Tax & Cash incentives for Sustainable Real Estate

An overview of key cash grants & tax incentives across various European countries

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Harnessing the power of incentives to achieve sustainability in the real estate industry

This booklet aims to help owners of real estate to enhance sustainability by showcasing various national incentive programs across European countries. Harnessing the potential of these incentives can enable owners of real estate to enhance energy efficiency, increase property value, lower energy costs and reduce the environmental impact of their buildings.

The real estate industry is a critical piece of the puzzle to achieve sustainability. In Europe, buildings are responsible for approximately 40% of all energy consumption and 36% of CO_2 emissions. Additionally, construction and demolition waste accounts for more than a third of all waste generated in the European Union. In order to overcome these challenges both the European Union and national governments have introduced legislation including targets for decarbonisation and specific policies to deliver on them. In the context of the European Climate Law, the EU has implemented the Fit for 55 package to ensure a reduction of greenhouse gas emissions of at least 55% by 2030. As a result of increasing regulatory pressure and rising energy costs the real estate industry will have to accelerate their transition towards sustainability, which poses a significant challenge.

While the path towards sustainable real estate may not be without any hurdles, overcoming them can come with great benefits. Investments in energy efficiency and renewable energy systems can help to lower energy bills and enhance property value. National authorities have implemented a wide range of incentives mechanisms in the form of cash grants, tax incentives and soft loans to encourage owners of real estate to invest in sustainability (e.g., insulation, electric heating systems, circularity and renewable electricity, etc.).

Successfully harnessing the potential of these incentive opportunities can yield significant monetary benefits, but navigating the incentives landscape can be challenging. Especially, given the fact that the implementation of these incentive programs varies across European countries. This booklet highlights the most relevant incentives programs across 10 European countries to provide aid to owners of real estate who aim to accelerate their journey towards sustainability.

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Investing in sustainable built environment not only promotes environmental responsibility but also unlocks significant tax and cash incentives, creating a compelling financial advantage for businesses.

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Content

Introduction

This overview provides general insight into qualifying sustainable investments for which incentives are applicable in the covered territories. Further information is provided in the relevant country specific section.

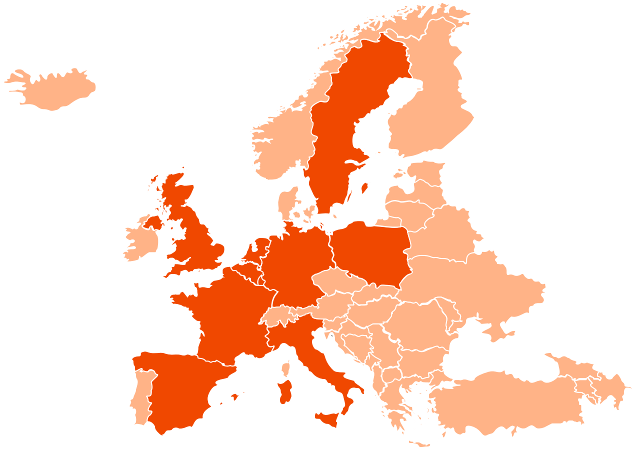
Understanding the basic principles to navigate the incentives landscape

The real estate sector is under pressure to accelerate its journey towards sustainability as a result of new regulations, including the recently adopted Climate Act and proposed European regulations as part of the 'Fit for 55 Package'. Several cash grants, tax incentives and soft loans are available on a national as well as EU level to stimulate innovation and sustainability. Below the different types of incentives are briefly explained:

Cash grants offer financial assistance provided by governments or organisations in the form of direct monetary payments, usually for specific purposes such as funding projects or supporting research.
Tax incentives are provisions in the tax code that provide benefits, such as deductions, credits, or exemptions, with the aim of encouraging specific activities or investments.
Soft loans offer more favourable terms of conditions than conventional loans to encourage a specific type of behavior. Soft loans may have lower interest rates, longer repayment periods, or more flexible terms for repayment.

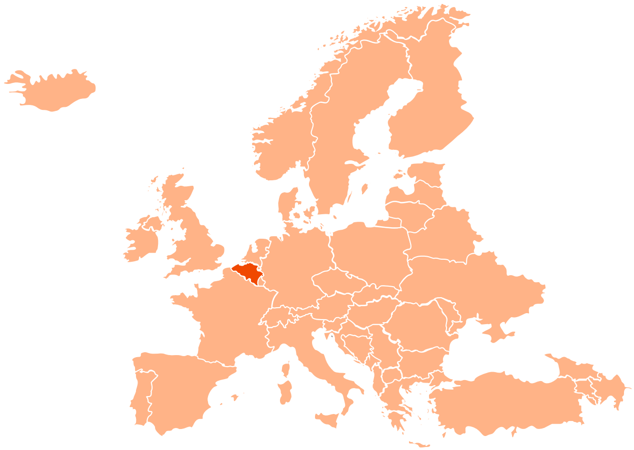
The overview on the following page provides a high-level information on funding opportunities at national level in various European jurisdictions for investments to increase sustainability within the residential/non-residential building sector (renewable energies, decarbonisation, circularity). The individual jurisdictions may offer additional incentives which are not covered by this overview and need to be checked on a case-by-case basis.

This content is for general information purposes only and should not be used as a substitute for consultation with professional advisors.



Country	Renewable energy: Renewable energy generation	Renewable energy: Renewable energy storage	Renewable energy: Reutilisation of energy / residual heat	Decarbonisation: Heating	Decarbonisation: Cooling	Decarbonisation: Ventilation	Decarbonisation: Lighting	Decarbonisation: Energy balancing smart grid	Decarbonisation: EV charging stations	Circularity: Sustainable construction	Circularity: Renovation of buildings	Circularity: Waste recycling
Belgium	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
France	✓	–	✓	✓	✓	✓	✓	✓	✓	–	✓	–
Germany	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Italy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Luxembourg	✓	✓	✓	✓	✓	✓	–	–	✓	–	✓	✓
Poland	✓	✓	✓	✓	✓	✓	✓	✓	–	✓	✓	✓
Spain	✓	✓	–	✓	✓	✓	✓	✓	✓	✓	✓	–
Sweden	✓	–	–	–	–	–	–	–	–	–	–	–
The Netherlands	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
United Kingdom	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

01 Belgium



Incentive	Type	Benefit	Region	Renewable energy			Decarbonisation						Circularity		
				Renewable energy generation	Renewable energy storage	Reutilisation of energy / residual heat	Heating	Cooling	Ventilation	Lighting	Energy balancing smart grid	EV charging stations	Sustainable construction	Renovation of buildings	Waste recycling
Energy saving investment deduction	**Tax incentive**	Tax saving of approx. 5% of the investment (increasing to 7.5% as from 2025 for investments in energy efficiency, renewable energy and carbon-free transport)	Federal	✓	–	✓	✓	✓	✓	✓	✓	–	✓	✓	–
Ecology Premium Plus (EP+)	**Cash grant**	15 - 45% of additional costs, depending the type of investment	Flanders	–	✓	✓	✓	✓	–	✓	–	–	✓	✓	–
GREEN Investment Support	**Cash grant**	20% to 40% of eligible costs depending on technology and company size with max. EUR 1 M support	Flanders	✓	✓	✓	✓	✓	✓	✓	✓	–	✓	✓	✓
Energy premium grid operators	**Cash grant**	EUR 0.035 per primary kWh saved on an annual basis	Flanders	–	–	✓	✓	✓	–	✓	✓	–	✓	✓	–
Mijn VerbouwPremie (MVP)	**Cash grant**	Depends on the type of investment	Flanders	–	–	✓	✓	–	–	–	✓	–	✓	✓	–
Strategic Transformation Support (STS)	**Cash grant**	8% (investment) to 20% (training) on qualifying investment costs	Flanders	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
AMURE	**Cash grant**	40% to 100% of eligible costs depending on the type of company, its size and the type of implementation.	Wallonia	–	–	–	–	–	–	–	✓	–	✓	✓	–
RENOLUTION premiums	**Cash grant**	Premium depends on the works engaged	Brussels Capitol Region	–	–	✓	✓	✓	✓	–	✓	–	✓	✓	–

Cash grants and tax incentives for sustainable real estate in Belgium

In Belgium, the different players of the real estate market are increasingly focusing on the environmental aspects of their activities. This due to their future ambitions, but also because of stricter regulations, rising energy prices and future reporting obligations. In this regard, we see in practice that financial institutions are also considering the sustainability degree of real estate investments when granting their credit decisions. Also, more recently a renovation obligation has been introduced for numerous existing buildings which further pushes the investments towards decarbonising the real estate market.

For this purpose, the Regional governments encourage (and requires) any manager of public or private non-residential buildings over 250m² to develop a global, long-term real estate strategy, including an action plan for the management and energy performance of buildings held. This strategy should have already been established by the end of 2021 for public authorities and by 2025 at the latest for private actors. The focus is set on boosting innovation and industrialisation to reduce the need for labour, increase quality and reduce costs of the renovation and ensuring the quality of PEB/energy savings knowledge for all parties involved in construction projects.

The Belgian federal and regional governments have introduced a range of cash grants and tax incentives to encourage the adoption of sustainable practices in the real estate sector. Below you will find a selection of the relevant incentive opportunities for investments in real estate in Belgium.

Federal incentives (available to the whole Belgian territory)

Application of reduced VAT rates | *Tax incentive*
VAT reductions are mainly used to encourage sustainable investments in real estate. A 6% rate applies to deliveries of heat pumps.

In addition, the 6% rate also applies to demolition and reconstruction – there are currently two distinct reduced rate schemes in Belgium. Both provide for a reduced VAT rate of 6%, but differ slightly in their scope of application. The application of this reduced rate is, however, subject to several strict conditions.

Energy saving investment deduction | *Tax incentive*
A tax deduction which can be used by real estate companies for investments in fixed assets aimed at saving energy. Tax saving amounts to approximately 5% of the investment. The investment deduction reduces the amount on which tax must be paid and is applied to the profits or benefits of the tax period in which you acquired or achieved the aforementioned fixed assets. Some taxpayers may spread the investment deduction over the duration of the depreciation period of the investments. From 2025, this will be replaced by a thematic deduction covering among others energy efficiency, renewable energy and carbon-free transport, resulting in an even higher tax saving of some 7.5%.

Flanders regional incentives

Ecology Premium Plus (EP+) | *Cash grant*
Financial support for companies investing in predefined green technologies on the limitative technologies list (LTL). 15 to 45% of the additional costs, depending on the type of investment.

GREEN Investment Support | *Cash grant*
GREEN Investment Support is financial support to invest in the transition from fossil fuels to electricity or green energy for the heating or cooling of their production processes or the efficiency optimisation of their energy. The technology must not be present on the LTL. 20% to 40% of the eligible costs depending on technology and company size with maximum EUR 1M support.

Energy premium grid operators | *Cash grant*

This cash grant provides financial support for investments in renewable energies (e.g., heat pumps) and/or energy savings (e.g., isolation, relighting) in existing non-residential buildings. EUR 0.035 per primary kWh saved on an annual basis.

Mijn VerbouwPremie (MVP) | *Cash grant*

This cash grant is designed as a premium for renovation and energy-saving investments. The unified premium of the former renovation premium and most of the premiums of Fluvius (energy network operator) for energy-saving investments. E.g., investments in solar boilers, heat pumps, insulation and high efficiency glazing are eligible for support. Support depends on the type of investment.

Strategic Transformation Support (STS) | *Cash grant*

The STS consists of financial support for companies making investments in the Flemish Region. The goal is to encourage investments in cutting-edge technology. The benefit is 8% (investment) to 20% (training) on qualifying investment costs. Only training support is eligible for large companies that are not situated in a support zone. Exempt from corporate tax.

Walloon regional incentives

AMURE | *Cash grant*

AMURE is a cash grant that provides financial support for the improvement of energy efficiency and the promotion of a more rational use of energy. 40% to 100% of qualifying investment costs depending on the type of company, its size, and the type of implementation.

Brussels Capital Region regional incentives

RENOLUTION premiums | *Cash grant*

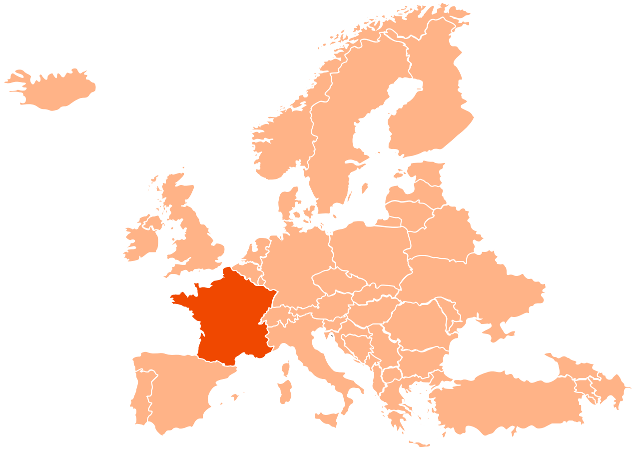
Through RENOLUTION companies investing in the improvement of building energy efficiency (e.g., isolation, glazing, heating) may receive financial support. The premium depends on the work engaged. This cash grant is available to maximum 90% of the qualifying investment costs.

Best practices - Structuring

When investing in a project, it is important to initially consider whether you claim is desired and whether you are eligible for a cash grant, a tax benefit or both. The latter (tax) are most often dealt with on a federal level while subsidies are closely linked to the specific region in Belgium. Each region (Flanders, Wallonia, Brussels Capital Region) has its own set of cash grants and regulations. Cash grants must be applied upfront (i.e., before starting the project).

In Belgium, it is generally not allowed to combine or cumulate cash grants (subsidies) for a similar/identical investment/project, as this could be considered as receiving double funding. Tax incentives on the other hand, can often be combined with cash grants irrespective of the project. As an example, you can combine withholding tax (WHT) exemptions for employees working on an R&D project that is funded via a cash grant, given the requirements/conditions are fulfilled.

