resolution to wind up the Issuer and/or the Project Companies have been passed; or
- (c) Any person takes any action or any legal proceedings is started or a petition is presented (unless such petition is frivolous or vexatious or related to a claim to which the Issuer and/or the Project Companies have a good defence or which is being contested in good faith by the Issuer and/or the Project Companies or is otherwise withdrawn or dismissed within thirty (30) days of its presentation) or other steps taken for:
 - (i) the Issuer and/or the Project Companies to be adjudicated or found insolvent;
 - (ii) the winding-up, dissolution of the Issuer and/or the Project Companies either by an order of a Court of competent jurisdiction or by way of voluntary winding-up; or
 - (iii) the appointment of a liquidator, trustee, receiver or similar officer over the whole or any part of the Issuer and/or the Project Companies or any of their respective assets and undertaking(s),

which will have a Material Adverse Effect;

- (vii) **Appointment of Receiver:** An encumbrancer takes possession of, or a receiver, receiver and manager, liquidator, trustee, nominee, judicial manager or other similar officer is appointed in respect of the whole or a substantial part of the assets or undertakings or business of the Issuer and/or the Project Companies which has a Material Adverse Effect, and is not discharged within ninety (90) days after being levied, enforced or sued out);

- (viii) **Judgment:** Any judgment or order involving material liabilities (excluding those liabilities in which it is confirmed that *takaful*/insurance coverage can be claimed) is obtained or any process of any court becomes enforceable against the Issuer and/or the Project Companies by any third party which judgement or order has a Material Adverse Effect and the Issuer

and/or the Project Companies have failed to satisfy such judgment and no appeal or no application for a stay of execution has been made to the appropriate appellate court within thirty (30) days of the entry of such judgment or the time prescribed or application for a stay of execution and such judgment is discharged or stayed within ninety (90) days of the application;

(ix) **Reorganisation:** Any reorganisation, amalgamation or merger of the Issuer and/or the Project Companies with another corporation other than an intra-group reorganisation on a solvent basis and provided that the Issuer shall be the surviving entity or dissolution pursuant to voluntary winding up proceedings of any of its dormant subsidiaries;

(x) **Arrangement and Reconstruction:**

(a) The Issuer, the Project Companies and/or their related corporations commence negotiations or take any proceeding or step with anyone or more of their creditors with a view to the general readjustment rescheduling or deferral of all or any part of (or a particular type of) its indebtedness (or of any part of their respective indebtedness which they will or might otherwise be unable to pay when due); or

(b) The Issuer and/or the Project Companies and/or their related corporations propose to make a general assignment or enter into an arrangement or composition with or for the benefit of their creditors; or

(c) A moratorium is agreed or has been declared in respect of or affecting all or a part of the indebtedness of the Issuer, the Project Companies and/or their related corporations; or

(d) A scheme of arrangement under Section 366 of the Companies Act 2016 has been instituted against the Issuer, the Project Companies and/or their related corporations;

(xi) **Invalidity:** Any provision of the Issue Documents is or becomes, for any reason, ineffective, invalid or unenforceable or in the sole opinion of the Sukuk Trustee, any security in relation to the Issue Documents or any part thereof, is in jeopardy which would have a Material Adverse Effect;

(xii) **Change in the Issuer/Project Companies:** Any change in the Issuer and/or the Project Companies

occurs which has a Material Adverse Effect on the Issuer's financial condition or business or security position which will have a Material Adverse Effect;

- (xiii) **Misrepresentation:** Any representation, warranty, covenant or statement which is made (or acknowledged to have been made) by the Issuer and/or the Project Companies in the Issue Documents or which is contained in any certificate, statement, legal opinion or notice provided under or in connection herewith or therewith proves to be untrue, inaccurate, incorrect or misleading in any material respect, or if repeated at any time with reference to the facts and circumstances subsisting at such time would not be accurate in any material respects and in the case of a misrepresentation which in the reasonable opinion of the Sukuk Trustee is capable of being remedied, the Issuer and/or the Project Companies do not remedy the failure within a period of thirty (30) days after the Issuer and/or the Project Companies became aware of such misrepresentation or has been notified by the Sukuk Trustee in writing of such misrepresentation, whichever is earlier;
- (xiv) **Authorisations:** Where there is a revocation, withholding, invalidation or modification of any authorisation, consent, approval, permit, resolution, license, exemption, filing, registration, recording with any court, public office or elsewhere which impairs or prejudices the ability of the Issuer and/or the Project Companies to comply with the terms and conditions of the Issue Documents or any other documents relating to the Merdeka Sukuk *Murabahah* Programme or which adversely affects the legality, validity, enforceability, binding effect or admissibility in evidence of any of the Issue Documents, which revocation, withholding, invalidation or modification will have a Material Adverse Effect;
- (xv) **Contravention:** Contravention of any law, regulation or court order by the Issuer and/or the Project Companies and such contravention will have a Material Adverse Effect;
- (xvi) **Cessation of Business:** The Issuer and/or the Project Companies change or threaten to change the nature or scope of a substantial part of their respective businesses, suspends or threatens to suspend or cease or threaten to cease the operation of the whole or a substantial part of their respective businesses which they currently conduct directly or indirectly and such cessation will have a Material Adverse Effect;

- (xvii) **Insolvency:** The Issuer and/or the Project Companies become insolvent or commit an act of insolvency or are unable to pay any of their respective debts within Section 466(1)(a) of the Companies Act 2016 or become unable to pay any of their respective debts as they fall due or stop or suspend or threaten to suspend payment with respect to all or any class of their respective debts;
- (xviii) **Nationalisation:** All or material part of the undertaking(s), property or assets, rights or revenue of or shares or other ownership interests of or in the Issuer and/or the Other Companies are or are threatened to be seized, nationalised, expropriated or compulsorily acquired or control of such property or assets shall be assumed and retained or threatened to be assumed or retained by or under the authority of any governmental body;
- (xix) **Other Event or Events:** Any other event or series of events whether related or not, has or have occurred or a situation exists which will have a Material Adverse Effect;
- (xx) **Events in relation to the Project:**
 - (a) Any of the Project Companies fails to carry out the Project in accordance with the development plan approved by the relevant authorities;
 - (b) Any of the Project Companies suspends all and/or part of the development and/or construction works on the Project for a continuous period of three (3) months;
 - (c) The whole or any part of the Project is abandoned;
 - (d) Any of the Project Companies fails to carry out or execute the development and/or construction of the Project in accordance with the relevant law, regulations, directives and/or order;
 - (e) In relation to the JDA, the Power of Attorney, the SPA(s), the MLA, the Office Tower Lease, the Completion Guarantee and the Rolling Guarantee, any of the said Project Documents is rescinded or terminated or any of the parties thereto repudiate any of their obligations under the said Project Documents or does or causes to be done any act or thing evidencing an intention to repudiate any of the said Project Documents and in relation to the Project Documents (other

than the JDA, the Power of Attorney, the SPA(s), the MLA, the Office Tower Lease, the Completion Guarantee and the Rolling Guarantee), any of the said Project Documents is rescinded or terminated or any of the parties thereto repudiate any of their obligations under the said Project Documents or does or causes to be done any act or thing evidencing an intention to repudiate any of the said Project Documents which will have a Material Adverse Effect;

- (f) PNB breaches or fails to comply with its obligations under the Completion Guarantee and Rolling Guarantee unless the Issuer and/or the Project Companies fulfils its payment obligations under the Merdeka Sukuk *Murabahah* Programme when they fall due;
- (g) Any of the parties to the Project Documents breaches any terms, conditions or obligations under the Project Documents and such event could or might affect or prejudice the ability of the Issuer or the Project Companies or their willingness to comply with all or any of their respective obligations under the Issue Documents;
- (xxi) The Completion of the Project is delayed beyond the Extended Completion Date; and
- (xxii) Such other events of default as required for purposes of compliance with the Securities Commission's Trust Deeds Guidelines and as may be advised by the Solicitors and the Joint Lead Arrangers and agreed by the Issuer.

Upon occurrence of an Event of Default, and subject to any remedy period, where applicable, the Security Agent may at its discretion and shall, if instructed by the Sukuk Trustee (upon the instructions of the Sukukholders by a special resolution), issue a notice in writing to the Issuer ("**Acceleration Notice**") declaring an Event of Default has occurred in respect of Merdeka Sukuk *Murabahah* Programme whereupon:

- (i) all amounts payable by the Issuer under the Merdeka Sukuk *Murabahah* Programme shall thereupon immediately become due and payable and all accrued profits and principal thereon and any other amounts payable under the Merdeka Sukuk *Murabahah* Programme shall become due and payable;
- (ii) the Security Agent shall be entitled to immediately

enforce the security conferred by and/or exercise any of its rights, powers and discretions under the security documents as mentioned in the item entitled “Details of security/collateral pledged, if applicable”) other than the Shared Security Documents), without further notice to the Issuer:

- (iii) in relation to the Merdeka ASEAN Green SRI Sukuk Security Documents, if instructed by the sukuk trustee (upon the instruction of the MAGSS Sukukholders by a special resolution), the Security Agent shall be entitled to immediately enforce the security thereunder without further notice to the Sukuk Trustee/Facility Agent under Merdeka Sukuk *Murabahah* Programme.
- (iv) in relation to the Merdeka ASEAN Green SRI Sukuk Security Documents, the Sukukholders shall only be entitled to issue an enforcement instruction to the Security Agent in relation to the Merdeka ASEAN Green SRI Sukuk Security Documents upon the full settlement of Merdeka ASEAN Green SRI Sukuk; and
- (v) in relation to the Shared Security Documents:
 - (a) the Sukuk Trustee under the Merdeka Sukuk *Murabahah* Programme, shall promptly (and in any event not later than the third (3rd) business day after the issuance of the Acceleration Notice under the Merdeka Sukuk *Murabahah* Programme) notify the Security Agent, the sukuk trustee under the Merdeka ASEAN Green SRI Sukuk Programme and the Project Companies of the issuance of the Acceleration Notice; and
 - (b) if the Sukuk Trustee under the Merdeka Sukuk *Murabahah* Programme (acting on the instruction of the Sukukholders under the Merdeka Sukuk *Murabahah* Programme) and the sukuk trustee under Merdeka ASEAN Green SRI Sukuk Programme (acting on the instruction of the MAGSS Sukukholders under Merdeka ASEAN Green SRI Sukuk Programme) jointly decide to enforce the Shared Security Documents, the Sukuk Trustee under the Merdeka Sukuk *Murabahah* Programme shall issue an enforcement instruction to the Security Agent to enforce the security under the Shared Security Documents, and the Security Agent upon receipt of the enforcement instruction shall be entitled to immediately enforce the Shared Security Documents without further notice to the Issuer subject to the terms and conditions in the Security Sharing Agreement.

In relation to any decision on whether to issue an enforcement instruction to the Security Agent in relation to the Shared Security Documents, the sukuk trustee under Merdeka ASEAN Green SRI Sukuk Programme and the Sukuk Trustee for the Merdeka Sukuk *Murabahah* Programme shall call for a meeting of the Sukukholders or MAGSS Sukukholders, respectively under the Merdeka Sukuk *Murabahah* Programme and the Merdeka ASEAN Green SRI Sukuk Programme and during such meeting it would require the instruction of both the sukuk trustee under the Merdeka ASEAN Green SRI Sukuk Programme (acting on the instruction of the MAGSS Sukukholders under the Merdeka ASEAN Green SRI Sukuk Programme) and the Sukuk Trustee under Merdeka Sukuk *Murabahah* Programme (acting on the instruction of the Sukukholders under the Merdeka Sukuk *Murabahah* Programme), to decide on whether or not to issue an enforcement instruction to the Security Agent to enforce on the Shared Security Documents. If no decision is made within sixty (60) days of the issuance of the Acceleration Notice, the Sukuk Trustee of the Sukukholders may issue an enforcement instruction to the Security Agent to enforce the Shared Security Documents and the Security Agent upon receipt of the enforcement instruction shall be entitled to immediately enforce the Shared Security Documents without further notice to the Issuer.

For the avoidance of doubt, the enforcement of any of the security arrangement will be subject to the request of the Sukukholders and the MAGSS Sukukholders by their respective special resolution.

During construction period:

In the circumstances where the completion of the Project is delayed beyond the Extended Completion Date, the Security Agent may at its discretion and shall if instructed by either the Sukukholders by a special resolution, declare an Event of Default has occurred under the Merdeka Sukuk *Murabahah* Programme or the MAGSS Sukukholders by a special resolution, declare an event of default has occurred under the Merdeka ASEAN Green SRI Sukuk Programme, and whereupon all amounts payable by the Issuer under the Merdeka Sukuk *Murabahah* Programme and the Merdeka ASEAN Green SRI Sukuk Programme and all accrued profits and principal thereon and any other amounts payable under the Merdeka Sukuk *Murabahah* Programme and the Merdeka ASEAN Green SRI Sukuk Programme, shall become due and payable and the Security Agent shall be entitled to immediately enforce on the Completion Guarantee (at the

instruction of either the Sukukholders or the MAGSS Sukukholders) and PNB shall on demand immediately settle all outstanding sum (including principal and profits due and payable under Merdeka Sukuk *Murabahah* Programme and Merdeka ASEAN Green SRI Sukuk Programme), without further notice to the Issuer.

Post construction period:

Upon cessation of the Completion Guarantee, PNB shall pursuant to the Rolling Guarantee:

- (i) pay on demand the Scheduled Profit Amount and the Principal Payment Amount or any part thereof within seven (7) business days of the Periodic Payment Date unless on or before such date, the same has already been paid in full by the Issuer;
- (ii) one (1) month prior to each Periodic Payment Date, in the event of a shortfall in the FSA 2 to meet the Scheduled Profit Amount and Principal Payment Amount, the Rolling Guarantee will be called upon for PNB to fund the FSA 2 up to an amount equivalent to the shortfall in the credit balance of the FSA 2 on or no later than three (3) business days, prior to the Periodic Payment Date; and
- (iii) in the event the credit balance of the FSRA 2 is utilised to meet the shortfall in the FSA 2, the Rolling Guarantee will be called upon for PNB to replenish the shortfall in the FSRA 2, up to an amount equivalent to the shortfall so as to comply with the FSRA Minimum Required Balance within fourteen (14) days from the day the balance in the FSRA 2 is less than the FSRA Minimum Required Balance

(27) Governing laws : Laws of Malaysia

(28) Provisions on buy-back, if applicable : The Issuer or its subsidiaries, or agent(s) of the Issuer may at any time purchase the Merdeka Sukuk *Murabahah* at any price in the open market or by private treaty, but such Merdeka Sukuk *Murabahah* so purchased shall be surrendered for cancellation and may not be reissued or resold.

For the avoidance of doubt, the Merdeka Sukuk *Murabahah* held by any interested person (as defined in the SC's Trust Deeds Guidelines revised on 12 July 2011 and effective 12 August 2011) of the Issuer need not be cancelled but such Merdeka Sukuk *Murabahah* so purchased and held by the interested person of the Issuer shall not be counted for purposes of voting at any meeting of the Sukukholders subject to any exceptions in the SC's Trust Deed Guidelines.

(29) Provisions on early redemption, if applicable : Mandatory Prepayment

If and when any assets of the Issuer secured under the Merdeka Sukuk *Murabahah* Programme is sold (in whole or in part), via sale of Parcel 6 Properties or sale of shares in the Project Companies (save for PNBMV) or listed, the proceeds shall be utilised to redeem the outstanding Merdeka Sukuk *Murabahah* prior to its maturity date (in part or in full) at the Early Redemption Sum (as defined herein) on any Periodic Payment Date, subject to the following conditions:

- (i) The Issuer shall provide to the Facility Agent and the Sukuk Trustee not less than thirty (30) days prior irrevocable written notice ("**Early Redemption Notice**") stating the early redemption date ("**Early Redemption Date**") and details of the Merdeka Sukuk *Murabahah* to be redeemed including the amount to be redeemed;
- (ii) The amount to be redeemed must be in minimum of Ringgit Malaysia One Million (RM1,000,000.00) and multiples of Ringgit Malaysia One Hundred Thousand (RM100,000.00) thereof; and
- (iii) The early redemption of any outstanding Merdeka Sukuk *Murabahah* shall be at the Early Redemption Sum (as defined herein).

In the event the Issuer exercises its right to redeem the outstanding Merdeka Sukuk *Murabahah* prior to its maturity date, the Issuer shall redeem the Merdeka Sukuk *Murabahah* or such part thereof at the Early Redemption Sum (as defined herein subject to the grant of *Ibra'* (rebate).

In the event that any assets of the Issuer secured under the Merdeka ASEAN Green SRI Sukuk Programme is sold, the proceeds from the sale of such assets shall be used to settle the Merdeka ASEAN Green SRI Sukuk first, and the balance proceeds, if any shall be used to redeem the outstanding Merdeka Sukuk *Murabahah* in accordance to the Mandatory Prepayment terms stated above.

Any early redemption proceeds received shall be applied towards settlement of the outstanding Merdeka Sukuk *Murabahah* in the direct order of maturity and the Merdeka Sukuk *Murabahah* redeemed shall forthwith be cancelled and shall not be capable of being re-issued and the limit of the Merdeka Sukuk *Murabahah* Programme shall be reduced accordingly.

Early Redemption

The Issuer may, at its option, redeem the outstanding Merdeka Sukuk *Murabahah* prior to its maturity date (in part

or in full) at the Early Redemption Sum (as defined herein) on any Periodic Payment Date, subject to the following conditions:

- (i) The Issuer shall provide to the Facility Agent and the Sukuk Trustee not less than sixty (60) days prior Early Redemption Notice stating the Early Redemption Date and details of the Merdeka Sukuk *Murabahah* to be redeemed including the amount to be redeemed;
- (ii) The amount to be redeemed must be in minimum of Ringgit Malaysia One Million (RM1,000,000.00) and multiples of Ringgit Malaysia One Hundred Thousand (RM100,000.00) thereof;
- (iii) No early redemption is allowed prior to the seventh (7th) anniversary of the date of first issuance of the Merdeka Sukuk *Murabahah*; and
- (iv) The early redemption of any outstanding Merdeka Sukuk *Murabahah* shall be at the Early Redemption Sum (as defined herein).

In the event the Issuer exercises its right to redeem the outstanding Merdeka Sukuk *Murabahah* prior to its maturity date, the Issuer shall redeem the Merdeka Sukuk *Murabahah* or such part thereof at the Early Redemption Sum (as defined herein) subject to the grant of *Ibra'* (rebate).

“Early Redemption Sum” is defined as the aggregate nominal value of the outstanding Merdeka Sukuk *Murabahah* to be redeemed and all the accrued and unpaid profit thereon plus an additional amount to be mutually agreed upon between the Issuer and the Sukukholders by way of special resolution (more than seventy five per centum (75%)).

Any early redemption proceeds received shall be applied towards settlement of the outstanding Merdeka Sukuk *Murabahah* in the direct order of maturity and the Merdeka Sukuk *Murabahah* redeemed shall forthwith be cancelled and shall not be capable of being re-issued and the limit of the the Merdeka Sukuk *Murabahah* Programme shall be reduced accordingly.

(30) Voting

- : All matters or resolutions which require the Sukukholders' consent under the Merdeka Sukuk *Murabahah* Programme shall be carried out on a collective basis.

Any Merdeka Sukuk *Murabahah* held by the Issuer or any interested person (includes directors, major shareholders and chief executive) of the Issuer shall not be counted for the purpose of voting, nor entitle them to participate in the voting of any Sukukholders' resolutions, nor form part of the quorum

of any meeting subject to any exceptions in the SC's Trust Deeds Guidelines.

(31) Permitted Investment, if applicable

: Funds held in the Designated Accounts can be utilised to make Permitted Investment (relevant account(s) for the purpose of Permitted Investment may be opened and operated by the Security Agent and/or the Issuer subject to the terms of the respective Designated Accounts) unless otherwise directed by the Security Agent, provided always that such Permitted Investment and such other approved investments (except for money market instruments which can be remitted into the relevant Designated Account(s) one (1) business day prior to the dates when such monies will be needed to meet any payment obligations of the Issuer under the Merdeka Sukuk *Murabahah*) shall mature and the proceeds be remitted into the relevant Designated Account(s) no later than three (3) business days prior to the dates when such monies will be needed to meet any payment obligations of the Issuer under Merdeka Sukuk *Murabahah*.

Permitted Investment shall comprise Shariah-compliant investment products approved by the SAC of the SC or Bank Negara Malaysia's ("**BNM**") Shariah Advisory Council. Permitted Investment includes:-

- (i) Islamic treasury bills, Islamic money market instrument and sukuk issued or guaranteed by the Government of Malaysia or BNM;
- (ii) Sukuk issued by a government related entity, corporate or any financial institution pursuant to the Islamic Financial Services Act 2013 ("**IFSA**") and having a minimum long term rating of AA3 and/or short term rating of P1 by rating agency(ies);
- (iii) deposits and Islamic money market instruments with any financial institution licensed pursuant to the IFSA and having a minimum long term rating of AA1 and/or short term rating of P1 by rating agency(ies); and
- (iv) unit trusts which invest one hundred percent (100%) in Islamic money market instruments and *wadiah* or Islamic deposits.

