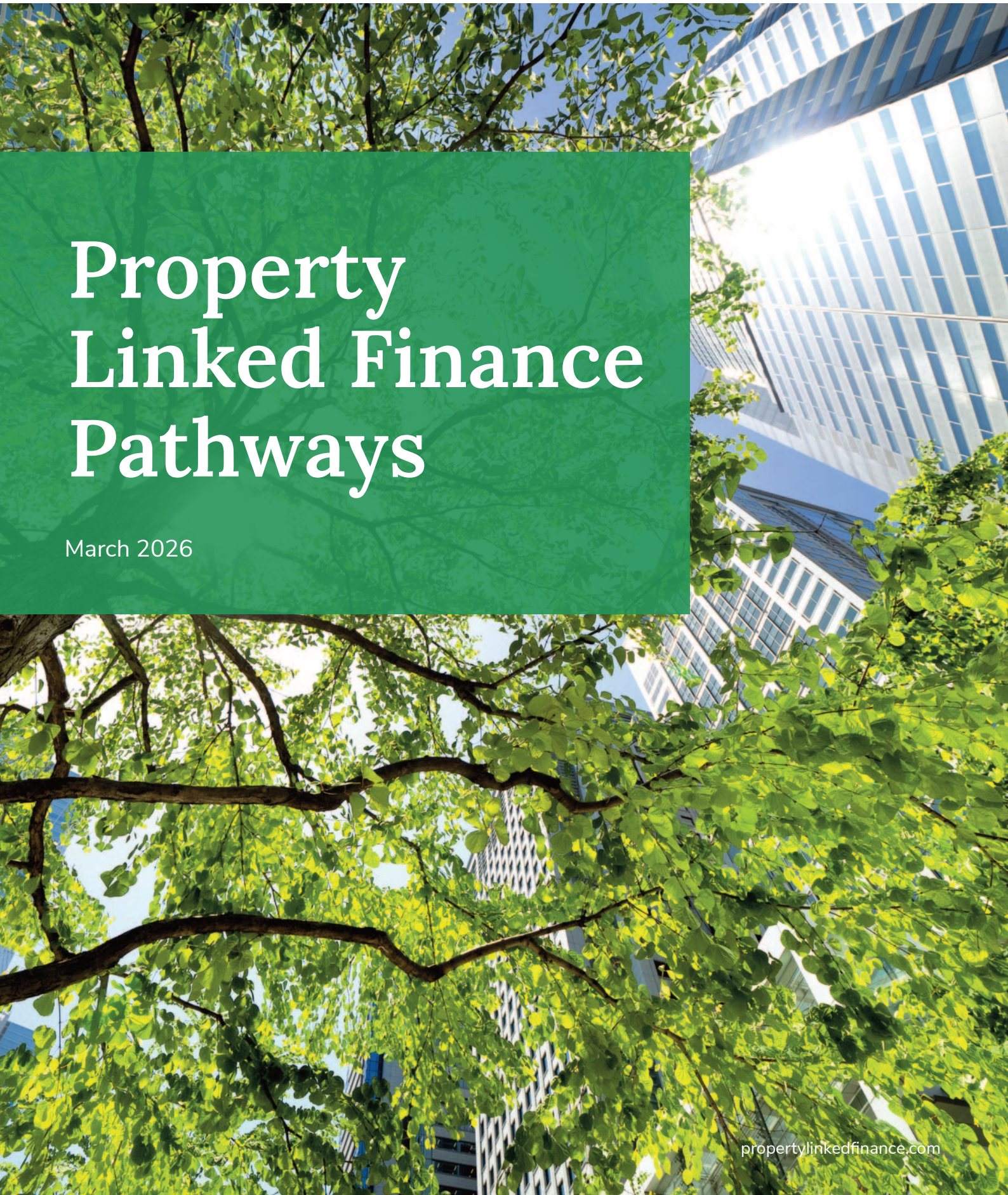
Global **Property Linked Finance** Initiative



Property Linked Finance Pathways

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propertylinkedfinance.com

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Executive summary

Improving the energy efficiency and resiliency of the built environment is critical to meeting global climate goals, with the built environment accounting for 37% of global emissions.[1] Achieving this will require an estimated USD 34 trillion by 2050.[2] However, traditional finance markets have struggled to mobilise capital at the pace and scale needed. As a result, many property owners still lack access to affordable, long-term green construction and building upgrade solutions.

What is Property Linked Finance and the Global Property Linked Finance Initiative?

Property Linked Finance (PLF) helps close this gap by financing up to 100% of green construction or building upgrade costs. PLF is uniquely structured to "run with the land" so that repayment obligations transfer to subsequent property owners. Its non-accelerating, non-extinguishable structure provides long-term certainty, making it attractive both to borrowers – who pay only while they benefit from the upgrade – and to lenders, who gain stable, risk adjusted returns. Despite success in markets like the US, Australia, and Canada, global development remains fragmented.

The Global Property Linked Finance Initiative (GPLFI) was established to overcome this fragmentation and accelerate global PLF market growth. It provides shared resources, market expertise, and on the ground support through PLF Accelerators, enabling a faster and more coordinated route to market.

What are the Property Linked Finance Pathways?

The PLF Pathways are an instrumental element of this mission, offering a practical and replicable methodology for designing, launching, and scaling PLF across diverse market contexts. These pathways are intended for stakeholders across residential and commercial sectors, for both building upgrades and new construction, and for use in emerging markets and developing economies (EMDEs) as well as economically developed markets. Whilst most PLF activity to date has taken place in the latter, recent work in the Philippines demonstrates PLF's adaptability and relevance to emerging markets seeking to unlock private capital for green construction and building upgrades.

The PLF Pathways (Figure 1) outlines the full journey required to bring a PLF solution to market across eight sequential and flexible steps.

[1] https://www.unep.org/resources/report/building-materials-and-climate-constructing-new-future#:~:text=The%20buildings%20and%20construction%20sector,within%20informal%20and%20formal%20settings.

[2] Based on A&O Shearman / Climate Policy Initiative 2024 figures: 'How big is the Net Zero financing gap?',

Figure 1: PLF Pathway

1. Landscape mapping — Analyse the real estate finance and retrofit market standards, and review relevant policies, regulations and market trends in the target region.

2. Testing market demand — Conduct corporate and consumer research on retrofit needs and appetite for PLF; use findings to size the addressable market.

3. Initial light-touch investigation into PLF in the target region, including:

3a. Linking-mechanism scan — High-level review of tax, property-law and other relevant approaches to identify potentially viable mechanisms for attaching finance to property.

3b. Preliminary technical product design — Outline the PLF product concept based on the most promising linking mechanism(s).

3c. Legislative feasibility check — Identify whether any legislative barriers exist and whether changes might be required.

3d. Market priming (early engagement) — Conduct exploratory conversations with financiers, developers, regulators and policymakers to gauge interest and identify potential champions.

4. Detailed analysis of PLFs viability in the target region, including:

4a. Linking-mechanism analysis — Review tax, property-law and other relevant approaches to identify the legally and operationally viable linking mechanism to attach the finance to the property.

4b. Technical product design — Design the PLF product around the chosen linking mechanism, specifying the different product features for PLF in the target region.

4c. Enabling legislation — Determine whether new or amended legislation is required and define the legislative changes needed to support the technical product design.

4d. Market priming — Engage financiers, developers, regulators, policymakers and other stakeholders to secure champions and pioneers and upskill the wider market.

5. Pilot demonstrators and proving the model — Deliver controlled demonstrator deals to test the end-to-end solution, generate positive case studies and capture lessons for refinement.

6. Driving demand, partnership and distribution – Continue to scale PLF in the target region.

Together, these steps create a structured, streamlined approach to launching PLF solutions that can help countries overcome financial barriers to future proof their building stock. By adopting the PLF Pathways, stakeholders can accelerate the route to market, reduce risk, and support governments in meeting energy-efficiency and climate commitments.

