



Media Release

RAM Ratings affirms Ideal Water Resources' Tranche 2 AA₁ Sukuk rating

RAM Ratings has affirmed the AA₁/Stable rating of the RM255 mil Tranche 2 Sukuk (2025/2034) (Tranche 2 Sukuk) issued under Ideal Water Resources Sdn Bhd's (IWR) Sukuk Murabahah Programme of up to RM1 bil (2023/-). The reaffirmation reflects the transaction's resilient cash flow characteristics, supported by predictable concession-derived receipts and adequate finance service coverage under RAM's stressed assumptions.

IWR is a funding conduit within the Puncak Niaga group and has no standalone operations. Its capacity to meet obligations under the Tranche 2 Sukuk relies fully on upstream cashflows from TRIplc Ventures Sdn Bhd. TVSB, in turn, receives concession payments from University Teknologi MARA (UiTM), which it first utilises for its operational needs before upstreaming residual funds to IWR via intra-group debt repayments and pre-agreed dividend distributions. In our view, this cash flow structures supports stable, timely sukuk servicing, although it also links IWR's credit quality closely to TVSB's operating performance and the continuity of concession payments.

Structural protections and covenant package continue to support the transaction's credit profile. Although IWR and TVSB are separate legal entities, the financing structure contractually aligns their cash flows and obligations. As such, we consider them as a single economic entity from a credit perspective. As TVSB's debt is fully held by IWR, credit subordination risk does not arise.

In 2025, TVSB received concession payments within RAM's three-month delay sensitivity threshold. Operational performance also remained above the concession agreement's 93% service requirement, resulting in only negligible deductions. Under RAM's sensitised analysis, the Tranche 2 Sukuk is projected to record minimum and average post-distribution finance service coverage ratios (including cash balances) of 1.53 times and 2.31 times, respectively. These metrics commensurate with the benchmark for an AA₁-rated, low-complexity private finance initiative/public-private partnership project.

As with most concession-based entities, TVSB is exposed to single-project concentration risk, where a force majeure event or significant operational challenges could disrupt its entire operations and impair its revenue generating capacity. Neither UiTM nor the Government of Malaysia are directly liable to IWR's lenders under a

concession termination scenario. While IWR's lenders benefit from a Puncak Niaga Holdings Berhad guarantee and other avenues of group funding support, these were not factored into the rating assessment. The assessment instead relies on the project's standalone cash generating ability and the view that termination risk under the concession agreement remains low, given the relatively straightforward nature of TVSB's maintenance role.

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