

SUSTAINABLE LOAN GROUP

Green & Sustainability- Linked Loan Newsletter

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Introduction

The sustainable loan market demonstrated robust growth in Q1-Q3 2024, reaching EUR 663Bn globally - an increase of 16% compared to the same period in 2023. In Q3 2024 alone, sustainable loan volumes totaled EUR 171Bn, marking an 8% rise from Q3 2023.

Sustainability-linked loans once again dominated the market, accounting for EUR 129Bn or 76% of the total sustainable loan volume. Despite a seasonal dip from Q2 2024, sustainability-linked loans saw a significant year-over-year increase of 42% compared to Q3 2023. In contrast, green loans experienced a sharp decline, with volumes falling by 38% compared to Q3 2023.

Regionally, the Americas led the sustainable loan market in Q3 2024, achieving EUR 71Bn in total volume - a 1.5x increase compared to Q3 2023. EMEA, which had dominated for the past eight quarters, followed closely with EUR 68Bn, though this represented a 19% year-over-year decline. Meanwhile, APAC concluded the quarter with EUR 29Bn, reflecting a significant 30% drop from Q3 2023. The Americas and EMEA together accounted for 81% of the global sustainable loan volume in Q3 2024.

Highlights of 3Q2024

- **ICMA's new guidelines on Green, Social and Sustainability-linked Bonds Principles**

By the end of June '24, ICMA released new materials and further guidelines to support the referred Bond Principles. The new developments would create both a new financing opportunity in the debt capital markets while also aiming to support the integrity of sustainability-linked financing. The novelties refer essentially to 3 differentiated areas:

- i. Guidance for Green Enabling Projects: a great number of green enabling projects, vital to the value chain of green projects, are not themselves explicitly considered green but remain critical to these eligible green projects. A Green Enabling Project must meet specific criteria (including being a crucial part of a Green Project's value chain without causing carbon lock-in) and adhere to certain transparency necessities in order to be effectively considered as linked with environmental benefits;
- ii. Guidelines for Sustainability-Linked Loans financing Bonds (SLLBs): These guidelines have been developed in collaboration with the Loan Market Association (LMA) and aim to improve the transparency and credibility of the SLLB market. They define a dedicated bond instrument designed for issuers wishing to finance or refinance a portfolio of eligible sustainability-linked loans (SLLs) aligned with the LMA's Sustainability-Linked Loan Principles (SLLP). SLLBs should serve as a driver to enhance the robustness of sustainability-linked loan structures in the market over the longer-term; and
- iii. The Principles have also released further roadmaps on the following topics:
 - o An update of the Sustainability-Linked Bond Principles with clarifications to support KPI selection and a new SLB disclosure data checklist.
 - o An expansion of the SLB KPIs Registry related to environmental themes (biodiversity, circular economy/raw materials and water) as well as additional KPIs for sovereign issuers.
 - o A new annex of the Impact Reporting Handbook covering potential environmental and/or social risks associated with eligible project categories for green bonds.