Introduction

The built environment and construction sector are responsible for 37% of global greenhouse gas (GHG) emissions[1]. Adapting the global building stock to extreme weather events is becoming increasingly important: between 2014 and 2023 extreme weather events affected an estimated 1.6 billion people and caused around USD 2 trillion in economic losses, with 2022–2023 alone costing USD 451 billion - a 19% rise versus the prior eight-year period[3]. Meeting both mitigation and adaptation needs requires significant investment: an **estimated USD 34 trillion is needed to decarbonise the built environment by 2050**[2]. This investment gap cannot be addressed solely by regulation and policy, and the current financial landscape struggles to overcome major barriers to financing energy-efficiency and climate resilience improvements. New, innovative financial solutions are therefore essential; Property Linked Finance (PLF) is one such solution.

What is Property Linked Finance and the Global Property Linked Finance Initiative?

PLF is an innovative financial solution designed to fund projects that improve the environmental performance and climate resilience of buildings. PLF addresses major barriers to upgrading buildings by covering up to 100% of building upgrade costs and offering payment terms that match the useful lifetime of measures. Importantly, the finance is linked to the property rather than the property owner, so repayment obligations transfer to the new owner upon sale, meaning the property owner only pays for improvements whilst they own the property and benefit from them. PLF therefore provides long term, attractive finance for property owners while offering low risk, attractive, risk-adjusted returns for capital providers. Further information on PLF's structure and defining features can be found in the PLF Principles[4], which sets out the recommended framework.

[3] https://iccwbo.org/wp-content/uploads/sites/3/2024/11/2024-ICC-Oxera-The-economic-cost-of-extreme-weather-events.pdf#:~:text=Our%20analysis%2C%20commissioned%20by%20the%20International%20Chamber,costs%20already%20reshaping%20communities%20and%20economies%20worldwide.

[4] https://www.propertylinkedfinance.com/wp-content/uploads/2025/11/GFI-GPLFI-REPORT.pdf

The United States (US), Canada and Australia have pioneered early market adoption, with further innovation in the United Kingdom (UK), Spain and the Netherlands; however, these markets have evolved in isolation over a 16 year timeframe and are fragmented by geography, submarket and project type. As a result, there is no clear, shared guidance on how to design, launch and scale these solutions - creating uncertainty for investors and limiting PLF's potential to mobilise substantial private capital into energy efficiency and climate resiliency.

The Global Property Linked Finance Initiative (GPLFI) aims to overcome this market fragmentation, promote the development of PLF markets globally and accelerate the route to market for new PLF solutions by building a pool of shared resources, political buy-in and on the ground resources in local markets through PLF Accelerators and capital market vehicles. GPLFI set out this aim by publishing the PLF Principles[4] in November 2025, establishing the recommended principles and product features.

The importance of the Global Property Linked Finance Initiative and the Property Linked Finance Pathways

The PLF Pathways provide a clear, replicable step-by-step guide to help financial institutions, policymakers, and industry players establish and scale PLF solutions in their local markets. Aligned with the PLF Principles, these pathways present a framework designed to maintain consistency while adapting to varied legal and regulatory contexts.

The PLF Pathway enables market participants to identify the fastest go-to-market strategy, accelerating legislative processes where needed and promoting best practices by drawing on lessons from markets that have successfully scaled PLF, such as the US and Australia. By shortening learning cycles and streamlining implementation, the PLF Pathways are designed to enable coordinated action between stakeholders and reduce the time required to deploy capital.

This, in turn, supports governments in meeting their energy efficiency and resiliency targets whilst alleviating pressure on public budgets. PLF should be accessible across tenures, project types and geographies; therefore, the PLF Pathways are designed to be relevant to stakeholders considering launching PLF in residential or commercial sectors, across building upgrades or new construction, and are applicable in both emerging markets and developing economies (EMDEs) as well as in developed markets. Although most activity to date has been in the latter, PLF can also play a vital role in EMDEs. Work has already begun in the Philippines to explore the feasibility of launching a PLF solution, demonstrating the model's adaptability to diverse market conditions.

The PLF Pathways include eight replicable steps covering the entire journey from landscaping mapping and market demand testing to technical product design and demonstrator projects – giving stakeholders a clear pathway for action. Figure 1 below illustrates these steps.

Figure 1: PLF Pathway

1. Landscape mapping — Analyse the real estate finance and retrofit market standards, and review relevant policies, regulations and market trends in the target region.

2. Testing market demand — Conduct corporate and consumer research on retrofit needs and appetite for PLF; use findings to size the addressable market.

3. Initial light-touch investigation into PLF in the target region, including:

3a. Linking-mechanism scan — High-level review of tax, property-law and other relevant approaches to identify potentially viable mechanisms for attaching finance to property.

3b. Preliminary technical product design — Outline the PLF product concept based on the most promising linking mechanism(s).

3c. Legislative feasibility check — Identify whether any legislative barriers exist and whether changes might be required.

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5. Pilot demonstrators and proving the model — Deliver controlled demonstrator deals to test the end-to-end solution, generate positive case studies and capture lessons for refinement.

6. Driving demand, partnership and distribution – Continue to scale PLF in the target region.

The following chapters provide detailed guidance and practical insights for each of the PLF Pathways steps, including key actions and stakeholder roles.

Landscape mapping

Key takeaways:

- Landscape mapping is the foundational step when introducing PLF to a new market, helping assess regulatory, legislative and market conditions that determine viability and scalability.
- Understanding differences across residential vs commercial markets, building upgrades vs new construction, and EMDEs vs developed markets is essential to designing PLF solutions that are context specific and equitable.
- Mapping enables identification of key stakeholders, policy levers, supply chain readiness and existing funding gaps – helping pinpoint how PLF can provide the greatest impact.
- Clear scoping informed by this process allows market actors to prioritise the most suitable regions and segments for PLF pilots and accelerate the route to market.

Relevant stakeholders: capital providers, public finance organisations, green construction and building upgrade contractors and specialists, regulators, legislators and real estate organisations.

Landscape mapping is the first step when looking to introduce PLF in a new market. It is vital to assess the regulatory, financial, and market dynamics that shape PLF's viability. Landscape mapping helps identify opportunities, barriers, and key stakeholders that influence launching and scaling PLF in a new market.

PLF is applicable to residential and commercial markets, building upgrade and new construction markets, in both EMDEs and developed economies – all of which are considerations when conducting landscape mapping. Each of these segments presents distinct characteristics in terms of financing standards and policy frameworks, and will inform PLF solutions that are contextually relevant and scalable. It is also important to consider all these segments to ensure broad accessibility across tenures, project types, and geographies, enabling PLF to achieve wide reach and impact in line with the GPLFI's PLF Principles[4].

How to conduct robust landscape mapping

1. **Map stakeholders:** List all actors involved in green construction and building upgrade finance and delivery and assess their roles and influence. This includes capital providers, public finance organisations, green construction and building upgrade contractors and specialists, regulators, legislators and real estate organisations.

2. **Analyse current funding models:** Examine how real estate across residential and commercial sectors, as well as building upgrades and new construction, is currently funded. Identify gaps in the market and assess whether a product aligned with PLF's characteristics (outlined in the PLF Principles[4]) would be viable and attractive.

3. **Review policies and incentives:** Analyse local and national regulations, policies, incentives, and climate targets that affect green construction and building upgrade activity as well as real estate financing. Example questions to consider include:

   - *Are there any minimum energy efficiency standards in the target country?*
   - *Are there any green construction and building upgrade requirements in the target country? (e.g. all properties requiring a clean heating system)*
   - *Are there any government grants, subsidies, or tax incentives for green construction or building upgrades?*
   - *Are there any national or local climate targets related to buildings or GHG emissions?*
   - *Is there an energy efficiency and climate resiliency strategy that includes the built environment in the target region?*

4. **Assess market maturity:** Evaluate the depth of green construction and building upgrade supply chains, consumer demand, and financing infrastructure. Example questions to consider include:

   - *Are there any nationally recognised standards or frameworks in the target country that govern how green construction and building upgrade projects should be designed, delivered, or quality-assured?*
   - *Are green construction and building upgrade materials and technologies (e.g. heat pumps, insulation, solar) readily available and competitively priced? And are there enough qualified contractors and specialists to meet demand?*

5. **Identify gaps and opportunities:** Highlight areas where PLF can fill financing gaps, align with policy goals, or unlock green construction and building upgrade potential.

