



Tax & Cash incentives for Sustainable Real Estate

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

June 2025



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 CO₂ 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. Global PwC research shows that one in three CEOs report that climate-friendly investments made over the last five years have resulted in increased revenue. Investments in energy efficiency and renewable energy systems can help to lower energy bills and attract environmentally conscious tenants that enhances property value.

Also, we see a strong trend that national authorities continue to 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. However, navigating the fast variety of different rules internationally can be challenging. This booklet highlights the most relevant incentives programs across 12 European countries to provide aid to owners of real estate who aim to accelerate their journey towards sustainability. The PwC Real Estate Incentives network is well equipped to assist in the process from initial eligibility review to obtaining sustainable incentives.

June 2025

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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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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.

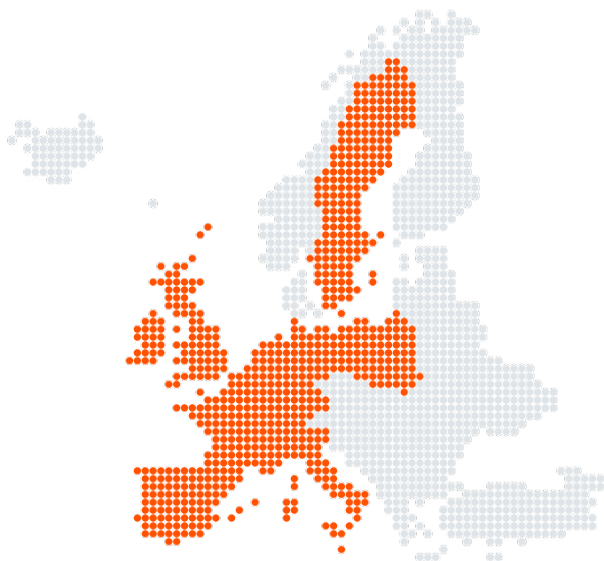
Tax incentives are provisions in the tax code that provide benefits, such as deductions, credits, or exemptions, with the aim of encouraging specific activities or investments.

Soft loans offer more favorable 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.

The indicative assignment of certain measures to specific funding opportunities does not constitute an assessment of eligibility, as this would need an in-depth analysis of each specific case along with an evaluation of technical parameters and framework conditions. Hence, we strongly recommend in each individual case to seek advice from your PwC advisor regarding specific funding conditions and requirements of the incentives outlined in this brochure. Also appreciate that funding landscape is subject with a certain dynamic, funding programs may be amended, cancelled or supplemented or new funding programs may be published. Therefore, the assessment of eligibility of certain measures does require an update from time to time.



Country	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
Belgium	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
France	✓	—	✓	✓	✓	✓	✓	✓	✓	—	✓	—
Germany	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ireland	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Italy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Luxembourg	✓	✓	✓	✓	✓	✓	—	—	✓	—	✓	✓
Poland	✓	✓	✓	✓	✓	✓	✓	✓	—	✓	✓	✓
Portugal	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	✓	—
Spain	✓	✓	—	✓	✓	✓	✓	✓	✓	✓	✓	—
Sweden	✓	—	—	—	—	—	—	—	—	—	—	—
The Netherlands	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
United Kingdom	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

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Belgium





					Renewable energy			Decarbonisation						Circularity		
Incentive	Type	Benefit	Region	Period	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
Thematic investment deduction	Tax incentive	Tax saving of approx. 7,5% of the investment	Federal	∞	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ecology Premium Plus (EP+)	Cash grant	10 - 55% 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	The size of the grant varies depending on the type of technology	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 and, 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 and in application of European directives, professional in the real estate sector are encouraged to develop a global, long-term real estate strategy, including an action plan for the management and energy performance of buildings held. 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. From July 2025, the reduced VAT rate of 6% on demolition-reconstruction projects is being extended and will now also apply to sales made to investors committing to long-term rentals. This new regime is currently undergoing legislative adoption. It aims to sustainably boost the supply of housing available for purchase and rent, while actively contributing to the modernization of the Belgian residential property market.

Thematic investment deduction | *Tax incentive*

A tax deduction which can be used by real estate companies for investments in fixed assets aimed at saving energy and renewable energy, zero-emission transport, environmentally friendly investments and supporting digital investments linked to the aforementioned investments. Tax saving amounts to approximately 7,5% 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. Unused investment deduction can be carried forward indefinitely.

Flanders regional incentives

Ecology Premium Plus (EP+) | *Cash grant*

Financial support for companies investing in predefined green technologies on the limitative technologies list (LTL). 10 to 55% of the additional costs, depending on the type of investment. The total support amounts to a maximum of 1 million euros per company for a period of three years.

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 1 million euro 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. The size of the grant varies depending on the type of technology.

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 consider whether a claim is desired and whether you are eligible for a cash grant, a tax benefit or both. The tax benefits 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. Note that the thematic investment deduction is currently only applicable to fixed assets for which no regional aid is requested (there are rumours that this condition may be removed).

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France





				Renewable energy			Decarbonisation					Circularity			
Incentive	Type	Benefit	Period	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
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	01/01/2025 – 31/12/2025	✓	—	—	✓	—	—	—	—	—	—	—
	Funding of residual heat projects				—	—	✓	—	—	—	—	—	—	—	
	Deep and surface geothermal projects				—	—	—	✓	—	—	—	—	—	—	
	Creation/extension of heating & cooling network				—	—	✓	✓	✓	—	—	—	—	—	
	Installation of Thermal Solar Pane				✓	—	—	—	—	—	—	—	—	—	
	Feasibility studies for Solar PV self consumption				—	—	✓	✓	✓	—	—	—	—	—	—
Le Fonds Vert	Cash grant	Depends on investment type	12/03/2025 – 31/12/2025	✓	—	✓	✓	✓	✓	—	✓	—	—	—	—
Feasibility studies for photovoltaic electricity self-consumption	Cash grant	Up to 80% of the feasibility studies costs – up to EUR 100K	01/01/2025 – 31/12/2025	✓	—	—	—	—	—	—	—	—	—	—	—

Cash grants and tax incentives for sustainable real estate in France

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 CO₂ emissions, France has set clear targets to reduce its carbon footprint. While specific figures may vary, France aims for a substantial reduction in emissions, 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 funding 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.

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.

AAP Feasibility studies for photovoltaic electricity self-consumption | *Cash grant*

ADEME supports companies and local authorities in the installation of their photovoltaic solar roof or shade in ACI, the basis for the recovery of the surplus in ACC, by a design office service provider or a consulting firm in project management assistance. The feasibility study, which is subject to this ADEME grant, concerns the evaluation and analysis of the potential of a project (technical, economic, social, environmental, legal, etc.). It aims to support the decision-making process by objectively and rationally revealing the strengths and weaknesses of the project, as well as the opportunities and threats it entails, while specifying the resources needed to carry it out, and ultimately assessing the chances of success. ADEME can support external services with feasibility studies up to 60% of the total of EUR 100k of eligible expenses. This aid can be increased to 70% for medium-sized enterprises in the European sense and to 80% for small companies or beneficiaries in the context of a "non-economic activity".

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.



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Germany





Incentive	Type	Benefit	Period	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 €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 €/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 10 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. Furthermore, higher funding rates may apply if bonus components such as the iSPF (individual renovation roadmap) bonus are utilized.

