



Commercial-Property Linked Finance - Lender Workshop outcome

Outcomes of the C-Property Linked Finance lender workshop and invitation to London Climate Action Week market workshop

In June 2026, a set of UK commercial lenders joined a workshop exploring the market readiness for Commercial-Property Linked Finance (C-PLF).

Commercial and ethical banks, impact fund managers and foundations were joined by Addleshaw Goddard and Green Finance Institute to establish a path forward to make C-PLF market-ready for UK borrowers.

The follow up to this workshop is on 23rd June, hosted by Addleshaw Goddard. We would like to invite key market actors to join the conversation to build the right infrastructure and support for borrowers to consider the benefits of C-PLF as a source of funding for investment in energy efficiency, decarbonisation or climate hazard resilience projects.

If you would like to join this workshop, please contact joshua.meek@unityco.uk and matthew.conroy@unity.co.uk

To learn more about the workshop and work to date, read the briefing below.

What is Commercial Property Linked Finance (C-PLF)?

Commercial-Property Linked Finance (C-PLF) is a sub-set of the global Property Assessed Clean Energy¹ and Property Linked Finance² loan products. Specifically, C-PLF is:

¹ [What is PACE Financing? - PACENation](#)

² [Green Finance Institute](#)

1. A secured term loan attached to commercial property to fund energy efficiency, decarbonisation improvements and/or climate resilience investments.
2. Funding is restricted to eligible measures (e.g. insulation, heat pumps, solar PV) aligned to recognised energy efficiency improvements or climate resilience interventions.
3. Repayment profile matches the useful life of the asset and may transfer with property ownership (“runs with the land”). Repayments are non-accelerating with security held via a title restriction on the Land Registry.

Attached Appendix one is an indicative term sheet co-created by Addleshaw Goddard and Unity Trust Bank to illustrate core components of a C-PLF loan.

Core Structural Features

As detailed in the Appendix two advice note, C-PLF loans have some key differences to standard commercial mortgages or green lending. These are namely:

1. Secured via fixed charge and Land Registry title restriction requiring [C-PLF] lender consent to property sale or refinancing.
2. Can sit alongside existing senior debt with ranking between super senior to lower-ranking charge and intercreditor agreement usage.
3. Non-acceleration structure limits C-PLF lender remedy in the event of repayment default to interest on delayed repayments and the bring up to date of repayments – i.e. no right to ‘call in’ the loan.
4. Transferability enables loan obligations to pass to future property owners (subject to C-PLF lender consent).
5. Mandatory energy audits and reporting to validate performance and compliance which may align to recognized industry best practices such as (but not limited to) PassivHaus³ retrofit standard or the Green Building Council retrofit guidance.⁴

Lender Workshop Insights

Participants across the commercial lending sector discussed in detail whether C-PLF could add value to customers’ energy efficiency, net zero and real estate resilience journey.

Participants included:

- Unity Trust Bank
- CAF Bank
- Charity Bank
- Lloyds Bank
- Bridges Fund Management
- Resonance
- Social Investment Business
- Better Society Capital
- Petros PACE Finance

³ [Passivhaus Retrofit](#)

⁴ [Commercial Retrofit | UKGBC](#)

Of all participants, 76% were confident C-PLF can support the UK market. Key insights from the discussion included:

Positive sentiment of market opportunity

Lenders felt there is a broad range of need and opportunity for C-PLF. It was recognized that different avenues may be required for different lender scales. For example it was felt two routes to market should be considered:

1. An aggregated fund structure providing proportionate access for smaller organisations (particularly borrowers of social investors) to access C-PLF at smaller scale. This would likely require engagement from PUFFINs⁵ to consider scalability and affordability for UK wide solution. It was particularly recognised the role that an aggregated structure can play in ensuring equitable access and directing C-PLF to areas of highest social and community benefit; for example, through engagement targets with the areas of high deprivation.
2. Direct lending to commercial property owners, requiring good engagement from market enablers such as:
 - a) Valuers and surveyors
 - b) Energy audit partners
 - c) Legal profession
 - d) Alignment on regulatory treatment

Lenders recognized that both pathways require a 'critical mass' alignment between lenders to minimize borrower risk of novel and non-scalable lending terms.

