Programme for 12 September 2019 - 3

14.00 Session 3.
- Chaired by Prof. Kumaraswamy, Hon. Prof. University of Hong Kong
- 14.05 Dr Tom Appleby, Assoc. Prof. Property Law
- 14.40 Owen Hewlett, Chief Technical Officer, Gold Standard Foundation, Switzerland
- 14.35 – 15.35 Tea/Coffee Break
- 15.35 Gbenga Olaniyan
- 16.10 Dr Diane Dumashie, Rapporteur - Summing up & Discussion
- 16.45 Conference ends

18.00 – 20.00 Drinks Reception – RICS HQ, 12 Great George St, Parliament Square, London SW1P 3AD
Note: Friday 13 September at City & Guilds Bldg, Lecture Theatre LT200, Imperial College London, Exhibition Road, London SW7 2AZ - Registration at 08.30

Dr Tom Appleby
Tom is an Associate Professor at the University of the West of England, Bristol, specialising in the allocation of marine rights. He is currently working with the UN treaty negotiations on safeguarding biodiversity beyond national jurisdiction. and is a trustee of the Blue Marine Foundation charity.

What proportion of the earth’s surface are high seas?
- 10%
- 28%
- 36%
- 43%

What proportion of the of the habitable space of the planet is sea or ocean?
- 50%
- 60%
- 75%
- 85%
- 95%
High Seas “ Freedoms”

• Navigation
• Overflight
• Laying cables and pipelines *
• Construct artificial islands *
• Fishing *
• Scientific research *

* Subject to conditions

Fishing Rights

• Attaches to all people of all states
• Becomes a “qualified right” in the text
• Subject to cooperation duty and limit on maximum sustainable yield
• Some stocks managed under Regional Fisheries Management Organisations

Blame the Dutch
Regional Fisheries Management Organisations

- Made up of fishing nations
- One third CO₂ sequestered by oceans
- Distant water and coastal states
- RFMOs "promote cooperation" between states
- Conduct scientific research

Mesopelagic fishery

- Between 200m and 1000m

“What do you think is the problem with that?”

International Seabed Authority

- Resources vested in mankind as a whole on whose behalf, the International Seabed Authority manages it.
- The ISA does:
  - Scientific research;
  - Assists with technology transfer; and
  - Licences mining
- UNCLOS does not set any mechanism through which the financial and economic benefits derived from activities in the Area are to be redistributed. The only requirement clearly stipulated is that the sharing should be 'equitable'
<table>
<thead>
<tr>
<th>Exploration licences</th>
<th>Great Game</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Exploration licences" /></td>
<td><img src="image2.png" alt="Great Game" /></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New Frontiers</th>
<th>Treaty on Biodiversity Beyond National Jurisdiction</th>
</tr>
</thead>
</table>
| ![New Frontiers](image3.png) | • Establishing Marine Protected Areas  
• Environmental Impact Assessments  
• Marine Genetic Resources  
• Technology Transfer |

<table>
<thead>
<tr>
<th>Problems</th>
<th>Impact on Commonwealth</th>
</tr>
</thead>
</table>
| ![Problems](image4.png) | • Impacts on coastal states  
• Fisheries - mesopelagic  
• Deep sea mining  
• Marine Protected Areas  
• Marine genetic resources  
• UK leaving the EU? |
Next steps

- IGC 4 Spring 2020
- Get involved
- Marine Genetic Resources
- Decision-making process
- RFMO/SA processes
- 30 by 30

Owen Hewlett

Owen started his career as a Chartered Project Management Surveyor and is now Chief Technical Officer at the Gold Standard Foundation in Switzerland; an expert in International climate change policy and finance, responsible for major innovations in climate mitigation policy.

CLIMATE EMERGENCY & THE BUILT ENVIRONMENT

Owen Hewlett
Chief Technical Officer – Gold Standard Foundation
Co-founder – CEBEs
Owen.Hewlett@goldstandard.org
ochewlett@gmail.com

What is the Climate Emergency?

- Global temperature average currently circa 1.0°C above pre-industrial levels, caused by human activity
- IPCC tells us that significantly high risk impacts of climate change will be experienced under a "warming scenario" of 1.5°C, with lower (but still serious) beyond 1.5°C
- 1.5°C warming scenario requires sufficient mitigation to be locked in by 2030 and Net Zero emissions to be achieved globally by 2050
- Key sectors are energy production and efficiency, agriculture (and land-use change), transport and built environment/infrastructure, including cities
**What does global ‘Net Zero’ mean?**

*Net zero emissions are achieved when anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals over a specified period.