** Depending on the achieved efficiency classification of the unit.



Incentive	Type	Benefit	Period	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
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 Wärmenetze - Modul 2/3	Cash grant	Up to 40%; funding up to EUR 100 million, limited by economic gap of project 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: 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	∞	—	—	—	—	—	—	—	—	✓	✓	✓
KfW: Investitionskredit Nachhaltige Mobilität (Kredit 268)	Low-interest loan	Loan of up to 100% of the eligible costs, limited to EUR 150 million per project	∞	—	—	—	—	—	—	—	✓	—	—	—

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



Incentive	Type	Benefit	Period	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
KfW: Klimaschutzoffensive für Unternehmen (Kredit 293)	Low-interest loan	Loan of up to 100% of the eligible costs, limited at EUR 25 million per project	∞	✓	✓	✓	✓	—	—	—	—	✓	—	—	✓
KfW: Klimafreundlicher Neubau im Niedrigpreissegment – Wohngebäude – Wohngebäude (Kredit 296)	Low-interest loan	Loan of up to 100% of the eligible costs, limited to EUR 100.000 per unit of a building	∞	✓	—	✓	✓	✓	—	—	—	—	—	—	—

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 CO₂ 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 CO₂ emissions and an increase in the proportion of renewable heating and cooling in the building sector.

Bundesförderung für Energie- und Ressourceneffizienz in der Wirtschaft – 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.

KfW: Klimaschutzoffensive für Unternehmen (Kredit 293) |*Low-interest loan*

The "Climate Protection Initiative for Companies" supports businesses of all sizes investing in selected climate-friendly activities deemed environmentally sustainable according to the EU Taxonomy. The goal is to promote projects that contribute to climate neutrality and move away from fossil fuels in Germany and Europe. The initiative aligns with the EU Taxonomy's technical criteria focused on significant climate action contributions. While additional criteria for full compatibility are specified by the EU, they are not included in this program. The program is modular and may address the following topics: production of climate-friendly technologies, climate-friendly production processes in energy-intensive industries, energy supply, water, wastewater, waste, CO₂ transport and storage, integrated mobility projects and green IT.

KfW: Klimafreundlicher Neubau im Niedrigpreissegment – Wohngebäude (Kredit 296) | *Low-interest loan*

The "Climate-friendly New Construction in the Low-Price Segment" program by KfW, part of the BEG initiative (see above), promotes the building or first acquisition of climate-friendly and space-efficient residential buildings in Germany. The program aims to mitigate environmental impacts and enhance sustainability standards in new housing. It offers low-interest loans to create space-efficient living areas, reduce lifecycle costs and emissions, decrease primary energy demand during operation, and increase the use of renewable energy while adhering to sustainable building principles. Funding may cover new constructs and acquisitions within 12 months of completion, complying with the current Building Energy Act and meeting technical minimum requirements for sustainable construction.

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 capitalize and depreciate the solar panel installation for tax purposes. Also, further optimising structures are possible when it comes to renting the PV installation to the tenants and/or if the roof space is leased to third parties. When you encounter an investment in PV, we recommend contacting our advisors who can support you in optimising your structure depending on the specific facts and circumstances at hand.

04

Ireland





Incentive	Type	Benefit	Period	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
Accelerated Capital Allowances	Tax incentive	<100%	N/A – 31-12-25	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Lower VAT rates for the supply and installation of heat pumps and solar panels	Tax incentive	0%/9%/13.5%/23%	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Green Plus Grant	Cash grant	50% of the cost up to a maximum total value of €60,000.	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Exceed Grant Scheme	Cash grant	Up to EUR 3M per project.	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Business Energy Upgrades Scheme (BEUS)	Cash grant	Value is dependent on the specific upgrade, however maximum grant combination is restricted to €450,000 per site.	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Energy Contracting Support Scheme	Cash grant	Up to 75% funding of eligible costs up to a maximum of €50,000 for Energy Performance Contracts (EPC) / Local Energy Supply Contracts (LESC) and €25,000 for energy performance guarantees.	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓



Incentive	Type	Benefit	Period	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
Support Scheme for Renewable Heat	Cash grant	Once-off 40% installation grant for a commercial heat pump, as well as an additional 30% grant for related energy efficient measures	∞	—	—	—	✓	✓	✓	—	—	—	✓	—	—
Wear and Tear Allowances	Tax incentive	12.5% on a straight-line basis over eight years	∞	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	—	—
Industrial Building Allowances	Tax incentive	4% on a straight-line bases over 25 years	∞	—	✓	—	✓	—	—	—	—	—	✓	✓	✓
SEAI Communities Energy Grant	Cash grant	The exact amount of funding provided will vary depending on the project's scale and needs	∞	✓	—	—	✓	✓	✓	—	—	—	—	✓	—
IDA Client Decarbonisation Support	Cash grant	Value of grant is project specific	∞	—	—	—	—	✓	✓	✓	✓	✓	—	—	—

Tax incentives and cash grants for sustainable real estate in Ireland

The new Programme for Government in Ireland acknowledges the current Government's commitment to taking decisive action to radically reduce Ireland's reliance on fossil fuels and to achieve Ireland's legally binding climate targets. Future proofing Ireland's built environment is a key theme within this commitment. Ireland has committed to achieving climate neutrality by 2050, with a 51% reduction in Greenhouse Gas emissions by 2030 (compared to 2018 levels). 2030 targets for the built environment include a 40% reduction in GHG emissions (compared to 2018) for residential housing and a 45% reduction in GHG emissions (compared to 2018) for public and commercial buildings.

We have outlined below a high-level overview of some of the tax incentives and grants that have been made available to encourage investment in decarbonisation measures in the Irish real estate sector. In relation to grant funding, this is not an exhaustive list and does not include a variety of training / supports to prepare climate action plans which are mainly geared towards small and medium sized businesses. It is worth noting that we see an increased frequency around the introduction of new grants / changes to existing grants to deliver sustainability measures. For this reason, detailed advice should be sought before relying on the information below. For certain sustainability grants, it will be a requirement to be a client of IDA Ireland, where relevant we have highlighted this below. A number of conditions will also need to be met to avail of the tax incentives and grants – these should be checked in advance.

Accelerated Capital Allowances (ACAs) | *Tax incentive*

Accelerated Capital Allowances are a corporation tax incentive for expenditure incurred on qualifying energy efficient equipment ("EEE"). The allowance is provided in the year the EEE is first used in the business and is equal to 100% of the qualifying costs incurred on the purchase and installation of the equipment. There are a number of conditions that must be met to avail of ACAs including a requirement that the equipment must meet the performance criteria for its class of technology and be registered on the Triple E product register with Sustainable Energy Authority of Ireland (SEAI). The regime is due to expire on 31 December 2025.

Wear and Tear Allowances | *Tax incentive*

Where plant or equipment is not considered qualifying EEE, wear and tear capital allowances may be available. Tax relief for qualifying expenditure incurred on the provision of plant and equipment can be claimed at the rate of 12.5% on a straight-line basis over eight years. The allowances are calculated on the qualifying cost after deduction of grants. A number of conditions must be met to claim the allowances.

Industrial Building Allowances | *Tax incentive*

Capital allowances are also available on the construction, conversion, or refurbishment of buildings or structures, known for tax purposes as industrial buildings. Qualifying buildings include factories, hotels, registered nursing homes and certain types of warehouses, but exclude offices and retail premises. The allowance is generally available at a rate of 4% on a straight-line basis over 25 years. A number of conditions must be met to claim the allowances.

Supply of heat pumps and solar panels – reduced VAT rate / |

Tax incentive

The standard rate of VAT in Ireland is 23%. The second reduced rate of VAT of 9% applies to the supply and installation of low emission heat pump heating systems since 1 January 2025 (prior to this date, the reduced rate of 13.5% applied, subject to the two-thirds rule).

The supply of solar panels is subject to the standard rate of VAT. However, the reduced rate of 13.5% or zero rate may apply when solar panels are supplied and installed as part of a supply and install contract (in certain defined circumstances). Solar panels in this context include photovoltaic panels, solar windows, and solar walls. The zero rate applies to the supply and installation of solar panels on or adjacent to private dwellings and recognised schools, i.e. the zero rate does not apply to commercial buildings, industrial buildings, retail shops, hotels, etc. In these latter cases, where the value of the solar panels and / or other goods supplied, does not exceed two thirds of the total value of the contract, the full amount payable under the supply and installation contract will be subject to the reduced rate (currently 13.5%).

