List of Entities on Rating Watch for 3rd Quarter 2020 (period covering 01.07.2020 – 30.09.2020)

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
					On 24 July 2020, MARC further extended its MARCWatch Developing on PLUS as negotiations between the company and the government with regard to the toll restructuring remain ongoing. In the meantime, existing concession and supplemental agreements will continue to subsist and remain in full force. MARC's assessment indicates no immediate pressure on PLUS' debt-servicing ability backed by a strong liquidity position; PLUS has RM3.0 billion in cash, sufficient to meet its profit and principal payments due in 2021. MARC expects to resolve the MARCWatch placement upon finalisation and assessment of the outcome of the negotiations, anticipated by 4Q2020.	July 24, 2020 – Extension of MARCWatch Developing

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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 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). In June 2020, MEX II received the approval from Lembaga Lebuhraya Malaysia to complete MEX Extension by September 4, 2021. However, there was no further forward in project progress,	May 22, 2020 - placed on MARCWatch Negative August 21, 2020 – Extension of MARCWatch Negative

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					with completion at end-July 2020 standing stagnant at 86%. MEX II has entered into discussions with certain financial institutions pertaining to a refinancing plan that is expected to be finalised in the next three months. MARC's extension of the MARCWatch placement reflects this ongoing restructuring exercise. 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. MARC will review and take the appropriate rating action when there is more clarity on the company's debt restructuring plan. The review will consider the analysis of new cash flow under the restructuring arrangement vis-à-vis the concessionaire's financial obligations. The ratings could face multiple-notch downgrades on heightened default risk if the restructuring plan fails to materialise or is significantly delayed, or if measures implemented are insufficient to address liquidity risk.	