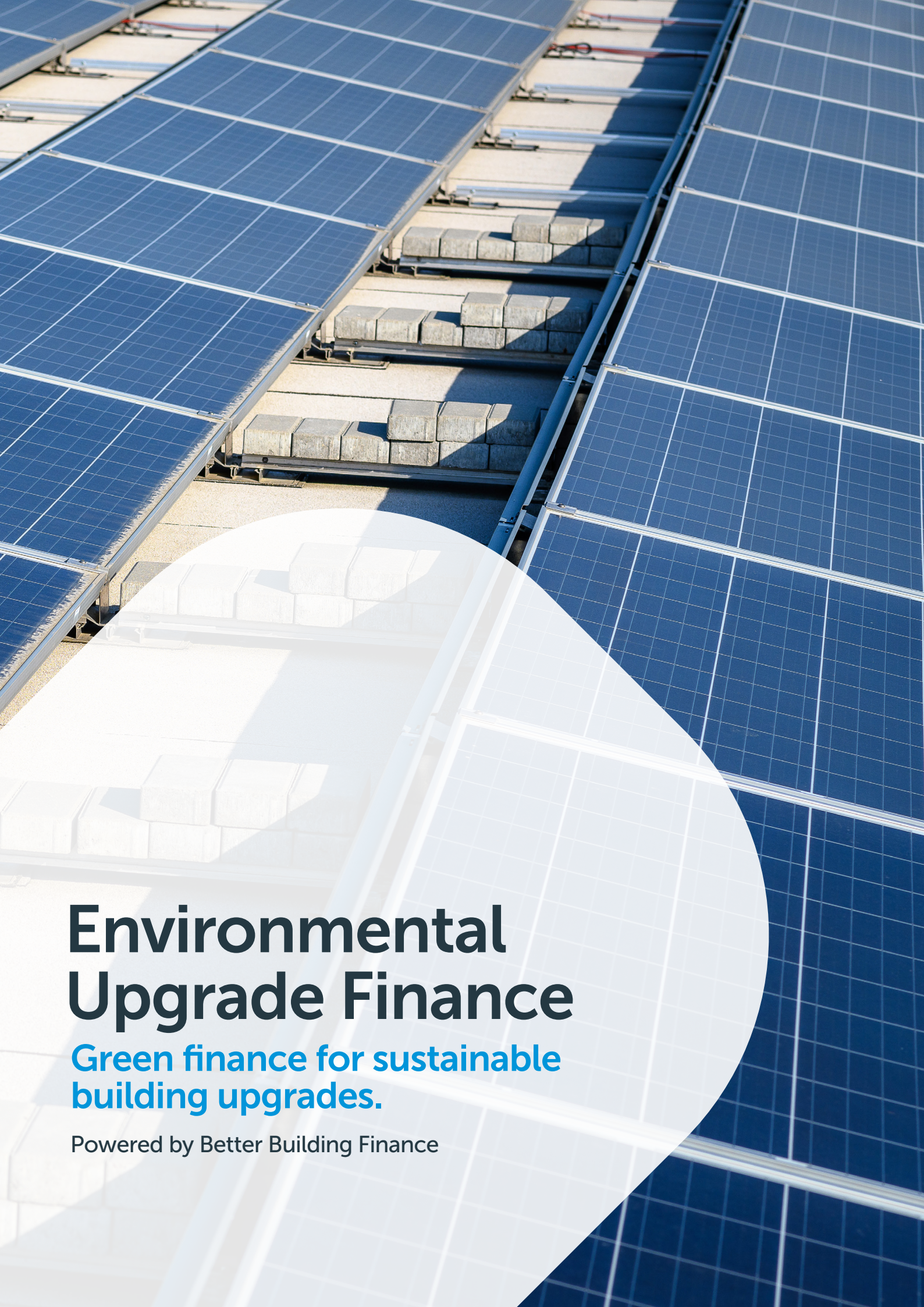




Environmental Upgrade Finance

**Green finance for sustainable
building upgrades.**

Powered by Better Building Finance

Why Environmental Upgrade Finance?