---

**The Paris Agreement**

- 184 states (88% global emissions) have ratified the agreement, committed to the goal of significantly less than 2°C warming scenario and Net Zero
- Paris Agreement sets out the rules for setting and reporting on commitments and for flexibility mechanisms between the parties
- Commitments are set out in “Nationally Determined Contributions” – a target for reduction and removal of emissions as compared to a baseline
- Ongoing negotiations concerning accounting and reporting rules and flexibility mechanisms

---

**What does ‘Net Zero’ mean for companies?**

*”reaching net-zero emissions for a company involves achieving a state in which the activities within the value-chain of the company result in no net impact on the climate from greenhouse gas emissions. This is achieved by reducing value-chain emissions, in line with 1.5°C pathways, and by balancing the impact of any unabated greenhouse gas emissions with an appropriate amount of carbon removals.”*

*This is the most recent version that will likely be used to update the Business Ambition for 1.5°C pledge. [https://www.unglobalcompact.org/docs/publications/Business‐Ambition‐for‐1.5C‐Pledge.pdf](https://www.unglobalcompact.org/docs/publications/Business‐Ambition‐for‐1.5C‐Pledge.pdf)*

---

**Science-based targets - examples**

- Kingspan
  - Committed to reduce absolute Scope 1 & 2 GHG emissions by 2030 from a 2017 baseline
  - Emissions from Scope 3 of 10% by 2025
  - Science-based target to be reviewed by 2025

- Landsec
  - Committed to reduce GHG emissions 40% per square meter by 2030, from a 2014 baseline
  - Scope 1, Scope 2 and a portion of Scope 3 emissions from downstream leased assets
  - Set to be reviewed by 2025

---

**Individual responsibility**

- Every business should reduce emissions in line with 1.5°C warming scenario by 2030
- This reduction should be within the value-chain of the company, not offset
- The accounting and reporting should be credible and transparent
- This may involve business model change in some cases

---

**Science-based decision making**

Protocols and methods to assess the reduction required for a company to achieve conformity with a 1.5°C warming scenario.
Collective responsibility

"...reaching net-zero emissions for a CITY/REGION/COUNTRY/SECTOR involves achieving a state in which the activities within the value-chain of the CITY/REGION/COUNTRY/SECTOR result in no net impact on the climate from greenhouse gas emissions. This is achieved by reducing value-chain emissions, in line with 1.5°C pathways, and by balancing the impact of any unabated greenhouse gas emissions with an appropriate amount of carbon removals."

Science-based planning - example

- City/authority planning in line with 1.5°C warming scenarios and Net Zero
- Sum of emissions including:
  - Existing building stock/energy processes
  - Essential new build and infrastructure
  - Allowance for economic growth
  - Local emission reduction and removal projects to balance
- Developments beyond projected scenario pay into local development fund for projects that reduce or remove emissions locally within authority area

Features of the BE sector

- Predominantly 'B2B' with comparatively low consumer pressure
- Large public and private sector client base with little civil society scrutiny
- Policy inconsistency and lack of accountability
- Large, fragmented, low barrier to entry, highly competitive services sector
- High risk, often low margin
- Deep, global value-chains
- Limited capacity (and will) for change or innovation

A sector unlikely to adapt or show innovation/initiative based on moral imperative alone

Recommendations - Value

- Apply the efforts seen for buildings-in-use (energy etc) for construction in supply chain to ensure Net Zero/1.5°C compliance.
- Replace energy certificates etc with Net Zero/1.5°C compliance
- Develop tools to assess whether a building (build and in use) is Net Zero/1.5°C compliant.
- Encourage responsibility and accountability amongst developers for value chain emissions in line with science – regulate if necessary.
- Encourage same for tenants (particularly those with a consumer facing angle).
- Provide tools and capacity for local authorities to make Net Zero/1.5°C conformant decisions, create flexible mechanisms such as local funds to ensure compliance
- Empower surveyors as THE profession to deliver on these points

Recommendations - Barriers

- Invest in R&D for alternative construction materials and re-use of existing buildings
- Develop policy to ensure 3.5-Net Zero conformity and build capacity at all levels, but particularly planning authorities.
- Make hard calls – business model change and innovation are driven by constraint not by surplus
- Modernise – the industry generally is in need of modernisation – treat 1.5/Net Zero as normal not its own exceptional approach

Talk to me about:

CEBEs:
- Modernisation and innovation in the BE (national, local, project pathways)
- L 3/Net Zero pathway development (policy, tools, capacity)
- Research, lecturing and R&D

Gold Standard:
- Climate and sustainable development policy - global and national
- Carbon finance/markets in developing countries
- Corporate reporting
- Project development

Gbenga Olaniyan

Gbenga is a qualified Estate Surveyor and Valuer, Principal Partner of Gbenga Olaniyan & Associates and Chair of the Board of Directors of Estate Links, which won the award of professional Valuation firm of the year in Lagos State, Nigeria for 2017-19.