02 France



Incentive		Type	Benefit	Renewable energy: Renewable energy generation	Renewable energy: Renewable energy storage	Renewable energy: Reutilisation of energy / residual heat	Decarbonisation: Heating	Decarbonisation: Cooling	Decarbonisation: Ventilation	Decarbonisation: Lighting	Decarbonisation: Energy balancing smart grid	Decarbonisation: EV charging stations	Circularity: Sustainable construction	Circularity: Renovation of buildings	Circularity: Waste recycling
C3IV		Tax incentive	20% to 45% of qualifying investment costs	✓	–	–	–	–	–	–	–	–	–	–	–
Le Fonds Chaleur	Funding of Biomass projects	Cash grant	Up to 45% of eligible costs and 60% of installations costs for investments in heat/cold networks	✓	–	–	✓	–	–	–	–	–	–	–	–
Le Fonds Chaleur	Funding of residual heat projects	Cash grant	Up to 45% of eligible costs and 60% of installations costs for investments in heat/cold networks	–	–	✓	–	–	–	–	–	–	–	–	–
Le Fonds Chaleur	Deep and surface geothermal projects	Cash grant	Up to 45% of eligible costs and 60% of installations costs for investments in heat/cold networks	–	–	–	✓	–	–	–	–	–	–	–	–
Le Fonds Chaleur	Creation/extension of heating & cooling network	Cash grant	Up to 45% of eligible costs and 60% of installations costs for investments in heat/cold networks	–	–	✓	✓	✓	–	–	–	–	–	–	–
Le Fonds Chaleur	Installation of Thermal Solar Panel	Cash grant	Up to 45% of eligible costs and 60% of installations costs for investments in heat/cold networks	✓	–	–	–	–	–	–	–	–	–	–	–
Le Fonds Chaleur	Feasability studies for Solar PV self consumption	Cash grant	Up to 45% of eligible costs and 60% of installations costs for investments in heat/cold networks	–	–	✓	✓	✓	–	–	–	–	–	–	–
AAP GEOBOOST		Cash grant	Up to 80% of feasibility studies costs	✓	–	–	✓	–	–	–	–	–	–	–	–
Le Fonds Vert		Cash grant	Depends on investment type	✓	–	✓	✓	✓	✓	–	✓	–	–	–	–
Advenir		Cash grant	Up to 50% of eligible costs	–	–	–	–	–	–	–	–	✓	–	–	–
AAP Studies heating/cooling networks supplied via renewable energy		Cash grant	Up to 80% of the costs for feasibility studies	✓	–	✓	✓	✓	–	–	–	–	–	–	–
Certificats d'Économies d'Énergie		Energy credit	Depends on investment type	✓	–	–	✓	✓	–	✓	–	–	–	✓	–

Cash grants and tax incentives for sustainable real estate in France

Introduction

France is at the forefront of efforts to decarbonise the built environment, aligning with the EU's ambitious climate goals. The country's commitment to sustainability is evident in its strategic use of subsidies to incentivise sustainable new constructions and retrofitting. Recognising the significant contribution of the built environment to CO_2 emissions, France has set clear targets to reduce its carbon footprint. While specific figures may vary, France aims for a substantial reduction in line with the EU's overarching targets for 2030 and beyond. Below you will find a selection of tax and cash incentive opportunities that are relevant to owners of real estate who envisage to fund their roadmap towards sustainability.

C3IV for investments in green industry | *Tax incentive*

The C3IV tax credit has been introduced to encourage green investments. The C3IV tax credit is available for companies contributing to the production of batteries, solar panels, wind turbines or heat pumps. Under this program, both tangible and intangible investments are eligible. This includes investments in buildings, installations, machinery, land, patent rights, licenses, and know-how related to the aforementioned technologies. The rate of the tax credit varies based on company size and investment location, ranging from 20% to 45%, with a maximum amount of EUR 150 million or EUR 350 million in specific cases.

Le Fonds Chaleur – Renewable Energy Fund | *Cash grant*

The purpose of Le Fonds Chaleur (Renewable Energy Fund) is to encourage the replacement of fossil fuel installations by installing renewable heat and cooling production equipment using biomass, geothermal energy, solar, biogas and recovered energy, coupled with heating and cooling networks. This program supports renewable heat installations in residential, commercial, and industrial buildings, making it highly relevant for the built environment. For instance, large solar thermal installations, biomass heating systems, and geothermal heat pumps used in buildings are eligible for funding. The amount of funding depends on the type of investment and the energy performance. The grant covers up to 45% of the eligible costs and can go up to 60% of the installation costs for investments in heat and cold networks.

AAP GEOBOOST – Boosting studies for geothermal projects | *Cash grant*

The objective of this call for projects is to promote renewable heating and cooling from surface geothermal energy by financing 80% of the feasibility studies needed for the projects. The aid is available to local authorities, companies, and associations depending on whether it relates to component A or B of the call. Component A aims to finance feasibility studies for innovative business models that reduce or eliminate investment costs for project owners. Component B aims to finance grouped feasibility studies for implementing surface geothermal energy on educational buildings across multiple sites.

Le Fonds Vert – Green Fund | *Cash grant*

Le Fonds Vert (Green Fund) is intended to finance projects presented by local authorities and their public or private partners in three areas: environmental performance, adaptation of the territory to climate change, and improvement of the living environment. The eligible investments include work on the building envelope, such as insulation, windows, and roofing, as well as the replacement or installation of efficient heating, cooling, ventilation, and renewable energy systems. The funding is contingent upon various factors, including the project's type, location, and size, as well as the level of energy savings and environmental performance attained.

Advenir – EV charching stations | *Cash grant*

Advenir is the financing program for electric vehicle charging stations. The Advenir programme is helping to accelerate the deployment of charging infrastructure throughout France by supporting different audiences: individuals in multi-family homes, companies, local authorities, and public entities. With a budget of EUR 320 million, Advenir's objective is to finance 175,000 new charging points by 2025. The amount of funding that is provided varies for each beneficiary and ranges up to 50% of the eligible costs.

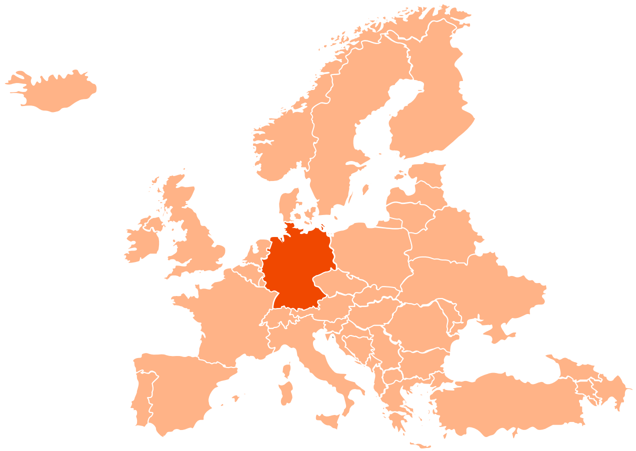
AAP Studies on heating or cooling networks fueled by renewable energy | *Cash grant*

ADEME utilises a range of channels to advance the adoption of renewable energies across different regions. To support this mission, ADEME provides complimentary guidance, opportunity notes, and pre-feasibility studies to local authorities and companies seeking to establish or expand heating or cooling networks between buildings that are powered by renewable energy sources. ADEME offers financial aid covering up to 80% of the costs for feasibility studies related to heating or cooling networks using renewable energy sources.

CEE (Certificats d'Économies d'Énergie) | *Energy credit*

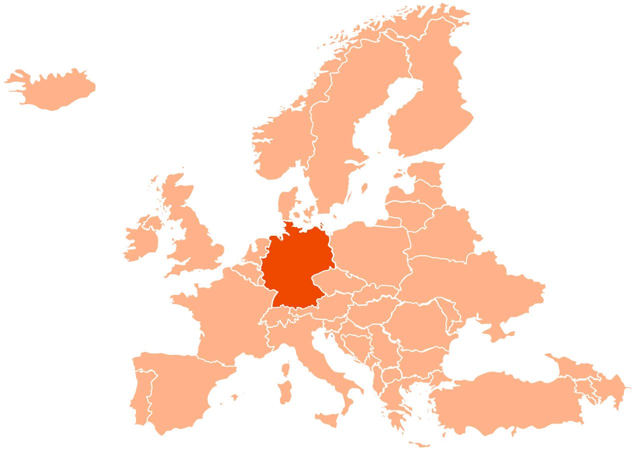
The CEE program is relevant for promoting energy efficiency investments in the built environment. It incentivises energy-saving measures in residential, commercial, and public buildings by requiring energy suppliers to meet specific savings targets. Eligible projects include insulation, energy efficient heating systems, lighting upgrades, building automation, and renewable energy integration. Building owners can receive substantial financial support, typically covering a significant portion of project costs. The amount of financial support available through the CEE program varies depending on the type of project and the expected energy savings. Typically, the subsidies can cover a significant portion of the project costs, making it an attractive option for building owners looking to improve energy efficiency.

03 Germany



Incentive	Type	Benefit	Renewable energy			Decarbonisation						Circularity		
			Renewable energy generation	Renewable energy storage	Reutilisation of energy / residual heat	Heating	Cooling	Ventilation	Lighting	Energy balancing smart grid	EV charging stations	Sustainable construction	Renovation of buildings	Waste recycling
Bundesförderung für effiziente Gebäude (BEG) - Einzelmaßnahmen, Wohngebäude (residential buildings)	**Cash grant**	Up to 30%; eligible costs limited to EUR 30.000 per unit of a building p.a.*	✓	✓	✓	✓	✓	✓	✓	✓	–	–	✓	–
BEG - Einzelmaßnahmen Nicht-wohngebäude (non residential buildings)	**Cash grant**	Up to 30%; eligible costs limited to 500 EUR/m² of a building p.a.*	✓	✓	✓	✓	✓	✓	✓	✓	–	–	✓	–
BEG - Wohngebäude Neubau (construction of residential buildings)	**Low-interest loan**	Eligible costs up to EUR 150.000 per unit	–	–	–	–	–	–	–	–	–	✓	–	–
BEG - Nichtwohngebäude Neubau (construction of non-residential buildings)	**Low-interest loan**	Eligible costs up to EUR 15 million per building	–	–	–	–	–	–	–	–	–	✓	–	–
BEG - Wohngebäude Sanierung (renovation of residential buildings)	**Low-interest loan with repayment grant**	Up to 20%; eligible costs limited to EUR 30.000 per unit**	✓	✓	✓	✓	✓	✓	✓	✓	–	–	✓	–
BEG - Nichtwohngebäude Sanierung (renovation of non-residential buildings)	**Low-interest loan with repayment grant**	Up to 20%; eligible costs limited to EUR 2 million per non-residential building	✓	✓	✓	✓	✓	✓	✓	✓	–	–	✓	–

* The funding rates and amounts vary depending on the planned measure.
** Depending on the achieved efficiency classification of the unit.



Incentive	Type	Benefit	Renewable energy			Decarbonisation						Circularity		
			Renewable energy generation	Renewable energy storage	Reutilisation of energy / residual heat	Heating	Cooling	Ventilation	Lighting	Energy balancing smart grid	EV charging stations	Sustainable construction	Renovation of buildings	Waste recycling
Bundesförderung für Energie- und Ressourceneffizienz in der Wirtschaft - Modul 4, Premiumförderung	**Cash grant or loan with repayment grant**	Up to 25% of the extra investment costs or 10% of the total investment costs; funding limited to EUR 20 million	–	–	✓	–	–	–	–	–	–	–	–	–
Bundesförderung für effiziente Wärmenetzte - Modul 2/3	**Cash grant**	Up to 40%; funding up to EUR 100 million, limited by economic gap of project	–	–	✓	–	–	–	–	–	–	–	–	–
KfW: Erneuerbare Energien - Standard (Kredit 270)	**low-interest loan**	Loan of up to 100% of the eligible costs, limited at EUR 150 million per project	✓	✓	✓	✓	–	–	–	✓	–	–	–	–
KfW: Investitionskredit Nachhaltige Mobilität (Kredit 268)	**low-interest loan**	Loan of up to 100% of the eligible costs, limited to EUR 50 million per project	–	–	–	–	–	–	–	–	✓	–	–	–
KfW: Umweltprogramm (Kredit 240, 241)	**low-interest loan with repayment grant***	Loan of up to 100% of the eligible costs, limited at EUR 25 million per project	–	–	–	–	–	–	–	–	–	✓	✓	✓

* Repayment grant only for natural climate protection measures; up to 40% of the eligilbe costs; limited to EUR 1.5 million.

Cash grants, subsidised loans and tax incentives for sustainable real estate in Germany

The German government is committed to reduce greenhouse gas (GHG) emissions as part of the Paris Climate Agreement and EU regulations. According to the Federal Climate Protection Act, GHG emissions are to be reduced by at least 65% by 2030 and by at least 88% by 2040 compared to the emissions in 1990. Climate neutrality is to be achieved by 2045. In addition, the Energy Efficiency Act aims to reduce final energy consumption by 26.5% by 2030 compared to 2008. The following funding programs for, e.g., energy efficient buildings, support the achievement of the climate targets set out in the Federal Climate Protection Act. Furthermore, these programs are an instrument in implementing the Climate Protection Program 2023.

The following overview provides high-level information on funding opportunities at German federal level for investments to increase sustainability within the residential/non-residential building sector (renewable energies, decarbonisation, circularity). The individual Federal States of Germany may offer additional incentives which are not covered by this overview.

Bundesförderung für effiziente Gebäude – Einzelmaßnahmen (BEG EM) | *Cash grant*

The objective of the BEG EM is to encourage investments in specific actions that enhance energy efficiency and promote the use of renewable energy in heating and cooling, leading to a decrease in GHG emissions from buildings in Germany. The funding program supports measures implemented in both residential and non-residential buildings, as long as they meet the criteria outlined in the guidelines.