The Permitted Investment shall be subject to the following:-

- (a) investments in Sukuk which are equities in nature or incorporate loss-sharing mechanism shall not be allowed;
- (b) such Permitted Investment is denominated in Ringgit;
- (c) such Permitted Investment is to be held and not

traded;

- (d) at least fifty percent (50%) of the total Permitted Investment is invested in (i) and (iii); and
- (e) investment in (ii) shall have a maximum counterparty exposure of no more than ten percent (10%) of total eligible investments.

(32) *Ta'widh* (Compensation) (for Sukuk) : In the event of delay in payments of any amounts payable under the Merdeka Sukuk *Murabahah*, including the Deferred Sale Price, the Issuer shall pay *Ta'widh* to the Sukuk Trustee (acting on behalf of the Sukukholders) on such delayed payments at the rate and manner prescribed by the SAC of the SC from time to time in accordance with Shariah principles.

(33) *Ibra'* (for Sukuk) : The Sukukholders in subscribing or purchasing the Merdeka Sukuk *Murabahah* consent to grant *Ibra'*, if the Merdeka Sukuk *Murabahah* is redeemed before the maturity date, i.e. upon the declaration of an Event of Default or upon an early redemption of the Merdeka Sukuk *Murabahah*.

In case of declaration of an Event of Default, the *Ibra'* (if any) shall be the unearned profit due to the Sukukholders from the date of redemption of the Merdeka Sukuk *Murabahah* upon the declaration of an Event of Default up to the respective maturity date of the Merdeka Sukuk *Murabahah*.

In case of an early redemption, the *Ibra'* (if any) shall be the difference between the outstanding Deferred Sale Price and the Early Redemption Sum. For the avoidance of doubt, Early Redemption Sum cannot be more than the Deferred Sale Price.

Ibra' refers to an act of releasing absolutely or conditionally one's rights or claims on any obligation against another party which would result in the latter being discharged of his/its obligation or liabilities towards the former. The release may be either partially or in full.

"Early Redemption Sum" shall mean the aggregate nominal value of the outstanding Merdeka Sukuk *Murabahah* to be redeemed and all the accrued and unpaid profit thereon plus an additional amount to be mutually agreed upon between the Issuer and the Sukukholders by way of special resolution.

(34) *Kafalah* (for Sukuk) : Not applicable.

(35) Other terms and conditions

(a) Status : The Merdeka Sukuk *Murabahah* shall constitute direct,

unconditional, unsubordinated and secured obligations of the Issuer and shall rank pari passu without discrimination, preference or priority amongst themselves, rank at least pari passu with all other present and future unsecured obligations of the Issuer from time to time (subject to those preferred by law).

(b) Form and denomination

: Form

The Merdeka Sukuk *Murabahah* shall be represented by global certificate(s) (exchangeable for definitive certificates on the occurrence of certain limited events) to be deposited with BNM and shall be in bearer form.

The Merdeka Sukuk *Murabahah* shall be prescribed and be reported under the guidelines issued from time to time by PayNet.

Denomination

The Merdeka Sukuk *Murabahah* shall be issued in denomination and multiples of Ringgit Malaysia One Hundred Thousand (RM100,000.00) thereof or such other denominations as may be allowed by PayNet at the time of issuance.

(c) Trustee Reimbursement Account

: The Sukuk Trustee on behalf of the Issuer shall open and maintain a Shariah-compliant account designated as "Trustees' Reimbursement Account for Sukukholders' Actions" (as required under the Securities Commission's Trust Deeds Guidelines), with a sum of Ringgit Malaysia Thirty Thousand (RM30,000.00). The Trustees' Reimbursement Account shall be operated by the Sukuk Trustee and the monies therein shall only be used strictly by the Sukuk Trustee in carrying out its duties in relation to the occurrence of Events of Default or enforcement events which are provided in the Trust Deed. The sum of Ringgit Malaysia Thirty Thousand (RM30,000.00) in the Trustees' Reimbursement Account shall be maintained at all times throughout the tenure of the Merdeka Sukuk *Murabahah* Programme.

(d) Details on the Utilisation of proceeds

: The proceeds from the Merdeka Sukuk *Murabahah* Programme shall be utilised for the following Shariah-compliant purposes to partly finance the Total Project Cost (as defined under "Definitions and Abbreviations-Total Project Cost"):

- (i) To fund the development and construction costs of the Project;⁽¹⁾
- (ii) To pay Periodic Profit Payments during construction and to fund the Periodic Profit Payments and/or any

recurring fees and expenses during initial operating period⁽²⁾;

- (iii) To pre-fund the FSRA 2 at least fourteen (14) days prior to the Scheduled Completion Date; and
- (iv) To defray fees and expenses incidental to the Merdeka Sukuk *Murabahah* Programme and Completion Guarantee fee payable to PNB, during construction period.

Notes:

- (1) *Any unutilised amount under items (ii), (iii) and (iv) above may be utilised towards the purpose under item (i) above.*
- (2) *For clarity, there is a reserve of approximately two (2) Periodic Profit Payments allocated during initial operating period to cover any shortfall in cashflows.*
- (3) *For clarity, the amount raised shall not be used to reimburse the cost of land in Parcel 6 Titles for purposes of developing Parcel 6 Properties other than the Office Tower and construction and development costs/expenses spent by PNBMV prior to the establishment of Merdeka Sukuk *Murabahah* Programme.*

- (e) Profit/Coupon Rate : The profit rate of Merdeka Sukuk *Murabahah* will be on a fixed rate basis to be determined and agreed by the Issuer and the Lead Manager(s) prior to each issuance date.
- (f) Profit/Coupon Payment Frequency : Payable semi-annually in arrears commencing six (6) months from the date of issuance of the Merdeka Sukuk *Murabahah* and every six (6) months thereafter or such other frequency as may be agreed between the Issuer and the Lead Manager(s) prior to the issuance of the Merdeka Sukuk *Murabahah*.
- (g) Profit/Coupon Payment Basis : Actual number of days elapsed over a year of 365-days.
- (h) Principal Reduction Schedule : The programme limit of up to Ringgit Malaysia Three Billion Six Hundred Fifty Million (RM3,650,000,000.00) in nominal value shall be reduced in accordance with the Merdeka Sukuk *Murabahah* Programme Available Limit on the principal payment date as set out below ("**Principal Reduction Schedule**").

Principal Payment Date	Principal Payment Amount (RM'million)	Merdeka Sukuk <i>Murabahah</i> Programme Available Limit (RM'million)
12 th anniversary from the first issue date	200.0	3,450.0
13 th anniversary from the first issue date	200.0	3,250.0
14 th anniversary from the first issue date	200.0	3,050.0
15 th anniversary from the first issue date	3050.0	-

Note:

The principal payment shall commence on the 12th anniversary from, the first issue date of the Merdeka Sukuk Murabahah.

- (i) Listing status and types of listing, where applicable : The Merdeka Sukuk *Murabahah* will not be listed on the Bursa Malaysia Securities Berhad or on any stock exchange.
- (j) Issue price (RM) : The Merdeka Sukuk *Murabahah* may be issued at par or at discount to the nominal value. The issue price shall be computed in accordance with the guidelines issued from time to time by PayNet.
- (k) Change in Circumstances : If as a result of any change in applicable law, regulation or regulatory requirement or in the interpretation or application thereof or if compliance by the Principal Adviser/Joint Lead Arrangers with any applicable direction, request or requirement (whether or not having the force of law) will impose on the Principal Adviser/Joint Lead Arrangers any material condition, burden or obligation, then the commitment of the Principal Adviser/Joint Lead Arrangers to the Merdeka Sukuk *Murabahah* Programme will end upon notice to the Issuer of the happening of such events after becoming aware thereof.
- (l) Documentation : Merdeka Sukuk *Murabahah* Programme shall be evidenced by documentation prepared by the Solicitors as follows.

The “**Issue Documents**” shall include but not limited to:-

- (1) the Programme Agreement;
- (2) the Trust Deed;
- (3) the Properties Land Charge;
- (4) the Assignment of Proceeds;

- (5) the Assignment of Takaful/Insurances;
- (6) the Assignment of SPA;
- (7) the Assignment and Charge of Designated Accounts;
- (8) the Assignment and Charge of HDA;
- (9) the Debenture;
- (10) the Charge of Shares;
- (11) the Assignment of Management Agreement;
- (12) the Assignment of Project Documents;
- (13) the Deed of Subordination;
- (14) the Security Sharing Agreement;
- (15) the Rolling Guarantee;
- (16) the Shared Security Documents;
- (17) the Merdeka ASEAN Green SRI Sukuk Security Documents;
- (18) the Securities Lodgement Form for Central Securities Depository and Paying Agency Services; and
- (19) such other documents or agreements designated as such by the Joint Lead Arrangers in connection with the Merdeka Sukuk *Murabahah* Programme.

(m) Trust Deed : Merdeka Sukuk *Murabahah* Programme shall be constituted by a trust deed, which shall be administered by the Sukuk Trustee acting on behalf of the Sukukholders. The trust deed shall be in compliance with the Trust Deed Guidelines issued by the SC effective 12 August 2011.

(n) Taxation : All payments by the Issuer shall be made in full without any present or future levies, withholding or deductions of whatever nature and of any tax, whether it be of a withholding nature or otherwise unless the levy, withholding or deduction is required by the laws of Malaysia, in which event, the Issuer shall:-

- (1) ensure that the deduction or withholding does not exceed the minimum legally required;
- (2) pay to the relevant taxation or other authorities within the period for payment permitted by applicable law, the full amount of the deduction or withholding; and

- (3) furnish to the Sukuk Trustee, upon its request, an official receipt of the relevant taxation or other authorities involved for all amounts deducted or withheld as aforesaid.
- (o) Expenses : All costs and expenses including but not limited to legal and other professional fees, stamp duty (if any), out of pocket expenses, fees for BNM and Paying Agent, Sukuk Trustee, SC and other regulatory fees (if any), and other costs and expenses incurred in relation to the Merdeka Sukuk *Murabahah* Programme, shall be for the account of the Issuer and on a full indemnity basis.
- (p) Details of HDA Account(s) : Housing Development Account(s) or HDA(s)
- Open/to be opened: PNBM-Development (as defined under "Definitions and Abbreviations-PNMB-Development")
Operated by: The Security Agent and PNBM-Development.
- PNBM-Development shall open and maintain Shariah-compliant HDA(s) in relation to each phase of Service Apartments in accordance with the HDA Regulations. Each phase of Service Apartments shall have its HDA.
- The following shall be deposited into the HDA in relation to each Service Apartments:
- (i) transfers from the Proceeds Account 2 and/or proceeds from the Merdeka Sukuk *Murabahah* utilised for the purpose of financing the development and construction costs of the Service Apartments;
 - (ii) proceeds arising from all sales and/or disposal of the Service Apartments received by the PNBM-Development;
 - (iii) proceeds of *takaful*/insurance claims and any claims in respect of third party performance bonds and/or guarantees relating to the Service Apartments;
 - (iv) any other compensation and damages in relation to the Service Apartments; and
 - (v) all other monies in relation to the Service Apartments.
- Prior to the completion of the relevant Service Apartments, PNBM-Development shall ensure that all revenues, monies and income in relation to the Service Apartments shall be solely remitted into the HDA and not into any other account and that the monies in the HDA shall be utilised towards financing/payments of construction and/or development costs of the Service Apartments and in accordance with the

provisions of the HDA Regulations. Notwithstanding the above, the fund flow and the operation of the HDA shall at all times be subject to the HDA Regulations.

Upon completion of each phase of the Service Apartments, the surplus monies in the relevant HDA shall be transferred, subject to meeting the HDA Regulations, to the Excess HDA.

(q) Identified Asset : Identified Shariah-compliant commodities (excluding ribawi items in the category of medium of exchange such as currency, gold and silver), being Shariah-compliant commodities which are traded on Bursa Suq Al-Sila' or any other recognised commodity trading platforms. Types of commodities traded shall include, but not limited, to crude palm oil, plastic resin, copper, aluminium, tin, nickel, and zinc. The above list is not exhaustive.

(r) Tenure (Programme and/or Issue) : The tenure of Merdeka Sukuk *Murabahah* Programme shall be up to fifteen (15) years from the date of the first issuance of Merdeka Sukuk *Murabahah* subject to the first issuance to be effected within sixty (60) business days from the date of lodgement with the SC.

The tenure of each Merdeka Sukuk *Murabahah* to be issued under the Merdeka Sukuk *Murabahah* Programme shall be more than one (1) year and up to fifteen (15) years as the Issuer may elect, provided that the relevant Merdeka Sukuk *Murabahah* mature on or prior to the expiry of the Merdeka Sukuk *Murabahah* Programme.

(s) Purchase and selling price : The Purchase Price shall be determined prior to the issuance of each series of the Merdeka Sukuk *Murabahah* and shall be priced equivalent to the proceeds of the relevant series of the Merdeka Sukuk *Murabahah*. The Purchase Price shall comply with the asset pricing requirements stipulated in the Guidelines on LOLA Framework.

The Deferred Sale Price of each series shall be determined prior to the issuance of each series of the Merdeka Sukuk *Murabahah* and shall comprise the Purchase Price plus the profit margin under the said series of Merdeka Sukuk *Murabahah*.

(36) Definitions :

Completion - issuance of the Sectional CCC for the respective Parcel 6 Properties pursuant to the JDA no later than the Extended Completion Date;

CCC - certificate of completion and compliance or any similar document(s) certifying project completion as the relevant authority may require from time to time;

Cost Overrun	- any amount in excess of the Total Project Cost;
EBITDA	- earnings before interest/profit, taxation, depreciation and amortisation;
Environment	- living organisms including the ecological systems of which they form part and the following media: (iv) air (including air within natural or man-made structures, whether above or below ground); (v) water (including territorial, coastal and inland waters, water under or within land and water in drains and sewers); and (vi) land (including land under water);
Environmental Claim	- any litigation, arbitration or administrative proceedings of or before any court, arbitral body or regulatory authority relating to Environmental Law or the environmental, health or safety related obligations of any agreement, laws and regulations of any jurisdiction;
Environmental Laws	- all laws and regulations of any relevant jurisdiction concerning or applicable with regard to: (i) the pollution or protection of, or compensation of damage or harm to, the Environment; (ii) occupational or public health and safety; or (iii) emissions, discharges or releases into, or the presence in, the Environment or of the use, treatment, storage, disposal, transportation or handling of Hazardous Substances (including without limitation taxation or any obligation to purchase credits or allowances or to provide financial security with regard to any such activities) and shall include the Environmental Quality Act, 1974 and any regulations thereunder;
Environmental Licences	- any authorisation, notification, assessment, certificate, allowance or credit required at any time under Environmental Law;
Event of Default	- Event(s) of default set out in the section entitled "Event of Default" above;
Excluded Assets	- collectively: (vi) Lot 802, Lot 803, Lot 746 (Non-P6 Portion), Lot 760, Lot 1211, Parcel 1 and Parcel 2 and upon consolidation and subdivision of the relevant titles via the relevant land processes, the Other Parcels together with properties erected thereon; (vii) shares and securities in and financings to PNBM-Park Hotel; (viii) shares and securities in and financings to Other Companies; (ix) all rights, title, interest and benefit in the SPA entered into between PNBMV and PNBM-Park Hotel; and

- (x) all rights, title, interest and benefit in and to the Other Project(s) and any project documents and other agreements entered into in relation to the Other Project(s);
- Extended Completion Date - the extended completion date is as follows:
 - (i) the Project (excluding the Service Apartments) by 31 December 2022; and
 - (ii) the Service Apartments by 31 December 2026;
- FSCR - Finance Service Cover Ratio;
- Handover Date Of The Office Tower - the date PNBMV shall grant to PNB and PNB shall accept from PNBMV the Office Tower Lease upon the terms and conditions as set out in the MLA, which date shall be no later than the Extended Completion Date;
- Infrastructure Works - collectively:
 - (a) JDA Infrastructure Works (which includes common infrastructure works serving Parcel 4);
 - (b) development and construction of the Parcel 3 Car Park;
 - (c) construction of a museum on Parcel 3;
 - (d) refurbishment of the stadiums on Parcel 1 and Parcel 2; and
 - (e) the construction and delivery of a new police station and ancillary buildings and facilities outside Warisan Merdeka in order to relocate the police station currently situated within Parcel 5;
- JDA - the Joint Development Agreement dated 27 December 2013 entered into between PNBMV, the Project Companies and PNBM-Park Hotel, wherein the Project Companies and PNBM-Park Hotel appoints PNBMV as the Project Manager to jointly develop the JDA Development and the Park Hotel (as amended and/or supplemented by the supplemental JDA);
- JDA Development - collectively,
 - (a) the construction and development of JDA Properties on JDA Land; and
 - (b) the JDA Infrastructure Works;
- JDA Infrastructure Works - the infrastructure works on the JDA Land and neighbouring lands serving the JDA Properties on the JDA Land;
- JDA Land - the Parcel 6 Titles and the Parcel 4 Titles;
- JDA Properties - the Parcel 6 Properties and the Park Hotel;
- Kawasan Lapang - the “Kawasan Lapang” portion and road reserve forming part

		of Parcel 6 which are shaded in purple in the Layout Plan of Warisan Merdeka attached hereto as Annexure 1 , held under Lot No. 20007 Geran 79006, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan and Lot No. 20008 Geran 79400, located at Section 56, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan;
Lot 746	-	Lot 746 held under Geran 36080, Located at Section 56 Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan;
Lot 746 (Non-P6 Portion)	-	Lot 746 excluding Lot 746 (P6 Portion);
Lot 746 (P6 Portion)	-	the portion of Lot 746 forming part of Parcel 6 and shaded in dark green in the Layout Plan of Warisan Merdeka attached hereto as Annexure 1 ;
Lot 760	-	Lot 760 held under Geran 49285, located at Section 56, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan;
Lot 802	-	Lot 802 held under Geran 66974, located at Section 56, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan;
Lot 803	-	Lot 803 held under Geran 66975, located at Section 56, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan;
Lot 1211	-	Lot 1211 held under Geran 47916, located at Section 56, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan;
Material Adverse Effect	-	a material adverse effect on the ability of the Issuer to perform any of its payment obligations under the the Merdeka Sukuk <i>Murabahah</i> Programme;
Merdeka PNB118	-	a one hundred eighteen (118)-storey tower mainly comprising of: <ul style="list-style-type: none"> (a) the Office Tower; (b) the Tower Hotel; and (c) the Observation Deck;
MLA		the Master Lease Agreement to be entered into between PNBMV and PNB whereby PNBMV agrees to lease and PNB agrees to take on the lease of the Office Tower upon handover of the Office Tower for a lease period of fifteen (15) years which is renewable for another fifteen (15) years subject to and upon the terms and conditions set out therein;
Observation Deck	-	a three (3)-storey observation deck/ sky deck within the upper

	portion of the Merdeka PNB118 with an additional destination restaurant just below this deck;
Office Tower	- an eighty three (83)-storey office forming part of the Merdeka PNB118 with a total of approximately three thousand five hundred (3,500) proposed allocated car park bays;
Office Tower Lease	- the lease over the Office Tower granted or to be granted by PNBMV as the lessor to PNB as the lessee pursuant to: <ul style="list-style-type: none"> (1) the MLA; and (2) any lease agreement to be entered into between PNBMV and PNB (including the memorandum of lease and any annexures for the registration of the lease under the National Land Code, 1965);
Other Project(s)	- the Warisan Merdeka development project other than the Project;
Other Parcels	- Parcel 1, Parcel 2, Parcel 4, Parcel 5 and Parcel 7 within Warisan Merdeka;
Other Companies	- companies incorporated to carry out the development and construction of Other Project(s);
Owners	- collectively: <ul style="list-style-type: none"> (a) PNBM-Skydeck; (b) PNBM-Tower Hotel; (c) PNBM-Retail Mall; (d) PNBM-Development; and (e) PNBM-Park Hotel;
Parcel 1	- the parcel of land marked as "P1" in the Site Layout of Warisan Merdeka attached hereto as Annexure 1 upon which Stadium Merdeka is located;
Parcel 2	- the parcel of land marked as "P2" in the Site Layout of Warisan Merdeka attached hereto as Annexure 1 upon which Stadium Negara is located;
Parcel 3	- the parcel of land marked as "P3" in the Site Layout of Warisan Merdeka attached hereto as Annexure 1 ;
Parcel 3 Car Park	- the construction and development of approximately one thousand (1,000) car park bays on Parcel 3 comprising: <ul style="list-style-type: none"> (a) five (5) levels of basement car park together with mechanical space (underground level); and (b) two (2) levels of access tunnel "Belfield Tunnel" (connecting to Basement B4 & B5);
Parcel 3 Car Park	any agreement with the relevant authority with respect to the

