

Green Bond Fact Sheet

Telekosang Hydro One			Date: 28/07/2019
Issue date: 15-07-2019 Maturity date: 15-07-2037 Tenor: 18			
Issuer Name	Telekosang Hydro One Sdn Bhd	Amount Issued	MYR470m (USD115m)
Country of risk	Malaysia	CBI Database	Included
Issuer Type ¹	Non-financial corporate	Bond Type	Sukuk
Green Bond Framework	N/A	Second party opinion	N/A
Certification Standard	Not certified	Assurance report	N/A
Certification Verifier	N/A	Green bond rating	AA3 (RAM)
Use of Proceeds			
<input checked="" type="checkbox"/> Energy	<input type="checkbox"/> Solar <input type="checkbox"/> Onshore wind <input type="checkbox"/> Offshore wind <input type="checkbox"/> Geothermal <input checked="" type="checkbox"/> Hydro	<input type="checkbox"/> Tidal <input type="checkbox"/> Biofuels <input type="checkbox"/> Bioenergy <input type="checkbox"/> District heating <input type="checkbox"/> Electricity grid	<input type="checkbox"/> Energy storage <input type="checkbox"/> Energy performance <input type="checkbox"/> Infrastructure <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input type="checkbox"/> Buildings	<input type="checkbox"/> Certified Buildings <input type="checkbox"/> HVAC systems <input type="checkbox"/> Energy performance	<input type="checkbox"/> Water performance <input type="checkbox"/> Energy storage/meters <input type="checkbox"/> Other energy related	<input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input type="checkbox"/> Transport	<input type="checkbox"/> Electric vehicles <input type="checkbox"/> Low emission vehicles <input type="checkbox"/> Bus rapid transit <input type="checkbox"/> Passenger trains <input type="checkbox"/> Urban rail	<input type="checkbox"/> Freight rolling stock <input type="checkbox"/> Coach / public bus <input type="checkbox"/> Bicycle infrastructure <input type="checkbox"/> Energy performance	<input type="checkbox"/> Transport logistics <input type="checkbox"/> Infrastructure <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input type="checkbox"/> Water & wastewater	<input type="checkbox"/> Water distribution <input type="checkbox"/> Water treatment <input type="checkbox"/> Wastewater treatment <input type="checkbox"/> Water storage	<input type="checkbox"/> Storm water mgmt <input type="checkbox"/> Flood protection <input type="checkbox"/> Desalination plants <input type="checkbox"/> Erosion control <input type="checkbox"/> Energy performance	<input type="checkbox"/> Infrastructure <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience

<input type="checkbox"/> Waste management	<input type="checkbox"/> Recycling <input type="checkbox"/> Waste prevention <input type="checkbox"/> Pollution control	<input type="checkbox"/> Landfill, energy capture <input type="checkbox"/> Energy performance <input type="checkbox"/> Infrastructure	<input type="checkbox"/> Waste to energy <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input type="checkbox"/> Land use & agriculture	<input type="checkbox"/> Afforestation/parks <input type="checkbox"/> FSC Forestry <input type="checkbox"/> FSC Cellulose & paper	<input type="checkbox"/> Land remediation <input type="checkbox"/> Energy/water efficiency	<input type="checkbox"/> Sustainable agriculture <input type="checkbox"/> Adaptation & resilience
<input type="checkbox"/> Other	<input type="checkbox"/> Adaptation & resilience	<input type="checkbox"/> ICT	<input type="checkbox"/> Industry: process
Issue details			
Reporting			
Company information	Telekosang Hydro One is a private limited company. It was formed in 2017 for the construction of this hydro plant.		
Firsts, records and certifications	<p>World's first mini-hydro Sukuk (other Sukuks have financed hydro but not exclusively, and not for a mini project).</p> <p>Also the first Malaysian bond greater than USD100m in 2019, and the largest Malaysian bond since December 2017</p>		
Proceeds description	To finance the construction of a 24MW run-of-the-river hydro plant. The issuer signed a 21-year Renewable Energy Power Purchase Agreement (REPPA) with Sabah Electricity, with a scheduled Feed-in Tariff commencement date for the project of 31 st July 2021, i.e. expected 24-month construction period.		
Climate Bonds view	<p>RAM Ratings highlighted a moderate degree of construction risk, particularly with respect to geographical challenges and logistical difficulties in the construction of access roads and waterways amid a mountainous location. We note that the issuer has made provisions for this (e.g. by setting up a contingency sum) and hope that Telekosang and other involved parties are able to make good use of them in case such challenges do materialise.</p> <p>Hydro already constitutes a significant proportion of Malaysia's renewable energy mix, but renewables must grow further in order for the country to meet its NDC climate goals. This project should support this.</p> <p>Finally, Telekosang's (Senior) Sukuk is the world's first for a mini-hydro project that is aligned with the requirements of Securities Commission Malaysia's Sustainable and Responsible Investments Sukuk Framework, the ASEAN Green Bond Standards, and the Green Bond Principles. We are pleased to see the green Sukuk market continue to expand, adding another non-financial corporate to its pool of issuers. It would also be good, however, to see more Sukuk issuance for sectors other than energy (9 of the 10 issued so far funded energy, 5 of which did so exclusively).</p>		
Underwriters	MIDF Amanah Investment Bank		
Deal comments			
Credit Rating			

Pricing summary	
Investors summary	

¹ Issuer categories: ABS, development bank, financial corporate, government-backed entity, loan, local government, non-financial corporate, sovereign