Bundesförderung für effiziente Gebäude – Wohngebäude (BEG WG) | *Low-interest loan (construction) or low-interest loan with repayment grant (refurbishment)*

The objective of the BEG WG is to encourage investments in systemic/holistic measures that improve energy efficiency and promote the use of renewable energy in heating and cooling specifically for residential buildings in Germany. The funding program supports the renovation and initial purchase of energy-efficient houses that meet the minimum technical requirements outlined in the guideline's annex. These measures aim to enhance the energy efficiency of residential buildings, resulting in a reduction of CO_2 emissions and an increase in the proportion of renewable heating and cooling in the building sector.

Bundesförderung für effiziente Gebäude – Nichtwohngebäude (BEG NG) | *Low-interest loan (construction) or low-interest loan with repayment grant (refurbishment)*

The objective of the BEG NG is to encourage investments in systemic/holistic measures that improve energy efficiency and promote the use of renewable energy in heating and cooling specifically for non-residential buildings in Germany. The funding program supports the renovation and initial purchase of energy-efficient buildings that meet the minimum technical requirements outlined in the guideline's annex. These measures aim to enhance the energy efficiency of non-residential buildings, resulting in a reduction of CO_2 emissions and an increase in the proportion of renewable heating and cooling in the building sector.

Bundesförderung für Energie- und Ressourceneffizienz in derWirtschaft– Modul 4 (EEW) | *Cash grant or low-interest loan with repayment grant*

The objective of the EEW is to increase energy and resource efficiency in order to achieve GHG neutrality by 2045. The program focuses on supporting investments by industries to increase the use of renewable energy for process heat and assist German industries in implementing their decarbonisation strategies. The funding aims to stimulate investments in plant and process modernisation, with a strong emphasis on achieving the highest possible energy efficiency levels. The program also promotes the efficient use of resources and the adoption of highly efficient technologies to reduce energy and resource requirements, thereby reducing GHG. The EEW program is open to all technologies and sectors, as long as the measures are related to production processes.

If company A exports process related waste heat to an external building or to company B, only company A is eligible to apply for and receive the grant, even if company B uses "green heat". In general, the company undertaking the investment is eligible for funding.

Bundesförderung für effiziente Wärmenetze – Modul 2/3 (BEW) | *Cash grant*

The objective of the BEW is to contribute to the reduction of GHG emissions in the energy sector by 2030, in line with national and European energy and climate targets. The directive aims to promote the installation of an average of up to 681 MW of renewable heat generation capacity per year by 2030, within the available budget funds. Module 2/3 focuses on the construction of new heating networks or measures on existing heating networks that are supplied with at least 75% renewable energy and waste heat. It also includes the transformation of existing infrastructures into GHG-neutral heating networks. It is important to note that the company implementing the measures, rather than the company using the sustainable heat, is eligible for funding. For instance, if company A exports process-related waste heat to an external building or to company B, only company A is eligible to apply for and receive the grant, even if company B uses "green heat". The funding program supports the export of process related waste heat utilisation, such as for the building sector, but not the use of waste heat in the building sector itself. In general, the company undertaking the investment is eligible for funding.

KfW: Erneuerbare Energien – Standard (Kredit 270) | *Low-interest loan*

The KfW Renewable Energies "Standard" program offers low-interest financing for projects that involve the use of renewable energy. This includes projects related to the generation of electricity or heat using renewable sources, as well as combined heat and power plants (CHP) that generate both electricity and heat. The program also supports measures aimed at integrating renewable energies into the existing energy system.

KfW: Umweltprogramm (Kredit 240, 241) | *Low-interest loan with repayment grant*

This funding program aims to support the implementation of the German government's "Natural Climate Protection Action Program" (ANK). It focuses on preserving, restoring, and renaturing near-natural ecosystems, as well as implementing measures for soil renaturation and decentralised precipitation management on commercially used areas of private companies. The goal is to generate positive impacts for climate protection and biodiversity conservation, while also enhancing the resilience of ecosystems and businesses against the adverse effects of the climate crisis. This involves creating and stabilising sinks that absorb greenhouse gases, thereby contributing to the attainment of climate targets in the land use, land use change, and forestry sector.

KfW: Investitionskredit Nachhaltige Mobilität (Kredit 268) | *Low-interest loan*

The "Sustainable Mobility Investment Loan" is a program that provides support to companies in Germany that are investing in climate protection measures related to sustainable mobility. These measures are required to meet the technical criteria outlined in the EU taxonomy. By implementing these measures, companies are able to contribute to the reduction and avoidance of GHG in the transport sector. To incentivise these investments, KfW offers low-interest loans to eligible companies. This way the program aims to encourage and facilitate the adoption of sustainable mobility solutions, helping to create a more environmentally friendly transportation system.

Tax incentives – special depreciation for new residential apartments | *Tax incentive*

The acquisition and development of new residential apartments located in the EU can qualify for special depreciation in addition to regular straight-line depreciation. This special depreciation allows for a deduction of up to 5% per year of the assessment base for the year of acquisition or construction, as well as the following three years. To be eligible for this special depreciation, the residential apartment must be newly developed or acquired by the end of the year of completion, and it must contribute to the creation of new residential space. Furthermore, the building in which the new apartments are being constructed must meet the criteria for an "Efficiency House 40" with a sustainability class/efficiency building level of 40, which is verified by the quality seal "Sustainable Building".

To claim the special depreciation, the building permit or construction notification must have been submitted to the municipalities within a specific time frame (after 31 August 2018 and before 31 December 2029, excluding permits submitted in 2022). Additionally, the construction costs must not exceed a certain threshold, which varies depending on the date of the construction permit but is capped at a maximum of EUR 5,200 per square meter of living space.

The assessment basis for calculating the special depreciation is the acquisition or construction costs of the respective apartment. However, there is a limit based on the date of the building permit, with a maximum of EUR 4,000 per square meter.

It's important to note that under certain circumstances, the special depreciation can be revoked retroactively. This means that if the conditions for eligibility are no longer met, the special depreciation may be invalidated.

German Electricity Tax Suspension | *Tax suspension*

In Germany, there is a possibility to apply for a suspension of electricity tax amounting to EUR 20.50 per MWh for electricity generated in renewable energy plants or high-efficiency combined heat and power plants with a rated electrical output of up to two megawatts.

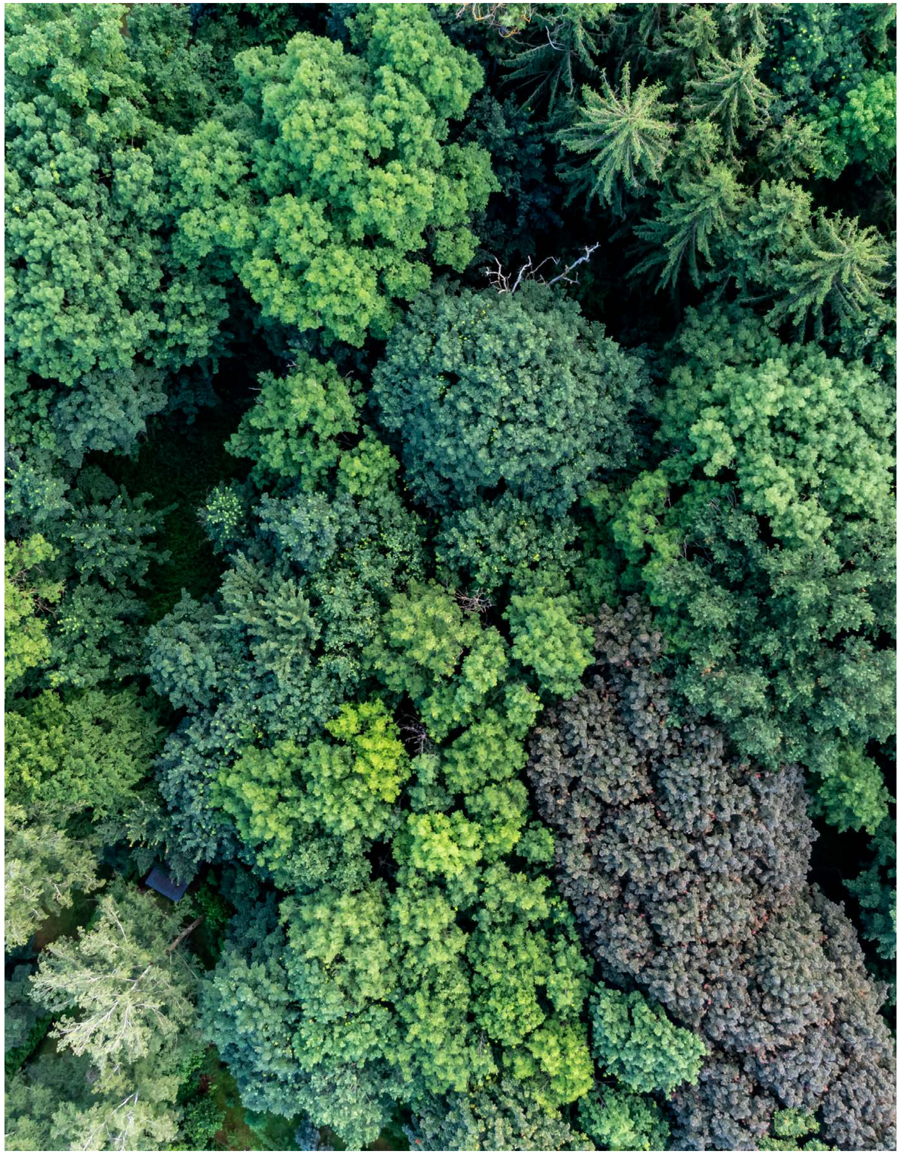
This tax suspension is applicable if the electricity is consumed by the operator of the plant for self-consumption within the vicinity of the installation or if it is supplied by the operator to final consumers who consume the electricity in the geographical proximity of the installation.

It is important to note that obtaining the electricity tax suspension typically requires an upfront formal authorisation and may also entail tax compliance obligations, such as applying for an electricity supplier status and preparing tax declarations.

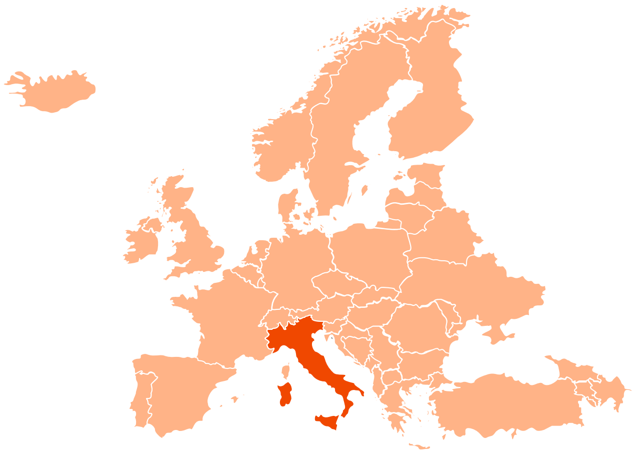
There may be other electricity tax incentives available, but their applicability would need to be assessed on a case-by-case basis, taking into consideration the specific installation.

Best practices – tax structuring PV installations

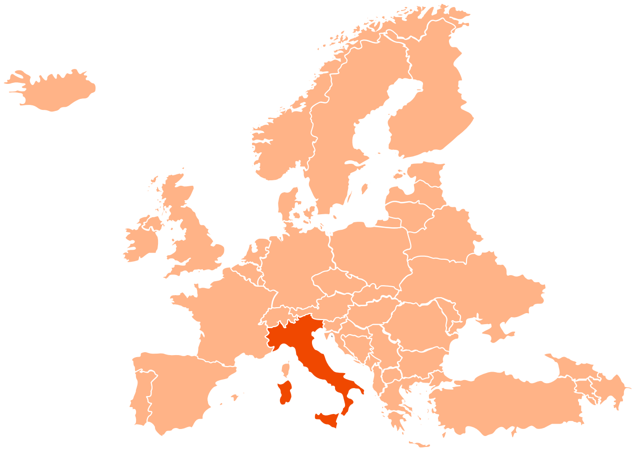
When a PropCo owns and operates a PV installation, it may incur German Trade Tax (TT) on its entire rental income and capital gains, in addition to German Corporate Income Tax (CIT). However, by establishing a dedicated SPV to own and operate the solar panels on land or roofs rented from PropCo, it may be that only the SPV would be subject to TT and CIT. This arrangement may allow SPV to capitalise and depreciate the solar panel installation for tax purposes. When you encounter an investment in PV, we recommend contacting our advisors who can support you with your structure depending on the specific facts and circumstances at hand.