6. **Define the scope:** Based on the above, select the geographic region and market segments to introduce PLF.

Landscape mapping case study:

Philippines

Initial landscape mapping in the Philippines identified key stakeholders for engagement, including the International Finance Corporation (IFC), C40, the Green Finance Institute (GFI), national and local government bodies, and financial institutions. The review of current funding models revealed that finance is not typically used in residential real estate, suggesting that PLF would be better suited to commercial properties in the Philippines.

Engagement with commercial property owners confirmed demand for finance in the commercial real estate sector for both building upgrade and new construction projects. Policy and incentive analysis further highlighted that PLF is needed to support the country's climate plan to unlock capital, helping fill a clear market gap. The mapping also revealed a growing interest in solar energy and energy efficiency, particularly among larger organisations with access to energy service companies (ESCOs).

Based on these findings, PLF was identified as a viable and strategic financing solution for commercial properties in the Philippines, with strong potential to support both building upgrade and new construction efforts. Work is now underway to develop a tailored PLF solution for this market.


The Future
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Testing market demand

Key takeaways:

- Testing market demand is critical to validate PLF's viability, helping estimate the potential market size, understand adoption drivers and barriers, and build a compelling business case for policymakers, investors, and financial institutions.
- Both consumer and business demand should be explored to ensure Residential PLF (R-PLF) and Commercial PLF (C-PLF) models are tailored, relevant, and aligned to the motivations and constraints of different market segments.
- A mixed-methods approach provides the strongest insight, with quantitative analysis providing key metrics, including sizing the market, and qualitative research revealing more in-depth motivations, behavioural drivers, and perceptions of PLF.

Relevant stakeholders: researchers, financial institutions, governments

Once landscape mapping has identified a gap in the market for PLF based on the target region's policies, regulations, and market trends, the next step is to test demand amongst both consumers and businesses. Understanding market demand is essential to determining if PLF will succeed in the target region and for building a strong business case for PLF with policymakers and financial institutions. It helps assess the potential market size, identify key drivers and barriers to uptake, and uncover the most promising target segments. These insights can be leveraged in later stages of the Pathway to enhance product design, stakeholder engagement, and overall market uptake.

It's important to assess both consumer and business demand for PLF. This ensures that both C-PLF and R-PLF models are designed to be viable and tailored to the needs of property owners. Demand levels and appetite drivers vary across different market segments, therefore it is necessary to carry out research specific to the target region.

Market testing should combine both quantitative and qualitative research to achieve a robust and holistic view. Quantitative analysis delivers key metrics such as market size and adoption potential, whilst qualitative research provides more detailed insights into respondents' motivations, barriers, and behavioural drivers. The research should also investigate appetite and demand drivers for energy efficiency and climate resilience, as well as PLF, since PLF uptake is directly dependent on individuals and businesses being motivated to improve the environmental performance and resilience of their buildings.

Example questions to consider:

1. How do respondents feel about improving the environmental performance of their properties, and what are their main drivers?
2. What are respondents' attitudes to government sustainability and energy efficiency ambitions and targets, and how do these views influence their decisions to make environmental improvements to their properties?

3. What is the appeal and understanding of PLF amongst respondents and how does this compare to alternative finance products? How likely are respondents to use PLF to fund green construction or building upgrades?
4. What would give respondents confidence and trust in PLF, and what steps can be taken to improve this?
5. Is there a clear segment of respondents who PLF appeals to, and a clear segment who are generally averse to finance?
6. How do respondents think PLF will impact the buying and selling process, and are there any potential barriers to overcome?

A more comprehensive set of questions to consider is provided in Annex 1.

Testing market demand case study:

The UK

The GFI has commissioned consumer and commercial research on PLF in the UK to assess its viability, build a robust business case, and engage key stakeholders essential for launching and scaling the scheme.[5] [6] [7] [8] [9] Testing market demand through this research has proven vital in validating the concept and shaping its strategic direction.

The findings revealed strong interest across both audiences: 63% of consumer respondents were neutral or likely to use PLF, and among those open to third-party finance for energy efficiency 73% supported the proposed scheme (Figure 2). Similarly, 62% of commercial respondents indicated they were likely to adopt PLF for energy efficiency improvements (Figure 3).

This appetite data was leveraged alongside government and industry data to estimate that UK PLF could mobilise between £90 billion and £147 billion of investment, of which R-PLF could mobilise between £52 billion and £70 billion and C-PLF may mobilise £38 billion to £77 billion. The research also identified specific market segments with a higher likelihood of engagement, enabling more targeted outreach.

[5] UK PLF consumer research 2021-2022
[6] UK PLF consumer research 2023
[7] UK PLF consumer research 2024
[8] Scottish green home finance consumer research 2025
[9] UK commercial research 2025

Figure 2: Likelihood of consumers using PLF

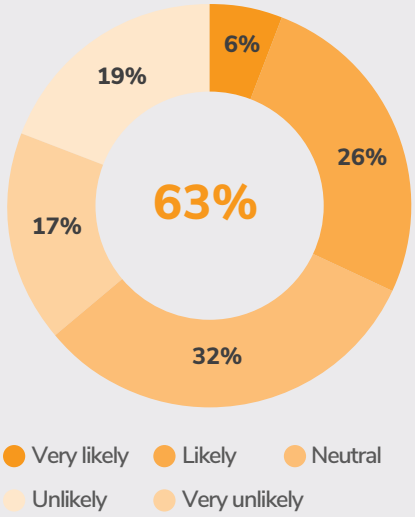
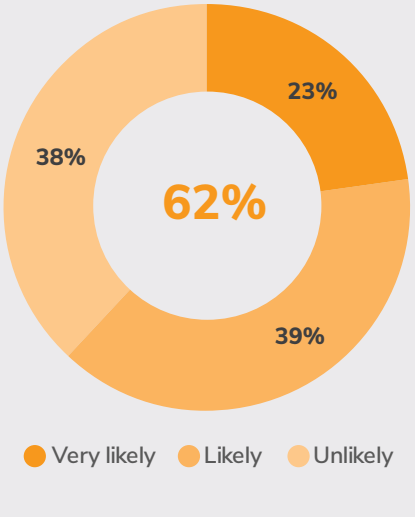
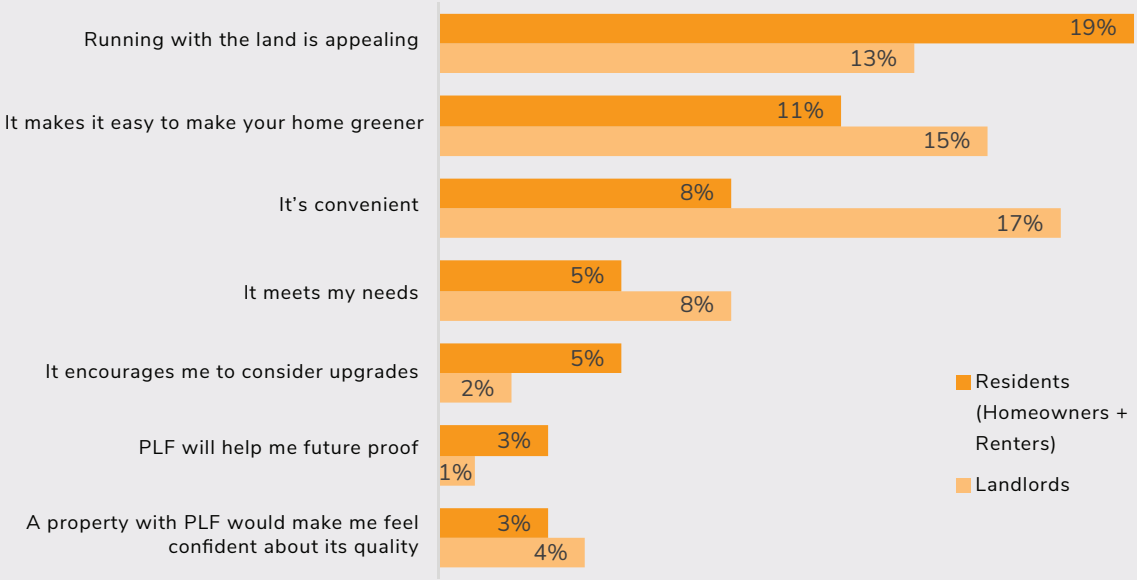


