



CITY OF CAPE TOWN

STATEMENT BY THE CITY'S EXECUTIVE MAYOR, PATRICIA DE LILLE

Green pays: City's R1 billion bond a resounding success in the market

Today, 12 July 2017, the City of Cape Town's inaugural green bond of R1 billion went on auction from 09:00 – 11:00 in a closed bidding process.

Within two hours, 29 investors made offers totalling R4,3 billion in response the R1 billion that was being sold. The R1 billion cleared at 133 basis points above the R186 government bond.

This response from the market was overwhelmingly positive and demonstrates the great appetite among investors to invest in sustainable projects.

The market's enthusiasm is also a resounding vote of confidence by investors in the City's governance, strong financial standing, and ability to deliver on sustainable projects.

Today's auction is a demonstration that it pays to go green. This is a first for Cape Town and South Africa. It has been a tremendous learning curve and it proves that there are many innovative ways to raise the finance to address infrastructure needs and to respond to climate change.

In line with our Organisational Development and Transformation Plan's governance principles to enhance resilience and sustainability and improve resource efficiency, green bonds will certainly be the way forward for us in terms of how we finance projects.

Going into the future, we will go greener because we have a duty to protect the planet, to build sustainable cities, and to reduce carbon emissions.

Our green bond has been certified by the Climate Bonds Initiative, while international ratings agency Moody's also awarded the bond a GB 1 rating – which means they have been impressed enough with the green credentials and controls around this bond to name it 'Excellent'.

The projects to be funded by the green bond are a mix of adaptation and mitigation initiatives, all of which are aligned with the City's Climate Change Strategy. Some of the projects include:

- procurement of electric buses
- energy efficiency in buildings

- water management initiatives (which includes water meter installations and replacements, water pressure management, and upgrade of reservoirs)
- sewerage effluent treatment
- rehabilitation and protection of coastal structures
- The City is ready to continue getting on with building a Cape Town which future generations can thank us for and with overlaying all our work, from financing to implementation, with innovation.

End