04 Italy



Incentive	Type	Benefit	Renewable energy			Decarbonisation						Circularity		
			Renewable energy generation	Renewable energy storage	Reutilisation of energy / residual heat	Heating	Cooling	Ventilation	Lighting	Energy balancing smart grid	EV charging stations	Sustainable construction	Renovation of buildings	Waste recycling
Bonus Colonnine Elettriche per imprese e professionisti	**Cash grant**	40%	–	–	–	–	–	–	–	–	✓	–	–	–
Contratto di Sviluppo per la tutela ambientale	**Cash grant + Subsidised loan**	65%	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Parco Agrisolare	**Cash grant**	80%	✓	✓	✓	–	–	–	–	–	✓	–	✓	✓
Simest Transizione Digitale ed Ecologica	**Subsidised loan**	10%	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	–	–
Tax credit for the Transaction «5.0»	**Tax incentive**	35%-15%-5% and higher rates in case of higher reduction in energy consumption	✓	✓	✓	✓	✓	✓	✓	✓	–	✓	✓	–
Tax credit for technological and digital innovation and ecological transition	**Tax incentive**	5%	✓	✓	✓	✓	✓	✓	✓	✓	–	✓	✓	✓



Incentive	Type	Benefit	Renewable energy: Renewable energy generation	Renewable energy: Renewable energy storage	Renewable energy: Reutilisation of energy / residual heat	Decarbonisation: Heating	Decarbonisation: Cooling	Decarbonisation: Ventilation	Decarbonisation: Lighting	Decarbonisation: Energy balancing smart grid	Decarbonisation: EV charging stations	Circularity: Sustainable construction	Circularity: Renovation of buildings	Circularity: Waste recycling
Sismabonus	**Tax incentive**	50%-80%	–	–	–	–	–	–	–	–	–	–	✓	–
Ecobonus	**Tax incentive**	50%-65%	–	–	–	✓	✓	✓	–	–	–	✓	✓	–
Eliminazione Barriere Architettoniche	**Tax incentive**	75%	–	–	–	–	–	–	–	–	–	–	✓	–
Conto Termico 2.0	**Cash grant**	65%	–	–	–	✓	✓	–	–	–	–	–	–	–
Decreto FER X	**Cash grant**	-%	✓	✓	✓	–	–	–	–	–	–	–	–	–
Decreto CER	**Cash grant**	40%	✓	✓	✓	–	–	–	–	–	–	–	–	–

Cash grants and tax incentives for sustainable real estate in Italy

In order to implement the European regulation on the governance of the Energy Union and climate action, Italy is setting up its final version of the National Integrated Energy and Climate Plan to be presented to the European commission by June 2024 which sets national goals pertaining to energy efficiency, renewables and the decarbonisation process, as well as those on energy security and the development of the internal energy market. By this plan, Italy aims to achieve almost all of the EU's environmental and climate goals by 2030.

The Italian government has implemented a wide variety of cash grants and tax incentives to drive the transition towards sustainable real estate used for business purposes. Below you will find a selection of the relevant incentive opportunities for different types of asset owners in Italy.

Tax credit for the Transaction "5.0" | *Tax incentive*

This new tax credit is applicable to investments in tangible and intangible assets interconnected with the company's ERP (Enterprise Resource Planning) that enables the company to achieve its goals of optimising processes, reducing energy consumption – positively impacting the decarbonisation process – and improving production efficiency.

Eligible investments must be made in FYs 2024/2025 and they must be aimed at Transaction 5.0, allowing for energy savings compared with the level of consumption before the investments. A minimum energy consumption reduction of at least 3% of the entire production structure or 5% of the specific production process is requested to access the tax credit.

The tax credit is recognised to the extent of 35% of the cost, for investments up to EUR 2.5M, 15% of the cost, for investments between EUR 2.5M and EUR 10M and 5% of the cost, for investments between EUR 10M and EUR 50M. In case of higher reduction of the energy consumption, the tax credit rates are increased by 5 or 10 percentage points.

The energy consumption reduction must be certified by an independent energy expert and the communication must be filed with the GSE (Energy sector authority).

Tax credit for technological and digital innovation and ecological transition | *Tax incentive*

This tax incentive is a tax credit for enterprises that invest in technological and digital innovation activities '4.0' and in projects aimed at the ecological transition that can also positively impact the production structures themselves (e.g., implementation of a building management system).

Eligible expenses include personnel cost, depreciation of tangible assets and software, contracts with universities, research institutes and other consulting firms, materials, supplies and similar products.

For FY 2023, the tax credit was equal to 10% of the eligible costs incurred, with a maximum annual amount of EUR 2M, while for the tax periods 2024/2025, the tax credit is reduced to 5% with the annual maximum limit of EUR 2M (EUR 4M in case of digital innovation 4.0 or ecological transition).

Sismabonus | *Tax incentive*

The Sismabonus is a tax incentive for eligible costs to improve the anti-seismic characteristics of buildings. The incentive depends on the building and on the improvement from a seismic perspective ranging from 50% to 80%. The support may not exceed EUR 96,000 for each immovable unit.

Ecobonus | *Tax incentive*

The Ecobonus is a tax incentive for eligible costs to increase the energy efficiency of existing buildings. The incentive ranges from 50% to 65% and with a limitation based on the cadastral units subject to intervention. The primary objective focuses on replacing the heating system with a more efficient one.

Eliminazione Barriere Architettoniche | *Tax incentive*
This tax incentive covers the costs of eliminating architectural barriers. The purpose is to requalify buildings and remove architectural barriers, such as installing elevators, etc. The average benefit is approximately 75% of the qualifying investment amount.

Conto Termico 2.0 | *Cash grant*
Conto Termico 2.0 aims to improve energy efficiency and the production of thermal energy from renewable sources. The interventions incentivised for private individuals and businesses concern the replacement of the old air conditioning system with a heat pump system, a biomass boiler and stove, a solar thermal system, a hybrid heat pump system and a heat pump water heater.

It incentivises up to 65% of the expenses incurred – the primary objective focuses on the heating system which must be replaced with a more efficient one, included in a specific catalogue.

Decreto FER X (INCENTIVI DM 04/07/2019) | *Cash grant*
The aim of the FER is to support the production of electricity from innovative renewable source plants or those with high generation costs, through the definition of incentives that stimulate their competitiveness and contribute to the achievement of the decarbonisation objectives by 2030.
The incentives provided by the FER-X Decree extend to photovoltaic, wind and hydroelectric systems and to the treatment of residual gases from purification processes. Furthermore, the decree provides support for the reactivation/reconstruction of disused plants and the strengthening of existing ones, with specific criteria which will be detailed in the legislative decree.
The incentives will be paid through public GSE procedures in the period 2024-2028 with specific power quotas.

DECRETO CER | *Cash grant*
DECRETO CER is an incentive to support electricity produced by renewable source plants that use the existing distribution network for sharing purposes ("CACER").

There are two incentives envisaged:
- an incentive rate on renewable energy produced and shared throughout the national territory. The rate is made up of a fixed and a variable part, it varies between EUR 60/MWh and EUR 120/MWh depending on the size of the system and the market value of the energy,
- a non-repayable contribution of up to 40% of eligible costs, financed by the PNRR and aimed at communities whose plants are built in municipalities under five thousand inhabitants which will support the development of a total of two gigawatts (GW).

Bonus Colonnine Elettriche per imprese e professionisti | *Cash grant*
Capital contribution equal to 40% of eligible expenses. It is possible to facilitate charging infrastructures: with a total value of less than EUR 375,000 (expenses incurred after 4 November 2021 and up to the date of submission of the application); with a total value equal to, or greater than 375,000 euros (this may also concern expenses not yet incurred, provided that the latter are actually accounted for within 90 days of notification of the decree granting the contribution).

Contratto di Sviluppo per la tutela ambientale | *Cash grant + Subsidised loan*

The Development Contract, introduced into the legal system by article 43 of the legislative decree of 25 June 2008, n. 112, and operational since 2011, represents the main facilitative instrument dedicated to supporting large strategic and innovative productive investment programs. In particular, the Development Contract for environmental protection programs was created to encourage companies that want to make investments to reduce energy consumption and gas emissions that alter the climate. Additionally, this incentive will be available to enterprises, citizens and public administrations who decide to install PV plants and/or enter into an energetic community and consume the energy produced by the other participants The non-refundable component compared to eligible expenses can reach up to 65% for large companies.

Parco Agrisolare | *Cash grant*

The measure supports investments in agricultural, livestock, and agro-industrial production facilities with the aim of installing solar panels and intelligent flow and storage management systems. Additionally, this also encompasses removing and disposing of existing roofs and constructing new insulated roofs, as well as creating automated ventilation and/or cooling systems. The ultimate goal of the measure is to promote the installation of photovoltaic panels with a new solar energy generation capacity of 375,000 kW. The maximum subsidy percentage amounts up to 80%.

Simest Transizione Digitale ed Ecologica | *Subsidised loan*

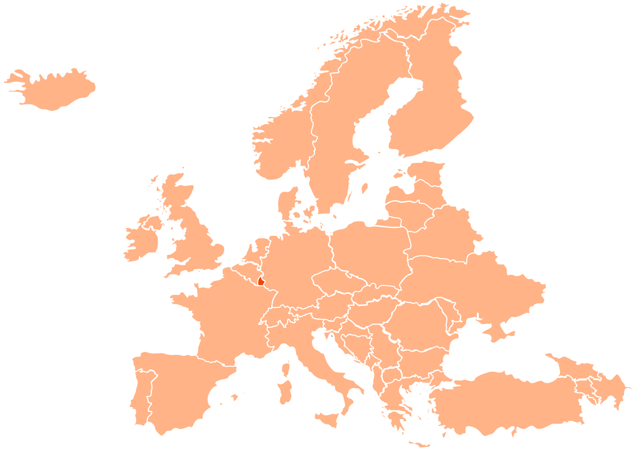
It promotes programs aimed at the creation of digital investments (e.g., digital integration and development of business processes, creation/ modernisation of organisational and management models from a digital perspective; investments in technological equipment, IT programs and digital content; digital consultancy and 4.0 training), and/or investments aimed at supporting competitiveness and sustainability on international markets (e.g., energy and water efficiency, mitigation of climate impacts, expenses for environmental certifications).

The benefit will be provided as: concessionary rate financing; with non-repayable co-financing of up to 10% of the subsidy intervention – in a de minimis regime – up to a maximum of EUR 100,000, according to certain requirements. The maximum and minimum amount that can be requested varies depending on the measure chosen as well as the duration of the loan.

European Regional Development Funds (POR - FESR) | *Cash grant + Subsidised loan*

In the context of the European Regional Development Fund, Italian regions regularly publish calls for proposals aimed at public and/or private entities that aim to finance energy efficiency interventions, increased energy production from renewable sources and the strengthening of waste recycling systems. The budget, type and intensity of contribution are determined case by case by individual calls for proposals.

05 Luxembourg



Incentive	Type	Benefit	Renewable energy			Decarbonisation						Circularity			Other	
			Renewable energy generation	Renewable energy storage	Reutilisation of energy / residual heat	Heating	Cooling	Ventilation	Lighting	Energy balancing smart grid	EV charging stations	Sustainable construction	Renovation of buildings	Waste recycling	Environmental studies	Investment in sustainable assets
Aid for environmental investments	**Various Modalities**	10-100% depending on the project's nature and business type	✓	✓	✓	✓	✓	–	–	–	–	–	✓	✓	–	–
Aid for environmental studies	**Cash grant**	50% (60/70% for SMEs)	–	–	–	–	–	–	–	–	–	–	–	–	✓	–
Temporary environmental impact aid	**Cash grant**	50/60/70% (cap at EUR 100,000)	✓	–	✓	–	–	–	–	–	–	–	–	✓	–	–
Enoprimes	**Cash grant**	Depends on investment type	✓	✓	✓	✓	–	✓	–	–	–	–	–	–	–	–
Aid for SMEs for investing in charging infrastructure	**Cash grant**	30/40% or 40/50% for medium or small enterprises respectively (specific cap exists)	–	–	–	–	–	–	–	–	✓	–	–	–	–	–
Investment tax credits to accelerate sustaibility transformation	**Tax incentive**	18%	✓	✓	✓	–	–	–	–	–	–	–	–	–	–	–
Reduction of subscription tax	**Tax incentive**	Reduced rate from 0.04% to 0.01% depending on investment percentage in sustainable assets	–	–	–	–	–	–	–	–	–	–	–	–	–	✓

Cash grants and tax incentives for sustainable real estate in Luxembourg

Luxembourg's integrated national energy and climate plan (PNEC) is a key component of its climate and energy policy. It sets out the climate and energy objectives for 2030, alongside the requisite policies and measures to achieve them. The PNEC defines the national climate objectives for the coming years, which are compatible with the objectives of the European Union. The intermediate targets by 2030 are:

- to reduce greenhouse gas emissions by 55% compared to 2005,
- to achieve a 35-37% share of renewable energies in final energy consumption,
- to improve energy efficiency by 44%,
- to strengthen targets for renewable energy and energy efficiency (ambitious deployment of wind power, solar power, heat pumps and electromobility).

Luxembourg's active commitment to climate action and energy transition resulted, amongst others, in the creation of incentives and different types of aids (such as cash grants, favourable loans, tax credits and rebates). Below you will find a selection of incentive opportunities which may be relevant in the real estate industry in Luxembourg.

Reduction of subscription tax | *Tax incentive*

At fund level

In general, Luxembourg established investment funds are not subject to the domestic corporate income tax, municipal business tax, net wealth tax or withholding tax upon their payments, but only to a subscription tax as a percentage of their net assets under management. Specific types of funds - undertakings for collective investments (also known as UCIs), can benefit from a reduction in the subscription tax on investments in economic activities that qualify as environmentally sustainable under Article 3 of the EU Taxonomy Regulation (EU) 2020/852.

The annual base rate of the subscription tax is 0.05% of net assets under management and can be reduced in proportion to the percentage of net assets of the fund or compartment invested in sustainable assets. The rate is reduced to 0.04%, 0.03%, 0.02% or 0.01% when the percentage of sustainable assets exceed 5%, 20%, 35% or 50%, respectively.

Aid for environmental studies | *Cash grant*

At company level

The Fit 4 sustainability program provides businesses with the opportunity to procure an environmental impact assessment for their operations, along with recommendations aimed at minimising their environmental footprint.

The aid will be determined based on the eligible expenses of the assessment and cannot surpass 50% of allowable costs. There's a possibility to enhance the maximum aid by 10% for medium-sized businesses and by 20% for small businesses.

Aid for environmental investments | ***Various modalities***

Companies that choose to invest in eco-technology or sustainable practices could qualify for specialised financial assistance. This assistance might come in various forms, including capital grants, recoverable advance payments, interest relief, guarantees, or loans.

The programme offers various types of investments that could qualify for public funding such as:

1. investments allowing businesses to surpass EU environmental protection norms or enhance environmental protection even in the absence of such standards,
2. pre-emptive adaptation to forthcoming EU standards,
3. investments in energy-saving initiatives,
4. investments in renewable energy production,
5. investments in the cleanup of polluted sites,
6. investments in district heating or cooling distribution systems,
7. investments in waste recycling or reuse,
8. investments in energy infrastructure,
9. support for environmental studies.

