



PNB Merdeka Ventures Sdn Berhad

Green Sukuk Framework

Introduction

Permodalan Nasional Berhad (“PNB”) was incorporated on 17 March 1978 and is a wholly-owned 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.

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. PNB Merdeka Ventures Sdn Berhad (“PNBMV”) was set up as a wholly-owned subsidiary of PNB to undertake this project. The Project named as the Warisan Merdeka development consists of a 118-storey Iconic Tower, retail mall and service apartments. The tower was named Merdeka PNB118 by, comprising office space, a luxury hotel and an observation deck.

The Green Sukuk Framework

The Green Sukuk Framework was developed by PNBMV in order to ensure transparency, disclosure and integrity for the issuance of a Green Sukuk. This Green Sukuk Framework is built upon guidelines established by “The Green Bond Principles: published by the International Capital Market Association and having the key components, as follows:

1. Use of Proceeds
2. Sustainability Features
3. Management of Proceeds
4. Reporting

CICERO Center for International Climate Research was retained to review the framework in fulfillment of the Green Bond Principles.



1. Use of Proceeds

PNB Merdeka Ventures Sdn Berhad (“PNBMV”), will issue a Green Sukuk of MYR 2 billion .

The proceeds of the Notes issued will be utilized for the Merdeka PNB118 Tower. The Tower is part of the Warisan Merdeka development comprising the 118 storey Tower, a Retail Mall and 3 blocks of Serviced Apartments within the vicinity of Stadium Merdeka in Kuala Lumpur, Malaysia.

Eligible Project

The Merdeka PNB118 Tower is a 118 storey tower consisting of 83 floors of Grade A office space, 17 floors of luxury hotel, 4 floors of observation deck (including restaurant) and 14 floors of sky lobbies and amenities. The Merdeka PNB118 Tower will be the tallest building in South East Asia at approximately 630 metres.

Merdeka PNB118 Tower aspires to be a model for workplace safety and sustainability. It aims to secure multiple green building certifications through the Leadership in Energy and Environmental Design (LEED) 2009 Core and Shell, Green Building Index (GBI) and GreenRe. The mix of the three (3) certification systems benchmarks the project with a more comprehensive cross section of green features than if using only one certification system.

2. Sustainability Features

Sustainable features for the Merdeka PNB118 Tower covers the following areas:

Features	Examples
<i>Sustainable Site Planning and Management</i>	- Multiple public transit connections including a direct in-building connection to Mass RapidTransit (MRT) station and existing connection to the monorail and nearby connections to the Light RapidTransit (LRT) line - Accommodations for bike commuting including storage and showers - Prioritized accommodations for fuel efficient vehicle parking - New public green open space mostly in the form of a new linear park - Material and tree selections on site to minimize the site’s heat island effect
<i>Water Efficiency</i>	- Grey water and condensate water collection and treatment - Water efficient fixtures certified under WELS - 100% rain water harvesting and use - mainly for irrigation - Metering and leak detection systems.



<i>Energy and Atmosphere</i>	- Optimized energy performance with district cooling with onsite chilled water energy storage, zoned daylight sensors, tenant sub-metering and high performance lighting - On site renewable energy offset with solar hot water panels for supplying the hotel - Building integrated solar photovoltaic (PV) at the south canopies - Returned energy regeneration from the lifts - Lifts with fully regenerative AC drives, sleep mode for lighting and ventilation in lift cabs
<i>Material Resource Conservation</i>	- Construction waste management programme diverting a minimum of 75% of construction waste from landfills - Prescribed recycled content of installed materials (30%), regional materials (20%), and sustainable certified wood products (50%).
<i>Indoor Environmental Quality</i>	- Smoke free environment and outdoor air delivery monitoring - Prescribed low emitting materials (low VOC, no formaldehyde, etc.) and prescribed indoor pollutant control - User controllable thermal comfort including low velocity displacement underfloor cooling - Floor layouts that promote daylight and views - CO2 monitoring and control - Construction IAQ plan, construction mold prevention, daylight glare control and acoustic optimization
<i>Sustainable Construction</i>	- Construction activity pollution control including run-off - QCLASSIC quality assessment - Construction waste management - Prescribed reuse of concrete formwork

The Project would also have social benefits such as creation of additional employment opportunities, positive multiplier effect to the whole country and it would also support the growth of local suppliers and service providers. Additionally, the market value of the real properties in the surrounding area would also increase because of the Project. It would also stimulate the growth of tourism sector with its Iconic tower complete with Skydeck which will be a new tourist attraction for Kuala Lumpur.