IDA* Green Plus Grant / | Cash grant

The Green Plus Grant offers grant supports to help companies assess CO₂ emissions, identify cost savings, improve water sustainability, measure a product's environmental footprint, design circular business models, implement recyclable packaging, explore sustainable logistics, and more. IDA Ireland can support 50% of the cost up to a maximum total value of EUR 60,000.

**An IDA client is a company that the IDA supports in establishing or expanding their operations in Ireland.*

IDA Client Decarbonisation Support | Cash grant

The IDA provide grants to incentivise companies (which are IDA clients) to invest beyond existing legally binding environmental standards. The aim is to encourage the adoption of sustainable practices, enhance environmental performance & achieve cost savings. The capital grants provide financial support for implementing major renewable & energy efficiency projects. Grant aid amount will be determined by the IDA based on a percentage of overall costs. This funding is primarily geared towards manufacturing companies, however, there is a broader track 3 funding stream, which is focused on research, development and innovation to facilitate emissions reductions (e.g. development of new low carbon products, processes and business models).

EXCEED Certified Grant Scheme | Cash grant

The EXCEED Certified Grant Scheme is designed for organisations who are planning an energy investment project. The EXCEED standard encourages innovation in design projects to help futureproof the investment, by optimising energy performance, reducing operational energy costs and carbon emissions, improving competitiveness and demonstrating commitment to sustainability, which could also bring a reputational boost. The scheme applies to new design projects and major renovation and major energy upgrades of existing buildings and assets. Grant support of up to EUR 3,000,000 per project is available (the amount available is also dependent on whether the applicant is a small, medium or large company). There are a number of eligibility criteria for this grant scheme. Residential projects will not qualify.

Business Energy Upgrades Scheme (BEUS) | Cash grant

The scheme is open to all non-domestic bodies including businesses, public bodies and other organisations such as charities and community groups. It is aimed primarily at Small Medium Enterprises (“SMEs”) to help reduce their energy costs and Greenhouse Gas (“GHG”) emissions. It provides funding for a range of energy upgrade projects and funding for energy advisory services to help determine bespoke building management systems and the upgrades that work best for the business. A combination of grant supports can be selected up to a maximum of EUR 450,000 per site.

Grants include:

- Solar Thermal - 30% of cost up to EUR 15,000
- Solar PV - Based on output from PV system to a max output of 1000KWp and max value of EUR 162,600.
- Building Fabric Upgrades - 30% of value up to EUR 120,000
- Heat Pumps - Up to 30% of value up to EUR 100,000
- Pump - 30% of pump upgrade up to EUR 10,000
- Air Handling unit/heat recovery upgrade - Up to 30% of upgrade up to EUR 25,000
- Building Management system Optimisation - EUR 2,000 grant
- Building Management system Controls - Grant up to EUR 30,000
- Design Assistance - Up to 50% up to EUR 25,000

Energy Contracting Support Scheme | Cash grant

This program requires energy suppliers to help their customers become more energy efficient, aiming to lower the overall energy consumption in Ireland, for example, deep energy retrofit and / or decarbonisation actions. Successful applicants will receive up to 75% funding of eligible costs up to a maximum of EUR 50,000 for Energy Performance Contracts (EPC) / Local Energy Supply Contracts (LESC) and EUR 25,000 for energy performance guarantees. Eligible costs relate to external consultancy/external advisory costs incurred on project appraisal and procurement of pay-for-performance energy contracts. The grant

is available to all businesses based in the Republic of Ireland who comply with specific requirements and regulations outlined by the SEAI. The grant is not available to the residential sector.

Support Scheme for Renewable Heat | Cash grant

This scheme promotes the use of renewable sources for heating to reduce Ireland’s reliance on fossil fuels for a more energy-independent future. The financial supports include operational tariff support for a biomass and biogas heating systems and a once-off 40% installation grant for a commercial heat pump, as well as an additional 30% grant for related energy efficient measures (heat recovery, ventilation, building fabric etc).

SEAI Communities Energy Programme | Cash grant

The SEAI Communities Energy programme is a national retrofit initiative aimed at upgrading Ireland building stock, and facilities to high standards of energy efficiency including renewable energy usage, thereby reducing fossil fuel usage energy costs and greenhouse gas emissions.

The Community Energy Grant isn't designed specifically for individual Irish businesses but focuses on supporting initiatives that improve energy efficiency across entire communities, which can include businesses alongside homes and community buildings. The exact amount of funding provided will vary depending on the project's scale and needs. In the case of a home, the grant is only available to the individual homeowners.

Best practices – structuring

It is important to consider, in advance of any sustainable investment, whether there are tax incentives and/or grants available. Tax incentives and grants generally require a number of conditions to be met and these should be considered carefully prior to investment. Timing of claims and the ability to use the benefit of tax incentives will also be relevant.

05

Italy





Incentive	Type	Benefit	Period	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%	TBD	—	—	—	—	—	—	—	—	✓	—	—	—
Contratto di Sviluppo per la tutela ambientale	Cash grant + Subsidised loan	65%	Open until funds are available	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Autoproduzione di energia da fonti rinnovabili nelle PMI - Invitalia	Cash grant	30% or 40%	04.04.2025 - 17.06.2025	✓	✓	✓	—	—	—	—	—	—	—	✓	—
Nuova Sabatini Green	Subsidised loan	10%	Open until funds are available	✓	✓	✓	—	—	—	—	—	✓	✓	✓	—
Simest Transizione Digitale ed Ecologica	Cash grant + Subsidised loan	10% or 20%	Open until funds are available	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	—	—
Tax credit for the Transaction «5.0»	Tax incentive	- Investment up to EUR 10mln: 35%; - Investment between EUR 10mln and EUR 50mln: 5%. In case of higher reduction of the energy consumption, the tax credit rates are increased by 5% or 10%.	01.01.2024 – 31.12.2025	✓	✓	✓	✓	✓	✓	✓	✓	—	✓	✓	—
Tax credit for technological and digital innovation and ecological transition	Tax incentive	5%	01.01.2024 – 31.12.2025	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	✓	✓



Incentive	Type	Benefit	Period	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
Sismabonus	Tax incentive	30%-50%	Till 31.12.2027	—	—	—	—	—	—	—	—	—	—	✓	—
Ecobonus	Tax incentive	30%-50%	Till 31.12.2027	—	—	—	✓	✓	✓	—	—	—	✓	✓	—
Eliminazione Barriere Architettoniche	Tax incentive	75%	Till 31.12.2025	—	—	—	—	—	—	—	—	—	—	✓	—
Conto Termico 2.0 + 3.0	Cash grant	65%	Open until funds are available	—	—	—	✓	✓	✓	—	—	—	—	—	—
Decreto FER X	Cash grant	-%	28.02.2025 – 31.12.2025	✓	✓	✓	—	—	—	—	—	—	—	—	—
Decreto CER	Cash grant	40%	24.01.2024 – 30.11.2025	✓	✓	✓	—	—	—	—	—	—	—	—	—
ZES Unica Tax Credit	Tax incentive	30% to 60% depending on the size of the company and the region where the investment takes place	01.01.2025 - 11.15.2025	—	—	✓	✓	✓	✓	✓	—	✓	✓	✓	✓
Isi Inail – Rimozione Amianto	Cash grant	65%	Yearly (14.04 - 30.05 for 2025)	—	—	—	—	—	—	—	—	—	✓	✓	—

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 presented to the European commission in June 2024 which sets national goals pertaining to energy efficiency, renewables and the decarbonization 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 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 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 carried out in the period from 01.01.2024 to 12.31.2025 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 10M, 5% of the cost, for the part of the 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%.

