

MARC assigns Silver Impact Bond Assessment to Sunway REIT's inaugural sustainability-linked bonds

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KUALA LUMPUR (Dec 7): Malaysian Rating Corporation Bhd (MARC) has accorded a Silver Impact Bond Assessment to Sunway Real Estate Investment Trust (REIT)'s inaugural sustainability-linked bonds (SLB) Framework which governs the terms of the bonds.

MARC said the issuance of the first tranche of the SLB is part of Sunway REIT's maiden sustainable financing exercise and marks the culmination of the REIT's strategic collaboration with OCBC Bank (Malaysia) Bhd, which was, earlier this year, appointed as Sustainability Structuring Coordinator for the Unrated Medium-Term Notes Programme.

The sustainability-linked bonds were structured in compliance with the International Capital Market Association's Sustainability-Linked Bond Principles, which feature a pricing adjustment mechanism benchmarked against the achievement of predetermined sustainability performance targets (SPTs), according to MARC.

The rating agency said the SPTs were selected to measure the improvement in Sunway REIT's sustainability goals, including sourcing a portion of its energy requirements from a renewable energy source and achieving and maintaining a minimum Building Energy Intensity (BEI) score for its retail properties portfolio.

"The linking of the issuer's cost of funding to pre-agreed SPTs through the margin adjustments for the partial, full or non-achievement of the SPTs ensures tangible positive environmental impact and the closing of gaps between the SPTs and actual performance are incentivized," said MARC group CEO Datuk Jamaludin Nasir.

"Apart from aligning with Sunway REIT's broader sustainability objectives, these SPTs are relevant to supporting national and global decarbonisation goals," he said.

Sunway REIT Management Sdn Bhd CEO Datuk Jeffrey Ng added: "Through this sustainable financing exercise, we are able to demonstrate a clear parallel between the achievement of our environmental, social and governance (ESG) targets and the optimisation of our financing cost.

"The success of this SLB issuance represents the next big step for Sunway REIT to integrate ESG practices at the heart of its financing strategy."

Sunway REIT units were one sen or 0.69% higher at RM1.45 in afternoon trading, giving a market capitalisation of RM4.97 billion.

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