REAL ESTATE IN AFRICA - WHERE ARE WE?

By

GBENGA OLANIYAN

BSc, (Hons), MBA, FIMYS, FRICS

OVERVIEW -AFRICA

WHAT INVESTORS ARE LOOKING FOR IN AFRICA

- Adequate risk-adjusted returns
- Vast natural resources
- Relatively cheap/educated labour force
- Africa is experiencing a huge demographic boom (An average of 48,000 babies are born daily in Africa)
- Housing problem is too large for the government of most countries.
- Favourable economic growth
- Millions of Africans are moving to the cities
While economic growth has faltered in parts of Africa, demographic trends remain favourable to the continent's longer term development. The population of Africa is rising at a faster rate than that of any other global region and its demographic profile is both young and increasingly urbanised.

**CHALLENGES TO INVESTORS IN AFRICA**

- Land tenure problems
- Political leadership / corruption
- Dearth of house price indicators
- Low purchasing power of locals

**RANKING OF DOING BUSINESS IN SOME AFRICAN COUNTRIES (OUT OF A TOTAL OF 190 ECONOMIES) BY THE WORLD BANK GROUP - 2018 AND 2019**

<table>
<thead>
<tr>
<th>S/N</th>
<th>COUNTRIES</th>
<th>DB 2018 RANK</th>
<th>DB 2019 RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Morocco</td>
<td>69</td>
<td>60</td>
</tr>
<tr>
<td>2</td>
<td>Kenya</td>
<td>80</td>
<td>61</td>
</tr>
<tr>
<td>3</td>
<td>Tunisia</td>
<td>88</td>
<td>80</td>
</tr>
<tr>
<td>4</td>
<td>South Africa</td>
<td>82</td>
<td>82</td>
</tr>
<tr>
<td>5</td>
<td>Ghana</td>
<td>130</td>
<td>114</td>
</tr>
<tr>
<td>6</td>
<td>Egypt</td>
<td>138</td>
<td>120</td>
</tr>
<tr>
<td>7</td>
<td>Uganda</td>
<td>132</td>
<td>127</td>
</tr>
<tr>
<td>8</td>
<td>Nigeria</td>
<td>145</td>
<td>145</td>
</tr>
<tr>
<td>9</td>
<td>Ghana</td>
<td>146</td>
<td>149</td>
</tr>
<tr>
<td>10</td>
<td>Ethiopia</td>
<td>161</td>
<td>159</td>
</tr>
<tr>
<td></td>
<td>United Kingdom</td>
<td>7</td>
<td>9</td>
</tr>
</tbody>
</table>

**A FEW MYTHS EXAMINED**

MYTH 1
YOUR INVESTMENT LOOSES REAL VALUE AS CURRENCY DEPRECIATES IN AFRICA (CURRENCY RISK)

<table>
<thead>
<tr>
<th>Year</th>
<th>Price in Naira (₦)</th>
<th>Naira to Pound</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>10,000,000</td>
<td>₤30,000</td>
</tr>
<tr>
<td>2000</td>
<td>40,000,000</td>
<td>₤20,000</td>
</tr>
<tr>
<td>2013</td>
<td>70,000,000</td>
<td>₤25,806</td>
</tr>
<tr>
<td>2019</td>
<td>80,000,000</td>
<td>₤177,777</td>
</tr>
</tbody>
</table>

MYTH 2
ONLY “DODGY” DEALS EXIST
You only need to deal with the professionals!!
MYTH 3
YOU CANNOT REPATRIATE MONEY INVESTED IN AFRICA

- Funds can easily be brought in and taken out via the import and export window
- Ease of inflow and outflow via commercial banks
- Ease of inflow and outflow by following exchange control laws

CHALLENGES OF PRACTITIONERS

1. VARYING STANDARDS OF PRACTICE
2. IMAGE ISSUES
3. DEARTH OF INFORMATION/DATA
4. LACK OF SUCCESSION PLANS
5. LARGE INTERNATIONAL FIRMS TAKING OVER MAJOR BRIEFS

“If your business is not a brand, it is a commodity”

SOME OPPORTUNITES THAT ATTRACT INTERNATIONAL INVESTORS IN TODAY’S MARKET
A. COMMERCIAL DEVELOPMENTS

(i) MALLS

Increasing wealth and sophistication of African consumers, leading to rising demand for modern retail marts and western styled shopping, has created a huge gap between demand and supply in African countries.