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

The 2025 Budget Law introduced the following main innovations:

- Expanding the pool of beneficiaries, introducing an additional category of beneficiaries, namely energy service companies (i.e., ESCos) certified by an accredited body, for innovation projects carried out in the interest of the ESCo's client's energy savings;
- Increasing intensity of the relief with the provision of a single rate equal to 35% (with increases to 40% and 45% in the case of higher energy savings) up to the threshold of EUR 10M of investment;
- Introduction of the possibility of cumulating this facilitation with Tax Credit ZES Unica and with other facilitation measures financed with European resources (e.g., Industrial Transition Fund).

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).

ZES Unica Tax Credit | *Tax incentive*

The 2025 Budget Law extended to FY25 the ZES Unica Tax Credit with reference to investments carried out from 01.01.2025 to 11.15.2025. This tax credit supports companies with production facilities located in the regions of Southern Italy (i.e., Campania, Puglia, Basilicata, Calabria, Sicily, Sardinia, Abruzzo and Molise).

The eligible assets are:

- Machinery, plants and equipment (new and instrumental to the activity carried out) relating to:
 - creation of a new site;
 - expansion of the capacity of an existing site;
 - diversification of a plant's production to obtain products never previously manufactured;
 - fundamental change in the overall production process of an existing plant.
- Land and instrumental buildings, whose value cannot exceed 50% of the total amount of the subsidized investments.

The tax credit can be used as compensation and is commensurate with the overall cost of the assets acquired up to a maximum limit of EUR 100M for each investment project, and with a minimum spending volume of EUR 200K.

For Campania, Calabria, Puglia and Sicily:

- 40% for LARGE Enterprise;
- 50% for MEDIUM Enterprise;
- 60% for SMALL Enterprise.

For Molise, Basilicata, Sardegna:

- 30% for LARGE Enterprise;
- 40% for MEDIUM Enterprise;
- 50% for SMALL Enterprise.

For Abruzzo:

- 15% for LARGE Enterprise;
- 25% for MEDIUM Enterprise;
- 35% for SMALL Enterprise.

Companies operating in the industries of steel, coal and lignite, transport and related infrastructure, production, storage, energy transmission and distribution and energy infrastructure, broadband and credit sectors (financial and insurance) are excluded. Furthermore, the relief does not apply to companies that are in a state of liquidation or dissolution and to companies in difficulty.

Companies interested in ZES Unica Tax Credit must submit a communication to the Italian Tax Authority (i.e., ITA), from 3.31.2025 to 5.30.2025, indicating the amount of eligible expenses they plan to sustain by 11.15.2025. This communication may also cover:

- Multi-year investments initiated in 2024 and completed after 12.31.2024, as well as;
- Advance payments made and invoiced before 01.01.2025, provided they were not made prior to 09.20.2023, for investments carried out from 01.01.2025 onwards.

Companies that have validly submitted the initial communication must submit a final communication to the ITA between 11.18.2025 and 12.02.2025, certifying that the investments declared in the initial submission have been completed by the deadline of 11.15.2025.

The actual incurrence of eligible expenses and their alignment with the financial documentation prepared by the company must be evidenced by appropriate certification issued by the statutory auditor.

Sismabonus | *Tax incentive*

The Sismabonus is a tax incentive for eligible costs to improve the anti-seismic characteristics of buildings. The deduction rates are set at a fixed rate for all eligible interventions.

For expenses incurred in 2025:

- At 50% if the interventions are carried out by the owners of the property right or right in rem of enjoyment on the residential unit used as the main residence;
- At 36% in other cases.

For expenses incurred in 2026 and 2027 the rates are set at 36% and 30%, respectively.

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 deduction rates are set at a fixed rate for all eligible interventions with a limitation based on the cadastral units subject to intervention.

For expenses incurred in 2025:

- At 50% if the interventions are carried out by the owners of the property right or right in rem of enjoyment on the residential unit used as the main residence;
- At 36% in other cases.

For expenses incurred in 2026 and 2027 the rates are set at 36% and 30%, respectively.

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.

Conto Termico 2.0 | *Cash grant (coming soon)*

The new draft of the measure provides for an expansion and diversification of eligible interventions of Conto Termico 2.0, including photovoltaic solar systems with related storage systems and charging stations for electric vehicles, if installed together with the replacement of the heating system with an electric heat pump system.

Self-production of energy from renewable sources for SME - Invitalia | *Cash grant (Call open until 17 June 2025)*

The incentive provides for the provision of non-repayable contributions of up to 40% of eligible expenses, intended for micro, small and medium-sized companies for the purchase and installation of photovoltaic solar systems or mini-wind turbines, aimed at self-consumption of energy.

Nuova Sabatini Green | *Cash grant*

The incentive promotes the purchase by micro, small and medium-sized companies of machinery, systems and equipment, intended for production, with low environmental impact - including energy production systems, such as photovoltaic systems, cogeneration, mini-wind or micro generators. A non-repayable contribution is provided, determined in an amount equal to the value of the interest calculated, in a conventional manner, on a loan lasting five years and of an amount equal to the investment, at an annual interest rate of 3.575% (i.e. approximately 10% of the value of the investment).

Isi Inail - Linea Bonifica Amianto | *Cash grant*

The incentive offers non-repayable funding to encourage companies to carry out asbestos remediation and removal interventions in the workplace. The total amount of the project can be financed up to 65%. The maximum contribution that can be paid is 130,000 euros.

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 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, production of renewable energy and circular economy initiatives. The non-refundable component compared to eligible expenses can reach up to 65% for large companies.

Simest Transizione Digitale ed Ecologica | *Subsidised loan (+ Cash grant)*

It promotes investment programs aimed at the digital transition of businesses (e.g. digital integration and development of business processes, creation/modernization of organizational and management models from a digital perspective; investments in technological equipment, IT programs and digital content; digital consultancy and 4.0 training) and /or at supporting competitiveness and sustainability on international markets in combination with investments for sustainability and internationalisation, including: energy and water efficiency, mitigation of climate impacts, environmental assessments and certifications related to financing, and professional consulting expenses for compliance checks with national environmental regulations.