The level of assistance ranges from 10% to 100% of the eligible expenses, contingent upon the project's nature and the applicant's business type.

Temporary environmental impact aid | ***Cash grant***

The aid is designed to further incentivise businesses to invest in initiatives that significantly enhance their ecological footprint. This can include actions such as enhancing energy efficiency, generating energy from renewable sources, decreasing water usage and pollution, implementing waste recycling and reuse strategies.

This aid is provided for new investments. Eligible investments cover tangible assets such as:

- installation of photovoltaic panels (up to 60 kWp) for self-consumption,
- building extensions or renovations for artisanal or commercial activities, excluding residential, rental-only, or administrative buildings.

For small businesses, the maximum assistance available covers up to 70% of eligible investments, while medium-sized companies may receive aid covering up to 60% of eligible investments. Large enterprises, on the other hand, are eligible for a maximum aid of 50% of their eligible investments. Each group is capped at a maximum aid of EUR 100,000. The minimum investment required stands at EUR 7,500. This aid cannot be combined with other aids.

Enoprimes | ***Cash grant***

Aid in the renovation of buildings with the aim of improving energy efficiency.

Numerous measures are eligible for financial support, including:

- upgrading heating systems,
- enhancing thermal insulation of external walls, roofs, and lower slabs,
- replacing windows,
- installing solar thermal systems or controlled mechanical ventilation.

The aid depends on the type of renovation carried out. Enoprimes can be combined with other private or state subsidies.

Aid for SMEs for investment in charging infrastructure | *Cash grant*

For each project, the maximum amount of the aid is:

- for medium sized enterprises:

- 30 % for charging infrastructures that do not feature on a smart charging system, or which feature such a system but with fewer than 4 charging points,
- 40 % for charging infrastructures featuring a smart charging system and comprising at least 4 charging points.

- for small enterprises:

- 40 % for charging infrastructures that do not feature a smart charging system, or which feature such a system but with fewer than 4 charging points,
- 50 % for charging infrastructures featuring a smart charging system and comprising at least 4 charging points.

The maximum amount of the aid for grid connection costs is 60%.

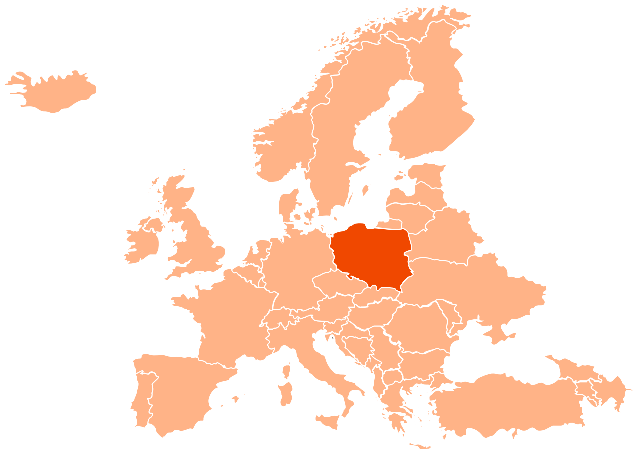
The total amount of the aid granted to any one company may not exceed:

- EUR 40,000 for the eligible costs associated with installing the charging infrastructure or increasing the charging capacity of an existing infrastructure, excluding grid connection costs,
- EUR 60,000 for eligible costs associated with connecting the charging infrastructure to the electrical grid.

Investment tax credits regime to accelerate sustainability transformation | *Tax incentive*

Recently Luxembourg tax law has been updated, revamping the investment tax credits regime notably with the aim to support Luxembourg companies in their digital and ecological/energetic transformation. Investments and certain operating expenses connected with the digital/ecological transformation on which a 18% tax credit may apply. This change is expected to provide a strong incentive for companies to accelerate their digital and ecological/energetic transition.

06
Poland



Incentive	Type	Benefit	Renewable energy			Decarbonisation						Circularity		
			Renewable energy generation	Renewable energy storage	Reutilisation of energy / residual heat	Heating	Cooling	Ventilation	Lighting	Energy balancing smart grid	EV charging stations	Sustainable construction	Renovation of buildings	Waste recycling
Investments in energy-efficient housing for low- and medium-income households	**Cash grant**	Co-financing up to 25%	✓	–	–	✓	✓	–	–	–	–	✓	✓	–
Replacing heat sources and improving energy efficiency in residential buildings, part regarding single-family buildings	**Cash grant**	Maximum of PLN 135,000	✓	✓	✓	✓	✓	✓	–	–	–	–	✓	–
Replacing heat sources and improving energy efficiency in residential buildings, part regarding multi-family buildings	**Cash grant**	Up to 50% of eligible costs	✓	✓	✓	✓	✓	✓	–	–	–	–	✓	–
Strengthening the energy efficiency of local social activity facilities	**Cash grant**	Up to 100% of eligible costs	✓	–	✓	✓	✓	✓	✓	–	–	–	✓	–
Investments in the implementation of environmental technologies and innovations, including those related to the Circular Economy	**Cash grant**	Unspecified	✓	✓	✓	–	–	–	–	–	–	✓	–	✓
Eco Credit	**Cash grant**	Up to 80% of eligible costs	✓	✓	✓	✓	✓	✓	✓	–	–	✓	✓	–
Investments in hydrogen technologies, hydrogen production, storage and transport	**Cash grant**	Unspecified	✓	✓	✓	–	–	–	–	–	–	–	–	–
Energy efficiency	**Soft loan**	Up to 30% of the loan for large enterprises, up to 49% for medium-sized enterprises	✓	–	✓	✓	✓	✓	✓	✓	–	–	✓	–
Energy efficiency and renewable energy in enterprises	**Soft loan**	Preferential loan covering up to 90% of eligible costs	✓	✓	✓	✓	✓	✓	✓	✓	–	✓	✓	–

ESG - PwC European tax and monetary incentives in Poland

Poland is actively working towards reducing its carbon footprint within the built environment in alignment with EU's climate goals. The country's commitment to decarbonisation is reflected in its strategic use of subsidies to encourage sustainable development and retrofitting. With the built environment contributing significantly to national CO_2 emissions, Poland has set forth clear targets to decrease these emissions. Although specific figures for the total CO_2 emissions from Poland's built environment are subject to change, the nation aims for a substantial reduction in line with the EU's overarching targets for 2030 and beyond. These subsidies are pivotal in achieving Poland's vision of a greener, more energy efficient future.

Investments in energy-efficient housing for low- and medium-income households (KPO B3.5.1) | *Cash grant*

Financial support is available for creating various types of housing units, including those within a municipality's stock, assisted housing, and rental housing with municipal participation. Eligible expenses cover construction, renovation, or conversion of buildings, with grants provided if the annual non-renewable primary energy demand indicator does not exceed 52 kWh/(m^2·year) and environmental objectives are met. This support, offered as non-reimbursable grants, can be combined with national support from the BSK program. Co-financing is capped at 15% for low-income housing projects and 25% for middle-income housing projects, aimed at promoting energy efficiency. Eligible applicants include municipalities, their sole proprietorships, inter-municipal associations, districts, NGOs, and public bodies.

Replacing heat sources and improving energy efficiency in residential buildings, part regarding single-family buildings (KPO B1.1.2 SFB) | *Cash grant*

A call for proposals is being carried out under the Priority Program "Clean Air" to provide financial support to owners or co-owners of single-family residential buildings, or separate residential premises in single-family buildings with a separate land and mortgage register who have an adequate level of income. Financial support is available for various energy-related improvements, including energy audits, insulation of building partitions, replacement of windows, doors, and garage gates, upgrading old solid fuel heat sources, central heating and hot water installations, mechanical ventilation with heat recovery, and photovoltaic micro-installations. The maximum amount of a grant is PLN 135,000. Funding for the energy audit is up to PLN 1,200.

Replacing heat sources and improving energy efficiency in residential buildings, part regarding multi-family buildings (KPO B1.1.2 MFB) | *Cash grant*

Support is available in the form of grants, including the thermo modernisation grant, MZG grant, and RES grant. Eligible applicants for these grants include owners of multi-family buildings, municipalities, limited liability companies, or joint stock companies. The grants can be used for different purposes. The thermo modernisation grant provides support for deep and comprehensive thermal upgrades that bring existing buildings up to the standard of new buildings. The RES grant can be used for the purchase, installation, and construction of a new renewable energy source installation or the modernisation of an existing installation resulting in an increase in capacity of at least 25%. The MZG grant aims to improve the technical condition and energy efficiency of the municipality's housing stock. The level of funding varies depending on the grant. The thermo-modernisation grant covers 10% of eligible costs, the RES grant covers 50% of eligible costs, and the MZG grant covers 30% of eligible costs for thermo-modernisation or renovation projects, provided that additional conditions are met.

Strengthening the energy efficiency of local social activity facilities (KPO B1.1.4) | *Cash grant*

The program aims to fund projects involving the deep and comprehensive energy modernisation of libraries in cities with a population of 100,000 to 200,000, as well as community centers across the country. The deep comprehensive energy modernisation of a building must be based on an energy audit and should result in a reduction in primary energy consumption of at least 30%. The eligible costs for support in improving energy efficiency in buildings include insulation, replacement of windows and doors, energy efficient lighting, heating system conversion, cooling system installation, ventilation and air-conditioning systems, automation, energy management systems, internal consumption installations, microgeneration, renewable energy sources, individual meters, modernisation of heating and hot water installations, sub-ceiling valves and thermostats, and green roofs and living green walls. Funding can cover up to 100% of the eligible costs.

Investments in the implementation of environmental technologies and innovations, including those related to the Circular Economy – GOZ (KPO A2.2.1) | *Cash grant*

This program assists Small and medium-sized enterprises (SMEs) with investments related to the introduction of environmentally friendly technologies related to the circular economy. The investments will contribute to improving material management, increasing energy efficiency, and changing the approach of enterprises towards waste minimisation (zero waste). For large companies, the program provides support for R&D projects focused on developing technologies that enable the effective use of waste as secondary raw materials. This aims to create a more efficient economy by increasing the reuse of raw materials and reducing the reliance on virgin materials in production processes. The funding levels for these initiatives are currently unspecified.

Eco Credit (FENG 3.1) | *Cash grant*

The subsidy is a refund of the capital portion of an ecological loan meant to cover eligible investment costs. It supports initiatives to improve energy efficiency through thermo-modernisation of infrastructure, investments in new or improved products or processes, upgrading infrastructure to be more energy-efficient and switching to more environmentally friendly energy sources. The subsidy requires a minimum 30% reduction in primary energy consumption. Eligible costs include work and building materials for thermal modernisation, tangible and intangible assets for improving energy efficiency, fixed assets for renewable energy installations, and consultancy services (e.g., expertise, energy audits). SMEs and large enterprises (up to 3,000 employees) across Poland can apply for the grant. The maximum support level is 60% for large enterprises and 80% for SMEs.

Investments in hydrogen technologies, hydrogen production, storage and transport (KPO B2.1.1.) | *Cash grant*

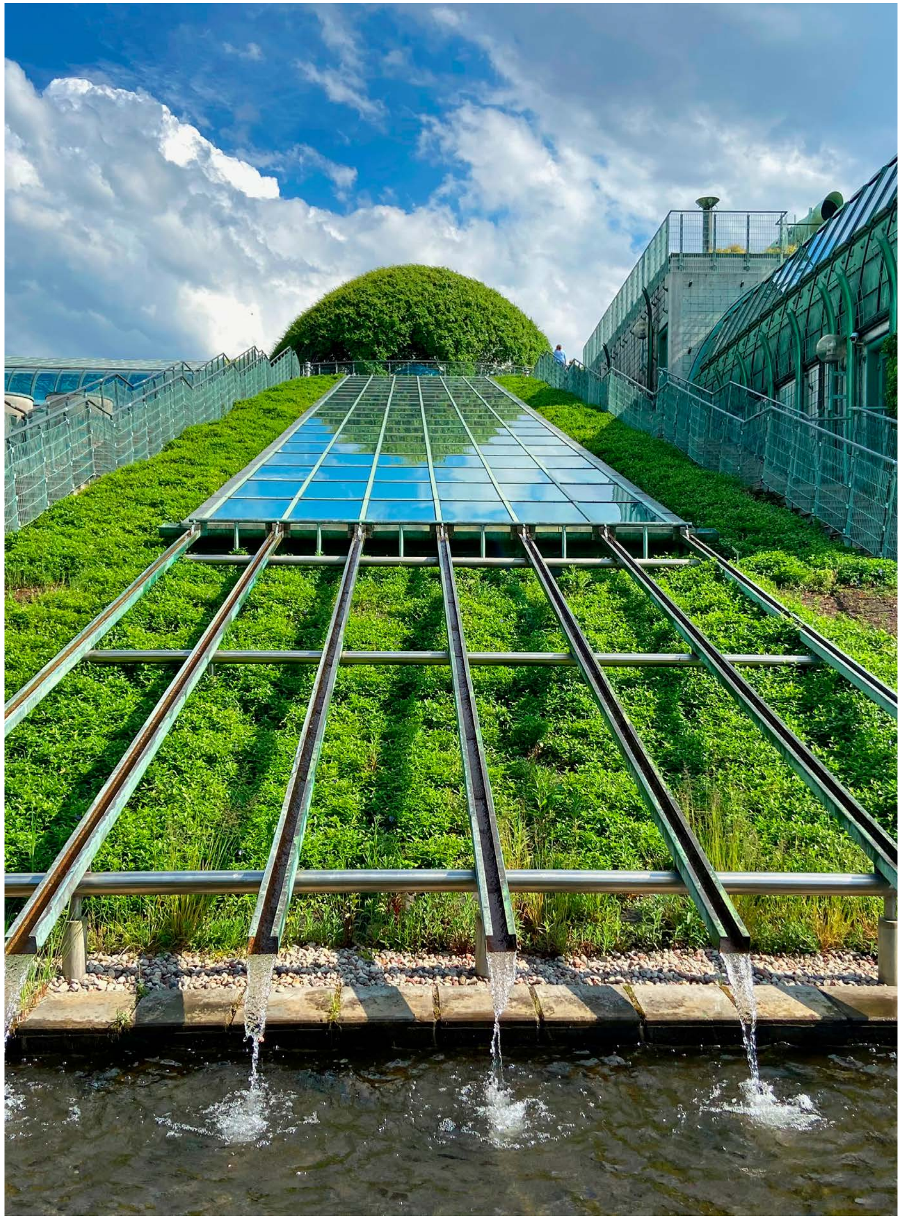
Support is available for low-emission production, storage, and transport systems involving renewable hydrogen. This includes its use in various sectors and as an industrial substrate. Initiatives supported encompass the construction of renewable energy electrolysers, hydrogen transport networks, road transport infrastructure, storage facilities, and refueling equipment. Applicants must be entrepreneurs based in Poland. The level of support is currently unspecified.

