

Building Upgrade Finance in SA Guide for Service Providers



This Guide has been developed to assist service providers to offer Building Upgrade Finance to clients. It includes:

- an overview of the product and its benefits
- considerations for your clients
- key messages.

Other documents have also been developed to provide assistance with Building Upgrade Finance, including:

- [Eligibility checklist](#)
- Process guide for [Service Providers](#)
- Process guide for [Building Owners](#)

Do you provide support, services and quotes to non-residential building owners for building upgrades?

Service providers may include:



ENERGY
CONSULTANTS



SUSTAINABILITY
CONSULTANTS



SOLAR
INSTALLERS



REFRIGERATION /
HVAC SUPPLIERS



HERITAGE
ARCHITECTS



CONSTRUCTION
CONTRACTORS



PROJECT
MANAGERS



FINANCIAL
CONSULTANTS

Or other service providers involved in the project life cycle of a building upgrade.

Building Upgrade Finance could provide a new offering for your clients.

EXPAND YOUR BUSINESS MODEL AND SUPPORT A SUSTAINABLE FUTURE

Building Upgrade Finance is a non-traditional finance product for environmental and heritage upgrades to existing non-residential buildings. It is private sector finance that is repaid quarterly to the local council and passed onto the finance provider.

Finance providers known to offer Building Upgrade Finance are listed on the [Providers](#) page of the website.

Building Upgrade Finance is a source of finance that you can discuss and present to clients as an alternative to more traditional sources of finance. It can enable projects when access to capital or the impact on cash flow present a barrier to an upgrade project.

What type of businesses use Building Upgrade Finance?

This type of finance has typically been in demand by small to medium enterprises who are owner-occupiers, have high energy costs and need a solution that maintains cash flow.

This has included businesses in manufacturing, agriculture, agribusiness and hospitality.

Commercial office upgrades have also been financed using Building Upgrade Finance.

Examples of projects can be found on the [Success](#) page of the website.





Benefits of Building Upgrade Finance

Building Upgrade Finance is long term finance that can cover up to 100% of the cost of eligible upgrade works with no additional security. It uniquely provides the opportunity to share costs with tenants and pass on remaining repayments to a new owner on sale of the property.



NO UPFRONT CAPITAL REQUIRED

Up to 100% project finance is available, so there is no impact on capital budgets.



LONG TERM (10-20 YEAR)

Lower repayments over a longer period provide potential for neutral/ positive cash flow. The operating savings from upgrades can help to repay the finance.



NO ADDITIONAL SECURITY OR GUARANTEES

No requirement for businesses to provide additional security.



TRANSFER FINANCE ON SALE

When selling the building, remaining repayments can be passed to the new owner or discharged on settlement, if parties agree.



SHARE COSTS AND BENEFITS WITH TENANTS

Tenant contributions to the cost of repayments may be possible. Tenants can also request upgrades, contributing to the repayments.

How Building Upgrade Finance could benefit your business

Building Upgrade Finance provides your clients with a new finance option with significant benefits, and can help your business to secure projects.

Building Upgrade Finance provides a unique opportunity to expand your market, grow your business and increase your bottom line, by:

- providing a new funding source for projects that could unlock new opportunities and investment
- contributing to a sustainable future by helping clients to reduce their environmental impact
- building your network with local councils and finance providers.

The service provider's role in Building Upgrade Finance can be to identify upgrade opportunities, provide technical advice, develop business cases, get upgrade quotes for your client and support the application process.

Building Upgrade Finance is also available in New South Wales and Victoria (where it is called Environmental Upgrade Finance) and is largely the same in each state.

For more information on Building Upgrade Finance across participating jurisdictions visit the [website](https://buildingupgradefinance.net.au/south-australia).

Talking about Building Upgrade Finance with your Clients

Building Upgrade Finance can help building owners to fund a broad range of environmental and heritage upgrade works to existing non-residential buildings.

It provides an alternative to, or can supplement, bank debt, equity and cash flow options for funding:

- fixed equipment upgrades
- capital works projects
- repositioning of assets
- major refurbishments.

When considering offering Building Upgrade Finance to a client, there are three key questions to consider:

1. Is your client eligible for Building Upgrade Finance?

Before explaining Building Upgrade Finance to your client, it is important to ensure that the building and project are eligible. You can use this [basic checklist](#) to do an initial assessment of eligibility.

2. Why would your client choose Building Upgrade Finance?

If your initial assessment indicates your client's project may be eligible, the next step is to explain why they might consider using Building Upgrade Finance. This could be done through a client proposal or business case for the proposed upgrade works that frames the benefits to the needs of your client.