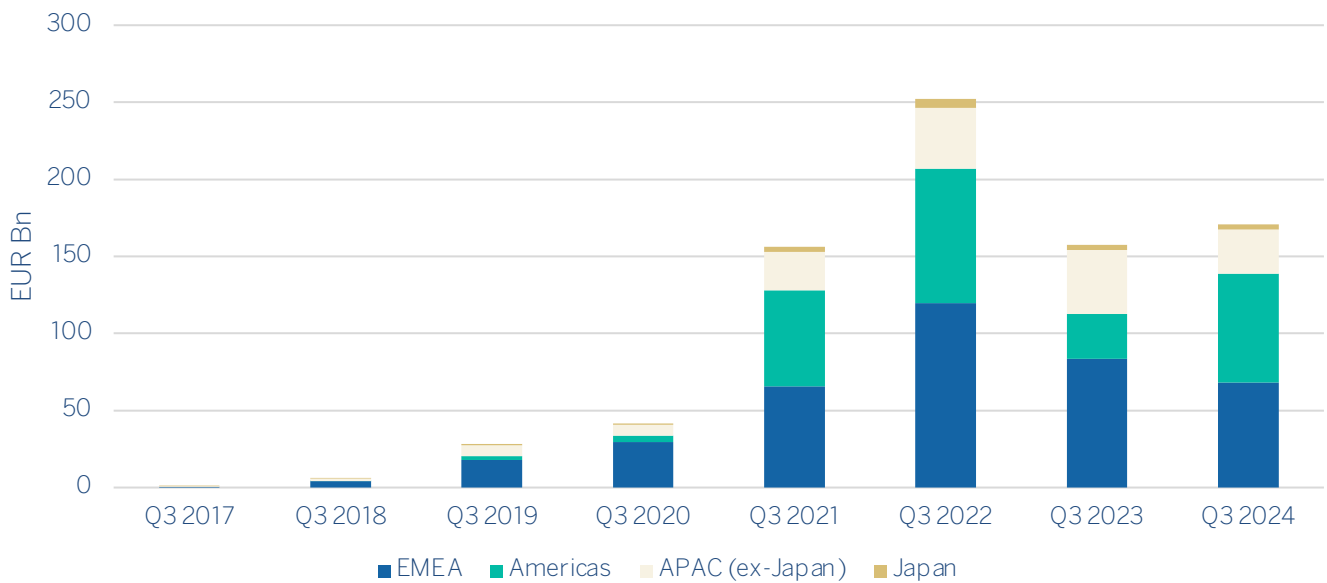
BBVA Top Deals – 3Q2024

- **EnBW, Germany (A-/Baa1/-)**, one of the largest integrated energy companies in Europe, successfully closed a €2bn 5+1+1-year **sustainability-linked RCF** in July 2024. This new facility refinances a €1.5bn loan originally arranged in 2020, which was also linked to sustainability targets and coordinated by BBVA as both Global and Sustainability Coordinator. In this latest facility, the group updated the KPIs to reflect its evolving priorities. These include scope 1 & 2 emission reduction, scope 3 emission reduction, and minimum EU taxonomy-aligned capex. **[BBVA, Global & Sustainability Coordinator]**
- **Grupo Antolín-Irausa, Spain (unrated)**, one of the largest manufacturers of automobile interiors and a worldwide supplier of headliner substrates, closed a EUR 185Mn **sustainability-linked RCF** under KPI format in July 2024. The new facility replaced an existing EUR 200Mn loan closed in 2021 and already linked to sustainability targets. **[BBVA, Sustainability Coordinator]**
- **WP Carey, US (BBB+/Baa1)**, one of the largest diversified net lease REITs, specializing in the acquisition of operationally critical, single-tenant properties in North America and Europe, closed its first **sustainability-linked RCF** under KPI format in September 2024. The RCF amends an existing facility signed by WP Carey in 2023. The amount of the credit line is USD 2.0Bn. **[BBVA, Co-Sustainability Structuring Agent]**
- **Minera Ares in Peru and Amarello Mineracao in Brazil are part of Hochschild Group (BBB-)**, whose main businesses are the exploration, extraction, processing and sale of precious metals (mainly gold and silver). Minera Ares and Amarello Mineracao, as co-borrowers, have successfully closed a USD 300Mn **sustainability-linked loan** under KPI format. The facility was structured as a 5yr Club Deal from BBVA and Scotiabank. **[BBVA, Bookrunner & Sustainability Co-Coordinator]**
- **Magnon Green Energy, Spain**, consists of the refinancing of a company that operates nine plants, eight biomass and one cogeneration plant, with a total installed capacity of 266 MW, which closed a **Green Loan** in July 2024 for an amount of EUR 190Mn. **[BBVA, Green Loan Coordinator]**
- **Project Wagon Wheel, USA**, a ~598.4 MW wind farm in Logan, Garfield, Kingfisher and Noble counties (Oklahoma) whose shareholder is Invenergy Renewables Global, closed a **Green Loan** in July 2024. The amount of the financing is USD 1,173.5Mn split into USD 1,143.5 Mn Term Loan and USD 30Mn LC. **[BBVA, Green Loan Coordinator]**
- **Project Javelin, USA**, a 100 MW data center in Atlanta, GA that is 100% contracted to Amazon and owned by Edged Data Centers, which closed a **Green Loan** in August 2024. The amount of the financing has been USD 942Mn with a 5-year tenor. **[BBVA, Green Loan Coordinator]**
- **Project Milano & Guadacano, Spain**, consists of the financing of the construction and operation of two solar PV plants in Valladolid and Malaga with a total installed capacity of 114.5 MW, obtained financing in August 2024 through two bilateral **Green Loans** of around EUR 55.8Mn. **[BBVA, Sole Green Loan Coordinator]**
- **Hotel Four Seasons CDMX + Mayakoba, Mexico**, consists of the refinancing of both the Four Seasons Ciudad de Mexico and Mayakoba Resort (3 hotels) owned by RLH Properties, which closed two **Green Loans** in August 2024 for an amount of USD 480Mn. **[BBVA, Green Loan Coordinator]**
- **Project 2-Pack (Kelvin & Current), USA**, two wholesale data centers fully contracted to Microsoft and owned by QTS, which closed a **Green Loan** in September 2024. The amount of the financing has been USD 911Mn with a 5-year tenor. **[BBVA, Green Loan Coordinator]**

