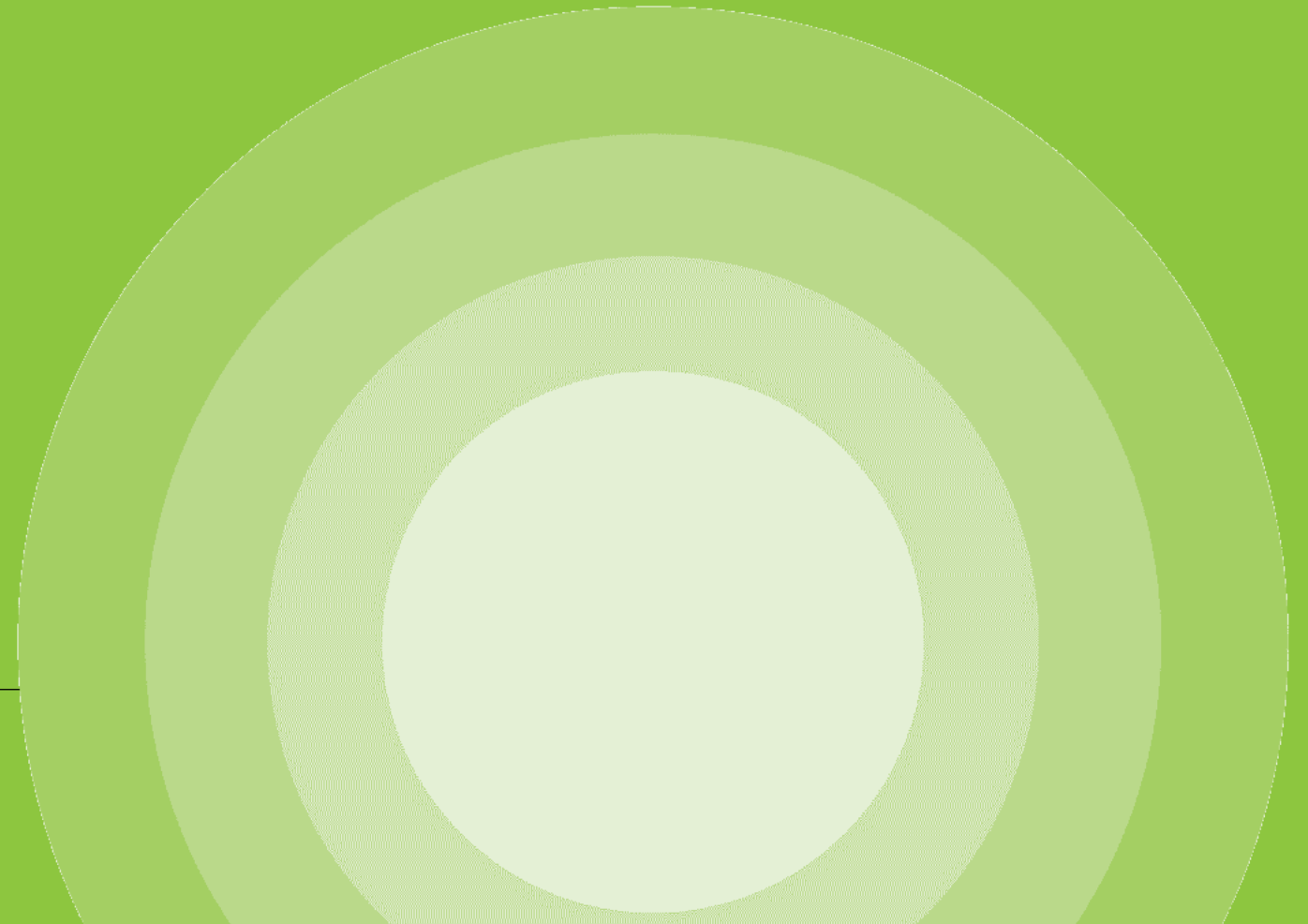


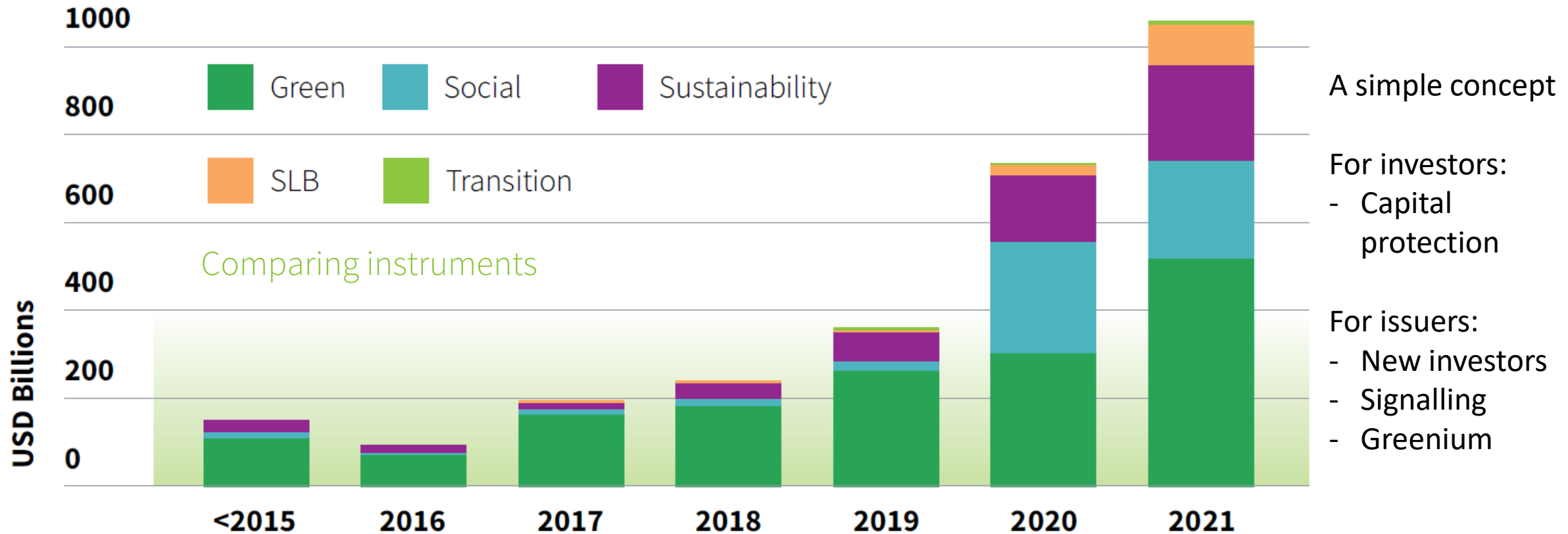
# Green property bonds

Sean Kidney | 20 September 2022

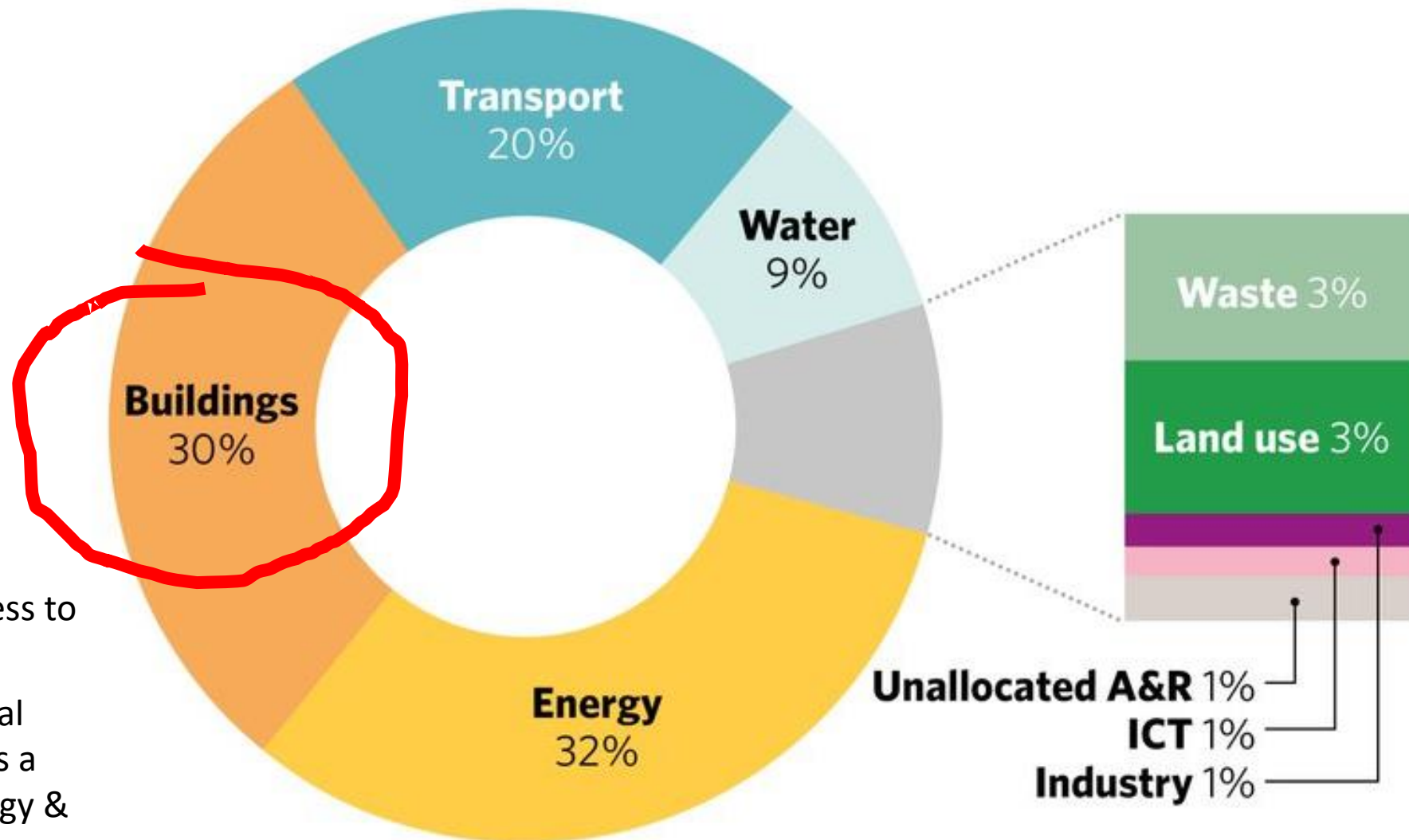
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# Win: proof of concept / icebreaker



# Buildings = US\$350bn of the global green bonds market



## Benefits

**Investors** get value retention, risk reduction

**Issuers** get greater access to capital & lower pricing

Opportunity: that capital raising benefit becomes a reason to manage energy & emissions

# Example: Bancolombia incentives for green mortgages



- Financing through a green bond – oversubscribed 2.8x.
- Offer for developers: Variable loan for green construction from 0.5% to 2% less than conventional market rates.
- Offer for homebuyers: Discounted rate of 65 basis points for the first seven years of the loan.
- Technical assistance: Education of developers and internal technical expert.
- Results: 15,000 homes certified. Total program: \$400 million and expanding.

