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PHOTO: BT FILE

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THE Singapore Management University's inaugural offer of bonds tagged with an environmental, social and governance (ESG) label were priced to yield at 2.022 per cent.

The S\$150 million sustainability bond was oversubscribed, and was allocated to "quality institutional investors", according to the deal's sole manager and bookrunner OCBC, in response to queries from *The Business Times* on Monday (Aug 4).

The bond was issued at par, as the effective yield is the same as the coupon rate of 2.022 per cent.

The seven-year sustainability bond, which was priced on Jul 28, achieved the tightest bond spread of 17.5 basis points above the seven-year Singapore Overnight Rate

Average (Sora) among all Singapore dollar-denominated bonds issued year-to-date, said OCBC.

Sora is the benchmark interest rate in Singapore.

In a press release, SMU said the sustainability bond is the first such bond issued by an autonomous university in Singapore. It will mature on Jul 28, 2032.

Proceeds raised from sustainability bonds will finance projects that mix green and social objectives.

Apart from green initiatives with environmental benefits, SMU said that it will be committing a portion of the proceeds to fund social programmes that promote inclusive education that would benefit students from low-income families.

The university had developed its sustainable financing framework in June this year, along with OCBC, that outlines the criteria and guidelines for SMU to allocate and manage the proceeds raised from sustainable finance transactions.

The framework will serve as the foundation for the university to engage in sustainable finance transactions such as green, social and sustainability bonds and loans.

The sustainable debt issuances could be used to finance projects that include green buildings, energy efficiency upgrades, green information technology infrastructure, sustainable water and waste management, as well as programmes that promote inclusive education, knowledge sharing, and mental health and well-being, said SMU.