Are you looking for ways to make your business more sustainable, healthier, energy efficient and ESG compliant?

Do you want to reduce your operational costs, improve your cashflow, and put more profit back into your business?

Are you interested in improving the value of your property, attracting better long-term tenants, and meeting compliance requirements?

If you answered YES to any of the above, Environmental Upgrade Finance (EUF) might be the solution that you're looking for.



Environmental Upgrade Finance

EUF is a commercial green loan designed to help businesses make sustainable upgrades and retrofits to their buildings. Projects are often designed to be cashflow positive from year one, which enables savings to be invested back into the business.

The loan is secured against the building. With no deposit, personal or business guarantees required, EUF makes it easy for business owners to get their upgrades completed sooner and without needing cash reserves.

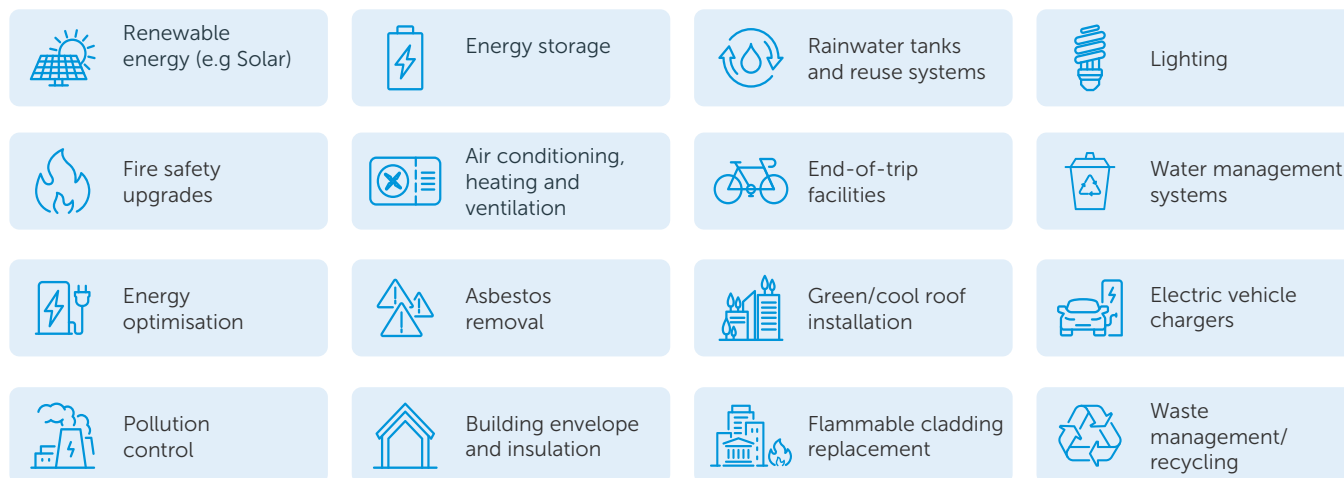
Environmental Upgrade Finance gives you access to the capital you need so you can unlock savings and make repayments through your local council rates. With savings often exceeding repayments and terms to suit your needs, your business could be cash-flow positive from day one!

To find out if your council is offering this finance go to

betterbuildingfinance.com.au

What can be funded?

EUF can be used to fund a range of environmental and building upgrade projects, such as:

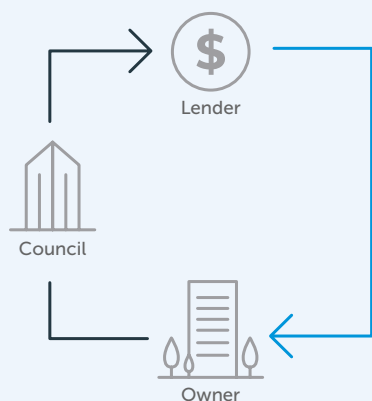


How does it work?