# Example: Investa green buildings portfolio, Australia



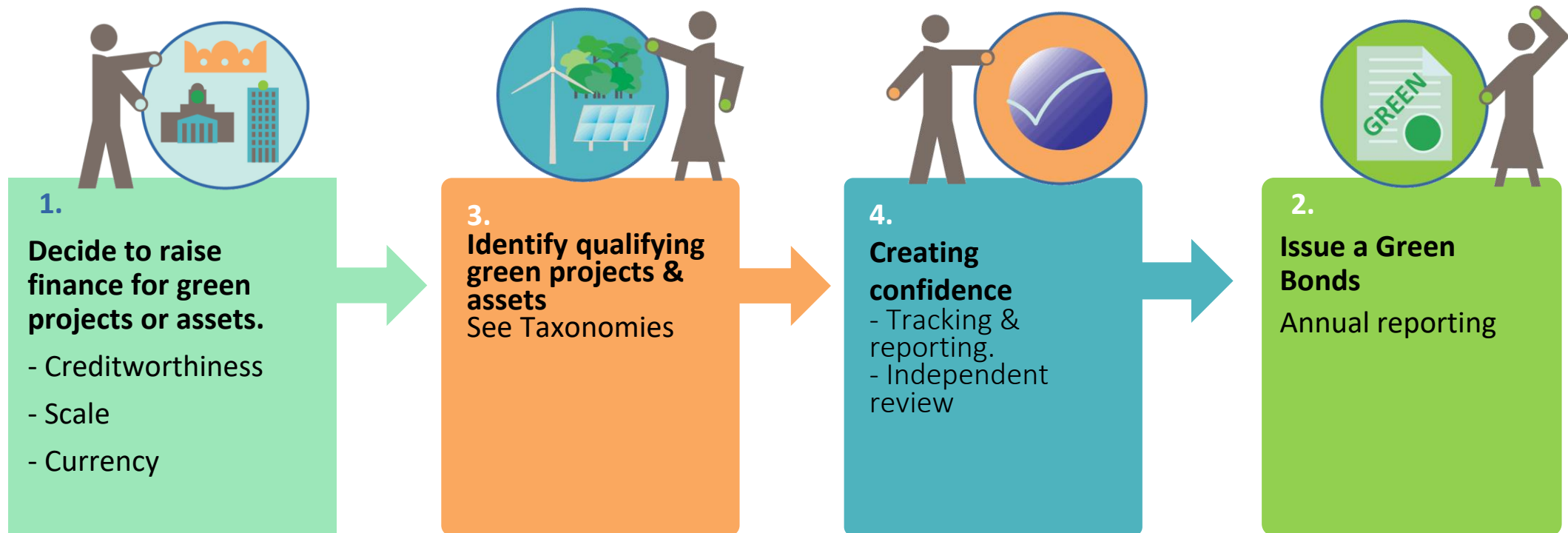
- Financing through multiple oversubscribed green bonds and a US\$170m green loan
- Diversifies debt sources and puts downward pressure on financing costs
- Sets target of net zero emissions by 2040 across whole portfolio of 15 offices valued at US\$3.7bn

## Example: Acorn and Kenya's first green bond



- Kenya's 1<sup>st</sup> green bond for ~\$50 million with structuring by Stanbic Bank.
- Use of proceeds for new student accommodations that are EDGE certified.
- EDGE preliminary and post-construction certificate ensure green standard.
- EDGE provides reporting in line with Climate Bonds Certification.
- Government now made interest from green bonds tax exempt.







































# Issuance process



# CBI guidance

## Climate Bonds Taxonomy



ENERGY	TRANSPORT	WATER	BUILDINGS	LAND USE & MARINE RESOURCES	INDUSTRY	WASTE	ICT
Solar 	Private transport 	Water monitoring 	Residential 	Agriculture 	Cement production 	Preparation 	Broadband networks
Wind 	Public passenger transport 	Water storage 	Commercial 	Commercial Forestry 	Steel, iron & aluminium production 	Reuse 	Telecommuting software and service
Geothermal 	Freight rail 	Water treatment 	Products & systems for efficiency 	Ecosystem conservation & restoration 	Glass production 	Recycling 	Data hubs
Bioenergy 	Aviation	Water distribution 	Urban development 	Fisheries & aquaculture 	Chemical production 	Biological treatment 	Power management
Hydropower 	Water-borne 	Flood defence 		Supply chain management 	Fuel production 	Waste to energy 	
Marine Renewables 		Nature-based solutions 				Landfill 	
Transmission & distribution 						Radioactive waste management	
Storage 							
Nuclear							



Climate Bond Certified

- Certification Criteria approved 
- Criteria under development 
- Due to commence 

