

# MEDIA RELEASE

## The Aotearoa Pledge

\$100 million of  
impact investment  
for new housing  
supply in 2021

Endorsed by



# 01

## Top NZ companies and foundations behind \$100 million pledge to build more homes

### INVESTORS AND COMMUNITY HOUSING PROVIDERS UNITE TO ADDRESS HOUSING CRISIS

Community Finance, an impact investment platform that brings together investors with Community Housing Providers to build affordable homes, has launched The Aotearoa Pledge – a bold vision to raise \$100 million in 2021 to tackle New Zealand’s housing shortage.

\$51 million has already been raised towards the target with commitment to the pledge from ANZ Bank, Generate KiwiSaver Scheme, Pathfinder Asset Management (manager of the CareSaver KiwiSaver Scheme), investment firm Forsyth Barr, the Lindsay Foundation, Clare Foundation and Waikato’s WEL Energy Trust.

**James Palmer, Community Finance Chief Executive**, says The Aotearoa Pledge brings together investors from a wide range of sectors to help deliver affordable homes that are fully financed by the private sector.

New Zealand needs more affordable houses. The housing system is broken, and The Aotearoa Pledge is designed to bring capital at scale to finance new affordable homes around the country.

“Impact investing through Community Finance enables investors to obtain the financial returns they seek, while delivering more affordable homes for current and future generations of Kiwis who need it the most.

“Collaboration is essential for solving the housing crisis Aotearoa faces. We need less talk and more action. We hope to see other fund managers, community foundations and businesses step up this year and join The Aotearoa Pledge to bring transformational change for the community and those in need. He waka eke noa. We are all in this together.”

The Community Finance model enables investment in quality housing projects through Community Bonds. Community Bonds are issued to provide finance to leading Community Housing Providers, such as The Salvation Army, COURT, and Queenstown Lakes Community Housing Trust, to deliver more affordable homes.

Last year, Community Finance successfully raised \$40 million for the Salvation Army Community Bond to build 118 new homes across three locations. The Community Bond is paying investors, such as the Tindall and Lindsay Foundations and Generate KiwiSaver Scheme, up to 2.30% pa.

## **The Aotearoa Pledge** \$100 million for affordable housing supply in 2021

Palmer says the Salvation Army Community Bond, which helped to house 150 adults and 59 children, highlights how the model is an efficient and robust solution for financing large scale affordable housing developments and is proven to deliver.

**Steven Moe, Chair of Community Finance**, says the response to The Aotearoa Pledge has been hugely encouraging.

“We welcome the early cornerstone investors and look forward to others joining them to help us reach our goal of \$100 million pledged in 2021 towards positive change through impact driven investment.”

**Shamubeel Equb, economist and Community Finance Director**, believes the pledge directs the power of finance to the worsening housing crisis.

“I’m particularly excited to see private capital in the pledge. Our philanthropic partners’ generous support is already delivering results. But the housing crisis is too big to be solved by philanthropic funds alone. When we can unleash the investments of ordinary New Zealanders, to the benefit of housing New Zealanders, we can move the dial.”

The capital raised through the Community Bonds as part of The Aotearoa Pledge will be used to build more affordable homes throughout the North and South Island, as the housing crisis is now very much a national housing crisis.

**ANZ Bank’s head of sustainable finance, Dean Spicer**, says The Aotearoa Pledge is an innovative initiative aimed at increasing the supply of affordable housing and further supports the development of New Zealand’s impact investment market.

“Bonds such as this play an important role in mobilising international savings to increase the amount of housing available via Community Housing Providers and deliver improved outcomes for our communities.

“Providing access to affordable, liveable and sustainable housing is an important objective for ANZ and enables other market participants to help foster the market for community housing.

“This issue will give Community Finance the ability to expand potential funding sources available to community housing providers and allow ANZ the opportunity to consider new residential housing projects, which may be suitable for direct investment or for distribution of bonds, to capital markets investors.”

The Aotearoa Pledge is officially endorsed by Mindful Money and Te Matapihi and Community Housing Aotearoa, the peak bodies for New Zealand Community Housing Providers.

Additional Community Bonds are also in progress and will be launched in the future.

**Pathfinder CEO and Director, John Berry** says:

“KiwiSaver funds like Pathfinder’s are able to take a long-term investment horizon. If we can find the intersection of what is good for communities (and indeed our planet) as well as robust financial returns, then we have a great outcome. We are all about good investment returns alongside positive environmental and social outcomes – the Aotearoa Pledge and the financing of new housing is totally a win / win for investors and communities.”

# 02 The leadership circle.

We are pleased to announce that seven cornerstone investors have now joined the Aotearoa Pledge and have committed to invest a combined minimum of \$51 million into new affordable housing supply across our country.

The target for the Aotearoa Pledge is \$100m. We are now calling on other fund managers, community foundations, trusts and wholesale investors to join the leadership circle. The need for housing has never been greater. Come and take your place at the table and be a part of the growing community-lead solutions to our housing crisis.