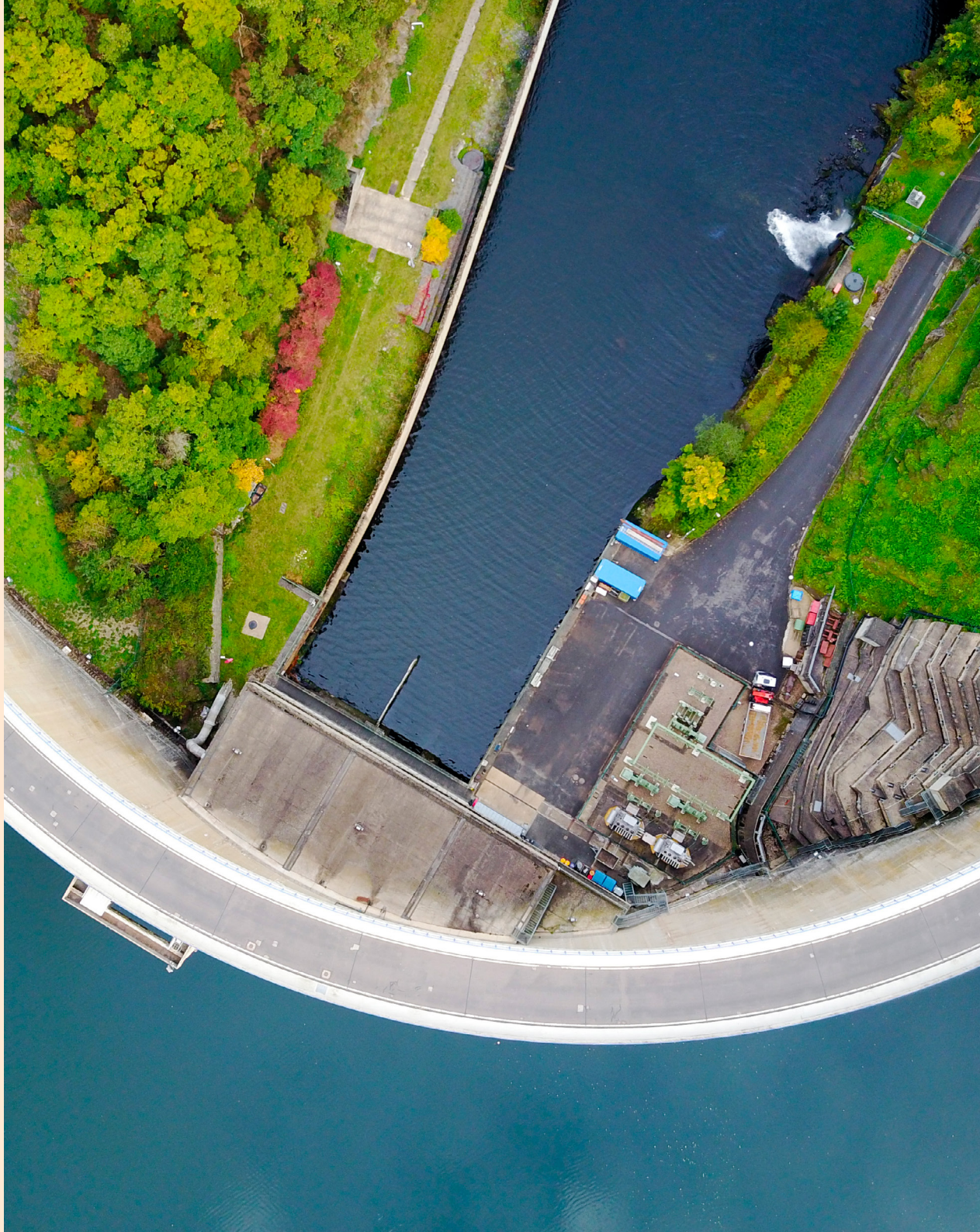
The benefit will be provided as: concessionary rate financing with non-repayable co-financing of: (i) up to 20% for energy-intensive companies or those that have undertaken energy efficiency measures; or (ii) up to 10% in the presence of specific requirements (e.g., women/youth-led SMEs; SMEs with operational headquarters in southern Italy; SMEs with environmental certifications; innovative SMEs and startups...). The aid is provided under de-minimis regime.

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.

06

Luxembourg





Incentive	Type	Benefit	Renewable energy			Decarbonisation						Circularity			Other			
			Renewable energy generation	Renewable energy storage	Reutilization of energy / residual heat	Heating	Cooling	Ventilation	Lighting	Significant reduction of GHG-related Energy consumption (production processes)	Energy balancing smart grid	EV charging stations	Sustainable construction	Renovation of buildings	Waste recycling	Environmental studies	Significant reduction of (all) Energy consumption (production processes)	Environmental studies
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	-	✓	✓	✓	✓	—	✓	—	—	—	—	—	—	—	—	—	—
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 sustainability transformation	Tax incentive	18% of all CAPEX + OPEX over a 3-FY time-window per project (no limitations)	✓	✓	✓	—	—	—	—	✓	—	—	—	✓	✓	—	—	—
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%; and
- 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 the relevant 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 minimizing 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 and can be combined with other aids. 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*

Luxembourg has recently updated its tax laws, significantly enhancing the investment tax credits regime to support local companies in their digital and ecological/energetic transformation efforts. Now, an attractive 18% Tax Credit is available for investments (CAPEX) and operating expenses (OPEX) related to eligible digital and ecological transformation projects, applicable for up to three fiscal years.

This update has already proven to be a powerful incentive, and it is expected to continue driving companies to accelerate their digital and ecological/energetic transitions in the coming years.


To take advantage of this 18% Tax Credit, companies must apply before incurring the related transformation costs and obtain an annual Certificate of Compliance to attach to their annual tax returns.

07

Poland





					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
Incentive	Type	Benefit (%)	Region	Period												
Eco Credit	Cash grant	Up to 80%	Poland	24-10-25 – 08-01-26	✓	✓	✓	✓	✓	✓	✓	✓	—	✓	✓	✓
Eco-loan	Loan with the possibility of cancellation	Cancellation up to 24% of loan value Interest rate: 1.5 % per annum	Warmian-Masurian Voivodeship	∞	✓	✓	✓	✓	✓	✓	✓	✓	—	✓	✓	✓
Ekomax Guarantee	Guarantee	Up to 80% of the loan capital amount	Poland	∞	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Charging stations for heavy-duty transport	Cash grant	Up to 100%	Poland	31-03-25 – 31-08-25	—	—	—	—	—	—	—	—	✓	—	—	—
Support for electric vehicle charging infrastructure and hydrogen refueling infrastructure	Cash grant	Unspecified	Poland	02-06-25 – 23-06-25	—	—	—	—	—	—	—	—	✓	—	—	—
RES (regional)	Loan	Dependent on the region	Podkarpackie, Dolnośląskie, Świętokrzyskie, Mazowieckie, Łódzkie, Zachodniopomorskie, Wielkopolskie, Lubelskie, Warmińsko-Mazurskie	∞	✓	✓	✓	—	—	—	—	—	✓	—	—	—
Energy Efficiency, Thermal Modernization (regional)	Loan	Dependent on the region	Łódzkie, Świętokrzyskie, and Opolskie voivodeships	∞	✓	✓	✓	✓	✓	✓	✓	✓	—	✓	✓	✓

ESG - 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 CO₂ emissions, Poland has set forth clear targets to decrease these emissions. Although specific figures for the total CO₂ 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.

Eco Credit | Cash grant

The Ecological Credit under the FENG Program offers grants for activities related to energy efficiency, such as thermal modernisation and the installation of renewable energy sources (RES), for small, medium, and large enterprises (small mid-cap and mid-cap, i.e., employing up to 3,000 employees). The fourth call for applications will begin in October 2025. Crucial for obtaining a grant is demonstrating that the applicant (owner or tenant) benefits economically from the planned investment, e.g., by reducing energy costs. The planned allocation will amount to PLN 95 m. It is very likely that the budget for the competition will be increased.

Ekomax by Bank Gospodarstwa Krajowego | Loans and Guarantees for investments in Warmian-Masurian Voivodeship

The Eco-loan with a bonus for enterprises, available for micro and small enterprises from the Warmian-Masurian Voivodeship, offers support up to PLN 2 million for projects related to energy efficiency and RES. Funds can be allocated to the energy modernisation of buildings, the replacement of heat sources, the use of energy-saving production technologies, energy recovery in the production process, and changes to production processes to make them more resource-efficient.

The Ekomax Guarantee, a free credit repayment guarantee supported by the FENG Green Guarantee Fund from the FENG program, enables the obtaining of subsidies in the form of a top-up to the loan principal. Granted in the form of de minimis aid or regional investment aid, it covers investment loans granted by banks cooperating with BGK. The guarantee covers up to 80% of the loan principal, with a maximum guarantee amount of EUR 2.5 m.

National Fund for Environmental Protection and Water Management | Grants for Chargers

In 2025, two competitions will be available for entrepreneurs through the National Fund for Environmental Protection and Water Management (NFOŚiGW). The first one "Charging stations for heavy-duty transport" offers funding for the construction or expansion of publicly accessible charging stations for heavy-duty vehicles, with up to 100% of eligible costs covered through grants, or grants with subsidies for capital installments. This competition is open to entities seeking to establish charging stations along TEN-T network roads, or near logistics centers, operational bases, or intermodal terminals. The application period is from March 31, 2025, to August 31, 2025.