Agreement	use and occupation, management and/or operation of the Parcel 3 Car Park;																								
Parcel 4	- the land forming part of Parcel 4 Titles and marked as "P4" in the Site Layout of Warisan Merdeka attached hereto as Annexure 1 ;																								
Parcel 4 Titles	- part of Lot 802 and Lot 803 constituting Parcel 4;																								
Parcel 5	- the parcel of land marked as "P5" in the Site Layout of Warisan Merdeka attached hereto as Annexure 1 ;																								
Parcel 6	- the land constituted by the Parcel 6 Titles, Lot 746 (P6 Portion) and the Kawasan Lapang upon which the Parcel 6 Properties are proposed to be constructed and marked as "P6" in the Site Layout of Warisan Merdeka attached hereto as Annexure 1 ;																								
Parcel 7	- the parcel of land marked as "P7" in the Site Layout of Warisan Merdeka attached hereto as Annexure 1 ;																								
Parcel 6 Car Parks	- approximately seven thousand three hundred (7,300) proposed allocated car park bays forming part of the Parcel 6 Properties to be developed under the Project;																								
Parcel 6 Properties	- structures to be developed on Parcel 6 comprising the following: (a) Merdeka PNB118; (b) Podium; (c) Retail Mall; (d) Service Apartments; and (e) Parcel 6 Car Parks;																								
Parcel 6 Titles	- all those pieces of land located at Section 56, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan held under the following lot numbers: <table><tr><td></td><td><u>Lot No.</u></td><td></td><td><u>Geran No.:</u></td></tr><tr><td>(a)</td><td>795</td><td>-</td><td>66969</td></tr><tr><td>(b)</td><td>796</td><td>-</td><td>66970</td></tr><tr><td>(c)</td><td>797</td><td>-</td><td>66971</td></tr><tr><td>(d)</td><td>799</td><td>-</td><td>66972</td></tr><tr><td>(e)</td><td>800</td><td>-</td><td>66973</td></tr></table> which together with Lot 746 (P6 Portion) and the Kawasan Lapang, constitute Parcel 6 and shall include any title(s) issued in continuation or in substitution thereof from time to time;		<u>Lot No.</u>		<u>Geran No.:</u>	(a)	795	-	66969	(b)	796	-	66970	(c)	797	-	66971	(d)	799	-	66972	(e)	800	-	66973
	<u>Lot No.</u>		<u>Geran No.:</u>																						
(a)	795	-	66969																						
(b)	796	-	66970																						
(c)	797	-	66971																						
(d)	799	-	66972																						
(e)	800	-	66973																						
Park Hotel	- a hotel and/or such other construction as may be agreed between the Project Manager and the Owners proposed to be erected on Parcel 4;																								

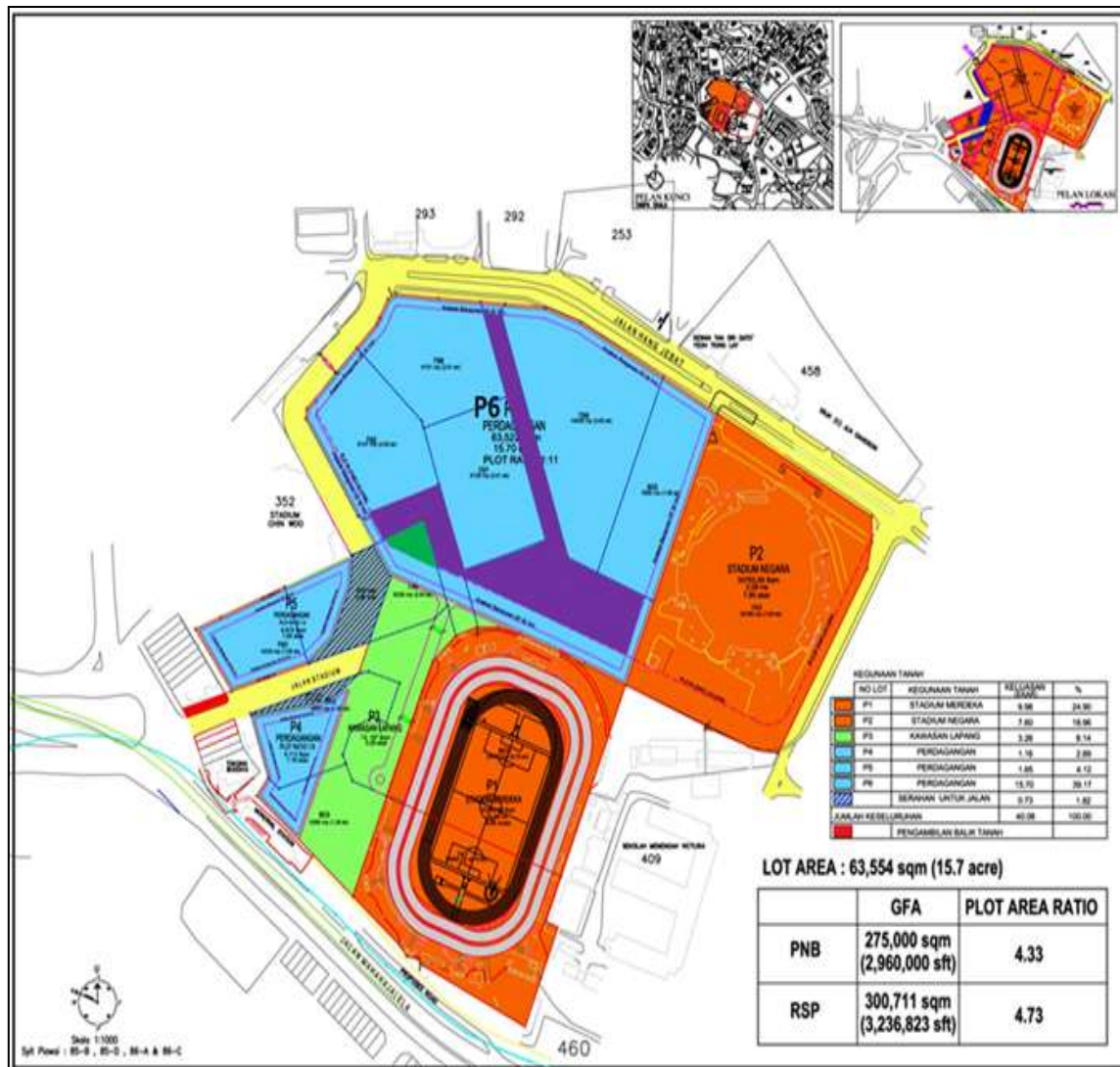
Periodic Date	Payment	- a scheduled profit payment date and/or principal payment date of Merdeka Sukuk <i>Murabahah</i> ;
PNB		- Permodalan Nasional Berhad (Company No. 38218-X);
PNBMV or the Project Manager or the Issuer		- PNB Merdeka Ventures Sdn. Berhad (Company No. 517991-A);
PNBM-Development		- PNB Merdeka Development Sdn. Bhd. (Company No. 1064272-A);
PNBM-Park Hotel		- PNB Merdeka Park Hotel Sdn. Bhd. (Company No. 1064279-K);
PNBM-Retail Mall		- PNB Merdeka Retail Mall Sdn. Bhd. (Company No. 1064275-H);
PNBM-Skydeck		- PNB Merdeka Skydeck Sdn. Bhd. (Company No. 1064262-T);
PNBM-Tower Hotel		- PNB Merdeka Tower Hotel Sdn. Bhd. (Company No. 1064278-W);
Podium		- the podium located on the west side of Merdeka PNB118 which consists of two (2) grand foyers (north lower/south upper) that run from floor one (1) to five (5) with meeting rooms, lobbies, a banking hall, a theatre and a ballroom at the seven (7) storey west podium;
Podium (Ballroom)		- the part of the Podium which are to be owned by Tower Hotel comprising the ballroom and such other rooms and space for which a separate strata title is proposed to be issued;
Podium (Others)		- Podium other than the Podium (Ballroom);
Power of Attorney		- the power of attorney dated 1 July 2014 granted by the Owners in favour of the Project Manager whereby the Owners appoint the Project Manager as their respective attorney to, among others, do all such acts or things as may be necessary or expedient in connection with the management, improvement and development of the JDA Land;
Principal Amount	Payment	- the principal payment shall be based on the Principal Reduction Schedule as set out in the section entitled "Principal Reduction Schedule" above;
Project		- collectively: <ul style="list-style-type: none"> (a) the construction and development of the Parcel 6 Properties on Parcel 6; and (b) all Infrastructure Works;
Project Companies		- collectively:

- (1) PNBMV;
 - (2) PNBM-Skydeck;
 - (3) PNBM-Tower Hotel;
 - (4) PNBM-Retail Mall; and
 - (5) PNBM-Development;
- Project Documents - documents pertaining to the Project including the following:
- (a) the JDA;
 - (b) the Power of Attorney;
 - (c) the SPA(s);
 - (d) the MLA;
 - (e) Office Tower Lease; and
 - (f) any other documents to be entered into in connection with the Project and designated as such by the Security Agent;
- Retail Mall - an eight (8) storey mall at the east podium to be constructed on top of a five (5)-storey underground car park with a total of approximately one thousand eight hundred (1,800) proposed allocated car park bays;
- Sectional CCC - certificate(s) of completion and compliance in respect of the respective components of the Project issued by the Project architect;
- Scheduled Completion Date - the scheduled completion date is as follows:
- (i) the Project (excluding the Service Apartments) by 30 June 2021; and
 - (ii) the Service Apartments by 30 June 2025;
- Scheduled Profit Amount - Periodic Profit Payments to be paid at every Periodic Payment Date;
- Service Apartments - the proposed service apartments constituted by three (3) separate towers with two (2) towers to the east of the Merdeka PNB118 to be constructed on top of the Retail Mall and another one (1) essentially identical tower to the west to be constructed on top of the Podium with a total of approximately one thousand eight hundred (1,800) proposed allocated car park bays;
- Sukukholders - holders of the Merdeka Sukuk *Murabahah*;
- SPA or Sale and Purchase Agreement(s) - the sale and purchase agreements entered into by the respective Owners with PNBMV as the registered proprietor of the JDA Land dated 27 December 2013, wherein PNBMV has agreed to sell and the Owners have respectively agreed to purchase an undivided share each in the JDA Land in the proportion set out in the respective SPA;

- | | |
|--------------------|--|
| Total Project Cost | - the total project cost (based on base case cashflow projections required to complete the Project) estimated at Ringgit Malaysia Eight Billion Seventy Million (RM8,070,000,000.00) or such other amount as may be agreed upon between the Issuer and the Joint Lead Arrangers; |
| Tower Hotel | - a sixteen (16)-storey hotel forming part of the Merdeka PNB118 with a total of approximately five hundred (500) proposed allocated car park bays and two hundred thirty (230) rooms; and |
| Warisan Merdeka | - a development project on Parcel 1, Parcel 2, Parcel 3, Parcel 4, Parcel 5, Parcel 6 and Parcel 7 as indicated in the Site Layout of Warisan Merdeka attached hereto as Annexure 1 of which the Project forms part thereof. |

Annexure 1 to Section 6.0 of this Information Memorandum

SITE LAYOUT PLAN OF WARISAN MERDEKA



7.0 INVESTMENT CONSIDERATIONS

An investment in the Merdeka Sukuk Murabahah involves certain risks. Prospective investors of the Merdeka Sukuk Murabahah should consider carefully, in the light of their own financial circumstances and investment objectives, the following factors, in addition to the matters set forth elsewhere in this Information Memorandum, prior to investing in the Merdeka Sukuk Murabahah. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Merdeka Sukuk Murabahah. However, neither the Issuer, the Principal Adviser, the Lead Arranger nor the Lead Manager represent that the statements below regarding the risks of investing in any of the Merdeka Sukuk Murabahah are complete or exhaustive. These and other risks, whether known or unknown, may have a material adverse effect on the Issuer, its business and risks associated with the Merdeka Sukuk Murabahah Programme. Prospective investors are strongly encouraged to undertake their own investigations and analysis on the Issuer, its business and risks associated with the Merdeka Sukuk Murabahah Programme. Prospective investors should read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision.

7.1 Investment Considerations Relating to the Issuer and the Guarantor

7.1.1 Foreign Exchange

The construction contracts awarded or those in the final stages of negotiation by the Issuer as at 15 October 2017 are fixed price lump sum in the Ringgit Malaysia denomination, and do not allow for any currency fluctuation.

However, the Issuer may potentially be exposed to budgetary risk arising from fluctuation in exchange rates, for those contracts which have not yet been awarded (including some mechanical/electrical/plumbing packages and interior design packages) which may result in a higher/lower Total Project Cost.

The exposure to the exchange rate risks fluctuation (if any), is expected to be covered by the budgeted contingency sum but no assurance can be given that such sum is sufficient to provide for all contingencies.

7.1.2 Risk Inherent to PNB

Under the Completion Guarantee, PNB shall guarantee the funding of any Cost Overrun incurred relating to the Project to ensure that the Project is completed by the Scheduled Completion Date; all cost relating to the Project to ensure that the Completion of the Project by the Extended Completion Date; and the payment of all amounts payable by the Issuer under the Sukuk Programmes and all accrued profits and principal thereon and any other amounts payable under the Sukuk Programmes in the circumstances where the Completion of the Project is delayed beyond the Extended Completion Date, subject to the terms of the Completion Guarantee.

Under the Rolling Guarantee, PNB shall guarantee the Scheduled Profit Amount and the Principal Payment Amount due and payable on the relevant Periodic Payment Date under the Merdeka Sukuk *Murabahah* Programme;

and replenish the shortfall in the FSRA 2 so as to comply with the FSRA Minimum Required Balance, subject to the terms of the Rolling Guarantee.

The payment under the Completion Guarantee and the Rolling Guarantee will be dependent upon the financial strength and the ability to pay of PNB and subject to the risk inherent to the business and operations of PNB. The prospective investors are requested to conduct their own independent assessment and evaluation of PNB.

7.2 Investment Considerations Relating to the Merdeka Sukuk *Murabahah*

7.2.1 Pre-Completion Payment

The profit payments under the Merdeka Sukuk *Murabahah* Programme during construction phase of the Parcel 6 Properties (save for the Office Tower) for an amount of up to approximately RM513.6 million is based on Scheduled Completion Date of the Project (save for the Service Apartments) of 30 June 2021 and the Service Apartments of 30 June 2025. Such profit payments are financed from proceeds of the Merdeka Sukuk *Murabahah* Programme.

The budgeted pre-fund cash of approximately RM295.0 million built into the proceeds of the Merdeka Sukuk *Murabahah* Programme is expected to cover a three (3)-month rent free and free admission period and any delays in generating revenues of up to eighteen (18) months to service the profit payments under the Merdeka Sukuk *Murabahah* Programme. However, no assurance can be given that such fund will be sufficient for such purpose as it will depend on other factors such as the profit rate applicable under the Merdeka Sukuk *Murabahah* Programme at the relevant time.

This risk is mitigated as the Completion Guarantee to be provided by PNB shall, inter alia, complete and fund all cost relating to the Project to ensure the Completion of the Project by the Extended Completion Date, including any costs incurred for such delay in connection with the Project which shall include but is not limited to construction costs and/or any cost/expenses, all outstanding financial obligations under the Sukuk Programmes and any other costs arising from the delay (inclusive of the liquidated damages and/or penalties payable by PNBMV to the Project Companies under the Project).

7.2.2 Post-Completion Payment

The ability of the Issuer to service its payment obligations under the Merdeka Sukuk *Murabahah* Programme post completion will depend on the operational performance of PNBMV such as adequacy of its cashflow generated from rental proceeds of the Retail Mall, Observation Deck, car parks, proceeds from refinancing exercise or disposal of Tower Hotel and the sale of the Service Apartments. Hence, it is crucial to secure satisfactory take-up sales of the Service Apartments and/or leases of the retail lettable space so as to ensure adequate cash reserves to meet the Issuer's servicing obligations under the Merdeka Sukuk *Murabahah* Programme in a timely manner.

PNBMV believes that the strategic location of the Project, its integrated green luxury development anchored by prime commercial offices, high-end retail

outlets and residential towers together with public infrastructure facilitating traffic flow to the area will contribute positively to the Project.

In addition, the funds maintained under the FSRA 2 will also serve as a buffer for any temporary shortfall in cashflow.

7.2.3 No Prior Market for the Merdeka Sukuk *Murabahah*

The Merdeka Sukuk *Murabahah* comprise a new issue of unrated securities for which there is currently no existing market. There can be no assurance as to the liquidity of any market that may develop for the Merdeka Sukuk *Murabahah* or the prices at which Sukukholders would be able to sell the Merdeka Sukuk *Murabahah*. If a market develops, the market value of the Merdeka Sukuk *Murabahah* may fluctuate. Any sale of the Merdeka Sukuk *Murabahah* by the Sukukholders in any secondary market which may develop may be at a discount from the original issue price of the Merdeka Sukuk *Murabahah*, depending on many factors, including the prevailing interest rates and the market for similar unrated securities.

Other than the operating results and/or financial condition of the Issuer and/or the Guarantor, the price of the Merdeka Sukuk *Murabahah* in the secondary market may be influenced by numerous factors, including but not limited to, the political, economic, financial and any other factors that can affect capital markets in general. Adverse economic and financial developments could have a material adverse effect on the market value of the Merdeka Sukuk *Murabahah*.

Further, there are selling restrictions governing the Merdeka Sukuk *Murabahah* as described in Section 1.6.4 of this Information Memorandum.

7.2.4 Profit Rate Risk

Investment in the Merdeka Sukuk *Murabahah* involves the risk of subsequent changes in the market conditions, profit rates, the Government's policies and regulations concerning, inter alia, monetary and fiscal issues, which may adversely affect the value of the Merdeka Sukuk *Murabahah*. The Merdeka Sukuk *Murabahah* is a fixed income Islamic security and therefore its price may fluctuate due to movements in the relevant benchmark profit rates. Generally, a rise in the benchmark profit rates may cause a fall in the prices of fixed income securities. The Merdeka Sukuk *Murabahah* may be similarly affected, resulting in a capital loss for the Sukukholders. Conversely, when the benchmark profit rates fall, prices of fixed income securities and the prices at which the Merdeka Sukuk *Murabahah* are traded may rise. Sukukholders may enjoy a capital gain but the profit received may be reinvested at lower returns.

7.2.5 Inflation Risk

Sukukholders may suffer erosion on the return of their investments due to inflation. Sukukholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Merdeka Sukuk *Murabahah*. An unexpected increase in inflation could reduce the real rate of return of the Sukukholders.

7.2.6 Suitability of Investment

The Merdeka Sukuk *Murabahah* issued under the Merdeka Sukuk *Murabahah* Programme may not be a suitable investment for all investors. Each potential investor in the Merdeka Sukuk *Murabahah* must determine the suitability of the investment in light of its own circumstances.

In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Merdeka Sukuk *Murabahah*, the merits and risks of investing in the Merdeka Sukuk *Murabahah* and the information contained in this Information Memorandum;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Merdeka Sukuk *Murabahah* and the impact the Merdeka Sukuk *Murabahah* will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Merdeka Sukuk *Murabahah*;
- (iv) understand thoroughly the terms of the Merdeka Sukuk *Murabahah* and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

7.2.7 Shariah Compliance

Notwithstanding that the Shariah Adviser has provided a Shariah pronouncement on the structure and arrangement of the Merdeka Sukuk *Murabahah*, case law in Malaysia indicates that the courts in Malaysia may still examine the issue of whether the Merdeka Sukuk *Murabahah* are in compliance with Shariah. Investors who are permitted to hold only Shariah-compliant sukuk will not be able to hold the Merdeka Sukuk *Murabahah* in the event the Merdeka Sukuk *Murabahah* are held to be non-Shariah compliant, and will be required to sell the Merdeka Sukuk *Murabahah* held by them, which may expose them to losses.

7.2.8 Refinancing Exercise

The primary sources of payment for the principal amount under the Merdeka Sukuk *Murabahah* Programme are dependent on the following:

- (a) rental proceeds of the Parcel 6 Properties (save for the Office Tower and the Service Apartments);
- (b) sales of Service Apartments; and
- (c) successful refinancing of the Merdeka Sukuk *Murabahah* Programme.

Any refinancing exercise will be subject to, amongst others, the market conditions and future financiers' and/or investors' sentiments at the relevant point in time and no assurance can be given that sufficient funds will be raised to refinance the outstanding amount under the Merdeka Sukuk *Murabahah* Programme at the relevant time. Should there be a gap between the refinancing amount raised and the amount outstanding under the Merdeka Sukuk *Murabahah* Programme, the Issuer will be required to fund the shortfall on the final maturity date.

7.2.9 Security Sharing and Enforcement

The Shared Security Documents are subject to the provisions of the Security Sharing Agreement. Only if the sukuk trustee under the Merdeka ASEAN Green SRI Sukuk Programme (acting on the instruction of the sukukholders under the Merdeka ASEAN Green SRI Sukuk Programme) and the Sukuk Trustee under the Merdeka Sukuk *Murabahah* Programme (acting on the instruction of the Sukukholders under the Merdeka Sukuk *Murabahah* Programme) jointly decide to enforce the Shared Security Documents, the security under the Shared Security Documents would be enforced. In relation to the security documents for the Merdeka ASEAN Green SRI Sukuk Programme, the Sukukholders under the Merdeka Sukuk *Murabahah* Programme will be able to issue an enforcement instruction in relation to the security documents for the Merdeka ASEAN Green SRI Sukuk Programme only upon full settlement of the Merdeka ASEAN Green SRI Sukuk.