Additional key actors to engage

To build strong market understanding, the workshop recognised a need to engage a broad cohort of actors. This includes a recommendation to engage:

- Local Authorities recognising the role of public sector ownership of commercial properties for SMEs and social organisations.
- PUFFINs such as British Business Bank and National Wealth Fund to consider support and engagement for supporting market entry of C-PLF.
- The Loan Markets Association for support in standardizing C-PLF and intercreditor agreements for ease of contracting.
- RICS to support better standardization and understanding approaches to valuation and surveyance of C-PLF title restrictions alongside related investments

Aligning an enabling understanding of C-PLF key mechanics and regulatory treatments

C-PLF in it's current form can be undertaken by a borrower with or without existing debt against the organisation or property. This variability, shown below, creates different perceived risk profiles potentially affecting pricing and regulatory treatment for lenders:

⁵ <https://flint-global.com/blog/government-lending-for-growth-how-the-government-is-steering-the-puffins-flight/>

	Current state of borrower	Potential security outcome	Anticipated capital treatment	Strategy on sale
Entry of C-PLF to a borrower	Has existing secured loan/s	Senior, Junior or Pari Pasu charge by new C-PLF lender with intercreditor agreement in place to recognise restriction on title, non-acceleration, requirement of C-PLF lender consent to property sale and (pending agreement) transferability of debt.	<i>To be discussed throughout June to provide recommendations following market engagement event.</i>	Pending approval of the incoming property owner and the C-PLF lender, the C-PLF debt will stay with the property, with repayment obligations transferring to the new owner.
	Has existing unsecured loan/s	First charge by new C-PLF lender with intercreditor agreement if required to recognise restriction on title, non-acceleration, requirement of C-PLF lender consent to property sale and (pending agreement) transferability of debt		
	Has no debt loan/s	First charge by the new C-PLF lender recognised through restriction on title		

The workshop agreed clarity on consensus of market practice was needed in the following areas:

1. While PLF best practice globally recommends super senior position⁶, UK C-PLF is likely to require junior treatment if incumbent first charges are in place. This was based on workshop participant sentiment in June. A clear intercreditor agreement in place is critical. This should particularly explain:
 - a. C-PLF consent requirements for property sale
 - b. Ensuring understanding of the restriction on title held at Land Registry
 - c. The non-acceleration of C-PLF

2. How can lenders ensure clarity for borrowers to understand the transferability of the debt at point of taking the C-PLF and for that clarity to flow to prospective property owners is critical without impacting negatively property value.
3. Ensuring that regulated firms, for example commercial bank lenders, have clarity on regulatory capital treatment of C-PLF based on the scenario of other debt positions.

Workshop conclusion and next steps

The aim of the June 23rd event will be to share developments against the strengths, stakeholders to engage and clarifications required of the C-PLF lender workshop. Key areas of development will include:

1. Refinement of the illustrative term sheet for C-PLF usage.
2. Engagement with key market actors for legal, valuation, broker and energy audit support.
3. GFI are leading work to develop a robust 'Q&A' book supporting wider stakeholder, lender and borrower understanding of C-PLF key attributes.
4. Developing guidance for anticipating impact on asset value from energy efficiency and green investments into real estate.
5. Engagement with infrastructure bodies and Public Finance Institutions to consider engagement to support C-PLF roll out.

If you would like to be engaged in these developments, please contact joshua.meek@unityco.uk and matthew.conroy@unity.co.uk

For specific engagements with the Green Finance Institute's work on Property-Linked Finance, contact david.leipzig@gfi.green, thea.cummings@gfi.green

Appendix One: Illustrative Term Sheet for Commercial PLF

Commercial Property Linked Finance – Illustrative Term Sheet

Terms specific to Commercial Property-Linked Finance documentation are highlighted in green.

Initial Borrower:	[Company Name]
Bank:	[Lender]
Amount:	£
Property	[Address] [Title number]
Type of Facility:	A committed term loan Facility available for drawing by way of term cash advance(s) in sterling (the Term Loan).
Purpose:	The Term Loan Facility will be used for the purpose of funding an Eligible Product, in accordance with the Use of Proceeds.
Eligible Product:	Eligible measures and products including, but not limited to, those set out in the Appendix to this term sheet.
Use of Proceeds:	Use of proceeds mechanics to be linked to a recognised standard of energy efficiency, which is then to be validated by an energy audit. Appropriate standards include: <ul style="list-style-type: none">• PAS Methodology• GBC Best Practice Recommendations• UK Government Green Financing Framework• Minimum Energy Efficiency Standard (MEES) Such standards need not be mutually exclusive and will vary

