

Fortress REIT given green light to issue R1.3bn in sustainability-linked bonds

Following its listing of a three-year sustainability-linked bond of R495m and a five-year sustainability-linked note of R405m in 2021, the JSE has now granted Fortress REIT the listing of a further R1.3bn sustainability-linked notes, referencing the company's existing solar installation programme.



Source: Supplied

Sustainability-linked bonds have increasingly been used around the world as a source of financing for renewable energy development, designed with compliance requirements and measurable economic returns to investors.

The 2022 notes were issued as followed:

- R450m three-year note with the target measurement date of 30 June 2023
- R500m five-year note with the target measurement date of 30 June 2023 and 2025
- R350m 5.5-year note with target measurement date of 30 June 2023 and 2025

These notes have a combined target of 12.735MWp by June 2025. The bonds do not have specific use-of-proceed requirements but carry a pricing benefit if the KPIs are met.



Source: Supplied

Carbon savings of over 6,800 tonnes

In 2021, Fortress completed six solar PV installation projects, totalling 3.4MWp. These plants will generate an estimated 6,700MWh of renewable energy, resulting in carbon savings of over 6,800 tonnes in Year 1. This brings the total solar PV plants installed across the portfolio to 6.5MWp, with more planned to roll out in 2022 and beyond. In addition, the first battery installation at Bloemfontein Value Mart is now operational.

“By 2025, our goal is to exceed 12.7MWp installed of solar energy,” said Ian Vorster, CFO of Fortress REIT Limited. “When combined with our latest note, our aim is to provide a total solar energy output target of 25,000MWh of renewable energy by 2025, making us a significant contributor of solar energy within the local REIT sector. This is equivalent to the annual electricity consumption of approximately 10,000 average South African homes.



Source: Supplied

“The scaling up of our renewable energy outputs to deliver more solar energy is aligned with our ongoing strategic ESG plan. By continuing to install and increase the use of solar energy across our retail and logistics portfolios, it allows us to meet our tenants’ needs, facilitate a reduction in reliance on utilities and, more importantly, contribute to mitigating climate change,” concluded Vorster.

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