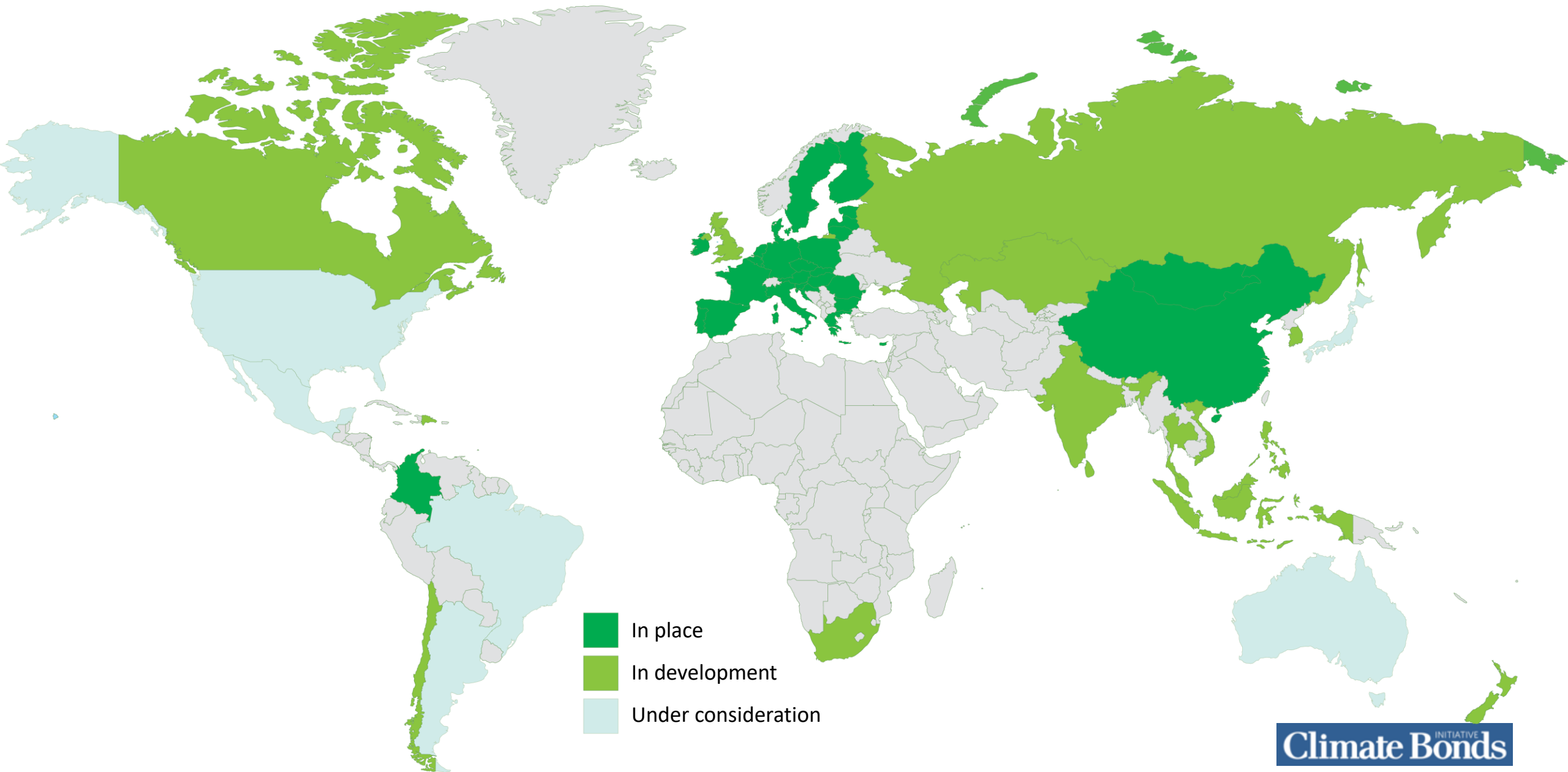


# Three methods created



- ✓ Common principles maintained across each method
- ✓ Targets related to local market baseline

# Guidance on definitions – “taxonomies”



# Certifying entities with ambitious transition plans



## 1. In line with 1.5 degree trajectory

All goals and pathways need to align with zero carbon by 2050 and nearly halving emissions by 2030.



## 2. Established by science

All goals and pathways must be led by scientific experts and be harmonised across countries.



## 3. Offsets don't count

Credible transition goals and pathways don't count offsets, but should count upstream scope 3 emissions.



## 4. Technological viability trumps economic competitiveness

Pathways must include an assessment of current and expected technologies. Where a viable technology exists, even if relatively expensive, it should be used to determine the decarbonisation pathway for that economic activity.



## 5. Action not pledges

A credible transition is backed by operating metrics rather than a commitment/pledge to follow a transition pathway at some point in the future. In other words, this is NOT a transition to a transition.

# Next

## Clarity on what to do: definitions

EU-China Common Ground Taxonomy

Entities

## Tilt to green: incentives, regulatory support

Risk mitigation, blended finance, regulatory drivers, QE

Central banks addressing transition and impacts risk

## Imagine and create

Urban development