7.3 Investment Considerations Relating to the Project

7.3.1 Considerations Relating to the Project

(a) Parcel 6

Parcel 6 is constituted by the Parcel 6 Titles, Lot 746 (P6 Portion) and the Kawasan Lapang. Lot 746 is not currently owned by PNBMV. PNBMV will be entering into an agreement with the Government and Syarikat Tanah dan Harta Sdn Bhd for the transfer of Lot 746 and other lots of land within the vicinity of Warisan Merdeka to PNBMV in exchange for PNBMV constructing and delivering a new police station together with the ancillary buildings and facilities on land outside the Warisan Merdeka development in order to relocate the police station currently situated on Parcel 5.

The signing of the agreement for the acquisition/transfer of Lot 746 (P6 Portion) by all parties and evidence of compliance of all conditions precedent for the transfer of Lot 746 (P6 Portion) to PNBMV and where completed, evidence that Lot 746 (P6 Portion) has been transferred to and registered in the name of PNBMV or where the agreement for the acquisition/transfer of Lot 746 (P6 Portion) has not been finalised and executed, such other evidence acceptable to the Lead Arranger to evidence the arrangement/agreement between PNBMV and the registered proprietor of Lot 746 for the proposed acquisition/transfer of Lot 746 (P6 Portion) to PNBMV have been made a condition precedent to the making available of the Merdeka ASEAN Green SRI Sukuk Programme and Merdeka Sukuk *Murabahah* Programme to reduce the

risk of non-transfer of Lot 746 (P6 Portion). Pursuant to the UKAS Letter, Lot 746 (P6 Portion) would be transferred to PNBMV subject to a land bond to be provided by PNBMV in accordance with the UKAS Letter. However, until and unless Lot 746 (P6 Portion) has been transferred and registered in the name of PNBMV, PNBMV is not the registered proprietor and does not have ownership rights over Lot 746 (P6 Portion) and any buildings erected on such land and consequently any security created by PNBMV will not include such land and the assets erected thereon. Non-transfer of Lot 746 (P6 Portion) into the name of PNBMV will also adversely affect the consolidation of titles into Parcel 6 and the subsequent issuance of strata titles with respect to the Parcel 6 Properties.

(b) JDA

The Park Hotel to be owned by PNBM-Park Hotel and to be jointly developed by the Project Manager and the Owners under the JDA will not be part of the Project financed under the Merdeka ASEAN Green SRI Sukuk Programme and the Merdeka Sukuk *Murabahah* Programme. Consequently, no security will be created over the shares in PNBM-Park Hotel nor the assets or undertakings of PNBM-Park Hotel (including its rights under the JDA). Upon enforcement of security created in relation to the Project, the Security Agent will not be in a position to exercise the rights of the Project Manager and all the Owners collectively under the JDA since it has no right over PNBM-Park Hotel and it has not been accorded PNBM-Park Hotel's rights under the JDA. Any matter requiring concurrence of PNBM-Park Hotel will be subject to PNBM-Park Hotel's decision. Although PNBM-Park Hotel is currently a wholly-owned subsidiary of PNBMV, there is no assurance that PNBMV will not divest its interest in PNBM-Park Hotel. Further, shares in PNBM-Park Hotel and its rights under the JDA may also be assigned to other parties for purposes of financing the Park Hotel.

In addition, under the terms of the JDA and the SPA(s), PNBM-Park Hotel has ownership rights over undivided shares in the Parcel 6 Titles. If the undivided shares in the Parcel 6 Titles are transferred to the Owners, PNBM-Park Hotel will be required to execute a land charge over the Parcel 6 Titles under the National Land Code, 1965 along with other Owners prior to issuance of separate strata titles of the respective components of the JDA Development.

As a measure to secure PNBM-Park Hotel cooperation in the creation of the land charge over the Parcel 6 Titles and in any enforcement proceedings involving the JDA, PNBM-Park Hotel has executed a letter of disclaimer wherein it will, among others, disclaim its interest over its undivided share in Parcel 6 Titles and any revenues and benefit arising from the Parcel 6 Properties and undertake to execute a land charge over the Parcel 6 Titles in favour of the Security Agent (where required) and provide all necessary cooperation to the Security Agent in relation to the exercise of the Security Agent's rights under the JDA. However, if PNBM-Park Hotel fails to comply with the terms of such letter, it may be necessary to seek enforcement by way of court process.

(c) Other Projects

The Warisan Merdeka development encompasses a wide area of which the Project only forms part thereof. PNBMV may embark on the Other Projects in order to develop the other parts of Warisan Merdeka and in doing so, will be exposed to the risks associated with the Other Projects. Although PNBMV intends to incorporate subsidiaries for the purpose of carrying out the Other Projects, PNBMV may still be exposed to, among others, financial risks associated with having to incur financial obligation or provide financial support to its subsidiaries under such projects. The imposition of negative covenants and financial covenants under the Merdeka ASEAN Green SRI Sukuk Programme and the Merdeka Sukuk *Murabahah* Programme will limit the extent to which PNBMV may incur further financial obligation or provide financial support in relation to the Other Projects. However, since PNBMV is not a special purpose vehicle and its operation and business is not confined to the Project, PNBMV will not be fully insulated from the risks associated with the Other Projects. Any breach or default in connection with the Other Projects may adversely affect PNBMV's performance under the Project.

7.3.2 Considerations Relating to the Pre-Completion Phase of the Project

The Issuer's principal activities will be exposed to the following key risks which are non-exhaustive:

Construction Risk

(a) Cost Overruns

Cost overruns refer to any untoward variation or adjustment to the construction and development related costs which exceed the projected Total Project Cost required to complete the Project. Cost overruns may be caused by, among others, inflation or escalation in prices of materials and resources or delay in the completion of the Project. Any cost overrun may adversely affect the completion of the Project as it results in higher amount being required to complete the Project than originally anticipated.

The Project Manager seeks to mitigate against the risk of having cost overruns by seeking as far as possible to enter into contracts with its contractors and consultants on a fixed price basis although contracts would inevitably allow for some variation order or cost order in certain limited circumstances. The Project Manager intends to mitigate against the risks of cost overruns by closely monitoring the costs incurred in each stage of the construction. Further, there is contingency costs of approximately four percent (4%), being incorporated in the Total Project Cost to provide for such contingencies. However, there is no assurance that such provision will be sufficient to cover cost overruns.

In view of that, the completion risk is further mitigated by the Completion Guarantee, of which PNB undertakes to complete the

Project by the Scheduled Completion Date. The Completion Guarantee shall fund any cost overruns.

In the event the completion of the Project is delayed beyond the Scheduled Completion Date, PNB shall undertake to complete by the Extended Completion Date and to fund the cost relating to the Project to ensure that the Project is completed within the Extended Completion Date, including any costs incurred for such delay in connection with the Project which shall include but is not limited to construction costs and/or any cost/expenses, all outstanding financial obligations under the Sukuk Programmes and any other costs arising from the delay (inclusive of the liquidated damages and/or penalties payable by PNBMV to the Project Companies under the Project).

In the circumstances where the completion of the Project is delayed beyond the Extended Completion Date, the Security Agent may declare an Event of Default has occurred and whereupon all amounts payable by the Issuer under the Sukuk Programmes and all accrued profits and principal thereon and any other amounts payable under the Sukuk Programmes, shall become due and payable and the Security Agent shall be entitled to immediately enforce on the Completion Guarantee and demand PNB to settle all outstanding sum (including principal and profits due and payable under the Sukuk Programmes).

(b) Delay in Completion and Commencement of Operation

As with every construction project, each project runs the risk of a completion delay as the timely completion of a project is dependent on various external factors, including the timely issuance of requisite licences, permits and various regulatory approvals, the timely procurement of construction materials and resources in adequate amounts, completion of each phase of a project within the projected construction timeframe and timely completion of the work by contractors and appointed sub-contractors with acceptable workmanship quality.

The Project Manager endeavors to complete the Project within the stipulated timeline through close project monitoring and planning, effective project management and implementation and strict adherence to scheduled project timelines. It will also seek to mitigate such risks by imposing liquidated ascertained damages for late completion in the contracts to be entered into with the respective contractors appointed for the various construction packages under the Project in order to pass on or share the risk of late completion with its contractors and reduces the impact on the Project Manager.

In addition, the risk of completion delay is mitigated via the appointment of Samsung C&T Corporation UEM Construction JV Sdn Bhd (“**SUJV**”) as the main contractor for the Project, mainly to undertake the superstructure works. SUJV has completed skyscrapers jobs in various countries, such as Burj Khalifah (828m) completed in 2010, Taipei 101 (509m) completed in 2015.

Further, under the Completion Guarantee, PNB will guarantee the completion of the Project by the Scheduled Completion Date upon the terms and conditions set out therein. Accordingly, it is also incumbent upon PNB to ensure timely completion of the JDA Development.

Whilst all measures are being taken with a view to having the Project completed within the scheduled timeframe, no assurance can be given that completion delay will not occur as it is dependent on many external factors. As with other projects, any completion delay may result in cost overruns and depending on the length of the delay and the circumstances, the cost overruns may be significant. Notwithstanding this, with the Completion Guarantee, any cost overrun shall be sufficiently financed.

(c) Delay Due to Force Majeure Events

The performance by any party of its obligations under the JDA may be suspended by the occurrence of force majeure events prescribed under the JDA.

Damage and potential increased costs resulting from certain force majeure events is expected to be covered by all-risk insurance but there is no assurance that proceeds from insurance claims would be able to fully cover loss in revenue, increased costs or other liabilities arising from the occurrence of a force majeure event during the construction of the Project.

(d) Dependence on Contractors/Sub-contractors

The performance and profitability of the Project will also depend, to a certain extent, on the quality, performance and reliability of its contractors/sub-contractors and the consultants appointed to carry out the Project.

PNBMV exercises prudence in selecting its consultants and contractors. The criteria taken into consideration include experience, track record and qualifications of the consultants and contractors. PNBMV will ensure that it continuously reviews and evaluates the work in progress of each package awarded to ensure the timely completion and quality of the Project. Should any consultant and/or contractor fail to perform their part in a satisfactory manner, PNBMV is of the view that other consultants and contractors can be readily engaged in view of the numerous reputable consultants and contractors in the industry.

(e) PNB's Completion Guarantee

As part of PNB's commitment to the Project, PNB has executed a Completion Guarantee in favour of the Security Agent guaranteeing the completion of the Project by the Scheduled Completion Date and the Extended Completion Date upon the terms and conditions set out therein. However, the Completion Guarantee only guarantees the completion of the Project but not the Park Hotel and other components

which do not fall within the JDA (collectively refer to “**Other Projects**”). As such, the Security Agent will have no recourse against PNB under the Completion Guarantee for the non-completion of the Other Projects.

7.3.3 Considerations Relating to the Post-Completion Phase of the Project

(a) Competition

(i) Tower Hotel

The Project is located in Kuala Lumpur’s older commercial centre where the majority of the buildings were built over thirty (30) years ago. Commercial developments in the area are predominantly secondary retail centres and budget hotels that cater to both domestic and foreign budget tourists who are attracted to the area in view of its proximity to the popular tourist locations such as Chinatown, Petaling Street and Bukit Bintang. This area has very limited presence of hotels with 4-star rating (business class) and above.

PNBMV believes that the entire Project will spur a vibrant office and retail environment and support the proposed Tower Hotel by generating demand for high end hotel accommodation resulting from business travellers and visitors to the area.

(ii) Retail Mall

The Retail Mall is located in areas where other competing malls are present and new malls may be developed which may compete with the Retail Mall. The appeal and attractiveness of the Retail Mall may decrease in future, especially if new shopping centres are built and/or existing malls undergo upgrading and the Retail Mall fails to keep pace.

The cashflow generating ability of the Retail Mall is dependent on the occupancy rate, type of tenant occupying the commercial space, and ultimately the market value of the Retail Mall hinges upon the ability of the Retail Mall to compete against other malls for tenants. If, in the future, competing malls are more successful in attracting and retaining tenants, the income from the Retail Mall could be affected, thereby affecting PNBMV’s financing servicing capability under the Merdeka Sukuk *Murabahah* Programme.

PNBMV believes that the Retail Mall will remain competitive in the market for the following reasons:

- (1) the Retail Mall is connected to public transports such as LRT and MRT;
- (2) the strategic location of Warisan Merdeka, being positioned close to key tourist attractions including heritage buildings,

Chinatown and Bukit Bintang as well as Stadium Merdeka and Stadium Negara, and

- (3) the close proximity to living and business conveniences such as the Service Apartments, Office Tower and Tower Hotel which would create substantial foot traffic from residents, office workers and hotel guests/tourists.

(iii) Observation Deck

The Observation Deck is similar to KL Tower's viewing deck and PETRONAS Twin Towers' observation deck and as such faces direct competition with the other two observatory decks.

(b) Tenancy/Occupancy Cycles Risk

(i) Tower Hotel

The future operating results of PNBM-Tower Hotel, the Project Company who will own the Tower Hotel could be adversely affected by the industry overcapacity (by number of rooms) and weak demand due, in part, to the cyclical nature of the hotel industry, or other differences between planning assumptions and actual operating conditions. Reductions in room rates and occupancy levels could adversely impact the results of the operations of the respective Project Company.

(ii) Retail Mall

The Retail Mall's tenancies will be for specific terms for approximately two (2) years to three (3) years, which would result in the Retail Mall having concentrated expiry of tenancy agreements for certain periods.

The concentration of tenancy expiry would heighten the Retail Mall's exposure to the typical risks associated with tenancy expiry, including the risk of vacancies following non-renewal of tenancies, reduced occupancy rates and constrained rental income.

If key tenants or a large number of tenants decide not to renew their tenancies and in the event that new tenants are unable to be secured or secured after a long vacant period or at lower rates, the income from the Retail Mall could be adversely affected.

(c) Visitor Traffic

(i) Tower Hotel

Hotels in the Klang Valley cater mainly for tourists and business travellers, especially those located in the areas where there is an element of commerce and industry which usually generate

healthy occupancy rates. However, since the slowdown in the global economy, this has affected the business community and hotel guests have become a little more price sensitive.

However, PNBMV believes that the areas in the vicinity of Warisan Merdeka will continue to draw tourists due to its proximity to Chinatown and Bukit Bintang, the city centre's main tourist destinations which offers a wide variety of shopping, street food and a vibrant nightlife. The Office Tower and the Retail Mall will also create synergistic value for the Tower Hotel and fill the gap for business travellers and tourists looking for high class hotel accommodation which is currently lacking in that area.

(ii) Retail Mall

Any drop in footfall may have an adverse impact on business within the Retail Mall and consequently the occupancy/tenancy of the Retail Mall. However, as the Retail Mall will be part of an iconic city centre development, the Retail Mall is expected to attract shoppers from all over the Klang Valley. In addition, the Retail Mall is also expected to attract tenants and occupants of the neighbouring Office Tower, the Tower Hotel and the Service Apartments as well as the crowds attending to any event in Stadium Negara and Stadium Merdeka. Such factors serve to mitigate any adverse impact due to a drop in footfall.

(iii) Observation Deck

Tourists and visitors are among the people expected to visit the Observation Deck and as such, a drop in visitors and tourists may have an adverse impact on the income to be derived from the Observation Deck.

(d) Residential Property Cycles Risk

(i) Supply and demand

The sale of the Service Apartments will generally be affected by changes in demand and supply, as well as the selling price of the residential property.

(ii) Fluctuation in property prices

The turnover and profitability of the Service Apartments will be highly susceptible to fluctuations in property prices prevailing in the industry. Property prices are determined by the supply and demand for property in the local and global market. There is no assurance that adverse movement in the demand and supply as well as prices of property will not have an adverse effect on the prices and profitability of the Service Apartments.

(e) Management and Maintenance Risk of the Tower Hotel, the Retail Mall and the Observation Deck

Should PNBMV, PNBM-Tower Hotel, PNBM-Retail and PNBM-Skydeck fail to provide adequate management and maintenance, the value of the Tower Hotel, the Retail Mall and the Observation Deck Property might be adversely affected and this may result in the loss of tenants and visitors or lower rental rates or admission fees, which will adversely affect the financial condition of PNBMV and its ability to finance the Merdeka Sukuk *Murabahah*.

(f) Change in transportation infrastructure near the Other Properties

There is no assurance that the existing and/or planned transportation infrastructure and public transport services around the Other Properties will not be redirected, relocated, terminated or delayed. If the current infrastructure or planned infrastructure is redirected, relocated, terminated, delayed or not completed, it may have an adverse effect on the accessibility of the Other Properties, including worsening traffic congestion around the Other Properties and reduce the flow of traffic to the Other Properties. This may then have an adverse effect on the demand, appeal and the rental rates or admission fees for the Other Properties and have an adverse effect on the financial condition and results of operations of PNBMV and the Project Companies.

However, the aforementioned risks are mitigated, by the Rolling Guarantee to be provided by PNB, upon cessation of Completion Guarantee and until the settlement of all full amounts under the Merdeka Sukuk *Murabahah* Programme, to cover the next scheduled profit and principal payments. The Rolling Guarantee shall automatically be renewed at every Periodic Payment Date or at each time the Rolling Guarantee is called upon, as the case may be until full settlement of the Merdeka Sukuk *Murabahah* Programme.

7.3.4 Adequacy of Insurances/Takaful Coverage

PNBMV have undertaken the necessary measures to ensure that its business and assets are adequately covered by insurances on an annual basis. Nonetheless, there can be no assurance that the insurances would be adequate for the replacement cost of all its assets, business or any consequential costs arising therefrom. In addition, such insurances may no longer be available or the cost of insurance premiums may significantly increase in the future.

7.4 General Investment Considerations

7.4.1 Industry Risk

Like other businesses, the industry risk plays an important factor that could materially and adversely affect the financial and business prospect of the Issuer. There is no assurance that any change within the industry will not materially affect the business of PNBMV.

7.4.2 Political, Economic, Social Developments and Regulatory Considerations

The business, prospects, results of operations, condition (financial or otherwise) of PNBMV, the Project Companies and PNB may be adversely affected by political, economic, social developments and regulatory conditions in Malaysia. Political, economic, social and regulatory uncertainties include but are not limited to the risks of war, terrorism, riots, expropriation, nationalism, renegotiation or nullification of existing contracts, introduction of new regulations, changes in inflation, interest rates and methods of taxation.

Although measures may be taken by PNBMV, the Project Companies and PNB to address and/or mitigate such possible occurrences, no assurance can be given that such measures would be sufficient or effective in the circumstances.

Investors should note that whilst PNBMV, the Project Companies and PNB strive to continue to take effective measures such as prudent financial management and efficient operating procedures, there is no assurance that adverse political, economic or regulatory conditions will not materially affect PNBMV, the Project Companies and PNB.

7.4.3 Change in Law

The structure of the transaction and the issue of the Merdeka Sukuk *Murabahah* are based on Malaysian law, tax and administrative practices in effect as at the date hereof and having due regard to the expected tax treatment of all relevant statutes under such law and practices. No assurance can be given that Malaysian laws, tax or administrative practices will not change after the date of issue of the Merdeka Sukuk *Murabahah* or that such change will not adversely impact the structure of the transaction and the treatment of the Merdeka Sukuk *Murabahah*.

7.5 Forward Looking Statements

This Information Memorandum contains forward-looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may affect actual outcomes, many of which are outside the control of PNBMV. These factors include economic conditions in the markets in which PNBMV operates and achievement of PNBMV's business forecasts. These factors will cause the actual results, performance or achievements of PNBMV to differ, perhaps materially, from the results, performance or achievements expressed or implied by these forward looking statements. These forward looking statements do not constitute a representation that future results will be achieved in the amounts or by the dates indicated.

8.0 ECONOMY AND INDUSTRY OVERVIEW

8.1 Overview of the Malaysian Economy

The Malaysian economy recorded a stronger growth of 6.2% in the third quarter of 2017 (2Q 2017: 5.8%). Private sector spending continued to be the main driver of growth. The external sector also contributed positively to growth, as real exports expanded at a faster pace (11.8%; 2Q 2017: 9.6%), supported by stronger demand from major trading partners. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.8% (2Q 2017: 1.3%).

Domestic demand grew by 6.6% in the third quarter of the year (2Q 2017: 5.7%), supported by continued expansion in both private sector expenditure (7.3%; 2Q 2017: 7.2%) and public sector spending (4.1%; 2Q 2017: 0.2%).

Private consumption expanded by 7.2% (2Q 2017: 7.1%), underpinned by better labour market conditions. In particular, private sector wages were sustained amid stronger employment growth.

Private investment registered a stronger growth of 7.9% (2Q 2017: 7.4%), mainly in the services and manufacturing sectors. Within the manufacturing sector, both export- and domestic-oriented subsectors undertook higher capital spending during the quarter. Business sentiments also remained above the optimism threshold, in line with favourable external and domestic demand conditions.