Figure 3: Likelihood of organisations using PLF for energy efficiency measures



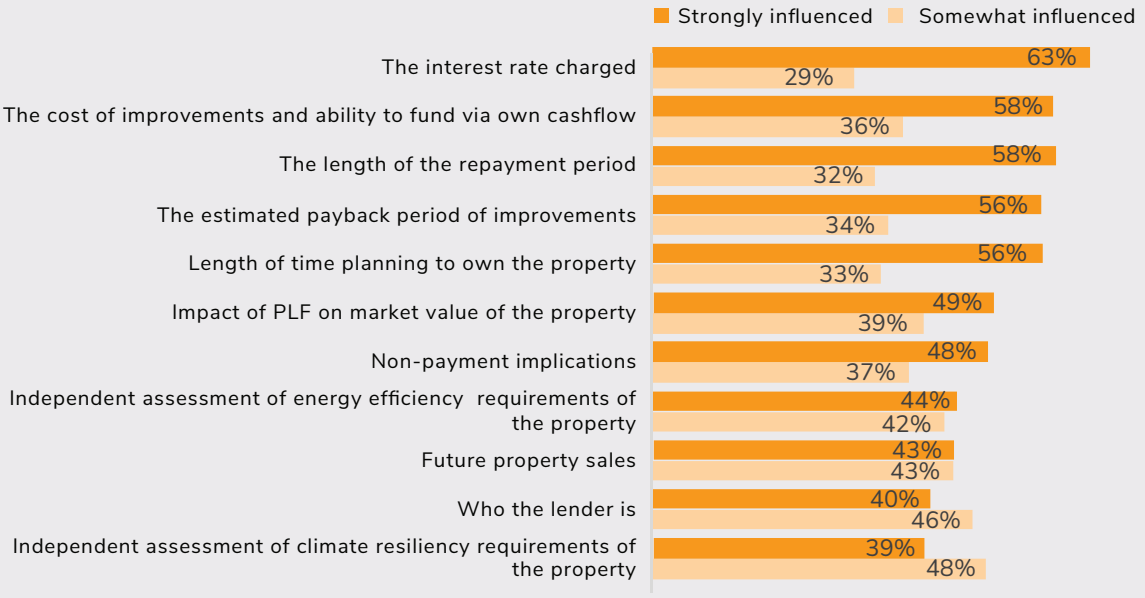
Beyond gauging interest, the studies uncovered key motivations driving potential adoption. These included the appeal of reduced energy bills, the benefit of no upfront costs, allowing for quicker implementation of improvements, and the unique feature of PLF being tied to the property rather than the individual, meaning repayments are made only while the owner benefits from the upgrade (Figure 4 & 5). These insights were instrumental in shaping a series of strategic recommendations. These included the need for targeted messaging that emphasises the financial advantages of PLF, the importance of building trust through increased awareness and a transparent process, and the critical role of government policy to support the scheme. Overall, the research highlighted how demand testing not only validates market readiness but also informs effective design and communication strategies for successful rollout.

Figure 4: Influences on the suitability of R-PLF[10]



[10] This graph is based on findings from a study conducted in Scotland and may not fully reflect conditions across the wider UK market

Figure 5: Influences on the suitability of C-PLF



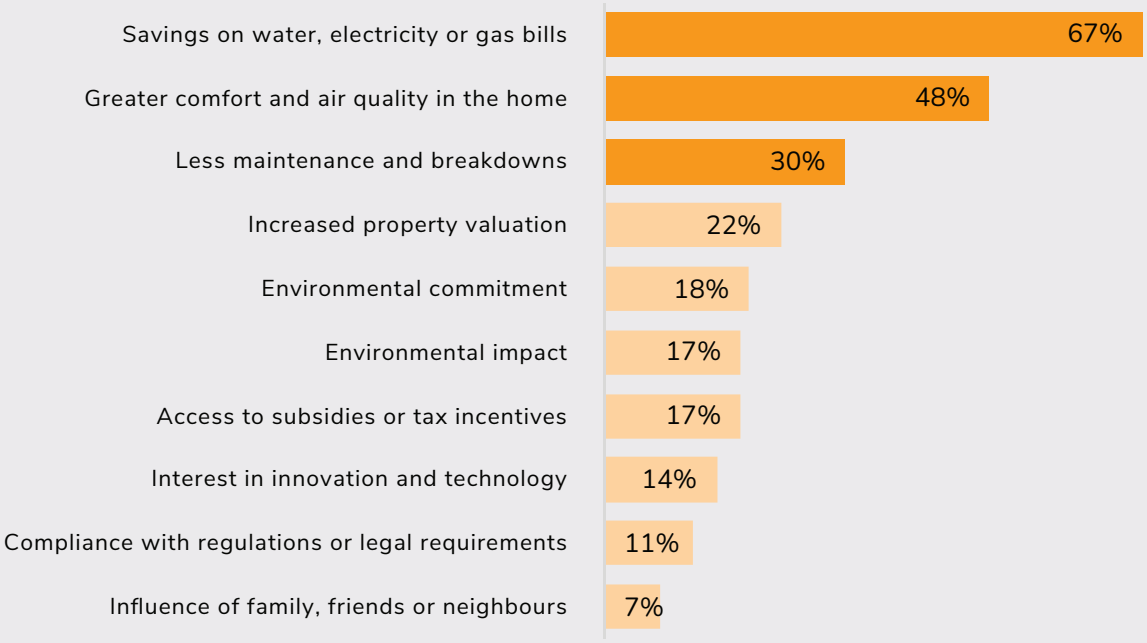
Testing market demand case study:

Spain

The GFI commissioned a consumer research study in Spain to explore homeowners' attitudes toward PLF, assess its viability, identify key barriers to overcome, and build a robust business case for PLF in Spain.

The findings revealed a large but untapped market: around three million households are currently considering home improvements, representing an estimated market potential of over €30 billion. Key drivers of improvement included savings, comfort, environmental responsibility, and health benefits (Figure 6).

Figure 6: Key drivers for energy efficiency building upgrades



The research revealed that interest in PLF products was high, with 76% of respondents saying they would consider buying a PLF product. However, awareness of green home finance was very low. Barriers to adoption included debt aversion, lack of information, and concerns about future resale value.

These insights helped identify actions to unlock demand and scale PLF in Spain. Key recommendations included:

- Designing simple, transparent products,
- Integrating subsidy management into financing solutions,
- Targeted communication to build awareness and trust.

The research also identified priority customer segments to support initial PLF launches. The findings provide a pathway for market entry and demonstrate the importance of consumer-centric design and clear messaging to accelerate adoption.

Linking mechanism analysis

Key takeaways:

- There are several legal pathways that can be used to 'link' PLF to a property, ensuring that the payment obligation runs with the land.
- Efforts should be made to utilise existing PLF markets' analysis when investigating potential mechanisms to streamline the process and avoid duplicating work.
- Potential mechanisms should be assessed against the PLF Principles[4] to ensure they align with the core objectives of PLF.

Relevant stakeholders: lawyers, financial institutions, real estate organisations, government

Once appropriate demand for PLF has been identified, market participants should consider the most suitable 'linking mechanism' for PLF in the target region, drawing on insights from the market demand testing and landscape mapping stages. The process should follow a two-stage approach, running in parallel with steps 3/4 b, c and d:

- Stage 1: Initial light-touch investigation to establish viability.
- Stage 2: Detailed analysis of the preferred mechanism(s).

