List of Entities on Rating Watch for 2nd Quarter 2020 (period covering 01.04.2020 – 30.06.2020)

No	Issuer / Entity	Issue size & Instrument	Last rating action	MARCWatch	Subsequent rating action	Chronology on MARCWatch
1	Projek Lebuhraya Usahasama Berhad (PLUS)	RM23.35 billion Sukuk Musharakah Programme	AAA_{IS}	Developing	Rating was first placed on MARCWatch Developing on January 24, 2020 following announcement by the government to reduce and freeze toll rates, and all without government compensation. Modifications to the concession agreement (CA) were expected as a result, which could include extension to the concession period to meet cash flow requirements. The CA was anticipated to be given 20 additional years to 2058 to compensate for the toll cut (18%) and the stop on toll increases. MARC assessment indicated no pressure on PLUS' debt-servicing ability in the immediate term despite the potential of it losing about RM0.5 billion of revenue a year as a result of the toll cut on private vehicles alone. MARC had rated PLUS' sukuk at AAA_{IS}, incorporating a two-notch rating uplift from PLUS' standalone rating. MARC's developing placement in January 2020 took into consideration PLUS' ongoing negotiations with the government relating to the announcement. On April 24, 2020, the rating agency extended its MARCWatch Developing on PLUS. Negotiations with the government	January 24, 2020 - placed on MARCWatch Developing April 24, 2020 – Extension of

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					were still continuing. The change in the government administration in February 2020 and COVID-19 pandemic were some of the challenges faced in finalizing the discussion. Nonetheless, with existing cash balance of RM3.1 billion as at March 31, 2020, PLUS would still be able to support its liquidity position in the near term. MARC will resolve the MARCWatch placement upon assessment of the outcome of PLUS' negotiations with the government and the company's plans going forward.	MARCWatch Developing
2	MEX II Sdn Bhd	i) RM1.3 billion Sukuk Murabahah ii) RM150.0 million Junior Bonds	A_{IS} BBB	Negative	Placement on MARCWatch Negative was triggered by insufficient progress on the construction of the 16.8-km Lebuhraya Putrajaya-KLIA expressway (MEX Extension) to meet the project milestones since the ratings were downgraded in 2019. The delay has led to MEX II seeking another extension of time (EOT) to complete construction. As at end-April 2020, completion stood at 86%, just slightly up from 83% as at end-August 2019. The delay has been substantially contributed by stalled works at the critical Bridge 13 following a stop-work order issued by Jabatan Kerja Raya Sepang since April 2019. MEX II has	May 22, 2020 - placed on MARCWatch Negative

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					appealed for the stop-work order to be lifted, pending approval. MEX II has applied to Lembaga Lebuhraya Malaysia for an EOT to September 2021. This means that MEX Extension may only be completed 14 months later that the last EOT given (July 2020) and two years late than the initial completion date set by the authority (i.e. October 2019). The company is looking at restructuring its debts and expects to finalise this within three months from the approval date of the EOT, anticipated to be received by end-June 2020. MEX II could face financial distress in 2021 as there are sukuk principal maturity payment of RM30 million and profit payments of RM77 million in that year if the restructuring/refinancing exercise fails to materialise or takes longer than expected to be finalised or if other measures are not put in place to shore up liquidity. MARC will review the ratings placement and take the appropriate rating action when there is certainty on the timeline of the company's plans to complete construction of MEX Extension and undertake a restructuring/refinancing of the sukuk. The review will consider the analysis of new cash flow under the	

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					restructuring arrangement vis-à-vis the concessionaire's financial obligations. Conversely, the ratings could face multiple-notch downgrades on heightened default risk if the concessionaire is not able to execute its plans on a timely basis or if measures that are implemented deemed insufficient to address liquidity risk or if MEX II is unable to obtain an EOT.	