



# Environmental Upgrade Finance

Application guide

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.

## What is 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.

## What can be funded?

EUF can be used to fund a range of projects. If it has an environmental benefit, it is likely to qualify. Here are some popular building upgrades that can be completed using EUF:

 Renewable energy (e.g Solar)	 Energy storage	 Rainwater tanks and reuse systems	 Lighting
 Fire safety upgrades	 Air conditioning, heating and ventilation	 End-of-trip facilities	 Water management systems
 Energy optimisation	 Asbestos removal	 Green/cool roof installation	 Electric vehicle chargers
 Pollution control	 Building envelope and insulation	 Flammable cladding replacement	 Waste management/recycling

Have something that's not on the list? Get in touch and we'll let you know if it's likely to qualify.

## How is EUF different to other loans?

EUF has been designed to overcome barriers and fill gaps that other finance is unable to:

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?

To qualify for EUF, your business will need to meet certain eligibility requirements:

- 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.

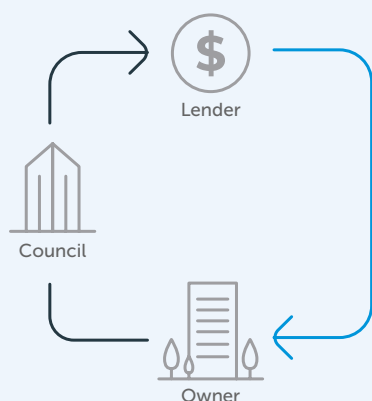


## How does it work?

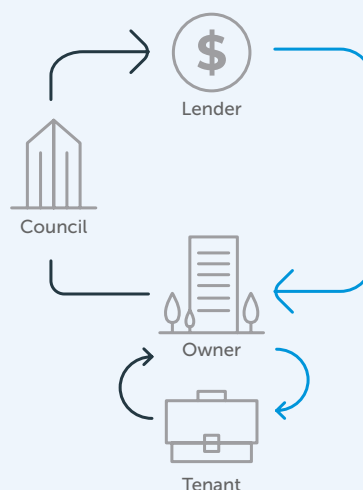
Once the property owner has applied via the online application form and obtained finance for the upgrade project, they will enter an 'Environmental Upgrade Agreement' with council and the financier. Council then places a charge against the property to secure the loan. Repayments are then made quarterly alongside council rates.

If the building owner does not occupy the building, they can then pass on the charges to the tenant to make repayments, while they own the asset outright from day one. This provides a win-win situation; the building may improve in value, while the tenant may lower their operational costs. Once the repayments for the upgrades are completed, the occupants will continue to see savings for the lifetime of the project, putting profit back into the business.

### When the owner is involved



### When the landlord and tenant both are involved





## How do I obtain finance?

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.

Note that completing the application form does not obligate you to borrow any money.

## What you'll need to apply

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

## Your project proposal should contain the following:

- Cost of the system inclusive of GST;
- Detailed description of the upgrade works;
- Details of the environmental benefit the upgrade will provide (for example, energy saved, water saved, waste reduced); and
- Any financial benefit from energy saved, water saved, or waste reduced.

### For example:

A project for a 100kW solar system costs \$120,000 (GST inclusive). The proposal estimates an annual energy savings of \$15,000 per year, and 130 tonnes of carbon emissions reduced per annum.

## How to apply

Complete the online application form and upload all the required documents.

A team member will be in touch if any further information is required.

You'll then receive either confirmation of eligibility or eligibility declined.

## Where to apply

Simply visit [betterbuildingfinance.com.au](https://betterbuildingfinance.com.au) and click **APPLY NOW** to get started.



## What do repayments look like?

When finance is approved, you will receive a repayment schedule with your quarterly repayments. You will then receive a repayment notice at similar time to receiving your council rates notice. These are issued on a quarterly basis. See below for an example of a repayment notice.

### TAX INVOICE

#### ENVIRONMENTAL UPGRADE AGREEMENT (EUA) INSTALMENT NOTICE

XYZ Pty Ltd  
1 Compliance St  
OFFICER VIC 3809

EUA Description:	EUA description example	Date of Issue:	31/08/2019
Assessment Number:	5000020252	Account Number:	12345.0001
Property Address:	1 Compliance St, Officer 3809	Agreement Period:	30/09/2019 - 31/05/2029
Legal Description:	L1 PS123456A V12345 F123	Instalment No:	1 of 40
Date Declared:	17/05/2019	Penalty Interest Rate:	10.00% p.a.

ACCOUNT DETAILS	AMOUNT	GST	TOTAL
Environmental Upgrade Charge	\$142,234.11	\$0.00	\$142,234.11
Administration Fee	\$2,244.00	\$224.40	\$2,468.40
Total payable over the full term of the charge		\$144,702.51	
Paid to Date		\$0.00	
Balance of total charges at date of this notice		\$144,702.51	
TOTAL AMOUNT DUE THIS NOTICE		\$3,617.57	
PAYMENT DUE DATE		30/09/2019	

#### OTHER INFORMATION

PAYMENT OF ENVIRONMENTAL UPGRADE CHARGE (EUC)	PAYMENT SCHEDULE 2019/20	INTEREST PENALTIES FOR LATE PAYMENTS
Your EUC can only be paid by quarterly direct debit instalments.  Payments will be deducted from the nominated bank account or credit card on the dates specified in the payment schedule included on this notice.  If the due date falls on a weekend or public holiday, then the payment will be deducted on the next business day.	30/09/2019	\$3,617.57
	30/11/2019	\$3,617.57
	29/02/2020	\$3,617.57
	31/05/2020	\$3,617.57
Interest will be charged on all amounts not paid by the due date at 10.00% p.a. back to the due date of the instalment.		

## Who is Better Building Finance?

Better Building Finance is a third-party service provide 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.



## 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.



# 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 and start saving today.

**1300 101 223**

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[betterbuildingfinance.com.au](http://betterbuildingfinance.com.au)