



NTU issues maiden sustainability-linked bond; prices S\$650m 15-year bond at 2.185%

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NANYANG Technological University (NTU) on Wednesday (Oct 13) priced S\$650 million worth of 15-year notes with a coupon of 2.185 per cent per annum.

The notes are the world's 1st publicly-offered sustainability-linked bond by a university, and one with the longest tenor in the Asia-Pacific region, said joint lead manager and bookrunner DBS in a press statement.

They fall under the university's 1st series of its S\$1 billion medium-term note (MTN) programme. NTU's MTN programme received a provisional Aaa rating, while the latest bond offering received Aaa rating by Moody's Investors Service. The global ratings agency has also issued a "stable" rating outlook for the issuer with a rating of Aaa.

"NTU's Aaa issuer rating and aaa baseline credit assessment reflect its relatively large scale and a strong market profile, a track record of healthy financial performance, ample liquidity and low leverage against the backdrop of a favourable operating environment for higher education in Singapore, as well as strong financial governance," Moody's noted in a press statement.

The final order book for the sustainability-linked bond stood in excess of S\$850 million from 33 accounts. About 72 per cent of the issuance was allocated to banks and corporates, 25 per cent to insurance and fund managers, while 3 per cent went to private banks.

The sustainability-linked bond issuance is in line with NTU's effort to achieve carbon neutrality by 2035 and reduce gross carbon emissions by at least 50 per cent from its 2019 baseline.

Net proceeds will be applied in conjunction with NTU's corporate and sustainability goals, as well as activities aligned with its sustainability manifesto.

NTU Singapore senior vice-president (administration) Tan Aik Na said: "We have consistently built on our sustainability commitments and are excited by the prospect of leveraging the capital markets to propel our wide-ranging sustainability efforts over the next 15 years towards a climate-aligned future."

DBS global head of fixed income Clifford Lee said the issuance sets an important precedence in the global education industry by paving the way for more universities to efficiently broaden their access to include environment, social and corporate governance (ESG) bond investors for their financing needs.

"This in turn enables universities to provide affordable education for our future generations amid a green and climate-friendly environment, ticking off both the environmental and social aspects in the ESG equation," he added.

UOB head of group investment banking Edmund Leong expects more organisations to follow NTU's lead in issuing such bonds to raise funds as well as to meet their sustainability goals.

DBS and UOB were appointed as joint lead managers and bookrunners for NTU's maiden sustainability-linked bond.

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