Public consumption expanded by 4.2% (2Q 2017: 3.3%) following faster growth in emoluments amid continued prudence in spending on supplies and services.

Public investment turned around to register positive growth of 4.1% during the quarter (2Q 2017: -5.0%). This was due to higher fixed assets spending by both the Government and public corporations.

Headline inflation (as measured by the annual change in the Consumer Price Index ("CPI")) moderated to 3.8% in the third quarter of 2017 (2Q 2017: 4.0%) due mainly to lower transport inflation at 11.7% (2Q 2017: 13.4%). Core inflation was stable at 2.5% during the quarter. The percentage of the CPI basket that registered inflation of more than 2% remained broadly unchanged (3Q 2017: 34%; 2Q 2017: 33%).

(Source: Bank Negara Malaysia Quarterly Bulletin Third Quarter 2017)

8.2 Overview of the Property Market of Wilayah Persekutuan Kuala Lumpur

(i) Residential Property

Residential sub-sector market performance eased slightly in the review period with 5,192 transactions worth RM5.04 billion, indicating a marginal decline of 6.3% in volume. Transactions value saw a positive growth of 12.1% against first half ("H1") 2016 as the market saw higher number of transactions in the RM1.0 million and above price bracket. Condominium and apartment units continued to propel the residential market, contributed 45.6% of the total transactions.

The primary market showed a rebound as the number of new launches rose to 8,480 units in H1 2017 (H1 2016: 3,182 units; second half ("H2") 2016: 2,634

units). Nevertheless, the overall sales performance was low at 22.5% (H1 2016: 24.3%). All of these new units were condominiums/ apartments.

The overhang situation saw a positive trend as market gradually observed the unsold completed units. The overhang volume increased slightly to 746 units worth RM1.11 billion in H1 2017 against H2 2016 (717 units worth RM1.14 billion), up by 4.0% in volume. On the contrary value portrayed a mere drop of 2.1%. Similarly, the unsold under construction and not constructed showed a significant increase of 37.8% to 7,313 units (H2 2016: 5,307 units) and 93.4% to 6,118 units respectively (H2 2016: 3,164 units).

In line with the softening property market, construction activity also moderated. Completion and new planned supply witnessed a marginal reduction of 3.4% (3,542 units) and 6.7% (10,841 units) respectively as compared to H1 2016. However, starts recorded a substantial increase by more than four-fold (13,894 units) against H1 2016 (2,674 units). These starts mainly comprised condominium/ apartments in Mukim Batu and Mukim Petaling. As at end-June 2017, there were 458,237 existing residential units with another 40,051 units in the incoming supply and 47,128 units in the planned supply.

Prices of residential property varied across the board. Landed property located in prominent areas remained firm. Similarly, price increases were recorded in strategically-located schemes nearby commercial centres, city centres as well as those located along LRT and MRT. Double storey terraced houses in Damansara Heights and Taman Sri Hartamas witnessed a capital appreciation of 10.4% and 9.5% respectively. However, terraced houses in Bangsar Baru and Taman Tun Dr Ismail saw prices softening. On similar note, prices of high-rise units also showed signs of moderating. As at second quarter ("Q2") 2017, the All House Price Index for the state stood at 194.7 points, up by 6.2% from 183.3 points in Q2 2016. The average All House Price for the state as at Q2 2017 stood at RM773,109, increased from RM727,855 in Q2 2016.

The residential rental market showed mixed movements. Rental firmed up in prominent choice locations mainly due to tenancy renewal and rental revision. Houses especially high-rise units located nearby higher learning institutions, along LRT and MRT routes also experienced rental gains.

(ii) Shopping Complex

The sub-sector only recoded the transaction of Kompleks Maksak in Jalan Cheras, which was 2016 transaction but concluded in the review period.

The retail sub-sector saw a slightly lesser performance as its average occupancy rate reduced to 84.9% in H1 2017 from to 86.8% in H2 2016. The annual take-up was higher at 103,901 square meters ("s.m.") as new completions secured good occupancy level. The review period witnessed six new completions which injected a total of 205,205 s.m. into the market, namely IKEA/MyTown Shopping Mall at Cheras (floor area: 92,902 s.m.), Plaza Haji Taib at Central Commercial Area (floor area: 1,414 s.m.), Pavilion Elite (Pavilion KL Extension) at Bukit Bintang/ Jalan Raja Chulan (floor area: 23,226 s.m.), Damansara City Mall (DC MALL) at Damansara (floor area: 29,729 s.m.), KL Gateway Mall at Bangsar South (floor area: 37,160 s.m.) and KL Eco City at Lebuhraya Persekutuan (floor area: 20,774 s.m.).

The sub-sector did not witness any new construction activity in the review period. As at end-June 2017, there were 110 existing shopping complexes (3,058,200 s.m.) with another five complexes each (227,653 s.m.) in the incoming supply and (435,430 s.m.) in the planned supply.

Generally, rentals of retail space were stable for most shopping complexes with few exceptions. Upward rental movements were recorded in selected complexes due to tenancy renewals and rental revisions.

(iii) Leisure

The leisure sub-sector witnessed the completion of two new hotels offering 512 rooms. These were the boutique hotel known as Arcoris Hotel in Mon't Kiara, and the four-star Mercure Kuala Lumpur Shaw Parade in Jalan Changkat Thambi Dollah. As at end-June 2017, there were 217 hotels (38,695 rooms) in the existing supply, with another 19 hotels (5,328 rooms) in the incoming supply and 14 hotels (3,347 rooms) in the planned supply.

(Source: Property Market Report First Half 2017, Valuation and Property Services Department, Ministry of Finance Malaysia)

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9.0 OTHER INFORMATION

9.1 Material Contracts

The Issuer and the Project Companies have not entered into any material contracts (not being contracts entered in the ordinary course of business) within the past two (2) years up until 15 October 2017.

PNB has not entered into any material contracts (not being contracts entered in the ordinary course of business) within the past two (2) years up until 15 October 2017.

9.2 Material Litigation

As at 15 October 2017, the Issuer and the Project Companies are not engaged in any material litigation in which the Issuer or the Project Companies is involved whether as plaintiff or defendant or as a third party, or any proceedings pending or threatened in writing or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position, business or reputation of the Issuer or the Project Companies.

As at 15 October 2017, PNB is not engaged in any material litigation in which PNB is involved whether as plaintiff or defendant or as a third party, or any proceedings pending or threatened in writing or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position, business or reputation of PNB.

9.3 Conflict of Interests and Appropriate Mitigating Measures

9.3.1 MIDF Investment as Principal Adviser, Lead Arranger, Lead Manager, Shariah Adviser, Facility Agent and Security Agent for the Merdeka Sukuk *Murabahah* Programme and Principal Adviser, Joint Lead Arranger, Joint Lead Manager, Shariah Adviser, Facility Agent and Security Agent for the Merdeka ASEAN Green SRI Sukuk Programme

MIDF Investment has been appointed as the Principal Adviser, Lead Arranger, Lead Manager, Shariah Adviser, Facility Agent and Security Agent for the Merdeka Sukuk *Murabahah* Programme and the Principal Adviser, Joint Lead Arranger, Joint Lead Manager, Shariah Adviser, Facility Agent and Security Agent for the Merdeka ASEAN Green SRI Sukuk Programme. MIDF Investment is also an investor for the Merdeka ASEAN Green SRI Sukuk Programme. In view that MIDF Investment is also a related company of the Issuer, there may be conflict of interest on the part of MIDF Investment in terms of its duties owed to the potential investors on one hand and its related company relationship to the Issuer.

MIDF Investment has considered the factors involved and believes that objectivity and independence in carrying out its role has been/will be maintained at all times for reasons including the following:

- (a) MIDF Investment is a licensed investment bank and its appointment to act in various capacities for the Sukuk Programmes is in the ordinary course of its business;

- (b) the conduct of MIDF Investment is regulated strictly by the Financial Services Act 2013 and the CMSA and by its own internal controls and checks;
- (c) the various roles to be undertaken by MIDF Investment as described above for the Sukuk Programmes will be governed by the relevant agreements and documents which set out the rights, duties and responsibilities of MIDF Investment in the respective capacity; and
- (d) save for the professional fees charged in relation to the various roles undertaken by MIDF Investment under the Sukuk Programmes, MIDF Investment will not be deriving any monetary benefit from the Sukuk Programmes outside the aforesaid capacities.

In order to further mitigate or address any such conflict of interest, the following measures have been taken:

- (a) the potential conflict of interest situation has been brought to the attention of the board of directors of the Issuer and it is hence fully informed and aware of and is agreeable to proceed with the Sukuk Programmes;
- (b) Zul Rafique & partners acting as the independent legal counsel has been appointed to conduct a legal due diligence inquiry on the Issuer and its holding company, PNB; and
- (c) the potential conflict of interest situation is disclosed in this Information Memorandum.

9.3.2 Messrs. Zul Rafique & partners, as solicitors for the Principal Adviser and Lead Arranger under the Merdeka Sukuk *Murabahah* Programme

After making enquiries as were reasonable in the circumstances, Messrs. Zul Rafique & partners as the solicitors to the Principal Adviser and Lead Arranger have confirmed that, to the best of its knowledge and belief, it is not aware of any existing or potential conflict of interest arising from the role assumed by the firm in relation to the Merdeka Sukuk *Murabahah* Programme.

9.3.3 AmanahRaya Trustees Berhad, as Sukuk Trustee under the Merdeka Sukuk *Murabahah* Programme

After making enquiries as were reasonable in the circumstances, AmanahRaya Trustees Berhad as the sukuk trustee has confirmed that, to the best of its knowledge and belief, it is not aware of any conflict-of-interest situation arising from its role as the sukuk trustee in relation to the Merdeka Sukuk *Murabahah* Programme.

9.3.4 Messrs. Hanafiah Raslan & Mohamad, as Reporting Accountant under the Merdeka Sukuk *Murabahah* Programme

After making enquiries as were reasonable in the circumstances, Messrs. Hanafiah Raslan & Mohamad as the reporting accountant to the Issuer have

confirmed that, to the best of its knowledge and belief, it is not aware of any existing or potential conflict of interest arising from the role assumed by the firm in relation to the Merdeka Sukuk *Murabahah* Programme.

9.3.5 Turner International Malaysia Sdn. Bhd.

After making enquiries as were reasonable in the circumstances, Turner International Malaysia Sdn. Bhd. as the project management consultant to the Issuer have confirmed that, to the best of its knowledge and belief, it is not aware of any circumstances that would give rise to a conflict of interest or potential conflict of interest situation arising from the role assumed by the firm in relation to the Merdeka Sukuk *Murabahah* Programme.

9.3.6 Jones Lang Wootton

After making enquiries as were reasonable in the circumstances, Jones Lang Wootton as the property market consultant to the Issuer have confirmed that, to the best of its knowledge and belief, it is not aware of any circumstances that would give rise to existing conflict of interest or potential conflict of interest arising from the role assumed by the firm in relation to the Merdeka Sukuk *Murabahah* Programme.

9.3.7 Rahim & Co International Sdn. Bhd.

After making enquiries as were reasonable in the circumstances, Rahim & Co International Sdn. Bhd. ("**Rahim & Co**") as the property valuer to the Issuer have confirmed that, to the best of its knowledge and belief, it is not aware of any circumstances that would give rise to a conflict of interest or potential conflict of interest arising from the role assumed by the firm in relation to the Merdeka Sukuk *Murabahah* Programme.

Rahim & Co wish to declare that PNB has acquired forty nine percent (49%) of the shares of Rahim & Co. Rahim & Co also wish to confirm that the management of Rahim & Co is not in any way influenced by the shareholders in fulfilling their role as property valuer on behalf of PNBMV.

9.3.8 JUBM Sdn. Bhd.

After making enquiries as were reasonable in the circumstances, JUBM Sdn. Bhd. as the quantity surveyor for Merdeka PNB118 to the Issuer have confirmed that, to the best of its knowledge and belief, it is not aware of any circumstances that would give rise to a conflict of interest or potential conflict of interest situation arising from the role assumed by the firm in relation to the Merdeka Sukuk *Murabahah* Programme.

9.4 Contingent Liabilities

As at 15 October 2017, the Issuer, the Project Companies and PNB are not aware of any material contingent liabilities which upon becoming enforceable may have a material adverse impact on its financial position and/or business.

APPENDIX 1

**AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2016**

**PNB MERDEKA VENTURES
SDN. BERHAD
(517991-A)
(Incorporated in Malaysia)**

**Directors' Report and Audited Financial
Statements
31 December 2016**

**HANAFIAH RASLAN & MOHAMAD
AF : 0002**

PNB MERDEKA VENTURES SDN. BERHAD
(Incorporated in Malaysia)

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PNB MERDEKA VENTURES SDN. BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of management and development of freehold land located at lot numbers 795, 796, 797, 799, 800, 802 and 803, Section 56 Kuala Lumpur. Located on freehold land at lot nos. 743, 747 and 801 are Stadium Negara and Stadium Merdeka ("the Stadia"), which have been declared as "National Heritage" on 17 October 2005 under the Antiquities (Ancient Monuments and Historical Sites) Order 2005 of Antiquities Act, 1976 per Gazette Order (no P.U. (A) 524), which was then replaced by the National Heritage Act 2005 with effect from 30 December 2005. Consequently, the Stadia cannot be demolished. The Company has completed the foundation works and the construction work continues for the Merdeka PNB118 Tower on the freehold land at lot numbers 795, 796, 797, 799, 800, 802 and 803.

The Company has executed a lease agreement of the Stadia with the Trustee of The Merdeka Heritage Trust on 3 July 2007.

The principal activities of the subsidiaries are described in Note 10 to the financial statements.

RESULTS

	Group RM	Company RM
Loss for the year	<u>(24,121,481)</u>	<u>(25,243,652)</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been declared or paid by the Company since the end of the previous financial year. The directors do not recommend the payment of dividend in respect of the current financial year.

PNB MERDEKA VENTURES SDN. BERHAD
(Incorporated in Malaysia)

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Abdul Wahid bin Omar (appointed on 1 August 2016)
Tan Sri Dato' Seri Abd. Wahab bin Maskan
Dato' Johan bin Ariffin
Dato' Abdul Rahman bin Ahmad (appointed on 1 October 2016)
Datuk Ir. Hamzah bin Hassan (appointed on 2 February 2017)
Datuk Noorizah binti Haji Abdul Hamid (appointed on 2 February 2017)
Dato' Khor Chap Jen (appointed on 28 February 2017)
Tun Ahmad Sarji bin Abdul Hamid (retired on 1 August 2016)
Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman (retired on 1 October 2016)
Datuk Haji A. Rahim bin Abdullah (retired on 2 February 2017)
Tan Sri Dato' Dr. Ir. Wan Abdul Rahman bin Haji Wan Ya'acob (retired on 2 February 2017)

The names of the directors of the subsidiary in office since the beginning of the financial year to the date of this report are:

Dato' Mohd Nizam bin Zainordin
Adibah Khairiah binti Ismail@ Daud

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 5 to the financial statements or the fixed salary of a full-time employee of the immediate holding company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to register of directors' shareholdings, none of the directors in office at the end of the financial year has any interests in shares of the Company or its related companies during the financial year.

PNB MERDEKA VENTURES SDN. BERHAD
(Incorporated in Malaysia)

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and
 - (ii) the values attributable to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

PNB MERDEKA VENTURES SDN. BERHAD
(Incorporated in Malaysia)

OTHER STATUTORY INFORMATION (CONTD.)

- (f) As at 31 December 2016, net current liabilities of the Group and of the Company were RM796,042,460 (2015: RM520,031,051) and RM439,819,794 (2015: RM207,185,664) respectively. The financial statements are prepared on a going concern basis as the immediate holding company, Permodalan Nasional Berhad has undertaken to provide continuing financial support to enable the Group and the Company to meet their obligations and liabilities as they fall due.
- (g) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due.
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSEQUENT EVENT

Details of subsequent event is disclosed in Note 25 to the financial statements.

AUDITORS AND AUDITORS' REMUNERATION

The auditors, Hanafiah Raslan & Mohamad, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 5 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 March 2017.



Tan Sri Abdul Wahid bin Omar



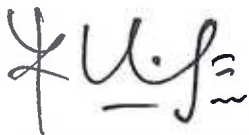
Dato' Abdul Rahman bin Ahmad

PNB MERDEKA VENTURES SDN. BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Abdul Wahid bin Omar and Dato' Abdul Rahman bin Ahmad, being two of the directors of PNB Merdeka Ventures Sdn. Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 11 to 46 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 March 2017.



Tan Sri Abdul Wahid bin Omar



Dato' Abdul Rahman bin Ahmad

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

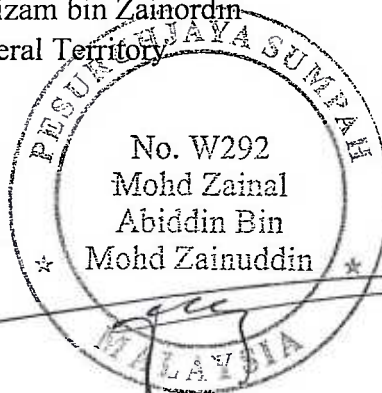
I, Dato' Mohd Nizam bin Zainordin, being the officer primarily responsible for the financial management of PNB Merdeka Ventures Sdn. Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 46 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Dato' Mohd Nizam bin Zainordin
at Kuala Lumpur in the Federal Territory
on 15 March 2017



Dato' Mohd Nizam bin Zainordin

Before me,



Lot 1.68, 1st Floor,
Wisma Cosway, Jalan Raja Chular
50200 Kuala Lumpur.
Tel: 03-91725900
HP: 012-3756796

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Mail Address:
P.O. Box 11040
50734 Kuala Lumpur, Malaysia

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
PNB MERDEKA VENTURES SDN. BERHAD
(Incorporated in Malaysia)**

Report on the audit of financial statements

Opinion

We have audited the financial statements of PNB Merdeka Ventures Sdn. Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 46.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Basis of opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
PNB MERDEKA VENTURES SDN. BERHAD (CONT'D.)
(Incorporated in Malaysia)**

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report on this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and of the Company or to cease operations, or have no realistic alternative but to do so.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
PNB MERDEKA VENTURES SDN. BERHAD (CONT'D.)
(Incorporated in Malaysia)**

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
PNB MERDEKA VENTURES SDN. BERHAD (CONT'D.)
(Incorporated in Malaysia)**

Auditors' responsibilities for the audit of the financial statements (cont'd.)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

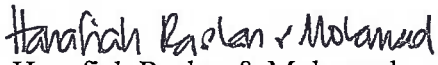
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
PNB MERDEKA VENTURES SDN. BERHAD (CONT'D.)
(Incorporated in Malaysia)**

Other matters

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.


Hanafiah Raslan & Mohamad
AF: 0002
Chartered Accountants

Kuala Lumpur, Malaysia
15 March 2017


Muhammad Syarizal Bin Abdul Rahim
No. 03157/01/2019 J
Chartered Accountant

PNB MERDEKA VENTURES SDN. BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM	2015 RM
INCOME	3	<u>1,357,799</u>	<u>57,661</u>
EXPENSES			
Quit rent and assessment		(581,332)	(460,258)
Depreciation for:			
Equipments	7	(45,208)	(46,764)
Investment properties	8	(186,747)	(186,747)
Employee benefits expenses	4	(3,748,303)	(3,531,497)
Interest on amount due to immediate holding company		(18,473,251)	(16,051,909)
Other operating expenses	5	<u>(2,449,233)</u>	<u>(2,149,050)</u>
		<u>(25,484,074)</u>	<u>(22,426,225)</u>
Loss before taxation		(24,126,275)	(22,368,564)
Taxation	6	<u>4,794</u>	<u>(3,907)</u>
Loss for the year, representing total comprehensive loss for the year		<u>(24,121,481)</u>	<u>(22,372,471)</u>

The accompanying notes form an integral part of the financial statements.

PNB MERDEKA VENTURES SDN. BERHAD
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM	2015 RM
INCOME	3	1,357,799	57,661
EXPENSES			
Quit rent and assessment		(581,332)	(460,258)
Depreciation for:			
Equipments	7	(45,208)	(46,764)
Investment properties	8	(186,747)	(186,747)
Employee benefits expenses	4	(3,748,303)	(3,531,497)
Interest on amount due to immediate holding company		(19,633,182)	(16,051,909)
Other operating expenses	5	(2,411,473)	(2,107,982)
		<u>(26,606,245)</u>	<u>(22,385,157)</u>
Loss before taxation		(25,248,446)	(22,327,496)
Taxation	6	4,794	(3,907)
Loss for the year, representing total comprehensive loss for the year		<u>(25,243,652)</u>	<u>(22,331,403)</u>

The accompanying notes form an integral part of the financial statements.