The second competition "Support for electric vehicle charging infrastructure and hydrogen refueling infrastructure," planned for June, aims to co-finance the construction and modernisation of infrastructure necessary for the development of electromobility in Poland. The program offers grants for various entities, such as local governments, companies, cooperatives, and farmers, for the creation of charging points of various power, charging stations for electric vehicles, and hydrogen refueling stations. Funding may include both charging points for own use and publicly available stations, which aims to increase infrastructure availability and promote zero-emission vehicles.

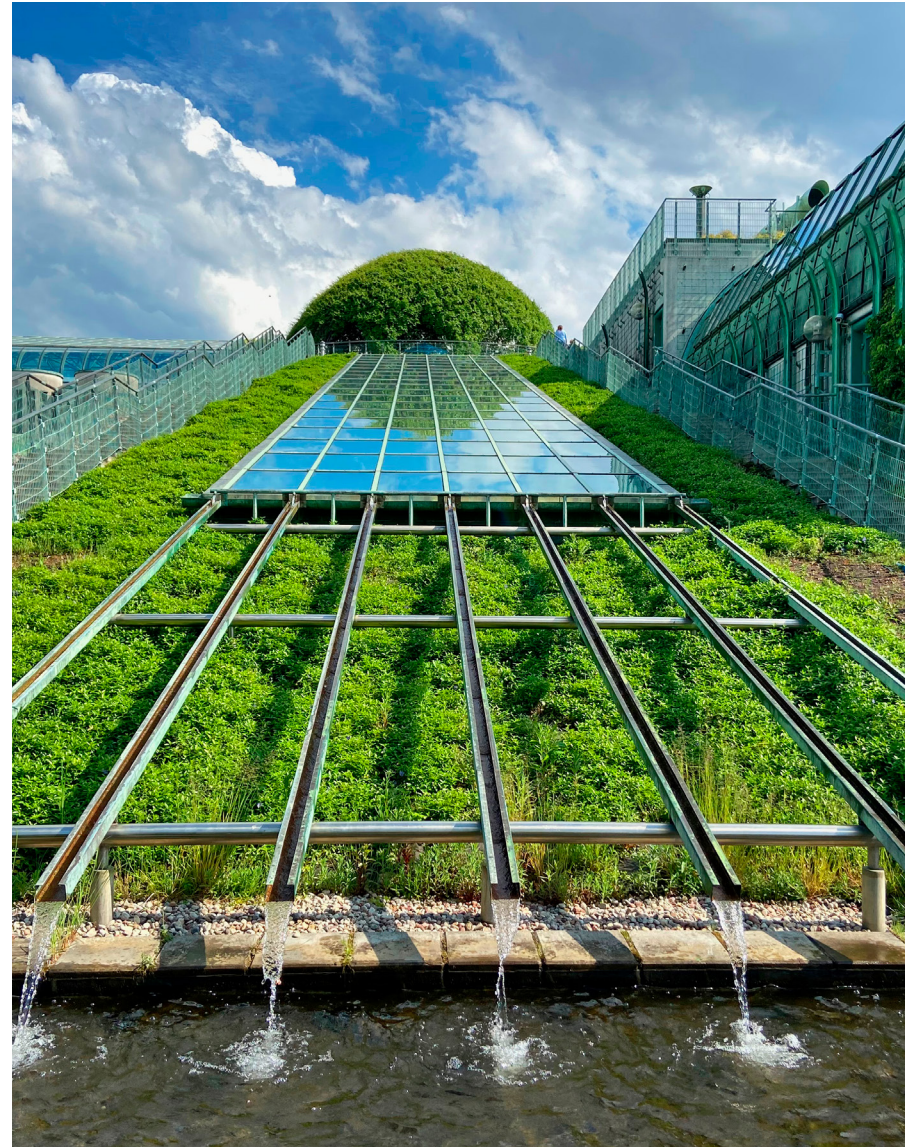
RES (regional) | Loans

Ongoing calls for loans ranging from PLN 2 to 15 million for the construction and expansion of installations for the production of energy from renewable sources, along with connections to the grid and investments in energy storage operating for the needs of a given RES source. The scope of the investment and the amount of the loan depend on the voivodeship in which the investment will be carried out. Currently, RES loans are available in the following voivodeships: Podkarpackie, Dolnośląskie, Świętokrzyskie, Mazowieckie, Łódzkie, Zachodniopomorskie, Wielkopolskie, Lubelskie, and Warmińsko-Mazurskie region.

Energy Efficiency, Thermal Modernization (regional) | Loans

At the voivodeship level, loans from PLN 2 to 5 milion with a grant in the form of a write-off are also available for small and medium-sized enterprises in the field of energy efficiency improvement. Currently, calls are being on in the Łódzkie, Świętokrzyskie, and Opolskie voivodeships.

In addition, in the Pomeranian Voivodeship, a call is being conducted as part of a thermal modernization loan for enterprises. The loan of up to PLN 3 milion finances projects related to improving the energy efficiency of the enterprise, including modernisation, energy recovery, the implementation of energy-saving technologies, and the production of energy from RES.



08

Portugal





Incentive	Type	Benefit	Period	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
Incentive System for Climate and Energy Transition (under Portugal 2030 - Partnership Agreement)	Cash incentive	Non-building interventions: up to 100% base rate. Building interventions: up to 30% base rate	Planned to open between May and September 2025	✓	✓	—	✓	✓	✓	✓	✓	—	✓	✓	—
Reduction of Property tax rate on production of renewable energy sources and buildings with energetic efficiency	Tax exemption	25% - 50% of the Property tax due. Property tax is a municipal tax.	For the period beginning on or after 1 January 2023	—	—	✓	—	—	—	—	—	—	—	—	—

Cash grants and tax incentives for sustainable real estate in Portugal

The Portuguese 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 Portugal.

Federal incentives

Incentive System for Climate and Energy Transition | *Cash grant*

Support for reducing energy consumption and greenhouse gas (GHG) emissions through the substitution, adaptation, or introduction of low-carbon equipment, processes, and technologies, as well as the incorporation of renewable energy sources.

Measures must achieve an average reduction of at least 30% in direct and indirect GHG emissions compared to ex-ante emissions or achieve a medium-grade renovation as defined in the Commission Recommendation (EU) 2019/786 on building renovation.

Reduction of Real Estate Municipal Tax (IMI) rate on production of renewable energy sources and buildings with energetic efficiency |

Tax incentive

Partial reduction of IMI rate computed on the tax registration value of urban and rural properties located in Portuguese territory. Investments could lead to a better energetic classification of the building and could therefore lead to a reduce of the IMI rate.

In order to benefit from the partial reduction of the IMI rate the immovable property needs to be fully allocated to the production of renewable energies. For the partial reduction of the IMI rate, the building must have an energetic classification equal to or higher than A under the terms of Decret-law n.º 118/2013. The tax benefit aforementioned will be decided by the municipal council and needs to be recognised by the Portuguese Tax Authority. Assets should be owned by the taxpayer.