A 'linking mechanism' is a legal mechanism that 'links' the finance to the property, ensuring that the payment obligation runs with the land. This can be achieved through various legal routes. Early PLF markets, such as the US and Australia, adopted tax-based linking mechanisms - repayments are made via property-assessed taxes in the US and through local council rates in Australia. However, subsequent markets have explored bespoke solutions. For example, the UK has identified a property law-based linking mechanism called a Local Land Charge. When exploring an appropriate linking mechanism, efforts should be made to utilise existing PLF markets' analysis into linking mechanisms, where applicable, to avoid duplication of work.

Key considerations when identifying a linking mechanism:

1. Is the linking mechanism tailored to the specific regional context to ensure scalability and long-term viability?
2. Can the linking mechanism be introduced at a national level, or is a more regional approach required? A national framework offers a more streamlined approach, providing consistency, simplifying communication with stakeholders and ensuring alignment with overarching regulatory and policy objectives. If a regional approach is required, has a strategy been developed to ensure that administrative or legal complexities and fragmentation are mitigated?
3. Does the linking mechanism align with the PLF Principles[4] recommended principles and product features to ensure that the mechanism supports the core objectives of PLF? Table 1 below provides a checklist of the principles and product features.

Table 1: Linking mechanism evaluation checklist

PLF Principles	Alignment check	PLF product features	Alignment check
1. Addresses the temporal split incentive.		1. PLF must finance an environmental or resilience benefit to the property and meet a public purpose.	
2. Defined but flexible use of proceeds.		2. PLF must run with the land.	
3. Compatible with existing financial markets and regulatory environments.		3. PLF should be non-accelerating and non-extinguishable in an event of default.	
4. Accessible across different tenures, project types and the widest possible geographic reach.		4. PLF can offer repayment terms that match, but not exceed, the useful lifetime of the environmental measures.	
5. Robust customer protections and simplicity.		5. PLF can have a super-senior ranking charge.	
6. Market transparency.			

Once a potential linking mechanism (or mechanisms) has been identified, it is important to validate the analysis with a range of stakeholders to ensure legal, financial, and operational feasibility.

Linking mechanism analysis case study:

Australia

Australia introduced a PLF-style scheme in 2010, known as Environmental Upgrade Finance (EUF), initially targeting existing commercial buildings in the state of Victoria. At that time, the only comparable product in the market was Property Assessed Clean Energy (PACE) finance in the US, making EUF the first of its kind in Australia. The appropriate linking mechanism was readily identifiable, as Australia and the US share similar business rate systems, making a tax-based linking mechanism a natural choice. The development of EUF began with discussions between the City of Melbourne and a local bank, who together identified council rates as the most appropriate and mutually acceptable mechanism to support the launch. Legislation was subsequently passed to enable EUF in Melbourne, and similar frameworks were later adopted in other states, allowing the scheme to expand nationally and maximise its impact.

Following the rollout of EUF, stakeholders considered whether state government property taxes could serve as an alternative linking mechanism. From a banking and finance perspective, however, this option was judged insufficiently robust. As a result, local government council rates remained the preferred and more secure route, providing the stability needed for lenders and investors to support the scheme at scale.

Linking mechanism analysis case study:

The UK

A collaboration between the GFI, Lloyds Banking Group and NatWest Group explored the opportunities and practicalities of developing PLF in the UK and undertook analysis to establish a recommended linking mechanism. Unlike in Australia, where the business rates system closely aligned with that of the US and allowed for a more straightforward adaptation of the PACE model, the UK did not have a directly comparable framework. This required a strategic, market-wide investigation into a range of possible linking mechanisms.

When exploring potential linking mechanisms for PLF in the UK, it was first identified that differences between the legal systems of England and Wales versus Scotland would likely necessitate distinct delivery routes. To understand how the linking mechanisms could operate in practice, the collaboration engaged legal experts to assess feasibility.

- **England and Wales:** Seven potential linking mechanisms were evaluated for R-PLF and five linking mechanisms were explored for C-PLF as outlined in Table 2 below. Each potential linking mechanism was assessed for practical feasibility and mapped against the key features considered essential for PLF in the UK.
- **Scotland:** A parallel analysis was conducted, considering both the mechanisms explored in England and Wales and additional options unique to the Scottish legal framework.

Table 2: Alignment of potential C-PLF linking mechanisms in England and Wales to the GPLFI's PLF Principles[10]

Key: Strong alignment | Moderate alignment | Weak alignment

	Option explored	Local Land Charge	Restrictions on Title	Separate Utility ('Retrofit as a Service')	Utility under Insolvency Act	Amendments to Business Improvement District regulations
Alignment with PLF Principles	Temporal split incentive					
	Defined but flexible use of proceeds					
	Market & regulatory compatibility					
	Broad accessibility across projects and regions					
	Robust customer protections					
	Market transparency					
Alignment with PLF Product Features	Finance environmental / resilience benefits					
	Runs with the land					
	Non-accelerating & non-extinguishable					
	Term can match the useful lifetime					
	Super-senior ranking charge					

Following this comparative assessment, the preferred mechanisms were:

- **PLF Local Land Charge** for England and Wales.
- **PLF Standard Security** for Scotland.

These were selected based on legal robustness, alignment with the PLF Principles, and practical deliverability within each jurisdiction. The collaboration then engaged a range of stakeholders, including financial institutions, government bodies, and real estate organisations, to validate the proposed PLF approach, gather feedback on implementation feasibility, and build support for market development. The recommended approaches for launching and scaling PLF, based on this analysis, were then published to the wider UK audience through the UK and Scottish PLF Greenprints[11] [12].

[10] Further detail on the different PLF linking mechanisms explored for England and Wales and how they operate can be found in the UK PLF Greenprint report

[11] A greenprint for Property Linked Finance in the UK

[12] A greenprint for Property Linked Finance in Scotland

Technical product design

Key takeaways:

- Clearly defining PLF's product features enables market participants to understand how the finance mechanism will operate in practice, providing clarity and building stakeholder confidence.
- The technical product design should comprehensively outline all aspects of the PLF product, from its purpose and operational processes to its financial terms and parameters that will govern its use.
- Product features should be validated by key stakeholders, including legal, regulatory, and financial experts, to ensure they fit local market norms and are feasible to implement.

Relevant stakeholders: lawyers, financial institutions, real estate organisations, government

Whilst the linking mechanism is being established, work should also begin defining the key product features of PLF, tailored to the target region.

The process should follow a two-stage approach, running in parallel with steps 3/4 a, c and d:

- Stage 1: Initial light-touch investigation to establish viability.
- Stage 2: Detailed analysis to define the product's design.

This step ensures stakeholders and market participants understand how the product will likely operate, thereby supporting buy-in. Table 3 outlines the key product features to consider and provides a checklist to guide development.

Table 3: Key feature considerations, illustrative examples and checklist

Key feature	Consideration	Example	Check
Eligible customers/ clients	Define which types of borrowers C-PLF and R-PLF may be available to (e.g. owner occupiers, private rental landlords, and relevant sectors of the commercial property market).	Real estate borrowers and corporates owning their premises, across all commercial property sectors. As well as residential owner occupiers and private rental landlords.	
Purpose	Clarify the purpose of the product and whether eligible projects should meet a threshold for the percentage of costs related to environmental improvements.	Funds up to 100% of the upfront costs of eligible projects. Eligible projects must improve the environmental performance of a property.	

Key feature	Consideration	Example	Check
Commitment	Specify the loan-to-value (LTV) ratio of the PLF loan.	PLF is expected to be capped at 20% of a property value.	
Drawdown	Determine who receives the funds and when they are provided. If funds are not paid directly to the green construction and building upgrade contractor, outline when and how they are disbursed. Processes may differ between C-PLF and R-PLF.	Funds are provided directly to the property owner (who would manage payments to the contractor) and can be drawn down in stages, subject to sign off by the contractor, property owner and any consultant review on costs that the PLF capital provider may require.	
Term	Define the finance term and consider whether it aligns with the useful lifetime of the measures financed.	For single measure projects, the term will align with the useful lifetime of the measure or technology. For multi-measure projects, there are three options: the term can align with the weighted average useful lifetime of the measures, the shortest useful lifetime in the mix of technologies, or the longest useful lifetime in the mix of technologies.	
Amortisation profile	Set out how repayment of principal and interest is structured over the finance term for R-PLF and C-PLF.	Straight-line amortisation profile.	
Collection approach	Set out how payments are collected. Consider whether to allow for the capitalisation of interest during the renovation period for C-PLF.	To bridge the income problem during deep building upgrades, C-PLF should allow for the capitalisation of interest during the renovation period.	