PNB MERDEKA VENTURES SDN. BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 RM	2015 RM
NON-CURRENT ASSETS			
Equipments	7	113,972	143,559
Investment properties	8	1,002,010,490	693,434,993
Land held for property development	9	-	56,660,776
		<u>1,002,124,462</u>	<u>750,239,328</u>
CURRENT ASSETS			
Amount due from The Merdeka Heritage Trust		64,962	31,934
Other receivables	12	12,276,540	4,574,583
Cash and bank balances	13	69,450	5,912
		<u>12,410,952</u>	<u>4,612,429</u>
CURRENT LIABILITIES			
Amount due to immediate holding company	14	781,989,512	482,231,594
Other payables	15	26,463,900	42,411,886
		<u>808,453,412</u>	<u>524,643,480</u>
NET CURRENT LIABILITIES		<u>(796,042,460)</u>	<u>(520,031,051)</u>
		<u>206,082,002</u>	<u>230,208,277</u>
REPRESENTED BY:			
Share capital	16	62,000,002	62,000,002
Share premium		248,000,000	248,000,000
Accumulated losses		(103,934,746)	(79,813,265)
Shareholder's funds		<u>206,065,256</u>	<u>230,186,737</u>
NON-CURRENT LIABILITY			
Deferred tax liability	17	16,746	21,540
		<u>206,082,002</u>	<u>230,208,277</u>

The accompanying notes form an integral part of the financial statements.

PNB MERDEKA VENTURES SDN. BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 RM	2015 RM
NON-CURRENT ASSETS			
Equipments	7	113,972	143,559
Investment properties	8	644,720,009	437,304,738
Investment in subsidiaries	10	12	12
		<u>644,833,993</u>	<u>437,448,309</u>
CURRENT ASSETS			
Amount due from The Merdeka Heritage Trust		64,962	31,934
Amount due from subsidiaries	11	356,357,673	312,791,019
Other receivables	12	12,059,373	4,574,551
Cash and bank balances	13	59,450	5,912
		<u>368,541,458</u>	<u>317,403,416</u>
CURRENT LIABILITIES			
Amount due to immediate holding company	14	781,929,762	482,217,094
Other payables	15	26,431,490	42,371,986
		<u>808,361,252</u>	<u>524,589,080</u>
NET CURRENT LIABILITIES		<u>(439,819,794)</u>	<u>(207,185,664)</u>
		<u>205,014,199</u>	<u>230,262,645</u>
REPRESENTED BY:			
Share capital	16	62,000,002	62,000,002
Share premium		248,000,000	248,000,000
Accumulated losses		(105,002,549)	(79,758,897)
Shareholder's funds		<u>204,997,453</u>	<u>230,241,105</u>
NON-CURRENT LIABILITY			
Deferred tax liability	17	16,746	21,540
		<u>205,014,199</u>	<u>230,262,645</u>

The accompanying notes form an integral part of the financial statements.

PNB MERDEKA VENTURES SDN. BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Group

	Share Capital (Note 16) RM	Non- Distributable Share Premium RM	Accumulated Losses RM	Total Equity RM
At 1 January 2015	62,000,002	248,000,000	(57,440,794)	252,559,208
Total comprehensive loss for the year	-	-	(22,372,471)	(22,372,471)
At 31 December 2015	62,000,002	248,000,000	(79,813,265)	230,186,737
At 1 January 2016	62,000,002	248,000,000	(79,813,265)	230,186,737
Total comprehensive loss for the year	-	-	(24,121,481)	(24,121,481)
At 31 December 2016	62,000,002	248,000,000	(103,934,746)	206,065,256

Company

	Share Capital (Note 16) RM	Non- Distributable Share Premium RM	Accumulated Losses RM	Total Equity RM
At 1 January 2015	62,000,002	248,000,000	(57,427,494)	252,572,508
Total comprehensive loss for the year	-	-	(22,331,403)	(22,331,403)
At 31 December 2015	62,000,002	248,000,000	(79,758,897)	230,241,105
At 1 January 2016	62,000,002	248,000,000	(79,758,897)	230,241,105
Total comprehensive loss for the year	-	-	(25,243,652)	(25,243,652)
At 31 December 2016	62,000,002	248,000,000	(105,002,549)	204,997,453

The accompanying notes form an integral part of the financial statements.

PNB MERDEKA VENTURES SDN. BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 RM	2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(24,126,275)	(22,368,564)
Adjustments for:		
Depreciation		
- Equipments	45,208	46,764
- Investment properties	186,747	186,747
Operating loss before working capital changes	(23,894,320)	(22,135,053)
Increase in other receivables	(7,701,957)	(4,260,140)
Increase in amount due from		
The Merdeka Heritage Trust	(33,028)	(31,934)
Increase in amount due to immediate holding company	299,757,918	147,094,458
(Decrease)/increase in other payables	(15,947,986)	24,339,066
Net cash used in operating activities	<u>252,180,627</u>	<u>145,006,397</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction costs incurred on investment properties	(252,101,468)	(144,981,239)
Purchase of equipments	(15,621)	(26,157)
Net cash used in investing activities	<u>(252,117,089)</u>	<u>(145,007,396)</u>
NET INCREASE)/(DECREASE) IN CASH AND CASH EQUIVALENTS	63,538	(999)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,912	6,911
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>69,450</u>	<u>5,912</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances (Note 13)	<u>69,450</u>	<u>5,912</u>

The accompanying notes form an integral part of the financial statements.

PNB MERDEKA VENTURES SDN. BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 RM	2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(25,248,446)	(22,327,496)
Adjustments for:		
Depreciation		
- Equipments	45,208	46,764
- Investment properties	186,747	186,747
Operating loss before working capital changes	(25,016,491)	(22,093,985)
Increase in other receivables	(7,484,822)	(4,260,108)
Increase in amount due from		
The Merdeka Heritage Trust	(33,028)	(31,934)
(Decrease)/increase in other payables	(15,940,496)	24,306,666
Increase in amount due to immediate holding company	299,712,668	147,085,758
Increase in amount due from subsidiaries	(43,566,654)	(44,439,441)
Net cash used in operating activities	<u>207,671,177</u>	<u>100,566,956</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction costs incurred on investment properties	(207,602,018)	(100,541,796)
Purchase of equipments	(15,621)	(26,157)
Increase in investment in subsidiary	-	(2)
Net cash used in investing activities	<u>(207,617,639)</u>	<u>(100,567,955)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	53,538	(999)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,912	6,911
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>59,450</u>	<u>5,912</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances (Note 13)	<u>59,450</u>	<u>5,912</u>

The accompanying notes form an integral part of the financial statements.

PNB MERDEKA VENTURES SDN. BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

1. CORPORATE INFORMATION

PNB Merdeka Ventures Sdn. Berhad (“the Company”) is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 4, Balai PNB, Jalan Tun Razak, 50400 Kuala Lumpur.

The principal activities of the Company are those of management and development of freehold land located at lot numbers 795, 796, 797, 799, 800, 802 and 803, Section 56 Kuala Lumpur. Located on freehold land at lot nos. 743, 747 and 801 are Stadium Negara and Stadium Merdeka, which have been declared as “National Heritage” on 17 October 2005 under the Antiquities (Ancient Monuments and Historical Sites) Order 2005 of Antiquities Act, 1976 per Gazette Order (no P.U. (A) 524), which was then replaced by the National Heritage Act 2005 with effect from 30 December 2005. Consequently, the Stadia cannot be demolished. The Company has completed the foundation works and the construction works continues for Merdeka PNB118 Tower on the freehold land at lot numbers 795, 796, 797, 799, 800, 802 and 803.

The Company on 3 July 2007, has executed a lease agreement of the Stadia with the Trustees of The Merdeka Heritage Trust.

The principal activities of the subsidiaries are described in Note 10 to the financial statements.

The immediate and ultimate holding company of the Company are Permodalan Nasional Berhad (“PNB”), a company incorporated in Malaysia and Yayasan Pelaburan Bumiputra, a company incorporated in Malaysia and limited by guarantee, respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 March 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act, 1965 in Malaysia.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.1 Basis of preparation (Contd.)

The financial statements of the Group and of the Company have also been prepared on a historical basis and are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Group and of the Company.

As at 31 December 2016, net current liabilities of the Group and of the Company were RM796,042,460 (2015 : RM520,031,051) and RM439,819,794 (2015 : RM207,185,664) respectively. The financial statements are prepared on a going concern basis as the immediate holding company, PNB has undertaken to provide continuing financial support to enable the Group and the Company to meet their obligations and liabilities as they fall due.

2.2 Changes in accounting policies

The new and revised MFRSs which are mandatory for companies with financial period beginning on or after 1 January 2016 do not give rise to any significant effects on the financial statements of the Group and of the Company.

2.3 Standards issued but not yet effective

The directors expect that the new MFRSs which are issued but not yet effective for the financial year ended 31 December 2016 will not have a material impact on the financial statements of the Group and of the Company in the period of initial applications.

2.4 Summary of significant accounting policies

(a) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties also include the property that is being constructed for future use as investment property. Such properties are initially measured at cost, including transaction costs. Subsequent to recognition, such properties are stated at cost less accumulated depreciation and impairment losses.

Investment properties are derecognised when the investment properties are permanently withdrawn from its use and no future economic benefit is expected from its disposal. Any gain or losses on the retirement or disposal of an investment property is recognised in profit or loss in the year in which they arise.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

(a) Investment properties (Contd.)

(i) Freehold land

The freehold land element of an investment property are not depreciated due to the unlimited useful life.

(ii) Buildings

Buildings represents Stadium Merdeka and Stadium Negara and are depreciated at an annual rate of depreciation of 2%.

(iii) Investment properties under construction ("IPUC")

IPUC consists of construction costs in respect of Merdeka PNB118 Tower. IPUC is classified as non-current assets and is stated at cost less any accumulated impairment losses.

(b) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(i) Freehold land

The freehold land is not depreciated due to the unlimited useful life.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

(c) Equipments and depreciation

All items of equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Subsequent to recognition, all items of equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of equipments is provided for on the straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Equipments	10% - 20%
Computer equipments	<u>25%</u>

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of equipment.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(d) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

(d) Impairment of non-financial assets (Contd.)

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognised in profit or loss in the period in which it arises.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

(e) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of its financial assets at initial recognition, and its financial assets, all of which are classified as loans and receivables include receivables and cash at bank.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

(e) Financial assets (Contd.)

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. The Group and the Company include other receivables in this classification.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Amortised cost is computed using the effective interest rate method. This method uses effective interest rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to the net carrying amount of the financial instrument. Amortised cost takes into account any transaction costs and any discount or premium on settlement.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(f) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. Objective evidence of impairment of receivables could include the Group and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

(f) Impairment of financial assets (Contd.)

The carrying amount of the financial asset is directly reduced by the impairment loss except for receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(g) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities. The Group and the Company's financial liabilities which include other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished and the resulting gains or losses are recognised in profit or loss.

(h) Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include cash at bank.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

(i) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

(i) Current tax

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

(i) Income tax (Contd.)

(ii) Deferred tax (Contd.)

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

(j) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the period in which the associated services rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

Defined contribution plan is post-employment benefit plan under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if the fund do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(k) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured.

(i) Rental income and other income

Rental income and other income are recognised on an accrual basis.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

(l) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(m) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

(n) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

(n) Borrowing costs (Contd.)

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(o) Significant accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application or policies and the reported amounts of income, assets, liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in the future.

No major judgements have been made by management in applying the Company's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty as at reporting date that have a significant risk of causing a material adjustment.

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

3. INCOME

	Group and Company	
	2016	2015
	RM	RM
Rental income	5,000	30,010
Other income	1,352,799	27,651
	<u>1,357,799</u>	<u>57,661</u>

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

4. EMPLOYEE BENEFITS EXPENSES

	Group and Company	
	2016	2015
	RM	RM
Salaries and wages	3,101,412	2,934,449
EPF contribution	514,344	486,940
Social security contributions	8,534	5,347
Other employee benefits	124,013	104,761
	<u>3,748,303</u>	<u>3,531,497</u>

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. All directors of the Company are considered key management personnel. Key management personnel are not paid any salaries, other emoluments and pension costs, other than directors' fees and allowances as disclosed in Note 5.

5. OTHER OPERATING EXPENSES

Included in other operating expenses are:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Auditors' remuneration				
Statutory audit	16,000	16,000	10,000	10,000
Other services:				
Advisory	29,500	-	13,000	-
Direct operating expenses of investment properties	742,080	742,080	742,080	742,080
Directors' fees	126,000	125,452	126,000	125,452
Directors' allowances	36,800	41,000	36,800	41,000

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

6. TAXATION

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Deferred tax (Note 16):				
Relating to origination and reversal of temporary differences	(5,692)	(2,985)	(5,692)	(2,985)
Under provision in prior year	898	6,892	898	6,892
	<u>(4,794)</u>	<u>3,907</u>	<u>(4,794)</u>	<u>3,907</u>

There is no income tax charge for the year as the Group and the Company is in a tax loss position. Domestic current income tax is calculated at the statutory rate of 24% (2015: 25%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and Company is as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Loss before taxation	<u>(24,126,275)</u>	<u>(22,368,564)</u>	<u>(25,248,446)</u>	<u>(22,327,496)</u>
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	(5,790,306)	(5,592,141)	(6,059,627)	(5,581,874)
Expenses not deductible for tax purposes	4,502,502	4,114,673	4,771,823	4,104,406
Deferred tax assets not recognised on unutilised business losses and unabsorbed capital allowances	1,282,112	1,474,483	1,282,112	1,474,483
Under provision of deferred tax in prior year	898	6,892	898	6,892
	<u>(4,794)</u>	<u>3,907</u>	<u>(4,794)</u>	<u>3,907</u>

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

7. EQUIPMENTS

Group and Company

	Equipment RM	Computer Equipment RM	Total RM
Cost			
At 1 January 2016	522,964	157,740	680,704
Additions	2,898	12,723	15,621
At 31 December 2016	<u>525,862</u>	<u>170,463</u>	<u>696,325</u>
Accumulated Depreciation			
At 1 January 2016	418,874	118,271	537,145
Charge for the year	21,544	23,664	45,208
At 31 December 2016	<u>440,418</u>	<u>141,935</u>	<u>582,353</u>
Net Carrying Amount			
At 31 December 2016	<u>85,444</u>	<u>28,528</u>	<u>113,972</u>
Cost			
At 1 January 2015	519,214	135,333	654,547
Additions	3,750	22,407	26,157
At 31 December 2015	<u>522,964</u>	<u>157,740</u>	<u>680,704</u>
Accumulated Depreciation			
At 1 January 2015	396,996	93,385	490,381
Charge for the year	21,878	24,886	46,764
At 31 December 2015	<u>418,874</u>	<u>118,271</u>	<u>537,145</u>
Net Carrying Amount			
At 31 December 2015	<u>104,090</u>	<u>39,469</u>	<u>143,559</u>

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

8. INVESTMENT PROPERTIES

Group	Freehold Land RM	Buildings RM	Investment Property Under Construction RM	Total RM
At cost				
At 1 January 2016	247,452,359	9,337,347	439,108,095	695,897,801
Cost incurred during the year	-	-	252,101,468	252,101,468
Transfer from land held for property development	-	-	56,660,776	56,660,776
At 31 December 2016	247,452,359	9,337,347	747,870,339	1,004,660,045
Accumulated Depreciation				
At 1 January 2016	-	2,462,808	-	2,462,808
Charge for the year	-	186,747	-	186,747
At 31 December 2016	-	2,649,555	-	2,649,555
Net Carrying Amount				
At 31 December 2016	247,452,359	6,687,792	747,870,339	1,002,010,490
At cost				
At 1 January 2015	247,452,359	9,337,347	294,126,856	550,916,562
Cost incurred during the year	-	-	144,981,239	144,981,239
At 31 December 2015	247,452,359	9,337,347	439,108,095	695,897,801
Accumulated Depreciation				
At 1 January 2015	-	2,276,061	-	2,276,061
Charge for the year	-	186,747	-	186,747
At 31 December 2015	-	2,462,808	-	2,462,808
Net Carrying Amount				
At 31 December 2015	247,452,359	6,874,539	439,108,095	693,434,993

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

8. INVESTMENT PROPERTIES (CONTD.)

Company	Freehold Land RM	Buildings RM	Investment Property Under Construction RM	Total RM
At cost				
At 1 January 2016	121,818,494	9,337,347	308,611,705	439,767,546
Cost incurred during the year	-	-	248,492,304	248,492,304
Transfer to subsidiaries	-	-	(40,890,286)	(40,890,286)
At 31 December 2016	121,818,494	9,337,347	516,213,723	647,369,564
Accumulated Depreciation				
At 1 January 2016	-	2,462,808	-	2,462,808
Charge for the year	-	186,747	-	186,747
At 31 December 2016	-	2,649,555	-	2,649,555
Net Carrying Amount				
At 31 December 2016	121,818,494	6,687,792	516,213,723	644,720,009
At cost				
At 1 January 2015	121,818,494	9,337,347	208,069,909	339,225,750
Cost incurred during the year	-	-	144,981,239	144,981,239
Transfer to subsidiaries	-	-	(44,439,443)	(44,439,443)
At 31 December 2015	121,818,494	9,337,347	308,611,705	439,767,546
Accumulated Depreciation				
At 1 January 2015	-	2,276,061	-	2,276,061
Charge for the year	-	186,747	-	186,747
At 31 December 2015	-	2,462,808	-	2,462,808
Net Carrying Amount				
At 31 December 2015	121,818,494	6,874,539	308,611,705	437,304,738

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

8. INVESTMENT PROPERTIES (CONTD.)

Investment properties owned by the Company include freehold lands, stadia and investment properties under construction ("IPUC"). The freehold lands consists of two areas:

- Lot nos. 795, 796, 797, 799, 802 and 803, Section 55, in Kuala Lumpur on which the 118-storey tower is currently being constructed; and
- Lot nos. 743, 747 and 801, Section 56, in Kuala Lumpur, at which Stadium Negara and Stadium Merdeka ("the Stadia") are located.

The Stadia has been declared as "National Heritage" on 17 October 2005 under the Antiquities (Ancient Monuments and Historical Sites) Order 2005 of Antiquities Act, 1976 per Gazette Order (no P.U. (A) 524), which was then replaced by the National Heritage Act 2005 with effect from 30 December 2005. Consequently, the Stadia cannot be demolished and the site cannot be redeveloped.

On 30 August 2006, the immediate holding company of the Company, PNB, has entered into a Trust Deed agreement between the Trustees of The Merdeka Heritage Trust which was subsequently incorporated on 2 October 2006 under Trustee (Incorporation) Act, 1952. PNB, as the founder of The Merdeka Heritage Trust, is desirous to promote culture, arts and heritage in Malaysia including the continuous permanent conservation, restoration and preservation of the Stadia.

Towards achieving these objectives, the Company, on 3 July 2007, has leased the portion of its freehold land at lots nos. 743, 747 and 801 on which the Stadia are located to the Trustees of The Merdeka Heritage Trust, under an operating lease agreement for a lease period of thirty years, commencing from the date of the lease agreement.

On 27 December 2013, the Company entered into a Sales and Purchase Agreement with its subsidiaries for the sale of undivided shares in the land amounting to RM304,113,135.

In 2016, the Company has completed the foundation works and the construction work continues for the Merdeka PNB118 Tower. The construction costs in respect of the IPUC are then allocated and transferred between the Company and its subsidiaries.

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8. INVESTMENT PROPERTIES (CONTD.)

Fair value information

Fair value of investment properties are categorised as follows:

		2016			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Group					
Land and buildings		-	-	1,378,800	1,378,800
Company					
Land and buildings		-	-	568,231	568,231
		2015			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Group					
Land and buildings		-	-	1,152,200	1,152,200
Company					
Land and buildings		-	-	478,295	478,295

Valuation process applied by the Company for Level 3 fair value

For fair value disclosure purposes, completed investment properties were revalued by the Directors based on independent professional valuations using the open market value basis. Valuations are performed by accredited independent valuers with recent experience in the location and categories of properties being valued. Changes in Level 3 fair values are analysed by the Directors annually after obtaining valuation report from the independent valuers.

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8. INVESTMENT PROPERTIES (CONTD.)

Fair value information (Contd.)

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can assess at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

The comparison method entails analysing recent transactions and asking prices of similar properties in and around the locality for comparison purposes to derive at the market value with adjustments made for differences in location, terrain, size and shape of land, tenure, title restrictions if any, and other relevant characteristics to arrive at the market value. The fair values of the investment properties are based on their highest and best use.