# 03 Delivery Partners.

The primary focus of the Aotearoa Pledge will be the housing sector.

As evidenced by our first Community Bond – the \$40 million Salvation Army Community Bond – which closed, over-subscribed and ahead of schedule in November 2020, we are focussed on delivering new housing supply with and through registered Community Housing Providers who have a track record of high-quality service delivery and successful outcomes over decades of operating. That group currently collectively owns and/or manages over 18,500 homes across the country. They are in the top tier, with the most capability and capacity, and are the team that will be providing the projects that benefit from Aotearoa Pledge investments.

The following leading organisations are in discussions with Community Finance about a range of residential construction projects across Aotearoa. These projects represent the Aotearoa Pledge community housing development pipeline for 2021:



Endorsed by:



**TE MATAPIHI**  
HE TIROHANGA MŌ TE IHI TRUST

Tikanga Māori  
peak body for  
registered Māori  
Community  
Housing Providers



**Community Housing**  
*Nga Wharerau o Aotearoa*

A peak body for the  
community housing  
sector



A charity that  
promotes ethical  
investment

**Note:**

Investments of this kind are not suitable for retail investors. Read all documents carefully, ask questions, and seek independent financial advice before investing. Please read the Warning on page 7 for further information.

# 04

## Who was involved in 2020?

Investors in The Salvation Army Community Bond include: Generate KiwiSaver Scheme, The Lindsay Foundation, The Tindall Foundation, The Matua Foundation, Christian Savings, Foundation North, the Wilberforce Foundation, the Clare Foundation and the St. John's College Trust Board. These pioneer and leading investors are committed to creating this new class of asset as an investment option in the New Zealand market.

The Aotearoa Pledge provides an excellent opportunity to continue the growth of this diversified asset class. Projects use tried and tested construction delivery methodologies and partners with strong track records of project completion, on time, and on budget.

At Community Finance, if we would not live in the homes ourselves, we won't finance the project. We finance award-winning, highly-efficient design and build solutions with a strong focus on building thriving, connected communities through intelligent design. This improves capital value and appreciation over time.

Our primary focus is initially on new social housing with guaranteed market rent through Government contracts from MHUD, paid by the Ministry of Social Development and managed by leading, registered Community Housing Providers.

# 05

## Community Finance.

Established in September 2019 with initial capital from five key stakeholders<sup>1</sup>, Community Finance is a platform which invites impact investors to purchase Community Bonds. Our key aim is to work alongside the private sector and the Government to help deliver impact investments across Aotearoa.

Why? Because at Community Finance we believe that:

- Finance can be a force for good, and we intend to prove it
- Investment can deliver both sustainable financial returns and positive social and environmental impact
- We all need courageously to play a part in addressing social and environmental challenges
- Now is the time to get started

<sup>1</sup> The Lindsay Foundation, The Tindall Foundation, The Matua Foundation, Christian Savings and the Wilberforce Foundation.

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## WARNING

- Please note that the opportunity to invest in Community Bonds, as outlined in any information we send to you now or during this due diligence period for the parties, is not open to retail investors. To invest, you will be required to certify that you are “large” (as defined in clause 39 of schedule 1 of the Financial Markets Conduct Act 2013 (FMCA) for the purposes of the definition of “wholesale investor” under clause 3(2)(c) of schedule 1 of the FMCA).
- If you are not a large investor, we may consider your application if you satisfy us that you meet one of the other categories of wholesale investor under schedule 1 of the FMCA, or under the Small Offers Exemption. However, you may be required to provide further information or receive additional disclosure before investing. If you are not familiar with the provisions of the FMCA, please consult with your professional adviser.
- The usual rules do not apply to this offer because there is an exclusion for offers where the amount invested upfront by the investor (plus any other investments the investor has already made in the financial products) is \$750,000 or more.
- Please also note that the documents and information we provide may not contain all the information you need in order to make a decision to invest. It does not constitute advice (whether of a financial, investment, legal, tax, accounting or any other nature) to any person. You should obtain your own independent advice, make your own enquires, and satisfy yourself about the risks relating to Community Finance and Community Bonds before deciding whether to invest.
- This information and the intellectual property contained within it is confidential to Community Finance Limited.

We would love  
your support.  
To find out more,  
or to make a  
pledge, please  
contact:

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## **HOW THE COMMUNITY FINANCE MODEL WORKS:**

Community Finance works with Community Housing Providers to undertake financial modelling, social impact assessments and credit analysis and if the project stacks up, the loan is approved.

Community Finance acts as an intermediary with loans secured and managed through securitisation to create a Community Bond. Community Finance typically charges less than 0.65% pa to manage both the investments, lending and impact reporting.

Investors receive regular reports on the direct social impact of their investment, as well as a financial return of between 2% pa and 2.50% pa.



# Community Finance.

[communityfinance.co.nz](http://communityfinance.co.nz)