Key feature	Consideration	Example	Check
Payment frequency	Set out how often payments should be made.	Monthly payments will be made by the property owner.	
Security	Establish how, or if, the linking mechanism provides security to the lender.	Use a standard security mechanism, with the financial charges' existence noted on the Land Registry of Scotland. The financial charge will operate as a form of security, which allows the PLF capital provider to initiate collection processes in the event of non-payment.	
Ranking	Clarify where PLF ranks relative to other finance products taking into consideration what ranking position senior lenders in the target region would be comfortable with.	PLF should rank senior to first-lien mortgages on the property.	
Events of non-payment and enforcement scenario	Define the process and consequences in the event of non payment.	In the event of non-payment, the PLF capital provider should engage with the customer/client to help them remedy the non-payment. This will occur during a grace period with an end date defined by the PLF capital provider. Following the grace period, the PLF capital provider can initiate collection processes for the overdue capital and interest only as the finance is non-accelerating.	
Senior lender responsibilities	Define the senior lenders responsibilities.	The borrower makes payments for both the senior loan and the PLF to the senior lender, who then releases the PLF portion of the repayment to the PLF capital provider. Senior lenders must consent to the PLF being put in place and to it ranking ahead of the senior loan. Any subsequent lenders would also be required to provide consent and agree to the original financial terms and conditions.	

Key feature	Consideration	Example	Check
Assignment and transfer of PLF	Determine whether PLF capital providers should have the ability to transfer PLF benefits to a third party.	PLF capital providers should have the ability to transfer the PLF benefit to a third party, in order to support the future warehousing and securitisation of PLF to unlock greater market scale.	
Sale or transfer of the property	Outline requirements for the property owner prior to the sale or transfer of the property.	All PLF payments that have been due and payable must be settled ahead of any sale or transfer.	
Consumer protections	Specify what protections will be in place for customers.	Compliance with consumer protection legislation.	

See Annex 2 for an illustrative PLF term sheet demonstrating how the key product features could look in practice.

Once the recommended product features have been identified, the following actions should be undertaken:

- **Engage stakeholders to test how the product features align with local market standards** and how the product will interact with other financial products in the region to ensure overall compatibility and scalability.
- **Obtain legal opinions on all product features,** including ranking, security, and whether the finance is non-extinguishing.
- **Develop a clear view on the accounting, regulatory and legal treatment** of the product. See Annex 3 for details on how PLF is accounted for in already established markets.

Technical product design case study:

Australia

As one of the first markets globally to adopt a PLF solution, Australia has provided valuable insights and lessons on best practices - particularly in defining the product's purpose and structuring its term. This pioneering approach laid the groundwork for subsequent markets and helped establish the foundations for more structured methodologies.

Legislation required that EUF proceeds be directed towards projects delivering sustainability outcomes and climate change adaptation. In addition, a non-legislative qualifying framework was developed, incorporating common measures and proven technologies. Building certification methodologies, such as Green Star and National Australian Built Environment Rating System (NABERS), were leveraged to ensure consistency and ease of application. To accommodate innovative advances, an expert panel was established to determine whether new solutions should qualify for EUF.

The term of EUF was designed in relation to other capital market products in Australia, which generally featured short-term variable rates. In contrast to the US, where fixed long-term rates were common, shorter fixed terms were adopted. For example, EUF frequently carries a 20 year term with interest rates resetting every five years, aligning with capital market practices.

Additional product features were shaped after EUF had been introduced to the market by product developers and market requirements. The Sustainable Australia Fund introduced a progressive drawdown mechanism during construction, a unique feature at the time that proved attractive to partners by supporting cash flow. LTV tests were primarily prescribed by the lender Credit Suisse, which played a central role in defining the product's financial parameters.

Enabling legislation

Key takeaways:

- Identifying legislative requirements early is essential, as legislative processes can be lengthy and directly affect other stages of PLF development. Early legal and public-affairs input helps ensure accurate interpretation of existing powers and any required new legislation.
- Ongoing engagement with government, regulators, and stakeholders is crucial, ensuring the proposed legislative framework is aligned with policy and market priorities.

Relevant stakeholders: lawyers, financial institutions, real estate organisations, government

Whilst completing the linking mechanism and technical product design analysis, it should be considered whether enabling legislation or regulatory changes are required to introduce PLF. These activities should occur concurrently to ensure alignment between designing the product and the feasibility of delivering the solution, and to accelerate development of the PLF solution.

Legislative analysis should follow a two-stage approach, running in parallel with steps 3/4 a, b and d:

- Stage 1: Initial light-touch investigation to establish viability and if legislation is needed.
- Stage 2: Detailed analysis to establish the appropriate legislative changes.

Early identification of legislative requirements is critical, as the legislative passage is often lengthy and directly influences parallel and subsequent steps such as market priming. Legal and public affairs expertise is required throughout this process to ensure accuracy in the interpretation and application of current and proposed legislation.

Figure 7 illustrates the sequential steps involved in establishing legislative requirements and engaging with government to introduce legislation. These steps are intended as an indicative pathway only. The precise process may differ according to government priorities, the scope of existing regulatory powers, and the mandates of the relevant authorities.

Figure 7: PLF enabling legislative analysis process

Whilst conducting the legal linking mechanism and technical product analysis, assess whether legislative or regulatory changes are required to introduce PLF in the target region.

Legislation is not always necessary and avoiding it can streamline the process and encourage broader market participation by reducing the risk of delays.

↓ ↓

If legislation is required, consider whether legislative frameworks need to be adopted on a country-wide or regional basis and if primary or secondary legislation is required to determine who to engage and how to introduce the necessary legislation. (If a regional approach is required, establish the necessary framework to ensure consistency amongst regions to avoid a fragmented market.)

If legislation is not required, confirm this at the outset and proceed without the legislative route.

↓

Outline all legislative requirements that need to be incorporated into the legislative framework.

↓

Ensure the proposed solution and legislative framework are clearly aligned with national policies and priorities to ensure relevance and credibility.

↓

Commence engagement with government and regulators regarding legislative and regulatory requirements - effective collaboration requires relatively early involvement supported by sufficient technical and market insights.

↓

Demonstrate to government and regulators backing from industry stakeholders and present robust market research evidence.

↓

Once government and regulatory support has been secured, maintaining structured collaboration through ongoing dialogue ensures that legislation and regulatory changes are advanced efficiently and remain responsive to evolving policy priorities.

Enabling legislation case study:

The US

PACE programmes in the US have historically been enabled through state-level legislation, with each state defining the rules governing how PACE financing operates. Strong enabling legislation is essential to ensure consumer protection, programme integrity, and long-term political support.

Comprehensive PACE statutes typically include:

- Clear definitions.
- Specification of eligible property types.
- Specification of eligible improvements.
- Financing terms and parameters.
- Property valuation methods and loan-to-value thresholds.
- Robust consumer protections including Ability to Repay.
- Contractor oversight.
- Programme administrator framework.
- Disbursement, enforcement, and reporting requirements.

These elements ensure that PACE programmes operate consistently and transparently.

Early statutes did not include the full set of protections and operational requirements listed above. This created several challenges, including political opposition when consumer protection issues emerged. A notable example is the absence of contractor oversight in early legislation. Without clear rules, some contractors misrepresented the PACE programme leading to negative media coverage, significantly shaping public and political perception. Considerable effort was required to rebuild trust and correct the narrative.