9. LAND HELD FOR PROPERTY DEVELOPMENT

Group

	Freehold Lands RM
At cost:	
At 1 January 2016	56,660,776
Transfer to the investment property under construction	(56,660,776)
At 31 December 2016	<u> </u>
At cost:	
At 1 January 2015/31 December 2015	<u>56,660,776</u>

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10. INVESTMENT IN SUBSIDIARIES

Company	2016 RM	2015 RM
Unquoted shares - at cost	<u>12</u>	<u>12</u>

Name of Companies (Incorporated in Malaysia)	Effective Ownership Interest		Principal Activities
	2016 %	2015 %	
- PNB Merdeka Tower Hotel Sdn. Bhd.	100	100	Dormant
- PNB Merdeka Skydeck Sdn. Bhd.	100	100	Dormant
- PNB Merdeka Retail Mall Sdn. Bhd.	100	100	Dormant
- PNB Merdeka Park Hotel Sdn. Bhd.	100	100	Dormant
- PNB Merdeka Development Sdn. Bhd.	100	100	Dormant
- PNB Merdeka District Cooling System Sdn. Bhd.	100	100	Dormant

11. AMOUNT DUE FROM SUBSIDIARIES

The amount due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

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12. OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Rental receivable	-	2,650	-	2,650
Prepayments	63,467	-	63,467	-
Deposits	274,440	274,440	274,440	274,440
GST receivables	11,858,787	4,140,554	11,641,644	4,140,554
Sundry receivables	79,846	156,939	79,822	156,907
	<u>12,276,540</u>	<u>4,574,583</u>	<u>12,059,373</u>	<u>4,574,551</u>

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

13. CASH AND BANK BALANCES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Short term deposits	55,000	-	55,000	-
Cash at bank	14,450	5,912	4,450	5,912
	<u>69,450</u>	<u>5,912</u>	<u>59,450</u>	<u>5,912</u>

Cash at bank earns interest on floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short term deposit rates. The weighted average effective interest rates as at 31 December 2016 for the Group and the of Company were 4.03% (2015: nil).

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14. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount due to the immediate holding company is unsecured, interest bearing and have no fixed term of repayment. The interest rates ranging from 3.97% to 4.21% (2015: 4.01% to 4.21%).

15. OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Rental deposit	300	7,800	300	7,800
Accruals for construction costs	26,266,310	42,123,774	26,266,310	42,123,774
Other payables	197,290	280,312	164,880	240,412
	<u>26,463,900</u>	<u>42,411,886</u>	<u>26,431,490</u>	<u>42,371,986</u>

16. SHARE CAPITAL

	Number of ordinary shares of RM1 Each		Amount	
	2016	2015	2016	2015
	Units	Units	RM	RM
Company				
Authorised:				
At beginning and end of financial year	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid up:				
At beginning and end of financial year	<u>62,000,002</u>	<u>62,000,002</u>	<u>62,000,002</u>	<u>62,000,002</u>

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17. DEFERRED TAX LIABILITY

Group and Company

	2016	2015
	RM	RM
At 1 January	21,540	17,633
Recognised in profit or loss (Note 6)	(4,794)	3,907
At 31 December	<u>16,746</u>	<u>21,540</u>

The components and movements of deferred tax liability during the financial year are as follows:

	Accelerated Capital Allowance RM
At 1 January 2016	21,540
Recognised in profit or loss (Note 6)	(4,794)
At 31 December 2016	<u>16,746</u>
At 1 January 2015	17,633
Recognised in profit or loss (Note 6)	3,907
At 31 December 2015	<u>21,540</u>

Deferred tax assets have not been recognised in respect of the following items:

	2016	2015
	RM	RM
Unutilised business losses	40,632,798	35,304,247
Unabsorbed capital allowances	1,132,251	1,097,337
	<u>41,765,049</u>	<u>36,401,584</u>

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17. DEFERRED TAX LIABILITY (CONTD.)

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the Company subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available against which the unutilised tax losses and unabsorbed capital allowances can be offset.

18. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Reimbursement charges due to PNB	334,000	318,000	334,000	318,000
Office rental due to PNB	314,438	275,134	314,438	275,134
Interest expense due to PNB	<u>18,473,251</u>	<u>16,051,909</u>	<u>19,633,182</u>	<u>16,051,909</u>

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

19. SIGNIFICANT RELATED PARTY BALANCES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Amount due to PNB	781,989,512	482,231,594	781,929,762	482,217,094
Interest capitalised due to PNB	<u>6,803,097</u>	<u>-</u>	<u>5,643,165</u>	<u>-</u>

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20. OPERATING LEASE ARRANGEMENT

The Company as Lessor

The lease agreement entered into by the Company as disclosed in Note 8 on its investment properties is for the use of portion of freehold land at lot nos. 743, 747 and 801 on which the Stadia are located.

The future minimum lease payments receivable on the operating lease contracted for as at the statement of financial position date but not recognised as assets are as follows:

	Group and Company	
	2016	2015
	RM	RM
Future minimum lease payments receivable:		
Not later than 1 year	10	10
Later than 1 year and not later than 5 years	40	40
Later than 5 years	150	160
	<u>200</u>	<u>210</u>

21. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

- (i) Other receivables/payables
- (ii) Amount due from the Merdeka Heritage Trust

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

There were no financial instruments which are not carried at fair values and whose carrying amounts are not reasonable approximation of their respective fair values.

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22. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Company's activities expose it mainly to investment, interest rate and liquidity/funding risks. The Company has an approved set of investment guidelines and policies as well as internal controls which set out its overall business strategies to manage these risks. The Company's overall financial risk management objective is to enhance shareholders' value through effective management of the Company's risks.

(a) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company has transactional currency exposures arising from payment of invoices that are denominated in a currency other than the respective functional currencies of Company in Ringgit Malaysia ("RM"). The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD") and Australian Dollars ("AUD").

Approximately 91% (2015: 91%) of other payables are denominated in the functional currency of the Company.

The Company's sensitivity to foreign currency risk is not significant and is thus not disclosed.

(b) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from amount due from a related company and other receivables.

The Company manages its credit risk by having established policies and guidelines on investments and counterparty exposure limits to reduce concentration of such risk. Periodic credit evaluations are performed on all counterparties.

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22. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTD.)

(b) Credit Risk (Contd.)

Exposure to Credit Risk

At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

(c) Liquidity/Funding Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. Exposure to liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected.

The Company manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Company maintains sufficient levels of cash and deposits to meet its working capital requirements. The Company also relies on the immediate holding company to meet its working capital requirements.

23. COMMITMENTS

	2016	2015
	RM	RM
Capital commitments for investment properties :		
Approved and contracted	3,096,588,102	2,019,753,570
Approved but not contracted	4,243,111,898	5,319,946,430

24. CAPITAL MANAGEMENT

The Company manages its capital by following the immediate holding company's policies and guidelines and also seeks approval from Board with regards to all capital management matters.

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25. SUBSEQUENT EVENT

The Companies Act 2016 ("New Act") was enacted to replace the Companies Act 1965 in Malaysia with the objectives of creating a legal and regulatory structure that will facilitate business and promote accountability as well as protection of corporate directors and shareholders taking into consideration the interest of other stakeholders. The New Act was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the date on which the New Act comes into operation, except for section 241 and Division 8 of Part III of the New Act, would be 31 January 2017.

Among the key changes introduced in the New Act which will affect the financial statements of the Company upon the commencement of the New Act on 31 January 2017 are :

- (a) Removal of the authorised share capital;
- (b) Shares of the Company will cease to have par or nominal value; and
- (c) The Company's share premium will become part of the share capital.

The adoption of the New Act is not expected to have any financial impact on the Group and of the Group and of the Company for the current financial year as any accounting implications will only be applied retrospectively, if applicable, and the effect of adoption mainly will be on the disclosures in the financial statements of the Group and of the Company for the financial year ending 31 December 2017.

APPENDIX 2

BASE CASE CASHFLOW PROJECTIONS AND SUMMARY OF THE PROJECT'S ASSUMPTIONS

Construction Period

Project Year	Note	0	1	2	3	4	5	6	TOTAL
Year Ending		Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	
<i>(RM unless otherwise stated)</i>									
Office Tower	1.0	1,338,573,961	608,005,977	843,484,450	577,334,841	245,138,345	-	-	3,612,537,574
Observation Deck	1.0	21,096,524	28,412,243	37,030,309	23,415,715	6,641,047	-	-	116,595,839
Tower Hotel and Podium	1.0	119,989,514	156,191,654	222,243,140	184,142,741	64,321,965	-	-	746,889,014
Retail Mall	1.0	170,309,112	46,309,619	442,511,113	617,895,980	213,168,358	-	-	1,490,194,183
Service Apartments	1.0	62,491,700	25,506,625	47,935,519	35,344,803	7,821,351	405,367,325	134,077,108	718,544,431
TOTAL CONSTRUCTION COST	1.0	1,712,460,811	864,426,118	1,593,204,531	1,438,134,080	537,091,066	405,367,325	134,077,108	6,684,761,039
Total Financing Fees	1.2	32,440,500	1,940,800	2,951,300	4,762,300	6,293,000	-	-	48,387,900
PNB Completion Guarantee Fee (for Sukuk 1 & 2)	1.2.1	-	1,745,000	2,755,500	4,586,500	6,293,000	-	-	15,360,000
Other Fees	1.2.2	32,440,500	195,800	195,800	195,800	-	-	-	33,027,900
Pre-Fund FSRA (for Sukuk 1 & 2)	1.2.3	-	-	-	-	180,000,000	-	-	180,000,000
Pre-Fund Cash for Sukuk (for Sukuk 1 & 2)	1.2.4	-	-	-	-	355,000,000	-	-	355,000,000
Finance Costs During Construction (PDC)	1.2.5	-	143,994,790	214,755,520	283,595,520	158,800,290	-	-	801,146,120
TOTAL FINANCING COST		32,440,500	145,935,590	217,706,820	288,357,820	700,093,290	-	-	1,384,534,020
TOTAL PROJECT COST		1,744,901,311	1,010,361,708	1,810,911,351	1,726,491,900	1,237,184,356	405,367,325	134,077,108	8,069,295,059

Operating Period

Project Year		4	5	6	7	8	9	10	11	12	13	14	15	TOTAL
Year Ending		Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30	Dec-31	Dec-32	
<i>(RM unless otherwise stated)</i>														
Revenue	2.0													
Office Tower	2.1	37,273,354	149,093,416	149,093,416	165,472,625	165,472,625	166,102,625	184,447,341	184,447,341	184,447,341	204,993,421	205,654,921	205,654,921	2,002,153,347
Observation Deck	2.2	18,000,000	72,000,000	72,000,000	72,000,000	72,000,000	79,200,000	79,200,000	79,200,000	79,200,000	79,200,000	87,120,000	87,120,000	876,240,000
Tower Hotel (including ballroom)	2.3	10,755,750	52,301,800	59,965,800	65,244,400	66,901,400	68,927,470	70,948,094	73,029,202	75,172,604	77,380,168	79,721,193	82,062,903	782,410,784
Retail Mall	2.4	31,590,000	160,056,000	160,056,000	160,056,000	193,195,800	193,503,600	193,503,600	193,503,600	193,503,600	245,111,400	257,366,970	269,895,969	2,251,342,539
Service Apartments	2.5	-	106,533,252	426,133,008	1,009,529,388	40,584,096	40,584,096	-	-	-	-	-	-	1,623,363,840
TOTAL REVENUE		97,619,104	539,984,468	867,248,224	1,472,302,413	538,153,921	548,317,791	528,099,035	530,180,142	532,323,545	606,684,989	629,863,085	644,733,793	7,535,510,510
Operating Expenses	3.0													
Office Tower	3.1	945,000	3,780,000	3,780,000	3,780,000	3,780,000	3,969,000	3,969,000	3,969,000	3,969,000	3,969,000	4,167,450	4,167,450	44,244,900
Observation Deck	3.2	9,000,000	36,000,000	36,000,000	36,000,000	36,000,000	39,600,000	39,600,000	39,600,000	39,600,000	39,600,000	43,560,000	43,560,000	438,120,000
Tower Hotel (including ballroom)	3.3	10,735,566	26,458,895	28,499,828	29,972,315	30,736,498	31,667,720	32,602,083	33,564,468	34,555,713	35,576,685	36,653,543	37,736,670	368,759,982
Retail Mall	3.4	32,519,813	57,466,800	57,466,800	68,086,744	59,135,400	59,227,740	70,166,282	60,946,398	60,946,398	72,213,096	62,813,573	62,813,573	723,802,616
Service Apartments (including capex)	3.5	-	95,608,200	381,338,598	142,714,812	-	-	-	-	-	-	-	-	619,661,611
TOTAL OPERATING EXPENSES		53,200,378	219,313,895	507,085,226	280,553,871	129,651,898	134,464,460	146,337,365	138,079,866	139,071,111	151,358,782	147,194,565	148,277,693	2,194,589,109
EBITDA														
Office Tower		36,328,354	145,313,416	145,313,416	161,692,625	161,692,625	162,133,625	180,478,341	180,478,341	180,478,341	201,024,421	201,487,471	201,487,471	1,957,908,447
Observation Deck		9,000,000	36,000,000	36,000,000	36,000,000	36,000,000	39,600,000	39,600,000	39,600,000	39,600,000	39,600,000	43,560,000	43,560,000	438,120,000
Tower Hotel (including ballroom)		20,184	25,842,905	31,465,973	35,272,085	36,164,903	37,259,750	38,346,011	39,464,734	40,616,891	41,803,483	43,067,651	44,326,233	413,650,802
Retail Mall		(929,813)	102,589,200	102,589,200	91,969,256	134,060,400	134,275,860	123,337,318	132,557,202	132,557,202	172,898,304	194,553,397	207,082,396	1,527,539,923
Service Apartments		-	10,925,052	44,794,410	866,814,576	40,584,096	40,584,096	-	-	-	-	-	-	1,003,702,229
TOTAL EBITDA		44,418,726	320,670,573	360,162,998	1,191,748,542	408,502,024	413,853,332	381,761,669	392,100,277	393,252,434	455,326,208	482,668,519	496,456,101	5,340,921,401
PNB Rolling Guarantee Fee (for Sukuk 2)	4.0	1,023,742	2,047,485	2,047,485	2,047,485	2,047,485	2,047,485	2,047,485	2,047,485	4,047,485	3,939,205	3,829,245	32,217,605	59,389,675
PNB Completion Guarantee Fee (for Sukuk 1 & 2)	5.0	-	8,070,000	718,544	718,544	718,544	-	-	-	-	-	-	-	10,225,633
Other Fee Payment	6.0	187,000	187,000	187,000	187,000	187,000	187,000	187,000	187,000	187,000	187,000	187,000	187,000	2,244,000
TOTAL FEES		1,210,742	10,304,485	2,953,029	2,953,029	2,953,029	2,234,485	2,234,485	2,234,485	4,234,485	4,126,205	4,016,245	32,404,605	71,859,308
Profit Income	7.0	8,042,832	12,759,267	8,790,291	8,665,428	8,987,296	8,720,941	9,519,631	34,521,652	34,395,590	26,201,010	22,816,529	18,276,013	203,696,479
Finance Costs	8.0	158,800,290	317,600,580	317,080,580	316,026,580	304,204,580	300,964,580	297,454,580	293,632,580	288,664,580	272,316,580	255,446,880	237,481,280	3,359,673,670
(LOSS)/EARNINGS AFTER FINANCE COSTS		(107,549,475)	5,524,775	48,919,680	881,434,361	110,331,711	119,375,208	91,592,235	130,754,863	134,748,958	207,084,433	246,021,923	244,846,229	2,113,084,902
Tax Payments	9.0													
Office Tower		1,769,423	2,967,895	2,189,049	2,082,200	2,150,514	2,098,353	2,268,738	7,785,156	8,257,463	6,892,134	5,583,657	4,477,053	48,521,635
Observation Deck		902,654	6,956,610	7,627,073	7,681,763	7,739,548	8,603,241	8,759,959	8,853,297	8,958,093	9,074,642	10,079,531	10,353,143	95,589,553
Tower Hotel (including ballroom)		4,441	164,943	40,169	865,339	1,178,809	1,494,084	1,824,504	2,175,082	2,550,767	2,949,238	9,737,989	10,627,472	33,612,837
Retail Mall		-	22,569,624	11,373,822	8,209,820	17,616,753	19,079,142	17,505,282	20,091,720	21,125,059	30,928,000	37,698,156	42,448,856	248,636,233
Service Apartments		-	179,052	9,726,370	33,057,114	5,692,643	5,804,229	5,918,360	-	-	-	-	-	66,070,409
TOTAL TAX PAYMENTS		2,676,518	32,838,123	30,956,484	51,896,236	34,378,267	36,967,463	36,162,711	44,823,614	40,891,381	49,844,014	63,089,333	67,906,524	492,430,667
(LOSS)/EARNINGS BEFORE DEPRECIATION AND AMORTIZATION		(110,225,993)	(27,313,349)	17,963,196	829,538,125	75,953,444	82,407,745	55,429,524	85,931,250	93,857,577	157,240,419	182,932,590	176,939,705	1,620,654,234

Note: The financial model reflects current assumptions and may be revised from time to time with updated information as appropriate.

PART 1: GENERAL ASSUMPTIONS

1. There will be no significant changes in the prevailing Malaysian economic conditions, current legislation, regulations and policies that may directly or indirectly have an adverse effect on the operations of the Company.
2. The Cash Flow Projections will not be materially affected by any changes in the rate of inflation and foreign exchange rate as the price for majority of the construction contracts were agreed upon in Ringgit Malaysia.
3. There will be no major disputes/disruptions and unusual events/transactions which will seriously affect the operations of the Company.
4. There will be no major proceedings against the Company which will adversely affect the activities or performance of the Company or give rise to any contingent liabilities which will materially affect the financial position of the Company.
5. The Company is not entitled to any Goods and Services Tax ("GST") refund on the construction and statutory costs during the construction period.
6. The Cash Flow Projections are for fifteen (15) years starting from 31 December 2018 which is deemed to be Year 1 until 31 December 2032 which is deemed to be Year 15.
7. The Cash Flow Projections comprise of the cash flows of the following:
 - (i) Office Tower;
 - (ii) Observation Deck;
 - (iii) Tower Hotel;
 - (iv) Retail Mall; and
 - (v) Service Apartments(collectively known as "the Project").
8. The construction of the superstructure of the Project commences in the financial year ending 31 December 2017 (Year 0) and will be completed in June 2021 (Year 4) except for that of the Service Apartments which will be completed in the financial year ending 31 December 2024 (Year 7).
9. Except for the Service Apartments, the cash inflows of the Project from its operations will be received from October 2021 (Year 4). This is due to a three-month's rent free/no admission fee/lease free period/no rental (where applicable).

The cash inflows from the sales of the Service Apartments will be received from 2022 (Year 5).

PART 1: GENERAL ASSUMPTIONS (CONT'D.)

10. 30% of the cost of the Project will be financed by equity contribution from the shareholder of the Company and the remainder via the Sukuk Programmes.
11. Except for the specific assumptions on the payment of tax and finance costs, the cash inflows from revenue are to be received and the cash outflows for expenses are to be paid upon recognition.

PART 2: SPECIFIC ASSUMPTIONS

1.0 PROJECT COSTS

The project costs are expected to comprise construction costs (inclusive of land acquisition costs) and financing costs during the construction period.

1.1 Construction costs

The construction costs which are primarily based on the estimation provided by the appointed quantity surveyor of the Company are as follows:

Project year Year ending	0 31.12.17 RM	1 31.12.18 RM	2 31.12.19 RM	3 31.12.20 RM
Office Tower	1,338,573,961	608,005,977	843,484,450	577,334,841
Observation Deck	21,096,524	28,412,243	37,030,309	23,415,715
Tower Hotel and Podium	119,989,514	156,191,654	222,243,140	184,142,741
Retail Mall	170,309,112	46,309,619	442,511,113	617,895,980
Service Apartments	62,491,700	25,506,625	47,935,519	35,344,803
Total construction costs	1,712,460,811	864,426,118	1,593,204,531	1,438,134,080

Project year Year ending	4 31.12.2021 RM	5 31.12.22 RM	6 31.12.23 RM	Total RM
Office Tower	245,138,345	-	-	3,612,537,574
Observation Deck	6,641,047	-	-	116,595,838
Tower Hotel and Podium	64,321,965	-	-	746,889,014
Retail Mall	213,168,358	-	-	1,490,194,182
Service Apartments*	7,821,351	405,367,325	134,077,108	718,544,431
Total construction costs	537,091,066	405,367,325	134,077,108	6,684,761,039

* The total construction costs for the Service Apartments is RM1,278,953,261. RM718,544,431 of the construction costs will be funded via the Sukuk Programme and the remaining costs of RM560,408,830 will be funded by proceeds from the sales of the Service Apartments.

PART 2: SPECIFIC ASSUMPTIONS (CONT'D.)

1.0 PROJECT COSTS (CONT'D.)

1.2 Financing costs

The financing costs comprise of the following:

1.2.1 Permodalan Nasional Berhad ("PNB") completion guarantee fee

The fee is charged at 1% per annum calculated based on 10% of the cumulative total funding (both equity and Sukuk) utilised for the Project incurred up to that year and is payable in arrears each year. The fee is to be paid from the financial year ending 31 December 2018 to 31 December 2021. The subsequent PNB completion guarantee fee will be paid from the operating cash flows.

