



# Environmental investment protection

Environmental Investment Protection protects property values against environmental and biodiversity risks where asset owners are buying or selling, involved in M&A and financing or re-financing.

"Assets that fail to live up to higher environmental standards will be seen as less valuable... the size and scale of brown discounts will rise rapidly in coming years." - Christian Ulbrich, Global Chief Executive Officer; President, JLL.

**Environmental and Biodiversity due diligence is becoming more invasive and impacting the transacting and financing of assets in many ways:**

- Brown discounting and price chipping
- Delays to deal closure periods and often reasons for deal failure
- Lenders becoming increasingly cautious around the impact on future asset values
- Concerns around how future legislation may affect values
- Cleanup action not meeting new standards or expectations
- Sites not coming to market at all (distressed assets)



## Key features

EIP provides an insurance wrapper around the ownership and development of land and built assets, protecting the:

- Investment values
- Asset sale values
- Lenders' exposure
- Future Biodiversity obligations and liabilities

**It comprehensively and systematically covers:**

- Known & unknown historic contamination
- Future changes in environmental law
- Biodiversity and ecosystems, including BNG obligations
- Damage to water resources
- Lenders against default to the borrower
- Environmental risks during development
- First party business interruption, including loss of rent
- Diminution in first party value

**Product is ideally used when:**

- Owners of commercial assets who are preparing to sell, finance or refinance them and want to achieve the best available market price
- Third party stakeholders, such as Lenders, are concerned around future asset values and therefore need confidence in the environmental credentials of an asset to proceed with investment
- Bidders for assets want greater certainty of asset value and risks insured with the best available cover

**Benefits to Clients:**

- Attaches to the individual asset and is automatically transferable to future owners
- Helps speed up transactions and avoids delays from environmental uncertainties
- Minimises brown discounting (price chipping) on offers for assets
- Provides greater certainty around the impact of future legislation changes
- Protects lenders from borrower default – so makes an asset more attractive to lenders
- Helps minimise future financing uncertainty
- Allows sellers to have a clean exit on sale
- Allows buyers to have a secure entry on purchase



## Get in touch

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