Sustainable Loan Volumes

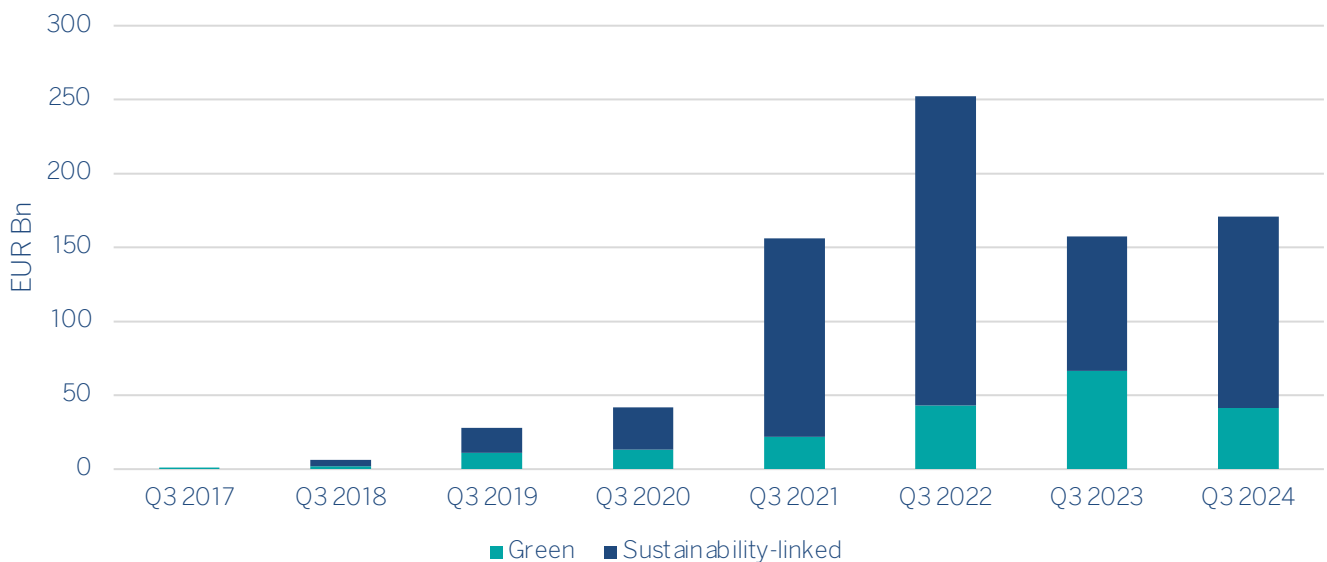
SUSTAINABLE LOAN VOLUMES PER GEOGRAPHY

	Q3 2017	Q3 2018	Q3 2019	Q3 2020	Q3 2021	Q3 2022	Q3 2023	Q3 2024
EMEA	0	4	18	30	66	120	84	68
Americas	0	0	2	4	62	87	29	71
APAC (ex-Japan)	0	1	7	7	25	39	42	29
Japan	1	0	1	1	3	6	4	3
Tot. (EUR Bn)	1	6	28	42	156	252	158	171



SUSTAINABLE LOAN VOLUMES PER TYPE OF INSTRUMENT

	Q3 2017	Q3 2018	Q3 2019	Q3 2020	Q3 2021	Q3 2022	Q3 2023	Q3 2024
Green	1	2	11	13	22	43	67	41
Sustainability-Linked	0	4	17	28	134	209	91	129
Totals (EUR Bn)	1	6	28	42	156	252	158	171