<table>
<thead>
<tr>
<th>Country Location</th>
<th>Name</th>
<th>Size (SQ.M)</th>
<th>Anchor Tenant(s)</th>
<th>Developer/Investor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cote D’Ivoire</td>
<td>Playce Marcory</td>
<td>20,000</td>
<td>Carrefour</td>
<td>Cfao</td>
</tr>
<tr>
<td>Ghana</td>
<td>Accra</td>
<td>25,000</td>
<td>Shoprite, Palais</td>
<td>Delico</td>
</tr>
<tr>
<td>Nigeria</td>
<td>Ikeja City Mall</td>
<td>23,000</td>
<td>Shoprite, Silverbird</td>
<td>Broll Property Services Limited</td>
</tr>
<tr>
<td>Nigeria</td>
<td>Lekki</td>
<td>22,000</td>
<td>Shoprite, Savre</td>
<td>Novare Private Federation</td>
</tr>
<tr>
<td>Nigeria</td>
<td>Abuja</td>
<td>26,479</td>
<td>Shoprite, Game</td>
<td>Actis/Duval Properties</td>
</tr>
<tr>
<td>Nigeria</td>
<td>Sliverbird</td>
<td>23,000</td>
<td>Shoprite, Silverbird</td>
<td>Silverbird Group</td>
</tr>
<tr>
<td>South Africa</td>
<td>Mall Of Africa</td>
<td>131,000</td>
<td>Edgars, Woolworths, Game, Checkers</td>
<td>Attacq / Atterbury</td>
</tr>
<tr>
<td>Kenya</td>
<td>Nairobi</td>
<td>67,000</td>
<td>Carrefour, Lc Waikiki</td>
<td>Centum/Athena Properties</td>
</tr>
<tr>
<td>Kenya</td>
<td>Garden City Mall</td>
<td>33,500</td>
<td>Game, Nakumatt</td>
<td>Actis / Aspire / Mentor Management</td>
</tr>
<tr>
<td>Zambia</td>
<td>Lusaka</td>
<td>26,000</td>
<td>Shoprite, Game</td>
<td>Rockcastle</td>
</tr>
</tbody>
</table>

Source: Knight Frank, 2018; Wikipedia, 2019

OFFICE DEVELOPMENTS

With the influx of international businesses, there is high demand for small office blocks and A-grade buildings, which in turn provides good return.

EXAMPLES OF MAJOR COMMERCIAL SALE TRANSACTIONS

*Atlantic House, Lagos, Nigeria
*Mövenpick Ambassador Hotel, Accra, Ghana
*IKEA City Mall, Lagos, Nigeria
*Federal Palace Hotel, Lagos, Nigeria

ATLANTIC HOUSE, LAGOS, NIGERIA

**Highlights**
- First major real estate acquisition by an institutional investor into the office sector in Nigeria
- Well let with a good tenant mix including credible international companies with strong covenants
- Few truly prime options for office space during the acquisition in 2014
- Atlantic House offers tenants use of its jetty and direct access to the ports

**Buyer:** Naumak Africa Core Real Estate Investments Limited

**Seller:** Naumak Nigeria Limited

**Transaction Details**
- Price: USD 43.7 million
- Initial Yield: 10.4%
- Asset Type: Commercial - Office Building
- Lettable Area: 4,217m²
- Sale Conclusion Date: March, 2014

Source: Estate intel
MOVENPICK AMBASSADOR HOTEL, ACCRA, GHANA

Buyer: QG Africa Hotel LP
Seller: Kingdom Holding Company

Transaction Details
Price: USD 100 million
Initial Yield: 10.4%
Asset Type: Hospitality - Hotel
Rating: 5-Star
Transaction Status: Closed

Highlights
- Deal said to be most sizable open-market hotel transaction in sub-Saharan Africa to date
- Mövenpick Ambassador Hotel is one of the largest five star hotels in Accra comprising extensive food & beverage and conferencing facilities which are also complemented with retail and office facilities
- Hotel is well located within the Central Business District of Accra
- Hotel faces notable competition from recently opened Kempinski Hotel Gold-Coast City Accra located nearby

Source: Estate intel

IKEJA CITY MALL, LAGOS, NIGERIA

Buyer: Hyprop (75%); Attacq (25%)
Seller: Actis (60%); RMB Westport (20%); Paragon Holdings (20%)