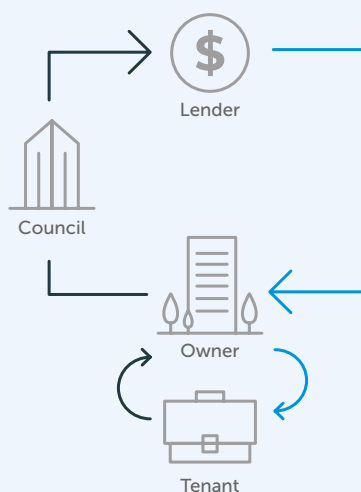
Finance is provided to the owner of the property which is repaid via a charge on the land that the council administers by entering into an 'Environmental Upgrade Agreement'.

This then allows the owner to pass on the charges to the tenant to make repayments, whilst they own the asset outright from day one. This removes the split incentive between owners and tenants and provides a win-win situation; the building improves in value while the tenant lowers their operational costs.

When the owner is involved



When the landlord and tenant both are involved



How is it different from other loans?

EUF is enabled by local governments to make upgrade projects affordable for businesses

Benefits you'll get	Environmental Upgrade Finance	Other Finance
• 100% finance (including soft costs)	✓	×
• Loan terms between 4 - 20 years	✓	×
• Repayments made via local council rates	✓	×
• No requirement for personal, director or business security	✓	×
• Loan fully transferable upon sale of building	✓	×
• Repayments can be shared with tenants without renegotiating your lease	✓	×
• You own the asset from day one	✓	×
• Loans tied to the building, not the owner	✓	×

Who is eligible to apply?

- Your commercial building is on rateable land
- Your upgrade has measurable environmental benefit (or in South Australia is an upgrade to a heritage building)
- Building is not owned by a self-managed super fund
- Financiers may have additional eligibility requirements, such as financials required and negative screening.

Application process

The client completes an easy online form, and uploads all the documents required. There are two ways to secure finance for your project:

1. If you've already secured finance, after submitting your application we will confirm eligibility and begin the process with your council to set up the Environmental Upgrade Agreement (EUA) for signing.
2. If you are yet to secure finance, after submitting your application we will forward it to a financier for assessment. If the financier provides formal approval, the property owner will enter an EUA with the financier and the local council.

What does the repayment look like?

You will receive a repayment schedule when your finance is approved which will highlight your quarterly repayments. You will then receive your repayment notice at a similar time to your council rates, enabling you to repay your Environmental Upgrade Finance on a quarterly basis.

What you'll need to apply

- A copy of your council rates notice
- Project Proposal for upgrade works
- Director's ID



What are the benefits?

Environmental Upgrade Finance offers huge benefits for all parties, including business owners, landlords, tenants and installers.

Landlords	Tenants
No upfront capital or security	May lower utility costs
ESG Compliance	May provide better workplace environment
May improve property asset value	Costs incurred outside of rent
May reduce operating costs	Works can be pursued mid-lease
Share or pass on repayments with tenant	May improve staff health and productivity
May increase yields	ESG compliance
May attract and retain tenants	Attract more sustainable-conscious customers

Ready to apply?

Go to betterbuildingfinance.com.au/apply





Case studies

Client **Impact Investment Group**
Council **City of Melbourne**

“Environmental Upgrade Finance provides a low-cost capital option.”

– Roni Karika, IIG Senior Asset Manager

Project Overview

Impact Investment Group acquired 401 Collins St in 2014 with the intention of transforming it into a prime blue-chip address.

Upgrade Details

Restoration began in 2017. The environmental works were funded by Environmental Upgrade Finance over 15 years, while the other renovations were funded via a traditional bank loan.

- Chiller replacement
- Pipework insulation
- Outside air system upgrade
- Toilet exhaust system upgrade
- Building Management System upgrade
- Electrical sub metering

Outcome

Since completing the renovations, the building has been tenanted on a 15-year contract. Power bills for the property have significantly reduced – electricity by 32% and gas by 16%.

Client **Hussey & Co**
Council **Mornington Peninsula Shire**

"It has been a great way for our business to simply access finance with a favourable rate and term."

– Lance Peterson, Hussey & Co General Manager

Hussey & Co is a lettuce farm which relies heavily on energy usage to conduct its day-to-day operations, having 74 acres and multiple industrial processing facilities.