Selected Sustainable Loans – 3Q2024

Borrower	Nationality	Industry	Closing Date	Deal CCy	Deal Amount (EUR Mn equiv.)	Loan Package Type	Sustainable Feature
CyrusOne US Funding LLC	United States	Collective Investments	03/07/2024	US Dollar	7,331.74	RCF	Sustainability-linked loan
Rwe AG	Germany	Utilities	05/07/2024	Euro	5,000.00	RCF	Sustainability-linked loan
HP Inc	United States	Computers	01/08/2024	US Dollar	4,633.50	RCF	Sustainability-linked loan
Welltower OP LLC	United States	Real Estate	24/07/2024	US Dollar	4,612.95	RCF	Sustainability-linked loan
Alexandria Real Estate Equities Inc	United States	Real Estate	19/09/2024	US Dollar	4,479.90	RCF	Sustainability-linked loan
Switch BBF LLC	United States	Textiles & Apparel	30/08/2024	US Dollar	3,847.19	Multiple Loan Facility	Sustainability-linked loan
Digital Realty Trust LP	United States	Real Estate	19/09/2024	US Dollar	3,763.12	RCF	Sustainability-linked loan
Prudential Financial Inc	United States	Insurance	15/07/2024	US Dollar	3,671.76	RCF	Sustainability-linked loan
Republic Services Inc	United States	Commercial Services	26/07/2024	US Dollar	3,223.71	RCF	Sustainability-linked loan
Eoliennes Offshore Des Hautes Falaises	France	Utilities	05/07/2024	Euro	3,175.00	Multiple Loan Facility	Green Loan
Trafigura Group Pte Ltd	Singapore	Oil & Gas	26/09/2024	US Dollar	2,862.29	Multiple Loan Facility	Sustainability-linked loan
WP Carey Inc	United States	Real Estate	14/12/2023 Amended on 20/09/2024	US Dollar / British Pound Sterling / Euro	2,439.00	Multiple Loan Facility	Sustainability-linked loan
Alpha Generation LLC	United States	Banking & Finance	30/09/2024	US Dollar	2,425.01	Multiple Loan Facility	Green Loan
Henkel AG & Co KGaA	Germany	Chemicals	17/07/2024	Euro	2,000.00	RCF	Sustainability-linked loan
EnBW Energie Baden-Wuerttemberg AG	Germany	Utilities	05/07/2024	Euro	2,000.00	RCF	Sustainability-linked loan
Sodexo SA	France	Hotels & Entertainment	25/07/2024	US Dollar	1,749.56	RCF	Sustainability-linked loan
Al Rajhi Banking & Investment Corp SJSC	Saudi Arabia	Banking & Finance	24/08/2024	US Dollar	1,716.72	Islamic Financing	Sustainability-linked loan
Premium Brands Holdings Corp	Canada	Food & Tobacco	30/07/2024	Canadian Dollar	1,579.53	RCF	Sustainability-linked loan
Gip Iv Whale Co-Invest Holding LLC	United States	Utilities	30/09/2024	US Dollar	1,567.04	Multiple Loan Facility	Green Loan
Air France-KLM SA	France	Transportation	18/07/2024	Euro	1,405.00	RCF	Sustainability-linked loan
Whitecap Resources Inc	Canada	Oil & Gas	19/09/2024	Canadian Dollar	1,321.70	RCF	Sustainability-linked loan
Octopus Energy Group Ltd	United Kingdom	Utilities	08/08/2024	British Pound Sterling	1,220.06	Multiple Loan Facility	Sustainability-linked loan
Hyundai Motor Co	South Korea	Auto	28/08/2024	US Dollar	1,214.03	Multiple Loan Facility	Green Loan
Speedbreak Bidco GmbH	Germany	Banking & Finance	27/08/2024	Euro	1,155.00	Term Loan	Sustainability-linked loan
American Homes 4 Rent	United States	Real Estate	16/07/2024	US Dollar	1,147.10	RCF	Sustainability-linked loan
Arizona Public Service Co	United States	Utilities	02/08/2024	US Dollar	1,145.95	RCF	Sustainability-linked loan
Prologis Targeted US Logistics Fund LP	United States	Collective Investments	07/08/2024	US Dollar	1,144.59	RCF	Sustainability-linked loan
Wagon Wheel Wind Project LLC	United States	Utilities	03/07/2024	US Dollar	1,088.05	Multiple Loan Facility	Green Loan
Green River Energy Center LLC	United States	Utilities	10/07/2024	US Dollar	1,044.53	Multiple Loan Facility	BBVA Involved Green Loan
CIA Española de Petroleos SAU	Spain	Oil & Gas	30/09/2024	Euro	1,000.00	Multiple Loan Facility	Sustainability-linked loan

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