A proposal or business case for upgrade works and use of Building Upgrade Finance should include:

- eligible environmental and/or heritage works to be undertaken
- predicted energy savings and other environmental benefits
- total cost of the works, including soft costs
- repayment and cash flow information* to illustrate the benefits of using this product
- calculation of potential tenant contribution (if applicable)
- advice on Development Approval or other approval requirements (if applicable).

*finance providers should be able to assist with this process. See Figure 1 for example.

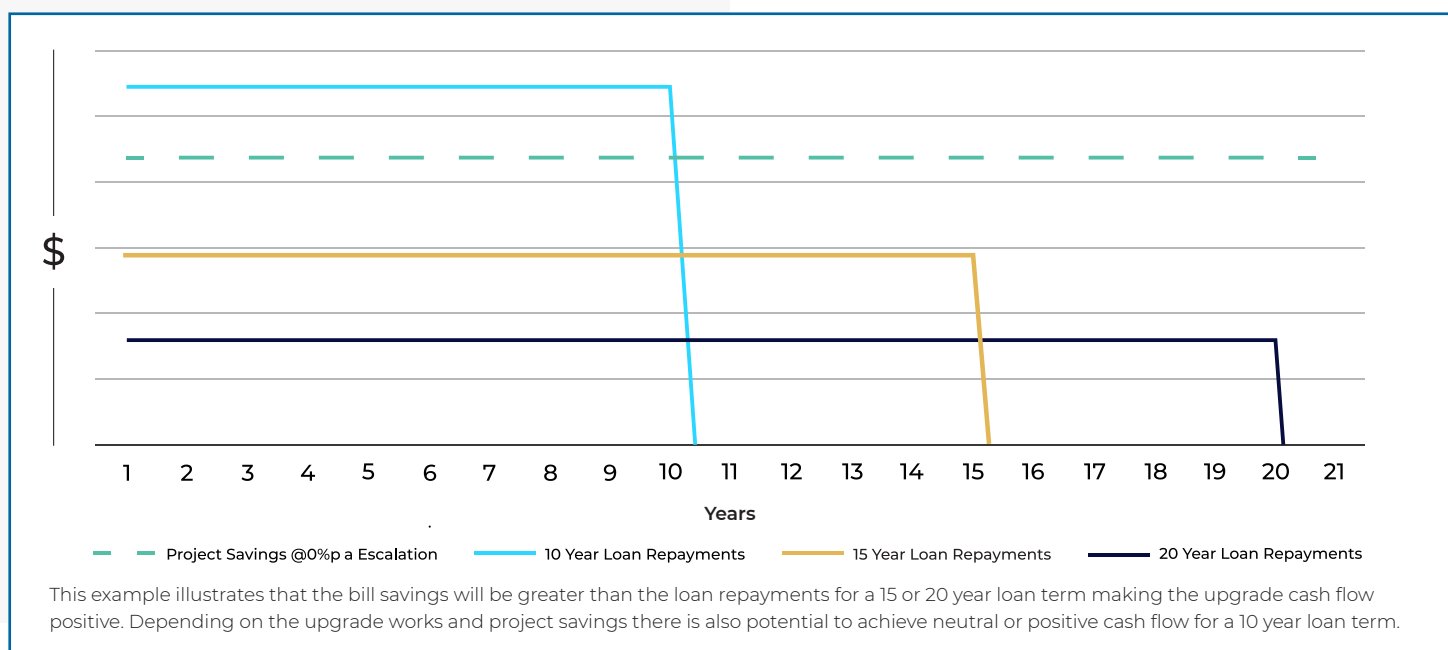
3. What is the Building Upgrade Finance process for your client?

If your client is considering Building Upgrade Finance, you will need to explain the process to them. An example [Building Upgrade Finance Process for Building Owners](#) has been developed to help with this discussion.

Key considerations for building owners include:

- notifying existing mortgagees
- lending limitations
- statutory declaration requirements
- tenant contribution considerations
- reporting requirements.

FIGURE 1 EXAMPLE OF CASH FLOW IMPACT FOR DIFFERENT LOAN TERMS.



Key messages

As a guide, the following messages may help communicate the benefits of Building Upgrade Finance to building owners and property developers:

KEY MESSAGES TO PROPERTY DEVELOPERS

Building Upgrade Finance:

- can help rejuvenate, reposition or restore an existing asset or heritage icon
- requires no upfront capital for upgrades.

KEY MESSAGES TO BUILDING OWNERS

Building Upgrade Finance provides:

- competitive interest rates compared to commercial finance
- the potential to pass on outstanding repayments upon sale of the property.

Benefits of Building Upgrade Finance include the ability to:

- decrease energy costs and improve cash flow from day one
- attract and retain quality tenants with upgraded facilities and more comfortable workspaces
- increase asset value without capital outlay
- reap the benefits of happier and healthier staff in a sustainable workplace
- access finance without the need for additional security.



Further Information

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buildingupgradefinance.net.au/south-australia