Energy efficiency (FENX 1.1) | *Soft loan*

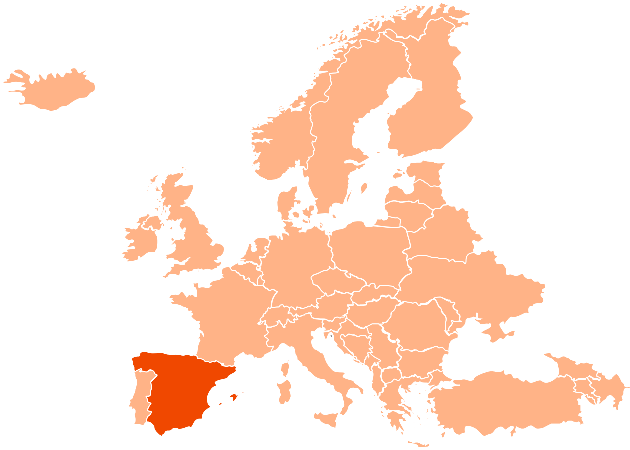
The call for proposals targets large and medium-sized enterprises. Support will be provided for the energy modernisation of plants buildings and increasing energy efficiency of manufacturing processes. Additionally, the grant stimulates energy efficiency of the plant's media circulation systems (e.g., cold or hot water systems, compressed air systems, or ventilation systems), transport lines, and auxiliary systems such as boiler rooms, industrial process heat recovery systems, or lighting, as well as the installation of renewable energy source (RES) equipment. For improving the energy efficiency of buildings, the minimum threshold for the required primary energy savings, considering the project's scope, is 30% (excluding historic buildings). Support will be granted in the form of a 0% loan with a forgiveness component (up to 30% of the loan for large enterprises and up to 49% for medium-sized enterprises).

Energy efficiency and renewable energy in enterprises (KPO B1.2.1) | *Soft loan*

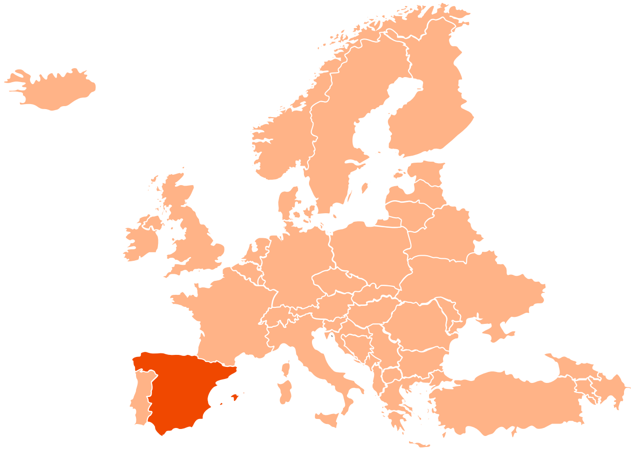
Financing, offered as a preferential loan covering up to 90% of eligible expenses, supports a variety of initiatives. These include enhancements to electricity installations, efforts to boost energy efficiency through modernising and upgrading industrial and energy processes, installation of renewable energy sources on enterprise premises such as wind turbines, solar panels, geothermal systems, and heat pumps, construction of energy storage facilities linked to renewable energy generation, development or upgrading of internal low-carbon energy sources, promotion of low-carbon or zero-carbon fuel adoption while meeting stringent emission standards, substitution of inefficient heat sources with more efficient alternatives fueled by solids, liquids, gases, or electricity, thermal modernisation of buildings and industrial facilities, and transformation of energy-intensive sectors to align with EU climate goals by reducing both direct and indirect GHG emissions while enhancing energy efficiency through measures like installing new installations and process lines. Eligible applicants may include large enterprises, including those who are subject to the EU Emissions Trading System (EU ETS).



07
Spain



Incentive	Type	Benefit	Renewable energy			Decarbonisation						Circularity		
			Renewable energy generation	Renewable energy storage	Reutilisation of energy / residual heat	Heating	Cooling	Ventilation	Lighting	Energy balancing smart grid	EV charging stations	Sustainable construction	Renovation of buildings	Waste recycling
Freedom of depreciation (CIT)	**Tax incentive**	N.A.	✓	–	–	✓	✓	–	–	–	–	–	–	–
Accelerated depreciation (CIT)	**Tax incentive**	2x max. linear depreciation coefficient	–	–	–	–	–	–	–	–	✓	–	–	–
VAT reduced tax rate	**Tax incentive**	Reduced tax rate of 10% of eligible costs	✓	✓	–	✓	✓	–	–	✓	–	✓	✓	–
WCIT bonification	**Tax incentive**	Up to 95% (depending on local regulations)	✓	✓	–	✓	✓	–	–	–	–	✓	✓	–
WCIT bonification	**Tax incentive**	Up to 90% (depending on local regulations)	–	–	–	–	–	–	–	–	✓	–	–	–



Incentive	Type	Benefit	Renewable energy: Renewable energy generation	Renewable energy: Renewable energy storage	Renewable energy: Reutilisation of energy / residual heat	Decarbonisation: Heating	Decarbonisation: Cooling	Decarbonisation: Ventilation	Decarbonisation: Lighting	Decarbonisation: Energy balancing smart grid	Decarbonisation: EV charging stations	Circularity: Sustainable construction	Circularity: Renovation of buildings	Circularity: Waste recycling
RET Bonification	**Tax incentive**	Up to 50% (depending on local regulations)	✓	—	—	—	—	—	—	—	—	✓	✓	—
RET Bonification	**Tax incentive**	Up to 50% (depending on local regulations)	—	—	—	—	—	—	—	—	✓	—	—	—
BAT Bonification	**Tax incentive**	Up to 50% (depending on local regulations)	✓	—	—	—	—	—	—	—	—	—	—	—
BAT Bonification	**Tax incentive**	Up to 50% (depending on local regulations)	—	—	—	—	—	—	—	—	✓	—	—	—
PREE 5000 Program	**Cash grant**	20%-50% of eligible costs	—	—	—	✓	✓	✓	✓	—	—	—	✓	—
EE and circularity in hospitality assets	**Cash grant**	20%-50% of eligible costs	—	—	—	✓	✓	✓	✓	—	—	—	✓	—
Moves III	**Cash grant**	20%-80% of eligible costs	—	—	—	—	—	—	—	—	✓	—	—	—

Cash grants & tax incentives for sustainable real estate in Spain

As a member of the European Union, Spain is fully dedicated to meeting the ambitious targets outlined in the trading bloc's climate agenda. The EU has set a clear objective to reduce greenhouse gas (GHG) emissions by 55% by 2030, compared to 1990 levels. The Spanish regulatory agenda is built upon numerous Spanish and EU initiatives, including the country's Integrated National Energy and Climate Plan (INECP). This plan sets an ambitious target of reducing emissions by 31% between 2019 and 2030. To ensure the achievement of this goal, demanding timetables have been established for individual industries. To accelerate the transition towards a sustainable built environment Spain aims to reduce GHG emissions from residential, commercial, and public buildings, by 10 $MtCO_2$-eq by 2030.

In order to achieve this goal, a wide variety of incentive programs have been implemented to support decarbonisation and promote sustainable practices in the real estate industry. Below, you will find a selection of the incentive programs that are relevant to investors and/or owners of real estate that aim to accelerate the transition towards sustainability.

Corporate Income Tax Depreciation | *Tax incentive*

Freedom of depreciation is available for investments in self-consumption electrical installations using renewable energy or thermal installations for own use replacing fossil fuel-based installations, with a limit of EUR 500,000 per investment and the condition of maintaining the average workforce for 24 months from the start of the tax period when the assets become operational.

Accelerated depreciation is available for new fuel cell, electric battery, extended range electric, or plug-in hybrid vehicles, and for electric vehicle charging infrastructure (normal or high power), that double the maximum linear depreciation coefficient, with the condition that the assets are used for economic activities and become operational in the tax periods starting in 2023, 2024, and 2025.

Value Added Tax reduced rate | *Tax incentive*

10% reduced tax rate available for rehabilitation works that incorporate thermal or electric solar energy systems, provided that certain requirements are met, e.g., it is a rehabilitation project where more than 50% of the total project amount is for structural improvements, or the total project amount exceeds 25% of the property's purchase value or market value before rehabilitation, excluding the value of the land.

Bonifications in local taxes | *Tax incentive*

Works, Constructions, and Installations Tax (WCIT)

Bonification of up to 95% of the WCIT available for constructions or installations that incorporate systems for thermal or electric use of solar energy, according to the regulation of each municipality.

Bonification of up to 90% of the WCIT available to incentivise the installation of electric vehicle charging points, according to the regulation of each municipality.

Real Estate Tax (RET)

Bonification of up to 50% in RET available for properties with installed solar energy systems, according to the regulation of each municipality.

Bonification of up to 50% in RET available to incentivise the installation of electric vehicle charging points, according to the regulation of each municipality.

Business Activities Tax (BAT)

Bonification of up to 50% in BAT available to incentivise the installation of electric vehicle charging points, according to the regulation of each municipality.

Bonification of up to 50% in BAT available for taxpayers who use or produce energy from renewable sources or cogeneration systems, according to the regulation of each municipality.

PREE 5000 Program | *Cash grant*

Aid for the Energy Rehabilitation of Buildings built before 2007 aimed at improvements in the thermal envelope, the replacement of conventional energy systems with renewable ones and the installation of efficient lighting in municipalities with less than 5,000 inhabitants.

The duration of the program has been extended until the 31 July 2024.

The amount of the basic aid for actions in complete buildings is 50% of the eligible costs for improvement of the envelope, 40% for improvement of thermal installations and 20% for efficiency improvements lighting.

Additional aid can be obtained for:

1. actions that meet social criteria
2. actions that raise the EPC rating to "A" or "B", on the CO_2 scale, or increase in 2 letters the energy class, and
3. integrated actions that that combine two or more types, one of them being on the thermal envelope and reducing the energy demand at least in 30%.

Hospitality Assets | *Cash grant*

Program for improvement of energy efficiency in hospitality assets

Aid for the rehabilitation of hospitality buildings built before 2007, which achieve a 30% reduction in primary energy consumption.

Eligible actions include the improvement of the thermal envelope, the improvement of energy efficiency and use of renewable energies in thermal installations for heating, air conditioning, refrigeration, ventilation, and domestic hot water (including the installation of heating and cooling networks powered by renewable energy sources and/or waste heat for multi-building resorts) and the improvement of the energy efficiency of lighting installations.

Applications may be submitted until 31 December 2024.

The amount of the basic aid for actions in complete buildings is 50% of the eligible costs for improvement of the envelope, 40% for improvement of thermal installations and 20% for efficiency improvements lighting.

Additional aid can be obtained for (1) actions that raise the EPC rating to "A" or "B", on the CO_2 scale, or increase in 2 letters the energy class, and (2) integrated actions that that combine two or more types, one of them being on the thermal envelope and reducing the energy demand at least in 30%.

The total aid will not exceed 30% of the eligible costs. It could be increased by 20% for small companies and 10% for medium-sized companies.

Moves III Program | *Cash grant*

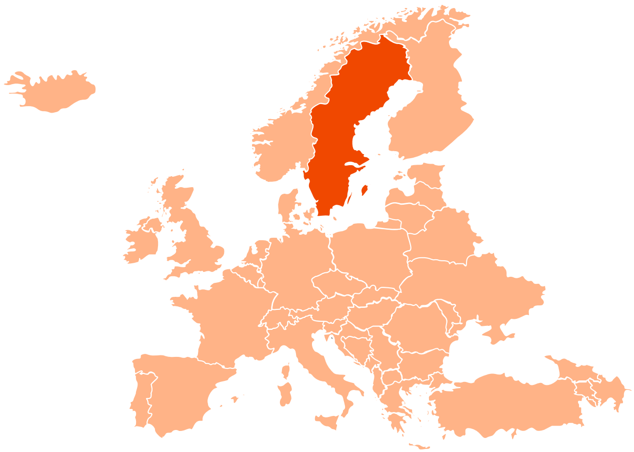
Incentive program for efficient and sustainable mobility and implementation of electric vehicle charging infrastructure. The duration of the program has been extended until the 31st of July 2024.

There are two lines of action:

1. acquisition of plug-in electric vehicles and fuel cells, and
2. implementation of electric vehicle recharging infrastructure.

For action 2, the aid ranges from 20% to 80% of the eligible cost depending on the type of company and location of the asset, with a maximum amount of EUR 2.5M per company.