09


Spain





			Renewable energy			Decarbonisation						Circularity		
Incentive	Type	Benefit (%)	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
PIT deduction	Tax incentive	20% of eligible costs (cap applies)	—	—	—	✓	✓	—	—	—	—	✓	✓	—
	Tax incentive	40% of eligible costs (cap applies)	—	—	—	—	—	—	—	—	—	✓	✓	—
	Tax incentive	60% of eligible costs (cap applies)	—	—	—	—	—	—	—	—	—	✓	✓	—
	Tax incentive	15% of eligible costs (cap applies)	—	—	—	—	—	—	—	—	✓	—	✓	—
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	✓	✓	—	✓	✓	—	—	✓	—	✓	✓	—
VAT reduced tax rate	Tax incentive	Up to 95% (depending on local regulations)	✓	✓	—	✓	✓	—	—	—	—	✓	✓	—
WCIT bonification	Tax incentive	Up to 90% (depending on local regulations)	—	—	—	—	—	—	—	—	✓	—	—	—



			Renewable energy			Decarbonisation						Circularity		
Incentive	Type	Benefit	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
RET Bonification	Tax incentive	Up to 50% (depending on local regulations)	✓	—	—	—	—	—	—	—	✓	✓	✓	—
BAT Bonification	Tax incentive	Up to 50% (depending on local regulations)	✓	—	—	—	—	—	—	—	✓	—	—	—
ICO Guarantee line	Guarantee loan	50% of the financing	✓	✓	✓	✓	✓	✓	✓	—	—	—	✓	—
PREE 5000 Program	Cash grant	20%-50% of eligible costs	—	—	—	✓	✓	✓	✓	—	—	—	✓	—
Neighborhood-level Housing Rehabilitation Program	Cash grant	40%-50% of eligible costs	—	—	—	✓	✓	✓	✓	—	—	—	✓	—
Moves III	Cash grant	20%-80% of eligible costs	—	—	—	—	—	—	—	—	✓	—	—	—

Cash grants & tax incentives for sustainable real estate in Spain

Spain is fully committed to meeting the ambitious targets outlined in the 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 National Energy and Climate Plan (NECP). This plan sets an ambitious target of reducing emissions by 32% by 2030 compared to 1990 levels. 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 more than 10 MtCO₂-eq by 2030 compared to 2020 levels (from 25,29Mt to 14,12Mt).

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, and 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.

ICO Guarantee line | *Guarantee*

Guarantee line by the Instituto de Crédito Oficial (ICO) has been established to partially cover, on behalf of the State, the risk of loans granted by private financial institutions for energy efficiency renovation works in residential buildings.

Under the approved Royal Decree-Law, this line will enable the issuance of guarantees up to EUR 1.1 billion, providing significant support for financing residential energy renovation projects.

The guarantees will cover 50% of the financing for rehabilitation works that contribute to energy improvement in residential buildings.

Specifically, the government will guarantee up to 50% of the loans granted by financial institutions for residential rehabilitation actions under the PRTR framework. Future loans will reach up to EUR 2.2 billion euros and will be granted by financial institutions that join the ICO guarantee line.

The program is valid until the end of November 2025.

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 ended, however new announcements are expected in 2025.

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 may be obtained for:

1. Actions that meet social criteria
2. Actions that raise the EPC rating to "A" or "B", on the CO₂ scale, or increase in 2 letters the energy class, and
3. Integrated actions that combine two or more types, one of them being on the thermal envelope and reducing the energy demand at least in 30%

Neighborhood-level Housing Rehabilitation Program | *Cash grant*

Aid for the execution of rehabilitation works in buildings predominantly used for residential purposes and dwellings, including single-family homes, as well as the urbanisation or re-urbanisation of public spaces within areas of intervention called Residential Rehabilitation Areas (ERRP), previously defined in municipalities of any population size.

The maximum amount of the subsidy to be granted per building will be calculated based on the achieved savings in non-renewable primary energy consumption and may cover between 40% and 80% of the intervention costs.

The maximum amounts of aid range from EUR 8,100 to EUR 21,400 per dwelling, depending on the energy savings achieved through the intervention, and cannot exceed the resulting limits described below and established in the corresponding tables.

The maximum subsidy percentage will be determined based on the reduction in non-renewable energy consumption achieved through the intervention. The amount obtained by multiplying the maximum subsidy percentage by the eligible cost of the intervention will determine the maximum aid per dwelling.

The amount obtained by multiplying the maximum aid per dwelling by the number of dwellings in the building—plus, where applicable, the aid per sqm of built area above ground level for commercial premises or other non-

residential uses, as set out in the same table—will determine the total eligible amount of the intervention.

The duration of the program has been extended in some municipalities during 2025.

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 31st December 2025.

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.




10

Sweden





				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	
Incentive	Type	Benefit	Property type													
Microproduction of renewable energy	Tax incentive	Max EUR 1,540/year	Electricity producing facility	✓	—	—	—	—	—	—	—	—	—	—	—	
Land-based windmills	Tax incentive	Property tax rate reduction	Electricity producing facility	✓	—	—	—	—	—	—	—	—	—	—	—	
Land-based solar power	Tax incentive	Property tax exempt	Electricity producing facility	✓	—	—	—	—	—	—	—	—	—	—	—	
Sea-based windmills	Tax incentive	Property tax exempt	Electricity producing facility	✓	—	—	—	—	—	—	—	—	—	—	—	
500 kW rule for solar power	Tax incentive	Energy 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 incentivize 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 resources 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; and
- 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). The subsidised income tax for microproduction of renewable energy has been proposed to be abolished, with the change suggested to take effect from January 1, 2026.

Subsidised property tax for land-based windmills | *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.

It is proposed that the property tax on wind turbines will be increased from 0.2 percent to 0.5 percent of the tax assessment value, resulting in wind turbines having the same tax rate as other electricity production units. The legislative amendment is proposed to enter into force on January 1, 2026.

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.

500 kW rule for solar power | *Tax incentive*

In Sweden, if solar panels effect are 500 kW or above, the production is tax liable to energy tax, impacting even self-consumed electricity. Owners of solar panels totalling at least 500 kW are required to declare all their electricity use, including any electricity purchased from the grid, to the Swedish Tax Agency.

For installations under 500 kW, there is an exemption from energy tax, providing a beneficial framework for smaller-scale solar production. However, the exemption is conditional: multiple installations with a combined capacity exceeding 500 kW or any single installation or group of installations with a capacity of 500 kW or more must register with the Tax Agency and pay applicable taxes on produced electricity

A special provision allows for reduced energy tax on electricity not fed into the grid, calculated at 0.6 SEK per kWh.



11

The Netherlands





Incentive	Type	Benefit	Period	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
MIA \ VAMIL	Tax incentive	6-14%	∞	—	—	✓	—	—	—	—	—	✓	✓	✓	✓
EIA	Tax incentive	10,5%	∞	✓	✓	✓	✓	✓	✓	✓	✓	—	—	—	—
SDE++	Cash grant	100% of financial gap	7/8/2025 – 6/11/2025	✓	—	✓	✓	✓	—	—	—	—	—	—	—
ISDE	Cash grant	Depends on investment type	∞	✓	—	✓	—	—	—	—	—	—	—	—	—
DUMAVA	Cash grant	≤ 40%	2/6/2025 – 31/10/2025	✓	✓	✓	✓	✓	✓	—	—	—	✓	✓	—
MEER	Cash grant	40%	1/9/2025 – 30/9/2025	—	—	—	✓	✓	✓	—	—	—	—	✓	—
SpUK	Cash grant	~ EUR 2.225 per home	1/4/2025 – 30/6/2025	—	—	—	✓	✓	✓	—	—	—	—	✓	—
SVOH	Cash grant	Max. € 15.000 per home	1/4/2022 – 31/12/2029	—	—	—	✓	✓	✓	✓	—	—	—	✓	—
SVVE	Cash grant	Depends on investment type	1/1/2025 – 31/12/2027	—	—	✓	✓	✓	✓	—	—	✓	—	✓	—
SAH	Cash grant	Max. 40%	1/5/2020 – 31/12/2025	—	—	✓	✓	✓	—	—	—	—	—	—	—
WIS	Cash grant	45% of financial gap	Expected second half 2025	—	—	—	✓	—	—	—	—	—	—	—	—
VEKI	Cash grant	15% -50%	Exected second half 2025	—	—	—	✓	—	—	—	—	—	—	—	—



Incentive	Type	Benefit	Period	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
DEI+	Cash grant	50%	28/1/2025 – 28/8/2025	—	—	—	✓	—	—	—	—	—	—	—	—
SPOR	Cash grant	Max. € 200.000	1/1/2025 - 31/12/2025	—	—	—	—	—	—	—	—	—	—	✓	—
Flex-e	Cash gant	50%	1/4/2025 – 15/10/2025	✓	✓	—	—	—	—	—	✓	—	—	—	—
Spula / Sprila	Cash grant	Depends on type of charger	25/3/2025 – 19/12/2025	—	—	—	—	—	—	—	—	—	✓	—	—
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 shaped by international, European, and national agreements, notably the EU's Fit for 55 package, targeting a 55% CO2 emissions reduction by 2030. The Netherlands aims for a reduction of 60% and has established stringent timelines for various sectors, including the built environment. To meet these goals, the 2022 "Acceleration of Sustainability in the Built Environment" program was introduced, focusing on five program lines with specific objectives. By 2030, targets include improving insulation in at least 2.5 million homes and replacing 1 million central heating boilers with energy-efficient heat pumps. To expedite the transition, the Dutch government offers numerous financial incentives, including cash grants, tax incentives, and soft loans, tailored for different asset owners.