Outcome

- \$86,000 saved per year
- 754 tonnes of carbon emissions abated
- Savings Investment Ratio: 1.33

Upgrade Details

After initially installing a roof-mounted system and realising the savings, Hussey & Co decided to take out another loan almost immediately for a ground-mounted system. In total they now have an 887kW total solar PV array, funded by two EUAs over 10 years.

Client **Booth Transport**
Council **Moir Shire Council**

"We checked around the world to see what could be done and we've come up with water treatment in a different way.."

– Brian Booth, Managing Director

Project Overview

In 2018 Booth Transport commenced an incredibly ambitious environmental protection project – the Strathmerton Water Treatment Plant. In an Australian first, the plant uses worms to process huge volumes of wastewater, making it safe for irrigation.

Outcome

- 121,000 kilolitres of safe water for irrigation per year
- 3000 tonnes of carbon emissions saved per year
- 450,000 km of travel saved per year
- 225,000 litres of diesel fuel saved per year

Upgrade Details

The construction of the 4500 square metre worm farm was funded by Environmental Upgrade Finance over 10 years.



Frequently asked questions

Q: How do I repay the finance?

The finance is repaid through a quarterly Environmental Upgrade Charge on your council rates. If your building is tenanted these costs can be passed through to the tenant with their consent.

Q: What happens to the loan if I sell the building?

As the loan is tied to the building, the Environmental Upgrade Finance can be passed onto the new owner.

Q: What happens to the loan should a tenant move out?

There is no need to align the Environmental Upgrade Finance to the term of the lease. If your tenant decides not to extend the lease the replacement tenant can pick up the residual payments.

Q: I'm a building owner, how do I engage with the tenant to agree to Environmental Upgrade Finance?

We can help you discuss the benefits of your project with your tenant, and potentially negotiate part of the Environmental Upgrade Finance so your tenant contributes. We can also guide you on other environmental improvements, such as lighting upgrades, to make this even more attractive for your tenant, and improve the overall capital value of your building.

Q: I'm a tenant, am I a party to the finance agreement?

No, tenants are not a party to the Environmental Upgrade Finance.

Q: I'm a tenant, how do I pay council rates?

Council rates are a statutory charge upon the building. Under most commercial leases, such charges can be recovered through the outgoing clauses of the lease. Where the tenant agrees, these new council charges can be passed through using these existing clauses.

Q: I'm a tenant, how do I engage with the building owner to agree to Environmental Upgrade Finance?

We can help make arrangements with your building owner, just contact us to discuss how we can best engage.

Q: If my landlord wants to obtain Environmental Upgrade Finance, do I have to contribute to repayments?

Mandatory repayments vary based on state. To find out more please contact us.

Q: If I want to sign a new lease for a building with Environmental Upgrade Finance, what information does the owner need to provide me?

New tenants must be given notice of the agreement, the charge and any liability for contributions prior to execution of the lease or occupation of the building. This may vary by state, talk to us for more information.

Who is Better Building Finance?

Better Building Finance is a third-party service provider who establishes and manages EUF programs on behalf of local councils.

We make it easy for businesses and property owners to use Environmental Upgrade Finance to improve their sustainability and reduce their operational costs.

Here at Better Building Finance, we believe that unlocking capital to make sustainable building upgrades can be a force for environmental good.

We believe in supporting businesses large and small to be more sustainable while making savings that support their long-term profitability. We do this through Environmental Upgrade Finance, which is the only form of green finance in Australia that is legislated to show an environmental benefit.

Better Building Finance was originally established by City of Melbourne as part of their Zero Carbon Buildings project. Now independent, we've worked with local councils for 20 years to drive sustainable building upgrades across Australia.

At Better Building Finance, we're building a better world for future generations.

Start saving today

Our team can guide you on the eligibility process, but if the work improves the energy, water, environmental efficiency or sustainability of existing buildings, you will likely qualify!

Get in touch to discuss using Environmental Upgrade Finance for your building upgrades.

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betterbuildingfinance.com.au