To address these issues, states revised and expanded their statutes, sometimes multiple times, resulting in administrative burdens, market disruption, and compliance challenges for lenders. Over time, states learned from early challenges and moved toward more comprehensive and unambiguous enabling legislation. By ensuring strong legislation from the outset, states are able to avoid the pitfalls experienced in early PACE markets and create a more stable environment for property owners, contractors, and capital providers.

Market priming'

Key takeaways:

- Multi-stakeholder engagement is vital to secure the support of key market participants who can help launch and scale PLF in target regions.
- Key engagements when launching and scaling PLF includes mapping stakeholders, attending conferences and events, convening roundtable discussions, releasing publications and leveraging insights from the GPLFI community.

Relevant stakeholders: financial institutions, real estate organisations, government, green construction and building upgrade contractors and specialists, regulators, policy makers, legislators, property owners, lawyers, sustainability consultants, energy utility providers, brokers

Whilst outlining the technical product design and enabling legislation, it is also vital to prime the national (or regional) market. Multi-stakeholder engagement becomes essential at this stage to secure the involvement of key market participants who can help launch and scale PLF in the target region.

Market priming should follow a two-stage approach, running in parallel with steps 3/4 a, b and c:

- Stage 1: Initial light-touch investigation to establish viability.
- Stage 2: In depth market priming to secure delivery partners for demonstrator deals, the next step in the pathway. These deals are essential for building confidence, validating the concept, and creating momentum for broader adoption.

Different types of engagement include:

- **Mapping the ecosystem of relevant stakeholders,** prioritising key contacts, and initiating tailored outreach campaigns. (Table 4 outlines potential stakeholders to engage).
- **Attending sustainability, finance and property conferences and events** to raise awareness of PLF and connect with potential partners - including participation in future global PLF conferences.
- **Convening roundtable discussions** to build support for PLF. These sessions allow for deeper dialogue, alignment of interests, and the opportunity to co-design solutions that accelerate market adoption.
- **Releasing publications such as white papers, market reports, or case studies** to spark engagement with stakeholders.
- **Leveraging insight from the GPLFI community,** which spans diverse geographies and sectors, to identify best practices and emerging trends that strengthen market positioning.

Table 4: **Potential stakeholders to engage**

Financial stakeholders	Banks
	Building societies
	Non-bank lenders
	Institutional investors
	Public finance institutions
Government and regulatory stakeholders	Local government
	National government
	Regulators
	Policy makers
	Legislators
Property market stakeholders	Developers
	Valuers
	Estate agents
	Conveyancers
	Property owners
	Brokers
Delivery and technical stakeholders	Geen construction and building upgrade contractors and stakeholders
	Sustainability consultants
	Energy utility providers
Legal stakeholders	Lawyers

Market priming case study:

The UK

The GFI undertook a strategic market review to prime the UK market for the launch of PLF. The review focused on understanding how different deal structures operate in the UK and on identifying key stakeholders, including brokers and debt funds, to ensure broad awareness and engagement with PLF. Market priming efforts also extended to conference participation and public speaking engagements, including the UK Real Estate Investment Forum (UKREiiF), PACENation Summit and Marché International des Professionnels de l'Immobilier (MIPIM).

Collaboration between Lloyds Banking Group, NatWest, and the GFI marked a pivotal stage in market priming for PLF in the UK. This collaboration resulted in the publication of the UK PLF Greenprint, a foundational document outlining the framework for PLF adoption in the UK.

Following the release of the Greenprint, post-publication roundtables were hosted by the collaboration to engage additional stakeholders and broaden market awareness. Continued support from Lloyds Banking Group, NatWest and other pioneering financial institutions has been instrumental in the ongoing development and scaling of PLF across the UK market.

Market priming case study:

Spain

Property-Linked Annuity Canon (NEW PACE) is a PLF mechanism currently being developed for introduction across several European Union (EU) member states by a consortium of partners, including GFI España, Nederlandse Organisatie voor Toegepast (TNO), Sustainable Energy Financing Association (SEFA), Spainsif, and Joule Assets. This collaborative approach has brought together expertise from multiple organisations during the product development stages, ensuring robust technical design and strategic alignment.

Importantly, the partnership has expanded stakeholder networks and strengthened NEW PACE's presence in key markets. This has significantly supported market priming efforts, enabling early engagement with policymakers, financial institutions, and industry players. By leveraging combined credibility and resources, the consortium has accelerated awareness and built confidence in NEW PACE as a viable solution for scaling PLF across Europe.

PLF demonstrators and proving the model

Key takeaways:

- Pilot deals offer a controlled environment to validate the concept of PLF in a new market, build stakeholder confidence, and identify operational or structural issues ahead of wider scale-up.
- Public-sector involvement can help unlock early market participation, whether through guarantees, cornerstone investments, or enabling policies.
- Key considerations for demonstrator deals include engaging and selecting multiple delivery partners, maintaining robust transparency and data collection, and using early deals as case studies to showcase success.

Relevant stakeholders: financial institutions, government, green construction and building upgrade contractors and specialists, property owners.

Once the PLF solution for the target region has been developed and the market primed, the next step is to launch controlled demonstrators of the PLF solution through pilot deals. These deals validate the concept, build confidence among stakeholders, and create momentum for wider market participation. They also provide a safe environment to identify and resolve early challenges before scaling.

Government support can be an important enabler for early deals through mechanisms such as guarantees, cornerstone investment, or supportive policies, helping to encourage market participation and build confidence in the solution. However, the level and type of support will vary by market context – for example, multilateral development banks tend to be more active in EMDEs, while developed markets may rely more on government-backed funding through national infrastructure banks or policy-driven incentives. Importantly, demonstrator deals can still succeed without government involvement if they are well-structured and aligned with investor priorities.

Key considerations for PLF demonstrator deals:

- **Identify the right parties to be involved** – select stakeholders with the expertise and capacity to deliver effectively.
- **Engage multiple delivery partners** to avoid key-person dependencies and ensure resilience.
- **Ensure transparency and robust data collection** to track deal performance and build credibility.
- **Position deals as compelling case studies** to showcase success and attract wider market interest.

PLF demonstrators and proving the model case study:

The US

PACE was introduced in the United States in 2008 to support energy-efficiency and renewable-energy upgrades for residential and commercial buildings. Early demonstrator deals played a critical role in establishing the credibility and scalability of PACE. They proved the legal and operational viability of the tax-assessment structure, demonstrated to senior lenders how the senior-lien mechanism functioned, and built confidence among those lenders. These early projects also created replicable templates for documentation, underwriting, and capital stacking, while showing clear developer demand for long-term, fixed-rate efficiency financing.

The success of these early demonstrator deals depended heavily on close coordination among three primary stakeholders: local taxing authorities, capital providers, and property owners. Early PACE programmes also benefited from key partnerships, such as with Home Depot, a home-improvement retailer, and the Electric & Gas Industries Association, a contractor network.

Early successes were widely showcased, helping to demonstrate the benefits and viability of PACE. Positive media coverage, studies from independent research universities, published case studies on PACENation's website, and local governments promoting PACE programmes on their county or city websites all contributed to building awareness and momentum.

Driving demand, partnership and distribution

Key takeaways:

- Scaling PLF requires an iterative approach that builds on pilot deal experience, refining the model in response to evolving policy, market conditions, and investor expectations.
- Where feasible, PLF should be expanded into adjacent markets, including both residential and commercial sectors, and across building upgrade and new-construction segments.
- Strategic engagement with capital providers, green construction and building upgrade contractors, government and the GPLFI and clear market positioning underpin long-term PLF adoption.

Relevant stakeholders: financial institutions, real estate organisations, government, green construction and building upgrade contractors and specialists, regulators, policy makers, legislators, property owners, lawyers, sustainability consultants, energy utility providers, brokers

Launching PLF demonstrator deals, proving the concept, and refining the model where necessary creates the foundation for scaling PLF into a domestic asset class. It is essential to continue evolving the model, incorporating lessons learned and adapting to shifting policy landscapes, market dynamics, and investor expectations. This iterative approach ensures PLF remains relevant and resilient as conditions change.