Energie-investeringsaftrek (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.

Milieu-investeringsaftrek (MIA) en de Willekeurige afschrijving milieu-investeringen (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 7% and 11,6%. With the Vamil, you can decide when to write

off 75% of your investment costs. This gives you an advantage in liquidity and interest.

Stimulerende Duurzame Energieproductie en Klimaattransitie (SDE++) | Cash grant

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 CO2 emissions. The SDE++ is an operating subsidy which compensates the difference between the cost price of sustainable energy (or the reduction in CO2 emissions) and the revenue generated. This is referred to as the unprofitable component.

Investeringssubsidie duurzame energie en energiebesparing voor zakelijke gebruikers (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 for business users 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.

Investeringssubsidie Duurzaam Maatschappelijk Vastgoed (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.

Meerjarige Experimenten Effectieve Renovatiestromen (MEER) |

Cash grant

The MEER subsidy supports large-scale renovation projects that encompass over 500 homes, utilising a standardised, industrialised approach. Homeowners and providers of the standardised and industrialised approach must jointly execute the project. The subsidy may cover up to 40% of eligible costs, with a maximum limit of EUR 15,000 per home and EUR 10 million per consortium.

Specifieke Uitkering (SPUK) Lokale Aanpak Isolatie | *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 2,225 per home.

Subsidieregeling Verduurzaming en Onderhoud Huurwoningen (SVOH)

Cash grant

The SVOH subsidy program is designed to assist landlords who invest in energy-saving initiatives (such as insulation, insulating glass, and energy efficient ventilation), sustainable heating solutions (like heat pumps and solar boilers), as well as maintenance measures. The SVOH subsidy support investments in . The maximum subsidy per rental property is EUR 15,000.

Subsidieregeling verduurzaming voor verenigingen van eigenaars (SVVE)

Cash grant

The SVVE offers financial assistance to homeowners associations, residential groups, and housing cooperatives in the Netherlands to aid in making their buildings more sustainable. It includes support for sustainability advice, implementing sustainability measures, and developing charging infrastructure. Examples of these sustainability measures include installing insulation, heat pumps, solar boilers, and connecting to heat networks.

Stimuleringsregeling aardgasvrije huurwoningen (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.

Warmtenetten Investeringssubsidie (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.

Demonstratie Energie- en Klimaatinnovatie (DEI+) Aardgasloze gebouwde omgeving | *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 6 million euro.

Versnelde klimaatinvesteringen industrie (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 CO₂-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 30 million euro.

Subsidierегeling procesondersteuning opschaling renovatieprojecten (SPOR) | *Cash grant*

SPOR supports cooperative groups of homeowners aiming to hire a process facilitator to assist with sustainability projects. Eligible groups include owner-occupiers, housing corporations, private landlords, homeowners associations, residential associations, and housing cooperatives.

Subsidierегeling Private Laadinfrastructuur bij bedrijven (SPRILA) and Subsidie Publieke Laadinfrastructuur zwaar vervoer (SPULA) | *Cash grant*

The Netherlands plans for emission-free transport by 2050. To facilitate this transition, entrepreneurs can apply for subsidies to establish charging infrastructure. The SPRILA program provides financial support for installing electric vehicle charging infrastructure on private premises and for obtaining feasibility and implementation advice. Meanwhile, the SPULA program offers financial assistance for setting up charging infrastructure in public spaces for heavy duty vehicles.

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 maximize 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 and may therefore be subject to income tax. Also, in this case it is possible to optimize 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.

12

United
Kingdom





Incentive	Type	Benefit (%)	Period	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	100%	∞	✓	✓	✓	✓	✓	✓	✓	✓	—	—	✓	✓
CAs Super Deduction	Tax incentive	Up to 130%	01-04-2021 – 31-3-2023	✓	✓	✓	✓	✓	✓	✓	✓	—	—	✓	✓
CAs R&D FYAs	Tax incentive	100%	∞	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
CAs AIA	Tax incentive	£1m	∞	✓	✓	✓	✓	✓	✓	✓	✓	—	—	✓	✓
SBAs	Tax incentive	3%	∞	—	—	—	—	—	—	—	—	—	—	✓	✓
Land Remediation Relief	Tax incentive	150%	∞	—	—	—	—	—	—	—	—	—	—	—	✓
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.

Following the change in UK government in 2024, public funding to support the sustainable real estate sector continues to evolve, with targeted grants expected to drive decarbonisation, innovation, and levelling up - though competition is intensifying and navigating the fragmented funding landscape requires careful alignment of project goals with specific scheme criteria.

Capital Allowances (CAs) | *Tax incentive*

The UK capital allowances regime (also known as Tax Depreciation) provides tax relief against taxable income for capital expenditure 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 expenditure 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 expenditure type.

Capital Allowances – Detailed provisions

Plant, Machinery and Equipment Plant & Machinery – main pool

Qualifying expenditure e.g. on equipment, machinery, IT hardware, and many commercial vehicles attracts an 18% reducing balance writing down allowance per annum.

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 and other 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, long life plant and machinery with a life of over 25 years, and many cars, attracts a 6% reducing balance writing down allowance per annum. See rule below regarding Full Expensing.

Accelerated tax depreciation – Rate

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.

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 1 million. 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 including several that can impact 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 1 million.

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% allowance in respect of assets, including buildings and plant & machinery, used to carry out qualifying R&D.

Accelerated tax depreciation

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. This is now a permanent relief.

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).

There are clawback provisions of the relief upon disposal of assets that obtain full expensing. Detailed tracking of the assets is required to make sure these provisions are applied correctly.

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 2026 for companies.

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

Land Remediation Relief (LRR) | Tax incentive

A 150% deduction for companies incurring 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; and
- 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 Grants landscape | *Cash grants*

The UK government changed political party in 2024 and grants available to support UK businesses continue to evolve as the new government sets policy and budgets. It is expected that the government will continue to channel public funding through targeted grants to accelerate progress towards its net zero, innovation, and levelling up agendas - areas where the built environment plays a critical role. In the sustainable real estate sector, grant funding is expected to be directed towards projects that deliver measurable decarbonisation, energy efficiency improvements, and the adoption of low-carbon construction methods and materials.

While funding opportunities remain significant, competition has intensified and the landscape has become more fragmented, with different programmes expected to support varying aspects of the real estate lifecycle - from retrofit and regeneration to green infrastructure and smart building technologies. Capital expenditure on decarbonising buildings, such as low-carbon heating systems, renewable energy integration, or energy performance upgrades, may be eligible for support. However, eligibility criteria, funding caps, and match-funding requirements will differ across schemes, making it essential for developers and asset owners to align project objectives with specific programme goals.

Best practices - structuring

In practice, we see that multiple instruments can be cumulated for sustainability investments in buildings, which can maximize 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 optimize 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 2025 (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 2025.

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Colophon

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Thank you!