08
Sweden



Incentive	Type	Benefit	Property type	Renewable energy			Decarbonisation						Circularity		
				Renewable energy generation	Renewable energy storage	Reutilisation of energy / residual heat	Heating	Cooling	Ventilation	Lighting	Energy balancing smart grid	EV charging stations	Sustainable construction	Renovation of buildings	Waste recycling
Microproduction of renew able energy	Tax incentive	Max EUR 1,540/year	Electricity producing facility	✓	—	—	—	—	—	—	—	—	—	—	—
Land-based wind turbine	Tax incentive	Property tax rate reduction	Electricity producing facility	✓	—	—	—	—	—	—	—	—	—	—	—
Land-based solar power	Tax incentive	Property tax exempt	Electricity producing facility	✓	—	—	—	—	—	—	—	—	—	—	—
Sea-based wind turbine	Tax incentive	Property tax exempt	Electricity producing facility	✓	—	—	—	—	—	—	—	—	—	—	—

Cash grants and tax incentives for sustainable real estate in Sweden

The Swedish national climate strategy incorporates decarbonisation of the built environment as a key component of its broader environmental objectives. A major focus is on improving energy efficiency in buildings which is achieved through stringent building codes that require the use of energy-efficient materials and technologies. Additionally, buildings are required to have energy performance certificates, which must be presented when they are sold or leased. This policy encourages building owners to improve their properties' energy efficiency.

In the past, Sweden has implemented cash strategies to incentivise the construction of buildings containing rental apartments, as well as developments intended to meet the housing demands of specific social groups, such as students. Currently however, the Swedish government has not put in place any cash incentives for the Swedish real estate industry. However, there are some tax incentives in place, but these are not always focused to the built environment. In the overview below we have listed the incentives which are most close to investments in the built environment.

Subsidised income tax for microproduction of renewable energy | *Tax incentive*

When the owner of a facility that produce electricity from renewable recourses and deliver electricity to the grid, Sweden have put in place regulations on a reduction on income tax. The basis for the reduction is the surplus amount of kWh delivered to the grid, but is limited to:

- the number of kWh extracted from the electricity grid,
- 30,000 kWh per calendar year.

The tax reduction amounts to 0.6 SEK per kWh (i.e., a maximum of SEK 18,000 per calendar year).

Subsidised property tax for land-based wind turbine | *Tax incentive*

The main rule is that property tax for electricity production units is calculated at 0.5% of the property tax assessment value. However, for wind turbines the tax is calculated at 0.2% of the property tax assessment value. This incentive is limited under the regulations on state-aid resulting in that the lower tax rate is limited to a total of EUR 200,000 over a period of three years for an entire group.
If the limit amount for state-aid is exceeded, the property tax is 0.5% of the property tax assessment value.

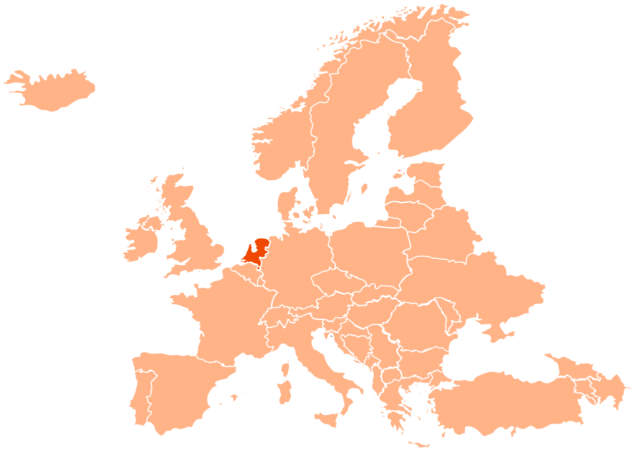
Exemption of property tax on solar power | *Tax incentive*

Solar power plants are exempt from property tax in Sweden. However, this is not a result of a deliberate policy choice by the legislator. Rather, it is a consequence of the legal definition of a power plant building, which does not include solar power. According to case law, a solar power plant that is established for commercial production of electricity is considered as a power plant. However, following that there are no regulations in place to set a property tax assessment value for solar power, it is not possible for the tax agency to levy any property tax on solar power.
Following the above, solar power plants do not pay any property tax, unlike other commercial buildings that are subject to a 0.5% tax rate.
Please note that this tax exemption is due to a slow and complex process of updating current tax legislation and that it may change going forward.

Sea-based wind turbines | *Tax incentive*

Sea based wind turbines are exempt from property tax in Sweden. However, this is not a result of a deliberate policy choice by the legislator. Rather, it is a consequence of that there is no property to attribute the wind turbines to. Following this there is no property owner for the tax agency to levy any property tax on.
Following the above, sea-based wind turbines do not pay any property tax, unlike other commercial buildings that are subject to a 0.5% tax rate.
Please note that this tax exemption is due to a slow and complex process of updating current tax legislation and that it may change going forward.

09
The Netherlands



Incentive	Type	Benefit	Renewable energy: Renewable energy generation	Renewable energy: Renewable energy storage	Renewable energy: Reutilisation of energy / residual heat	Decarbonisation: Heating	Decarbonisation: Cooling	Decarbonisation: Ventilation	Decarbonisation: Lighting	Decarbonisation: Energy balancing smart grid	Decarbonisation: EV charging stations	Circularity: Sustainable construction	Circularity: Renovation of buildings	Circularity: Waste recycling
MIA \ VAMIL	Tax incentive	6-14%	–	–	✓	–	–	–	–	–	✓	✓	✓	✓
EIA	Tax incentive	10,5%	✓	✓	✓	✓	✓	✓	✓	✓	–	–	–	–
SDE++	Cash grant	100% of financial gap	✓	–	✓	✓	✓	–	–	–	–	–	–	–
ISDE	Cash grant	Depends on investment type	✓	–	✓	–	–	–	–	–	–	–	–	–
DUMAVA	Cash grant	50%	✓	✓	✓	✓	✓	✓	–	–	–	✓	✓	–
MEER	Cash grant	40%	–	–	–	✓	✓	✓	–	–	–	–	✓	–
SpUK	Cash grant	EUR 1.460 per home	–	–	–	✓	✓	✓	–	–	–	–	✓	–
SVOH	Cash grant	Max. EUR 400K	–	–	–	✓	✓	✓	✓	–	–	–	✓	–
SVVE	Cash grant	Depends on investment type	–	–	✓	✓	✓	✓	–	–	–	–	–	–
SAH	Cash grant	40%	–	–	✓	✓	✓	–	–	–	–	–	–	–
WIS	Cash grant	45% of financial gap	–	–	✓	✓	–	–	–	–	–	–	–	–
VEKI	Cash grant	15% -50%	✓	✓	✓	✓	✓	–	–	–	–	✓	–	✓
DEI+	Cash grant	Up to 50%	✓	✓	✓	✓	✓	–	–	✓	–	✓	–	✓
Green Projects Scheme	Soft loan	Interest rate discount	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Cash grants and tax incentives for sustainable real estate in the Netherlands

The Dutch policy framework for the built environment is influenced by international, European, and national agreements such as the EU's Fit for 55 package, which aims for a 55% reduction in CO_2 emissions by 2030. The Dutch government has committed to achieve at least a reduction of 55% and aim for a reduction of 60%. To ensure the achievement of this ambitious goal, demanding timetables have been established for individual industries, including the built environment. In 2022, the policy program "Acceleration of Sustainability in the Built Environment" was developed. This program works towards the goal of 60% CO_2 reduction through five program lines and concrete objectives. Examples of concrete targets for 2030 include, enhancing the insulation of at least 2.5 million homes and replacing at least 1 million central heating boilers with energy-efficient heat pumps. In order to accelerate the transition towards a sustainable built environment, the Dutch government has implemented a wide variety of cash grants, tax incentives, and soft loans. Below, you will find a selection of relevant incentive opportunities for different types of asset owners in the Netherlands.

Energy investment allowance (EIA) | *Tax incentive*

The EIA is a fiscal incentive that stimulates energy efficiency or renewable energy driven capital investments. The average net cash benefit is approximately 10% of the qualifying investment amount. Every year, the Netherlands Enterprise Agency (RVO) publishes an Energy List with eligible investments focusing on commercial buildings, processes, transportation, sustainable energy, energy balancing and energy transitioning.

Environmental Investment Deduction (MIA) and Arbitrary depreciation of environmental investments (Vamil) | *Tax incentive*

The MIA/VAMIL are fiscal incentives that stimulate sustainability driven capital investments related to greenhouse gas reduction, water use, bio-based materials, recycling, biodiversity, etc. Through the MIA, you can deduct up to 45% of the investment costs for an environmentally friendly investment on top of your regular investment tax deductions resulting in a permanent net cash benefit between 6% and 10%. With the Vamil, you can decide when to write off 75% of your investment costs. This gives you an advantage in liquidity and interest.

Stimulation of Sustainable Energy Production and Climate Transition (SDE++) | *Tax incentive*

The Stimulation of Sustainable Energy Production and Climate Transition (SDE++) scheme focuses on the large-scale roll-out of technologies for renewable energy production (e.g., PV) and other technologies that reduce carbon dioxide (CO_2) emissions. The SDE++ is an operating subsidy and only covers the operational period of a project. The SDE++ subsidy compensates the difference between the cost price of sustainable energy (or the reduction in CO_2 emissions) and the revenue. This is referred to as the unprofitable component.

Investment subsidy for sustainable energy and energy reduction (ISDE) | *Cash grant*

The ISDE stimulates companies and individual home owners to invest in assets that result in energy savings or generate sustainable energy. More specifically, the ISDE supports investments in small scale wind turbines, heat pumps and solar boilers. The subsidy will partly compensate for the initial investment costs of the device depending on its energy performance.

Subsidy scheme for sustainable social real estate (DUMAVA) | *Cash grant*

The DUMAVA is an annual subsidy scheme that offers support for owners of real estate in the public sector that want to reduce the environmental impact of their buildings. The subsidy supports both integral sustainability projects and individual sustainability measures included in the annually updated DUMAVA measures list. The subsidy covers up to 40% of the eligible costs and ranges from EUR 5,000 to EUR 1.5 million.

Subsidy Perennial Experiments Effective Renovation Streams (MEER) | *Cash grant*

The MEER subsidy supports large-scale, long-term housing renovation programs with a high level of sustainability, which homeowners and providers jointly establish and implement. The subsidy focuses on renovation programs that utilise a standardised and industrial approach. The MEER subsidy is available for partnerships that consist of homeowners and providers working together on a renovation program. The subsidy covers up to 40% of the eligible costs and may not exceed EUR 15,000 per renovated home.

Specific Grant (SpUk) Local Insulation Approach | *Cash grant*

With the Specific Grant (SpUk) Local Insulation Approach municipalities can establish their own insulation program for owner-occupied homes. This allows them to improve poorly insulated homes with energy label D, E, F, or G that are owned by individuals who struggle to invest in sustainability. On average the SpUk subsidy amounts to EUR 1,460 per home.

Subsidy for Sustainability and Maintenance of Rental Homes (SVOH) | *Cash grant*

The SVOH subsidy scheme aims to support landlords who want to invest in energy-saving measures (e.g., HR++ glass, insulation, etc.) that enhance the sustainability of their rental properties. The SVOH provides subsidy for investments that result in a reduction of energy consumption, maintenance measures and energy advice. The maximum subsidy per rental property is EUR 6,000. The total subsidy amount may not exceed EUR 400,000.

Subsidy for Sustainability for Associations of Homeowners (SVVE) | *Cash grant*

The SVVE stimulates investments in energy saving measures such as insulation, heat pumps, solar water heaters, or a central connection to a district heating network. Additionally, the SVVE also supports investments for charging infrastructure for electric vehicles. The subsidy amount depends on the type and the amount of sustainability measures that will be implemented.

Subsidy Scheme for Gas-Free Rental Properties (SAH) | *Cash grant*

The SAH subsidy scheme supports (mixed) homeowner associations and landlords of rental properties that want to make their existing rental properties gas-free by connecting them to a heat network. The subsidy percentage amounts up to 40% and the maximum subsidy amount per rental property is EUR 5,000.

Investment subsidy for efficient heat networks (WIS) | *Cash grant*

The aim of the WIS is to encourage investments in efficient heat networks in order to transition existing homes to be gas-free. The main requirement for receiving the subsidy is that you invest in heat networks for small consumer connections (less than 100kW) and block heating connections in existing buildings. The subsidy is not available for heat networks or for large consumer connections (100kW or larger), non-residential buildings, horticulture, or industry. The subsidy percentage covers up to 45% of the financial gap. The maximum subsidy amount per project is EUR 20M.

Demonstration Energy Innovations (DEI+) for a gas free built environment | *Cash grant*
The DEI+ gas free built environment supports companies that invest in innovations that make homes, residential buildings, non-residential buildings (commercial buildings), or neighborhoods gas free. Gas-free indicates that homes and buildings are prepared to be disconnected from the natural gas network. Innovations are developed by knowledge institutions or market parties and tested or demonstrated in existing buildings. Companies may implement these innovations alone or in collaboration with for example the supplier of the innovation. DEI+ subsidy is available for testing and demonstrating innovations in energy efficiency, renewable energy production and integration, district heating or cooling, and local infrastructure. The maximum subsidy amount per project is EUR 6M.

Subsidy Accelerated Climate Investments Industry (VEKI) | *Cash grant*
The VEKI support investments in market-ready technologies, systems or machines that result in a reduction of greenhouse gasses in the Netherlands. The VEKI aims to support the implementation of proven CO_2-saving technologies, of which the return on investment is more than five years. Among others things the VEKI supports investments in energy-efficient district heating or cooling, local infrastructure and energy from renewable sources / hydrogen (excluding from electricity). The VEKI covers 15%-50% of the eligible investment costs and the maximum subsidy amount is EUR 30M.

Green Projects Scheme (Green financing) | *Soft loans*
The Green Projects Scheme promotes green investments in buildings (both existing and new construction), agriculture, raw materials, energy efficiency, sustainable energy, or the circular economy. If your investment meets the requirements of the Green Projects Scheme, you will receive a green certificate. This entitles you to green financing with an interest rate discount.