3. Management of Proceeds

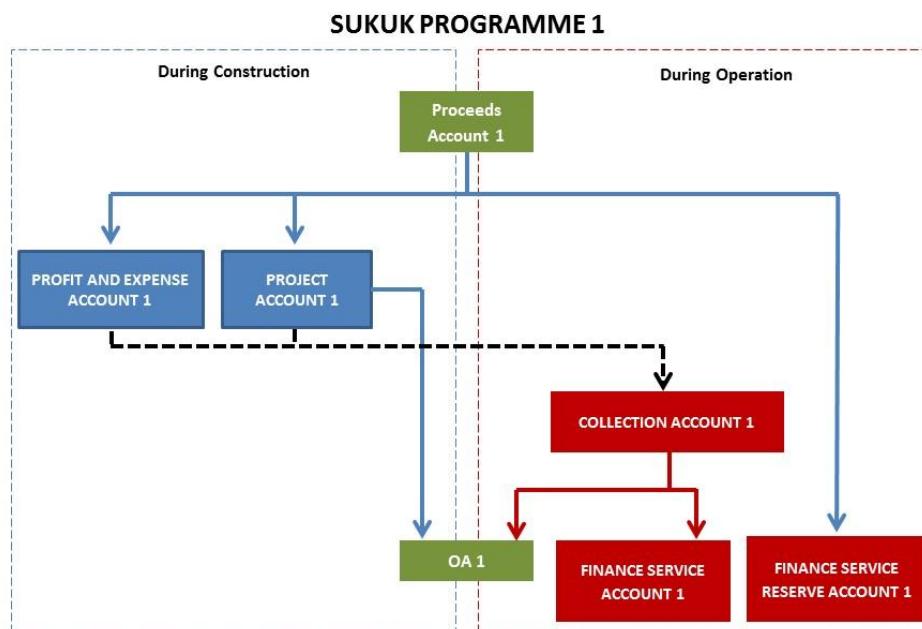
The issuer shall open and maintain a Shariah-compliant bank account designated as the **Proceeds Account 1** where the Proceeds Account 1 shall capture monies from:

1. Proceeds from Green Sukuk
2. Equity contribution from PNB
3. Any amount or payment paid by PNB derived from the call of completion guarantee
4. Facilitation fund proceeds (if the funds received during construction period).

Funds in the Proceeds Account 1 shall then be transferred to:

1. Project Account 1 to meet the construction cost;
2. Profit & Expense Account 1 – to meet the recurring fees, profit payment obligations and Completion Guarantee fee;
3. Finance Service Reserve Account 1 – to meet the Minimum Required Balance.

Below is a diagram for the flow of the funds during construction and operation.



Note: Profit and Expense Account 1 and Project Account 1 will be closed on completion of Office Tower



4. Reporting

To enable investors to follow the development, PNBMV will provide an annual letter to investor including;

1. The total amount of disbursed funds and use of the funds
2. Environmental impact reporting on energy and CO₂, water and waste. For example, Building Management System (“BMS”) which would provide actual energy and water use data including from the solar and water treatment subsystems. Meanwhile for CO₂ impact, this will be reported based on BMS raw data.

External Audit

The Green Sukuk programme reinforces our commitment to the environment. Our rigorous periodic monitoring ensure that the project is financially, environmentally and socially responsible. The internal tracking method, the allocation of funds from the Green Sukuk proceeds and the investor letter will be verified by PNBMV External Auditor annually. The opinion of the External Auditor and the investor letter will be made available on PNBMV’s web page www.pnbmerdekaventures.com.my .