The total funding is expected to be utilised for the Project as follows:

Project year Year ending	0 31.12.17 RM	1 31.12.18 RM	2 31.12.19 RM	3 31.12.20 RM	4 31.12.21 RM
Sukuk Programmes	497,860,923	953,983,525	1,709,862,499	1,243,464,103	1,243,640,151
Profit income from unutilised Sukuk proceeds	1,921,551	26,960,889	25,212,574	17,165,058	12,375,623
Equity	1,245,118,837	29,417,294	75,836,280	465,862,739	520,613,013
	1,744,901,311	1,010,361,708	1,810,911,353	1,726,491,900	1,776,628,787
Cumulative at end of the year					
- Actual	1,744,901,311	2,755,263,019	4,566,174,372	6,292,666,272	8,069,295,059
- Rounded	1,745,000,000	2,755,000,000	4,566,000,000	6,293,000,000	8,070,000,000

1.2.2 Other fees

Other fees relate to all fees deemed necessary and relevant by the Company for the Sukuk Programmes and for the start-up fees for the Company's operations including reporting accountant and tax consultant fees. The fees are estimated as follows:

Project year Year ending	0 31.12.17 RM	1 31.12.18 RM	2 31.12.19 RM	3 31.12.20 RM
Total other fees	32,440,500	195,800	195,800	195,800

PART 2: SPECIFIC ASSUMPTIONS (CONT'D.)

1.0 PROJECT COSTS (CONT'D.)

1.2 Financing costs (cont'd.)

1.2.3 Pre-fund FSRA

The Company will set aside an amount of RM180,000,000 in the financial year ending 31 December 2021 for the Finance Service Reserve Account ("FSRA") in relation to the Sukuk Programmes.

1.2.4 Pre- fund cash

The Company will set aside an amount of RM355,000,000 in the financial year ending 31 December 2021 to service the finance costs and other operating expenses for the period commencing from July 2021 to December 2022.

1.2.5 Finance costs during construction

- Finance costs will be payable on the Sukuk Programmes commencing in the financial year ending 31 December 2018.
- The finance costs to be paid during the construction period are as follows:

Project year Year ending	1 31.12.18 RM	2 31.12.19 RM	3 31.12.20 RM	4* 31.12.21 RM
Merdeka ASEAN Green SRI Sukuk	52,536,600	77,339,950	101,223,900	56,426,050
Merdeka Sukuk Murabahah	91,458,190	137,415,570	182,371,620	102,374,240
Total	143,994,790	214,755,520	283,595,520	158,800,290

* Includes finance costs payable up to June 2021. Finance costs from July 2021 to December 2021 are included as part of operating cash flows.

PART 2: SPECIFIC ASSUMPTIONS (CONT'D.)

1.0 PROJECT COSTS (CONT'D.)

1.2 Financing costs (cont'd.)

1.2.5 Finance costs during construction (cont'd.)

- The Sukuk Programmes will contribute 70% of the total funding required for the Project.
- The profit payment for the Sukuk Programmes which is payable semi-annually (commencing May 2018 based on the target first issuance in November 2017) is at the following rates:

Tranche	1	2	3	4
Drawdown (RM)				
Merdeka ASEAN Green SRI Sukuk	690,000,000	445,000,000	435,000,000	430,000,000
Merdeka Sukuk Murabahah	1,184,000,000	843,000,000	809,000,000	814,000,000
Target drawdown month	November 2017	November 2018	November 2019	November 2020
Estimated blended profit rate for Merdeka ASEAN Green SRI Sukuk (%) ⁽¹⁾	5.80	5.64	5.63	5.41
Estimated blended profit rate for Merdeka Sukuk Murabahah (%) ⁽²⁾	5.75	5.55	5.58	5.50

Notes:

- (1) The indicative profit rates for the Merdeka ASEAN Green SRI Sukuk are based on AA1 rates sourced from Bond Pricing Agency Malaysia's website (as at 6 October 2017) plus spread of 0.70% (subject to change as the final pricing will be determined closer to the issuance date).
- (2) The indicative profit rates for the Merdeka Sukuk Murabahah are based on AAA rates Bond Pricing Agency Malaysia's website (as at 6 October 2017) plus spread of 0.70% (subject to change as the final pricing will be determined closer to the issuance date).

PART 2: SPECIFIC ASSUMPTIONS (CONT'D.)

2.0 REVENUE

2.1 Office Tower

- The revenue assumptions for the Office Tower are based on the estimation provided by the appointed property market consultant of the Company.
- Revenue is derived from the rental of office spaces based on the Master Lease Agreement ("MLA") to be entered into between PNBMV as the lessor and PNB as the lessee and the rental of car park spaces to the office tenants.
- The lease will commence upon handover of the Office Tower, which is scheduled by June 2021. However, the revenue will only be received commencing from October 2021 as the lease of the Office Tower is subject to 3 months rent free period as stipulated in the MLA.

Rental of office spaces

- The occupancy rate is expected to be at 100% through-out the period.
- The net lettable area ("NLA") of the Office Tower is as follows:

Zone	NLA (square feet)
High	380,062
Medium	635,630
Low	606,836
Total	1,622,528

- The monthly rental rates per square foot are as follows:

Year/Zone	High RM	Medium RM	Low RM
4 - 6	7.85	6.90	6.60
7 - 9	8.79	7.73	7.39
10 - 12	9.85	8.66	8.28
13 - 15	11.03	9.69	9.27

PART 2: SPECIFIC ASSUMPTIONS (CONT'D.)

2.0 REVENUE (CONT'D.)

2.1 Office Tower

Rental of car park spaces

- The occupancy rate is expected to be at 100% through-out the period.
- There are 3,500 available car park bays and the monthly rental rates are as follows:

Year	RM
4 - 8	300.00
9 - 13	315.00
14 - 15	330.75

2.2 Observation Deck

- The revenue assumptions for the Observation Deck are based on the estimation provided by the appointed project management consultant of the Company.
- Revenue is derived from the admission fees collected from visitors.
- The revenue will only be received commencing from October 2021, as the Observation Deck is subject to no admission period of 3 months upon the expected completion in June 2021.
- There will be 2,500 visitors per day for 360 days annually.
- The admission fee is as follows:

Year	RM
4 - 8	80.00
9 - 13	88.00
14 - 15	96.80

PART 2: SPECIFIC ASSUMPTIONS (CONT'D.)

2.0 REVENUE (CONT'D.)

2.3 Tower Hotel

- The revenue assumptions for the Tower Hotel are based on the estimation provided by the appointed hotel operator of the Company.
- The Tower Hotel will commence operations from July 2021. However, revenue will only be received commencing from October 2021 as the Tower Hotel is subject to 3 months period without rental upon the expected completion in June 2021.
- Revenue is derived from the following:

Project year Year ending	4 31.12.21 RM	5 31.12.22 RM	6 31.12.23 RM	7 31.12.24 RM
Room charges	7,341,750	36,421,000	41,948,000	45,454,000
Food and beverages	2,912,500	13,620,000	15,565,000	17,236,000
Car park income	256,500	1,153,800	1,243,800	1,283,400
Rentals and other income	127,750	558,000	598,000	623,000
Other operated departments	117,250	549,000	611,000	648,000
Total	10,755,750	52,301,800	59,965,800	65,244,400

Project year Year ending	8 31.12.25 RM	9 31.12.26 RM	10 31.12.27 RM	11 31.12.28 RM
Room charges	46,632,000	48,030,960	49,471,889	50,956,045
Food and beverages	17,683,000	18,213,490	18,759,895	19,322,692
Car park income	1,283,400	1,347,570	1,347,570	1,347,570
Rentals and other income	639,000	658,170	677,915	698,253
Other operated departments	664,000	677,280	690,825	704,642
Total	66,901,400	68,927,470	70,948,094	73,029,202

PART 2: SPECIFIC ASSUMPTIONS (CONT'D.)

2.0 REVENUE (CONT'D.)

2.3 Tower Hotel (cont'd.)

- Revenue is derived from the following (cont'd.):

Project year Year ending	12 31.12.29 RM	13 31.12.30 RM	14 31.12.31 RM	15 31.12.32 RM
Room charges	52,484,727	54,059,269	55,681,047	57,351,478
Food and beverages	19,902,372	20,499,443	21,114,427	21,747,860
Car park income	1,347,570	1,347,570	1,414,949	1,414,949
Rentals and other income	719,200	740,776	762,999	785,889
Other operated departments	718,735	733,110	747,771	762,727
Total	75,172,604	77,380,168	79,721,193	82,062,903

Car park income

- The car park income is estimated based on 500 available car park bays and the monthly rental rates and annual usage rates are as follows:

Monthly rental rates

Year	RM
4 - 8	300.00
9 - 13	315.00
14 - 15	330.75

Annual usage rates

Year	%
4	57
5	64
6	69
7 - 15	71

PART 2: SPECIFIC ASSUMPTIONS (CONT'D.)

2.0 REVENUE (CONT'D.)

2.4 Retail Mall

- The revenue assumptions for the Retail Mall are based on the estimation provided by the appointed property market consultant of the Company.
- Revenue is derived from the rental of retail and car park spaces to third parties.
- The Retail Mall will commence operations from July 2021. However, revenue will only be received commencing October 2021 as the Retail Mall is subject to a 3 months period without rental upon the expected completion in June 2021.

Rental of retail spaces

- The occupancy rate is expected to be at 75% for the financial year ending 31 December 2021 and at 95% for the subsequent financial years.
- The NLA of the Retail Mall is 900,000 square feet.
- The monthly rental rates per square foot are as follows:

Year	RM
4 - 7	15.00
8 - 12	18.23
13	23.26
14	24.42
15	25.64

Rental of car park spaces

- The occupancy rate is expected to be at 75% for the financial year ending 31 December 2021 and at 95% for the subsequent financial years.
- There are 1,800 available car park bays and the monthly rental rates are as follows:

Year	RM
4 - 8	300.00
9 - 13	315.00
14 - 15	330.75

PART 2: SPECIFIC ASSUMPTIONS (CONT'D.)

2.0 REVENUE (CONT'D.)

2.5 Service Apartments

- The revenue assumptions for the Service Apartments are based on the estimation provided by the appointed property market consultant of the Company and PNBMV.
- Revenue is derived from the sale of the Service Apartments.
- The revenue is estimated based on the price per square foot of RM1,800.
- The number of units based on the expected year of sales and its average size are as follows:

Type	Average size square feet	Number of units sold		
		Year 5 31.12.22	Year 6 31.12.23	Year 7 31.12.24
East Side	1,148	85	113	254
West Side	1,148	63	83	188

- The revenue from each sale will be recognised from the date of sales based on the following milestones:

Year sales made	Percentage of revenue recognised				
	Year 5 31.12.22 %	Year 6 31.12.23 %	Year 7 31.12.24 %	Year 8* 31.12.25 %	Year 9** 31.12.26 %
31.12.22	35.0	40.0	20.0	2.5	2.5
31.12.23	-	75.0	20.0	2.5	2.5
31.12.24	-	-	95.0	2.5	2.5

* Revenue recognised 8 months after vacant possession.

** Revenue recognised 24 months after vacant possession.

PART 2: SPECIFIC ASSUMPTIONS (CONT'D.)

3. OPERATING EXPENSES

3.1 Office Tower

- The operating expenses will be borne by PNB as the lessee, except for the operating expenses relating to car park operations.
- The operating expenses assumptions for car park operations are based on the estimation provided by the appointed facilities management consultant of the Company.
- The operating expenses for the car park operations are estimated at 30% of the total rental for car park to be incurred from October 2021.

3.2 Observation Deck

- The operating expenses assumptions for the Observation Deck are based on the estimation provided by the appointed property market consultant of the Company.
- The operating expenses are calculated based on 50% of the total projected annual admission revenue.

3.3 Tower Hotel

- The overhead expenses and operator fees are based on the estimation provided by the appointed hotel operator of the Company.
- The Tower Hotel will commence operations from July 2021.
- Operating expenses are incurred on the following:

Project year Year ending	4 31.12.21 RM	5 31.12.22 RM	6 31.12.23 RM	7 31.12.24 RM
Overhead expenses	10,188,000	21,830,000	23,121,000	24,080,000
Estimated operator fees:				
- Basic	428,034	1,997,370	2,242,328	2,419,965
- Incentive	42,582	2,285,385	2,763,360	3,087,330
Car park	76,950	346,140	373,140	385,020
Total	10,735,566	26,458,895	28,499,828	29,972,315

PART 2: SPECIFIC ASSUMPTIONS (CONT'D.)

3. OPERATING EXPENSES (CONT'D.)

3.3 Tower Hotel (cont'd.)

Project year Year ending	8 31.12.25 RM	9 31.12.26 RM	10 31.12.27 RM	11 31.12.28 RM
Overhead expenses	24,704,000	25,445,120	26,208,474	26,994,728
Estimated operator fees:				
- Basic	2,482,673	2,557,153	2,633,867	2,712,883
- Incentive	3,164,805	3,261,176	3,355,471	3,452,586
Car park	385,020	404,271	404,271	404,271
Total	30,736,498	31,667,720	32,602,083	33,564,468

Project year Year ending	12 31.12.29 RM	13 31.12.30 RM	14 31.12.31 RM	15 31.12.32 RM
Overhead expenses	27,804,570	28,638,707	29,497,868	30,382,804
Estimated operator fees:				
- Basic	2,794,270	2,878,098	2,964,441	3,053,374
- Incentive	3,552,602	3,655,609	3,766,749	3,876,007
Car park	404,271	404,271	424,485	424,485
Total	34,555,713	35,576,685	36,653,543	37,736,670

- The car park related expenses are estimated at 30% of the total rental for car park.

PART 2: SPECIFIC ASSUMPTIONS (CONT'D.)

3. OPERATING EXPENSES (CONT'D.)

3.4 Retail Mall

- The operating expenses assumptions for the Retail Mall are based on the estimation provided by the appointed property market consultant of the Company.
- The Retail Mall will commence operations from July 2021.
- Operating expenses are incurred on the following:

Project year Year ending	4 31.12.21 RM	5 31.12.22 RM	6 31.12.23 RM	7 31.12.24 RM
Retail Mall expenses	27,810,000	55,620,000	55,620,000	57,288,600
Rental commission	2,896,875	-	-	5,967,563
Rental renewal	1,448,438	-	-	2,983,781
Car park expenses	364,500	1,846,800	1,846,800	1,846,800
Total	32,519,813	57,466,800	57,466,800	68,086,744

Project year Year ending	8 31.12.25 RM	9 31.12.26 RM	10 31.12.27 RM	11 31.12.28 RM
Retail Mall expenses	57,288,600	57,288,600	59,007,258	59,007,258
Rental commission	-	-	6,146,589	-
Rental renewal	-	-	3,073,295	-
Car park expenses	1,846,800	1,939,140	1,939,140	1,939,140
Total	59,135,400	59,227,740	70,166,282	60,946,398

Project year Year ending	12 31.12.29 RM	13 31.12.30 RM	14 31.12.31 RM	15 31.12.32 RM
Retail Mall expenses	59,007,258	60,777,476	60,777,476	60,777,476
Rental commission	-	6,330,986	-	-
Rental renewal	-	3,165,494	-	-
Car park expenses	1,939,140	1,939,140	2,036,097	2,036,097
Total	60,946,398	72,213,096	62,813,573	62,813,573

PART 2: SPECIFIC ASSUMPTIONS (CONT'D.)

3. OPERATING EXPENSES (CONT'D.)

3.4 Retail Mall (cont'd.)

Retail Mall expenses

- The NLA of the retail mall is 900,000 square feet.
- The expenses are estimated at the following rates per square foot:

Year	Monthly rate per square foot
4 - 6	5.1500
7 - 9	5.3045
10 - 12	5.4636
13 - 15	5.6275

Rental commission

- The commission is to be incurred at 1.25 times of a month of the Retail Mall expenses and will be incurred every 3 years commencing from the financial year ending 31 December 2021. The rental commission for the financial year ending 31 December 2021 is prorated as operations commence from July 2021.

Rental renewal

- The rental renewal is to be incurred at 0.625 times of a month of the Retail Mall expenses and will be incurred every 3 years. The rental renewal for the financial year ending 31 December 2021 is prorated as operations commence from July 2021.

Car park expenses

- The operating expenses of the car park operations are calculated based on 30% of the annual total projected car park rental.

PART 2: SPECIFIC ASSUMPTIONS (CONT'D.)

3. OPERATING EXPENSES (CONT'D.)

3.5 Service Apartments

- The operating costs are as follows:

Project year Year ending	5 31.12.22 RM	6 31.12.23 RM	7 31.12.24 RM
Operating expenditure	11,109,896	14,813,195	33,329,689
Capital expenditure	84,498,304	366,525,403	109,385,123
Total	95,608,200	381,338,598	142,714,812

- The operating expenditure relates to marketing expenses which are estimated at 2.5% of the total annual revenue, inclusive of GST and additional marketing cost which are estimated at 1.0% of the total annual sales, exclusive of GST. The assumption is based on the estimation provided by the appointed property market consultant of the Company.
- The capital expenditure is based on the estimation provided by the quantity surveyor appointed by the Company.

4.0 PNB ROLLING GUARANTEE FEE

- The fee for the rolling guarantee to be provided by PNB in relation to the Merdeka Sukuk Murabahah is estimated at 1.0% per annum on the total principal and finance costs payable for the year.
- The fee is payable commencing from July 2021.
- The total principal and finance costs payable on the Merdeka Sukuk Murabahah are as follows:

Project year Year ending	4 - 11 31.12.21 - 31.12.28 RM	12 31.12.29 RM	13 31.12.30 RM	14 31.12.31 RM	15 31.12.32 RM
Finance costs	204,748,480	204,748,480	193,920,480	182,924,480	171,760,480
Principal repayment	-	200,000,000	200,000,000	200,000,000	3,050,000,000
Total	204,748,480	404,748,480	393,920,480	382,924,480	3,221,760,480

PART 2: SPECIFIC ASSUMPTIONS (CONT'D.)

5.0 PNB COMPLETION GUARANTEE FEE

- The fee for the completion guarantee to be provided by PNB in relation to the Sukuk Programmes is estimated at 1% per annum calculated based on 10% of the following balances:

Project year	5	6 - 8
Year ending	31.12.22	31.12.23 - 31.12.25
	RM	RM
Total costs for the Project	8,070,000,000	-
Total costs for Service Apartments	-	718,544,431
Total	8,070,000,000	718,544,431

6.0 OTHER FEE PAYMENT

- Other fee payment for the financial year ending 31 December 2021 to 31 December 2032 comprises the following:

Fee type	RM
Facility Agent/Security Agent	150,000
Annual depository fee ("FAST")	22,000
Sukuk Trustee	15,000
Total	187,000

7.0 PROFIT INCOME

- The profit income is estimated at 3% annually on the outstanding cash balances and funds in FSRA.

PART 2: SPECIFIC ASSUMPTIONS (CONT'D.)

8.0 FINANCE COSTS

- Finance costs will be payable on Merdeka ASEAN Green SRI Sukuk and Merdeka Sukuk Murabahah.
- The finance costs to be paid are as follows:

Project year Year ending	4 31.12.21 RM	5 31.12.22 RM	6 31.12.23 RM	7 31.12.24 RM
Merdeka ASEAN Green SRI Sukuk	56,426,050	112,852,100	112,332,100	111,278,100
Merdeka Sukuk Murabahah	102,374,240	204,748,480	204,748,480	204,748,480
Total	158,800,290	317,600,580	317,080,580	316,026,580

Project year Year ending	8 31.12.25 RM	9 31.12.26 RM	10 31.12.27 RM	11 31.12.28 RM
Merdeka ASEAN Green SRI Sukuk	99,456,100	96,216,100	92,706,100	88,884,100
Merdeka Sukuk Murabahah	204,748,480	204,748,480	204,748,480	204,748,480
Total	304,204,580	300,964,580	297,454,580	293,632,580

Project year Year ending	12 31.12.29 RM	13 31.12.30 RM	14 31.12.31 RM	15 31.12.32 RM
Merdeka ASEAN Green SRI Sukuk	83,916,100	78,396,100	72,522,400	65,720,800
Merdeka Sukuk Murabahah	204,748,480	193,920,480	182,924,480	171,760,480
Total	288,664,580	272,316,580	255,446,880	237,481,280

PART 2: SPECIFIC ASSUMPTIONS (CONT'D.)

8.0 FINANCE COSTS (CONT'D.)

- The Sukuk Programmes will contribute 70% of the total funding required for the Project.
- The profit payment for the Sukuk Programmes which is payable semi-annually is at the rates as summarised on page 6 of Appendix B.

9.0 TAX

- The tax rate is assumed to be at 24% throughout the period.
- There will be a one month lag in the monthly tax payments, except for those in relation to the Service Apartments where no lag in payments is assumed.
- The finance costs on the Sukuk Programmes have been included in the tax computation for the Office Tower resulting in a business loss position throughout the period. Hence, the tax expense for the Office Tower arises from tax on profit income only.
- Except for the Office Tower and Service Apartments, tax has been computed on the business income which is as follows :

Revenue less operating and finance costs (based on the assumption that there is an inter-company lending with the Office Tower with profit rate charged at 6% per annum).

- For the Service Apartments, tax has been computed on the business income which is computed as follows:

Revenue (after taking into consideration construction costs) less operating and finance costs (based on the assumption that there is an inter-company lending with the Office Tower with profit rate charged at 6% per annum).

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