Transaction Details
Price: USD 155 million
Yield: 8.7%
Asset Type: Retail - Shopping Mall
Lettable Area: 22,000m²
Customer Conclusion Date: November 2015

Highlights
- Fully occupied shopping mall with diverse tenant mix including local and international brands
- Mall located in Ikeja, which is the capital of Lagos and a densely populated suburb with a population of 4.5 million people
- Limited supply of similarly sized shopping malls within Ikeja in the development pipeline due to land scarcity
- Prime rents in Lagos are relatively high at an average of $65/m²/month

Source: Estate intel

FEDERAL PALACE HOTEL, LAGOS, NIGERIA

Buyer: Sun International (49.33% Acquisition of 280-room hotel by Sun International)
Seller: Ikeja Hotel Group

Transaction Details
Price: USD 28 million
Asset Type: Hospitality - Hotel
Sale Conclusion Date: 2009 (29% - Phase 1)
Sale Conclusion Date: May 2010 (20.33% - Phase 2)

Highlights
- Deal was attractive despite the increasing competition in the hotel sector in Lagos via new hotels and falling demand through global uncertainty
- Sun International sought entry into a fast developing and relatively affluent section of the Nigerian market and also sought to further diversify earnings from a geographical perspective
- Tower section of hotel shut down for renovations in 2009 has significant upside potential

Source: Estate intel

B. RESIDENTIAL DEVELOPMENT

- There is clearly a huge housing deficit in Africa.
- Annual demand is about 700,000 units in Nigeria which is a far cry from current production level of about 100,000 units per annum. The actual housing deficit is about 16 million homes.

OTHER OPPORTUNITIES

• OCCUPIER SOLUTIONS
• FACILITY MANAGEMENT
• HOTEL & HOSPITALITY

Business opportunities are like buses, there is always another one coming.

Richard Branson
WHAT ELSE DO REAL ESTATE PRACTITIONERS IN AFRICA NEED TO DO?

*Develop Research Capabilities in Africa
To do this you must be informed on:
1. Country Trends
   - Inflation rate
   - Rate of growth in the economy
   - Knowledge of capital market, etc
2. Real Estate Trends
   - Expected yields on different classes of properties.
   - New innovations and best practices worldwide etc.

*Being constantly updated. Attend events (e.g. World Economic Forum) - It is when you are current that you can be correct
*Time for Mergers/Acquisitions and Synergies
*Do not overlook Opportunities to partner with Large Companies
*Act within your Scope of Competence
*Avoid Conflict of Interest
*Imbibe Professional & Ethical Standards
*Continue to rebrand yourself and move with the times!!!!!!

On a lighter note......if those on this list can repackage and rebrand, we must continue to rebrand when necessary and move with change!!!!!

- GARBAGE COLLECTOR: Public Sanitation Engineer (PSE)
- SECURITY GUARD: Theft Prevention & Surveillance Officer (TPSO)
- THIEF: Wealth re-Distribution Expert (WDE)
- BUS DRIVER: Destination Facilitator (DF)
- BUS CONDUCTOR: Chief Entry Officer (CEO)
- LOCAL DRUNK: Alcohol Testing & Maintenance Executive (ATME)
- WINDOW CLEANER: Transparent Wall Accentuator (TWA)
- TEA BOY: Refreshment Specialist (RS)
- BAR TENDER: Happiness Elevation Officer (HEO)
- And................................

Dr Diane Dumashie
Diane is a Fellow & Governing Council member of the RICS, Vice President of the International Federation of Surveyors (FIG), Chair of FIG Regional Capacity Development Networks, member of the Centre for Effective Dispute Resolution; serves on UN Habitat Advisory Group on Gender Initiatives.
Programme for 12 September 2019 - 3

14.00 Session 3.
• Chaired by Prof. Kumaraswamy, Hon. Prof. University of Hong Kong
• 14.05 Dr Tom Appleby, Assoc. Prof. Property Law
• 14.40 Owen Hewlett, Chief Technical Officer, Gold Standard Foundation, Switzerland
• 15.15 – 15.35 Tea/Coffee Break
• 15.35 Gbenga Olaniyan
• 16.10 Dr Diane Dumashie, Rapporteur - Summing up & Discussion
• 16.45 Conference ends

18.00 – 20.00 Drinks Reception – RICS HQ, 12 Great George St, Parliament Square, London SW1P 3AD

Note: Friday 13 September at City & Guilds Bldg, Lecture Theatre LT200, Imperial College London, Exhibition Road, London SW7 2AZ - Registration at 08.30