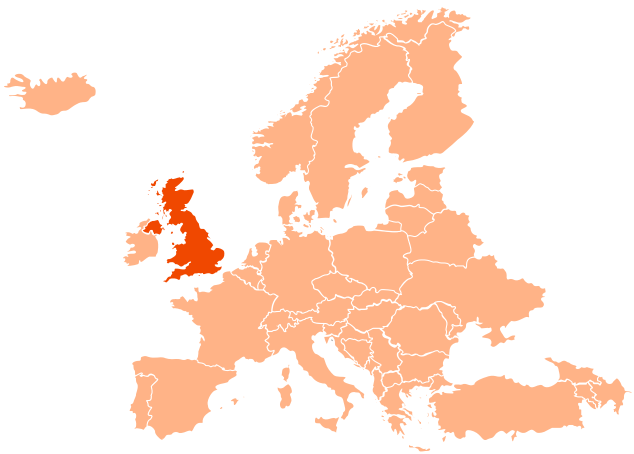
Best practices – structuring
In practice, we see that multiple instruments can be accumulated for sustainability investments in buildings, which can maximise the ultimate benefit. Depending on the type of instrument, consideration must also be given to the tax treatment. Tax incentives reduce the taxable income, and as such it is important that there is a positive taxable base. In the case of cash subsidies, it should be noted that these are considered as income for tax purposes meaning that corporate income tax will be due. Also, in this case it is possible to optimise the tax payable position, for example, by assuming costs or taking into account losses carried forward.

In cases where there is a preferential and/or tax-exempt regime applicable, the tax incentives do not provide any advantage and as such other (cash) subsidies should be considered.

Besides the subsidy opportunities, also the benefits of reduced environmental levies could be considered for which structuring options exist. The main example in the Netherlands is the case of a real estate investor that owns the property and the rooftop PV system. By delivering the produced energy against a fixed cost (or as part of the fixed rental fee), there should be no energy tax due in such cases.

10

United Kingdom



Incentive	Type	Benefit	Renewable energy			Decarbonisation						Circularity		
			Renewable energy generation	Renewable energy storage	Reutilisation of energy / residual heat	Heating	Cooling	Ventilation	Lighting	Energy balancing smart grid	EV charging stations	Sustainable construction	Renovation of buildings	Waste recycling
CAs Full Expensing	**Tax incentive**	25%	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	–	–
CAs Super Deduction	**Tax incentive**	25%	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	–	–
CAs R&D FYAs	**Tax incentive**	25% / 12.5%	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	–	–
CAs AIA	**Tax incentive**	25%	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	–	–
SBAs	**Tax incentive**	0.75%	–	–	–	–	–	–	–	–	–	✓	✓	–
Land Remediation Relief	**Tax incentive**	37.5%	–	–	–	–	–	–	–	–	–	–	–	✓
UK Innovation Grants	**Cash grant**	Proportion project costs (varies)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Tax incentives and cash grants for sustainable real estate in the UK

The most widely applicable tax incentive available for capital expenditure incurred to improve the sustainability of UK real estate is accelerated tax depreciation through the UK Capital Allowances regime. Tax relief in the form of R&D Expenditure Credits, Patent Box and Land Remediation Relief may also be available for eligible expenditure.

The UK government has also increased public funding in the form of grants to provide additional capital to the market to deliver on the UK's wider net zero, innovation, and levelling up agendas.

Capital Allowances (CAs) | *Tax incentive*

The UK capital allowances regime (also known as Tax Depreciation) provides tax relief against taxable income for capital expenditures in a consistent manner across businesses. The relief available is calculated in accordance with tax legislation (Capital Allowance Act 2001), HMRC guidance and case law precedents.

Capital allowances are available when a company, sole trader, partnership carrying out a qualifying business activity incurs capital expenditure.

In some cases, full relief may be available on the purchase of an asset, whilst for other expenditures tax relief may be received over many years or decades. Allowances are provided on a reducing balance, or a straight-line basis, or a full 100% first year allowance (FYA).

A claim for capital allowances is made in a person's or company's tax return. A claim can be made, amended and withdrawn in most cases within two years of the end of the accounting period. All depreciation of tangible fixed assets is disallowed when calculating taxable profits.

Specific disposal provisions apply to each capital allowance.

Capital Allowances – Detailed provisions

Plant, Machinery and Equipment Plant & Machinery – main pool

Qualifying expenditure e.g., on equipment, machinery, IT hardware, commercial vehicles attracts an 18% reducing balance writing down allowance per annum. See below for special rate allowances for certain items that do not qualify for main pool allowances.

There is no statutory definition of what constitutes plant for capital allowances purposes, though there is extensive case law that assists in understanding the treatment of certain assets.

See rules below regarding Full Expensing, super deduction and FYAs.

Plant and machinery – special rate

Qualifying expenditure on integral features / fixtures to a building, e.g., hot and cold water systems, lighting, electrical installations, and long life plant and machinery with a life of over 25 years attracts a 6% reducing balance writing down allowance per annum. See rule below regarding Full Expensing and First Year Allowances.

Accelerated tax depreciation – Rate

First year allowances - From 1 April 2021 until 31 March 2023, companies investing in qualifying new "General Pool" plant and machinery assets had the opportunity to benefit from a 130% first-year capital allowance. For companies investing in qualifying Special Rate pool assets (including long life assets) there was the opportunity for them to benefit from a 50% first-year allowance.

These measures, temporarily introduced at the 2021 Budget, provided increased reliefs for expenditure on plant and machinery by way of a first year allowance for companies.

100% Full Expensing for P&M, 50% FYA special rate. From 1 April 2023 companies subject to UK corporation tax can receive a 100% first year tax deduction for qualifying expenditure they incur on qualifying plant or machinery. This FYA is now permanent.

- first year allowances – electric car charging points – 100%,
- first year allowances – electric cars and cars with zero CO_2 emissions – 100%,
- first year allowances – zero-emission good vehicles – 100%,
- first year allowances – plant and machinery for gas refueling stations and gas, biogas and hydrogen refueling equipment – 100%.

Capital Allowances – other detailed provisions

Annual Investment Allowance

Annual Investment Allowance (AIA) – 100% allowance for expenditure on qualifying plant and machinery (excluding cars) up to the AIA limit which is permanently set at GBP 1M.

Sole traders or partnerships with more than one business or trade, each business usually gets an AIA. However, the AIA is split between businesses controlled by the same person or in the same premises or have similar activities.

If two or more companies are controlled by the same person, only one AIA can be obtained between the group companies. The group companies can choose how to share the AIA.

Availability to AIA is also subject to certain restrictions for PE backed groups.

Annual Investment allowance – rate

Annual Investment allowance (AIA) – 100% allowance for expenditure on qualifying plant and machinery (excluding cars) up to the AIA limit which is permanently set at GBP 1M.

Non-qualifying assets

All costs relating to land (unless it qualifies for land remediation relief) do not qualify for capital allowances.

Usually expenditure on residential dwellings will also not qualify.

Buildings and structures brought into use and/or construction contract date prior to 29 October 2018 will not usually qualify for relief (other than those that qualify for RDAs).

Plant, Machinery and Equipment – Rate

- main pool – 18% reducing balance,
- special rate pool – 6% reducing balance.

Structures, Buildings and immovable property

Structures & buildings allowance – Available for qualifying expenditure on the construction, conversion and renovation of non-residential structures and buildings. Attracts 3% per annum on a straight-line basis. Key features and requirements are:

- SBA available for expenditure incurred by qualifying businesses on non-residential structures and buildings,
- SBAs available where all contracts for physical construction were entered into on or after 29 October 2018,
- residential (dwelling houses) do not qualify nor will any part of a building used as a dwelling e.g., student accommodation,
- SBAs available from when the property is brought into use,
- base cost for capital gains tax purposes is decreased to the extent SBAs are claimed.

The rate of structures, buildings and immovable property is 3%, calculated on a straight-line basis.

Assets used in Research & Development (R&D)
R&D allowances – 100% FYA in respect of assets, including buildings and plant & machinery, used to carry out qualifying R&D. The rate of assets used in R&D is 100%

Accelerated tax depreciation

First year allowances – Super deduction and 50% first year allowance for special rate expenditure
From 1 April 2021 until 31 March 2023, companies investing in qualifying new "General Pool" plant and machinery assets had the opportunity to benefit from a 130% first-year capital allowance. For companies investing in qualifying Special Rate pool assets (including long life assets) there was the opportunity for them to benefit from a 50% first-year allowance.

These measures, temporarily introduced at the 2021 Budget, provided increased reliefs for expenditure on plant and machinery by way of a first-year allowance for companies. There are a number of exclusions including expenditure on cars, secondhand assets, and assets used for leasing. These allowances are only available to companies and partnerships (not sole traders). Also, there are specific provisions in respect of ownership.

There are clawback provisions of the relief upon disposal of assets that obtained the super deduction. Detailed tracking of the assets is required to make sure these provisions are applied correctly.

First year allowances – 100% Full Expensing for P&M, 50% FYA special rate
A Full Expensing 100% FYA is available for expenditure incurred on certain main pool expenditures from 1 April 2023. This is now a permanent relief.

A 50% first year allowance is also available for expenditure incurred on certain special rate pool assets from 1 April 2021 and 31 March 2026.

Similar to the super deduction outlined above there are a number of exclusions including expenditure on cars, secondhand assets, and assets used for leasing. These allowances are only available to companies and partnerships (not sole traders).

Also, as above the assets will require tracking to make sure that any future disposals take into consideration the allowances received.

First year allowances – electric car charging points
Expenditure incurred on the provision of electric car charging points qualify for a 100% FYA on qualifying expenditure incurred in the year of acquisition. The relief is available for expenditure up to 31 March 2025 for companies and 5 April 2025 for sole traders.

As for other FYAs exceptions apply including expenditure on second hand assets, and assets used for leasing.

First year allowances – plant and machinery for gas refueling stations and gas, biogas and hydrogen refueling equipment
100% first-year allowances are available for expenditure qualifying under this heading that is incurred in the period to 31 March 2025

The expenditure must be on plant that is 'unused and not second-hand'. The asset must be installed at a gas-refueling station, defined to mean 'any premises, or part of premises, where vehicles are refueled with natural gas, biogas (for expenditure incurred from 1 April 2008) or hydrogen fuel'. The premises do not need to be open to the public and could therefore include, for example, a station maintained for his own use by the operator of a fleet of lorries.

Expenditure qualifying under this heading is on plant or machinery installed at a gas-refueling station 'for use solely for or in connection with refueling vehicles with natural gas biogas (for expenditure incurred from 1 April 2008) or hydrogen fuel'. This is defined to include any storage tank for natural gas, biogas or hydrogen fuel, any compressor, pump, control or meter used in connection with refueling vehicles, with natural gas, biogas, hydrogen gas or natural fuel, and any equipment for dispensing the gas or fuel to the fuel tank of any mechanically propelled road vehicle.

Biogas is defined as 'gas produced by the anaerobic conversion of organic matter and used for propelling vehicles.

No relief is due if the expenditure falls within one of the general exclusions.

Similar to the super deduction outlined above there are a number of exclusions including expenditure on cars, secondhand assets, and assets used for leasing.

Land Remediation Relief (LRR) | *Tax incentive*

A 150% deduction for qualifying capital expenditure (or an additional 50% deduction for expenditure of a revenue nature on which a company is already entitled to a deduction). For loss making companies, it may be possible to surrender the part of the loss created by land remediation relief for a 16% tax credit (equal to 24% of the expenditure). LRR is available on expenditure that would not normally qualify for capital allowances but is not available when capital allowances could be claimed. A company that has a trading or property loss for an accounting period can make a claim to surrender that loss, or a part of that loss, in return for a payment of land remediation tax credit.

The purpose of LRR is to encourage remediation projects and to qualify, the land and expenditure must meet the following conditions:

- the land must be in a contaminated state at the time of acquisition,
- the contamination must be a result of previous industrial activity by a third party,
- the expenditure must be incurred on qualifying land remediation.

For expenditure to qualify for LRR, the material that is being removed must be causing relevant harm, or there must be a serious possibility it would cause relevant harm or significant pollution in the groundwater, streams, rivers, or coastal water. A company is not entitled to land remediation relief if any of the land is in a contaminated state because of something done, or (in most cases) not done, at any time by the company (or a connected company).

LRR is claimed in the corporation tax return. To make a claim for LRR on capital expenditure, a company must make an election within two years of the end of the accounting period in which the expenditure was incurred.

UK Innovation Grants | *Cash grant*

The UK government has also increased public funding in the form of grants to provide additional capital to the market to deliver on the UK's wider net zero, innovation, and levelling up agendas. Substantial amounts have been set aside to promote business transformations and invest in technologies to help achieve government goals.

With increased funding opportunities, subscriptions to competitions are rising and the grant funding landscape is becoming more complex to navigate. Capital expenditure related to the decarbonisation of facilities or early-stage R&D and innovation may meet eligibility criteria, however the proportion of project costs and maximum amount for which funding may be available varies across the different grant funding programmes.

Best practices – structuring

In practice, we see that multiple instruments can be cumulated for sustainability investments in buildings, which can maximise the ultimate benefit. Depending on the type of instrument, consideration must also be given to the tax treatment. Tax incentives (e.g., Capital Allowances) reduce the taxable income, and as such it is important that there is a positive taxable base. In the case of cash subsidies, it should be noted that these are considered as income for tax purposes meaning that corporation tax will be due. Also, in this case it is possible to optimise the tax payable position, for example, by assuming costs or considering losses carried forward. In cases where there is a preferential and/or tax-exempt regime applicable, the tax incentives may not provide any advantage.

In addition, it is important to note the timing of claims for accelerated tax depreciation (e.g., Full Expensing) in the UK. For reliefs which are a 'first year allowance' a claim can only be made in the year the expenditure is incurred, otherwise it will be foregone. For example, for qualifying capital expenditure incurred in the year ended 31 March 2024 (e.g., in connection with improving the sustainability performance of a UK real estate asset), the Capital Allowances 'Full Expensing' claim must also be made in the tax return for the year ended 31 March 2024.

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Colophon
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Thank you!