Because of legislation, regulatory requirements, or prevailing market trends, PLF may initially be launched within a specific market segment – for example, starting with commercial rather than residential properties, or focusing on building upgrade projects rather than new construction. Once the concept has been proven and early success demonstrated, efforts should be made to expand PLF into adjacent markets where possible. This expansion can be enabled through strategic actions, for example initially launching C-PLF to test the solution before expanding into the residential sector or leveraging shifting market dynamics, such as a national focus on construction versus building upgrades, to broaden applicability across segments. PLF can be further scaled by attracting institutional investment into the PLF market, for example by establishing warehouse facilities that can aggregate PLF into investible portfolios. The feasibility of aggregating and securitising PLF assets depends on the strength of the green construction and building upgrade market and political conditions, both of which are essential to driving PLF uptake.

Effectively positioning PLF as a solution that delivers tangible benefits, such as unlocking capital for sustainability, reducing risk, and creating long-term value, can help attract interest from property owners and financial institutions. Clear communication of success stories will help build confidence and stimulate market appetite.

Strong partnerships and effective stakeholder engagement helps unlock resources and build trust, creating the conditions needed to scale PLF. This includes partnerships between capital providers and green construction and building upgrade contractors to streamline delivery, government support through policy and financial mechanisms, and continued engagement with the GPLFI, which brings insights from more mature markets. By combining continuous improvement with strategic partnerships and effective market positioning, PLF can scale successfully and deliver long-term impact.

Driving demand, partnership and distribution case study:

The US

PACE was first introduced in in the US to finance energy efficiency and renewable energy measures for both residential and commercial properties. After early projects demonstrated strong performance and legislative confidence increased, several US states expanded PACE statutes to allow use of PACE financing for new construction projects. This shift unlocked a far larger segment of the real estate market. Today, new construction represents roughly half of all C-PACE financing.

The model later expanded again through the introduction of retroactive PACE, allowing developers to refinance eligible sustainability measures post-construction, as well as through the inclusion of climate-resilience measures within the scope of eligible improvements. This evolution directly reflects the principle that PLF should iterate in response to market needs and policy landscapes.

PACE has also been able to scale across the US through the steady adoption of enabling legislation in additional states, each launching its own programme and regulatory framework. This gradual expansion of statutory authority has been central to building a national PACE market and establishing PACE as a recognised and investable asset class, with the US PACE market now attributing over $18 billion in cumulative investment.

Conclusion

PLF offers a proven, scalable solution to unlock private capital and accelerate progress toward energy efficiency and resiliency targets. It must be recognised that for PLF solutions to succeed, the right market conditions for green construction and building upgrades must be in place, for example policies that drive demand for such improvements. PLF, like any financial mechanism, is a facilitator rather than a demand driver.

The PLF Pathways provide a practical pathway for stakeholders to design, launch, and scale PLF solutions tailored to local market conditions, offering a streamlined and faster route to market. The pathway spans the entire journey, from landscape mapping and market demand testing to technical product design and demonstrator projects, enabling market participants in new target regions to introduce PLF effectively and ensure PLF solutions are designed for success. Support from the GPLFI's Accelerator Programme, which provides on-the-ground resources in local markets, can further expedite this process and help overcome implementation barriers.

By following the PLF Pathway and leveraging shared expertise, stakeholders can accelerate the development of scaled, viable and trusted PLF markets and contribute to the global effort to future-proof the built environment, making buildings more energy efficient, affordable and clean.

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Annex 1: Detailed list of example questions to consider when carrying out market research

Environmental Performance and Drivers

- How do respondents perceive the importance of improving the environmental performance of their properties?
- What are their main drivers: cost savings, regulatory compliance, reputational benefits, tenant demand, or access to finance?
- What barriers prevent property owners from investing in energy efficiency measures?
- How do respondents prioritise environmental improvements compared to other property investments?

Government Policy and Targets

- What level of awareness exists regarding government sustainability and energy efficiency targets?
- How do respondents view the credibility and achievability of these targets?
- To what extent do government ambitions influence property investment decisions?
- Are respondents motivated more by regulation, incentives, or voluntary commitments?

Appeal and Understanding of PLF

- What is the current level of awareness and understanding of PLF?
- How does PLF compare in attractiveness to alternative finance products (e.g., traditional loans, green bonds, green loans, sustainability-linked loans, green mortgages)?
- What factors would increase respondents likelihood of using PLF?

Confidence and Trust

- How important are endorsements from banks, regulators, or industry associations?
- What role does transparency in terms, pricing, and performance play in trust-building?
- What steps could improve credibility and build confidence (e.g., pilot projects, case studies, independent verification)?

Market Segmentation

- Which respondent segments show strongest interest in PLF (e.g., commercial landlords, residential owners, institutional investors)?
- Which segments are generally adverse to finance or resistant to new instruments?
- What differentiates adopters from non-adopters in terms of demographics, property type, or investment horizon?
- How can messaging be tailored to appeal to different segments?

Impact on the buying and selling process

- How do respondents expect PLF to affect property buying and selling processes?
- What potential barriers exist (e.g., valuation, administrative burdens)?
- What safeguards are needed to ensure smooth integration into the buying and selling process?
- How likely are respondents to buy a property with PLF already attached?
- How likely are respondent planning to sell their property in the short to medium term to take out PLF?

Annex 2: Illustrative PLF term sheet

The following term sheet (Table 5) offers an illustrative example of how a PLF product can be structured. It focuses on a commercial office building in Michigan and shows how the key product features outlined in step 3b/4b translate into a practical, lender-ready format.

Table 5: Illustrative PLF term sheet

Item	Description
Lender	Union Crest Bank.
Borrower	Investor who owns a 14-story office building in Michigan.
Purpose	To fund up to 100% of the upfront costs of heating, ventilation and air conditioning (HVAC), high efficiency lighting and envelope upgrades.
Commitment / loan amount	$3.5 million (10% of the property's LTV).
Drawdown	Drawn in stages; paid in pari passu with senior lender. Funds paid to property owner subject to contractor and/or consultant sign-off.
Term	22 years (aligned to weighted useful lifetime of measures).
Amortisation profile	Straight-line amortisation.
Collection approach	Capitalisation permitted during renovation period.
Payment frequency	Quarterly.
Security	A first priority lien against the property.
Ranking	Super senior.
Events of non-payment and enforcement scenario	6 months grace period followed by collection of overdue capital and interest only as the finance is non-accelerating.
Senior lender responsibilities	Current and future senior lenders agree to the term and condition.
Assignment and transfer of PLF	The PLF capital providers has the ability to transfer the PLF benefit to a third party.
Sale or transfer of the property	All PLF payments that have been due and payable must be settled ahead of any sale or transfer. Subsequent borrowers would need to take on the original terms and conditions.

Annex 3: PLF accounting treatment in Australia and the UK

The accounting treatment of PLF solutions varies across regions and can differ within regions depending on the specific terms of the finance. For example, in the US, PACE structures have historically been treated as equity, whereas PLF and EUF in the UK and Australia are classified as debt. These differences arise from the underlying principles and legal frameworks governing each product.

In Australia, EUF are generally treated as financial instruments for accounting and tax purposes. EUF gives rise to a financial asset for the lender and a corresponding financial liability for the property owner, reflecting the economic substance of a loan, notwithstanding that repayments are collected through a statutory charge administered by a local council. For capital providers, EUF receivables are classified and measured in line with the entity's business model and the contractual characteristics of the cash flows, including measurement commonly at amortised cost or fair value. For property owners, the EUF obligation is recognised as a financial liability, typically measured at amortised cost, with interest expense recognised over the life of the arrangement. The statutory charge mechanism affects enforcement and priority but does not alter the underlying character of the arrangement as debt finance.

In the UK, both R-PLF and C-PLF meet the International Financial Reporting Standards definition of a financial instrument and are therefore accounted for as a financial instrument for both the borrower and lender. A PLF agreement creates a financial asset for the lender and a financial liability for the property owner. Depending on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets, financial assts are either classified as amortised costs, Fair Value Through Other Comprehensive Income (FVOCI), or Fair Value Through Profit or Loss (FVTPL).

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