	between products, based on relevance.
Tenure:	<p>Freehold or long leasehold properties only.</p> <p>Leasehold properties must have at least [70] years remaining term.</p>
Term:	Term of the loan to align with the useful lifetime of the Eligible Product.
Repayment Profile:	To align with the Term, with the loan being fully repaid by the end of the Term.
Repayments:	<p>Repayments to be made on an [monthly/quarterly] basis starting [one] month(s) after drawdown.</p> <p>Repayments will be calculated either:</p> <ul style="list-style-type: none"> • by an equal amount of principal and interest on each Repayment Date throughout the Term; or • with an initial interest-only repayment period, of up to [three] years, following which, an equal amount of principal and interest will be due on each Repayment Date.
Prepayment:	[Borrower permitted to make [1] prepayment per annum, to be limited to 10% of the value of the total commitments outstanding at that time.]
Fixed Rate Break Costs:	<p>Payable if the loan is prepaid during a fixed rate period.</p> <p>Calculated as the interest the Bank should have received during the [<i>Period</i>] less an amount that it would receive by depositing the amount received with the Bank of England.</p>

Loan Product:	<p>To be either a Fixed Rate Loan or a Variable Rate Loan.</p> <p>If a Variable Rate Loan, interest will be calculated on (a) either the Bank of England Base Rate or on a SONIA basis plus (b) a Margin.</p>
Margin:	<p>[]% per annum.</p>
Fees:	<p>[Commitment Fee]</p> <p>[Arrangement Fee]</p> <p>[Prepayment fee to be due in the following amounts, on the principal amount prepaid: 3% for the first year, 2% for the second, and 1% for the third, so that there is no fee payable after the third anniversary of the date of the Agreement.] OR [No prepayment fee payable at any time.]</p>
Professional Fees:	<p>You will be liable for all Professional Fees incurred by the Bank regardless of whether or not the loan is utilised.</p> <p>We will obtain suitable quotes from our panels for legal and valuation fees.</p>
Security:	<p>This Loan will be secured by a fixed charge over the Property, to be recorded on the Land Registry register of title as a restriction on title in the following way:</p> <p><i>“[No disposition of the registered estate by the proprietor of the registered estate, or by the proprietor of any registered charge, is to be registered without a written consent signed by [Lender] of [address]]”</i></p>
Ranking Intercreditor:	<p>If there is no existing debt, then the Bank will take a first ranking fixed charge over the Property.</p> <p>If there is existing debt, and so the Property is subject to existing security, the Bank will (in almost all circumstances) take a lower ranking charge over the Property. The Borrower, the Bank and the existing chargeholder will need to enter into a deed of priority / intercreditor agreement in standard LMA REF form.</p>

Financial Covenants:	<p>Typically including, but not limited to:</p> <ul style="list-style-type: none"> • Loan to value - The value of the total exposure to all fixed chargeholders holding security over the Property (being the aggregate outstanding amount owed by the Borrower at any time to all fixed chargeholders who hold security over the Property) howsoever incurred shall at all times equal or be less than xx% of the total realisation value of the security held by those fixed chargeholders. • Debt Service Cover Ratio (DSCR) – the DSCR (i.e. the ratio of EBITDA to Debt Service) in respect of any accounting reference period of 12 months shall not be less than xx:1 for that period.
Representations and Warranties	<p>Representations and warranties to be customary for a facility of this nature and to comply with current LMA REF Investment Template drafting.</p>
Covenants / Undertakings	<p>Undertakings to be customary for a facility of this nature and to comply with current LMA REF Investment Template drafting.</p>
Information Undertakings:	<p>The Borrower will provide the Bank with the following (to be deleted as appropriate):</p> <ul style="list-style-type: none"> • Annual Financial Statements provided within 270 days of the end of each financial year. • Annual report of kWh or equivalent energy measure consumption levels including disaggregation by fuel or energy source type at the Property • Updated Energy Performance Certificate (EPCs) for the Property (and any other properties held by the Bank) as and when renewed • Management accounts provided within [30/45] days of the end of each financial quarter in a form acceptable to the Bank. To include: <ul style="list-style-type: none"> ○ detailed profit and loss account(s), ○ individual/consolidated balance sheet(s) ○ current occupancy levels for each Property ○ comments on material deviations to budget.

Events of Default	<ul style="list-style-type: none"> • Rental schedules provided [annually/half yearly] within [30/45] days of quarter end. We would expect these to contain: <ul style="list-style-type: none"> ○ tenant name(s), ○ lease details comprising term, start and expiry dates, rental income per annum. • Any other information which the Bank may request from time to time.
	<p>Events of Default to be customary for a facility of this nature and to comply with current LMA REF Investment Template drafting, and will include, but not be limited to:</p> <ul style="list-style-type: none"> • Breach of Purpose • Insolvency • Legal proceedings • Misrepresentation <p>The Bank shall not be entitled to accelerate repayment of the outstanding principal of the Term Loan, and its sole remedy shall be to claim payment of any interest that is due and unpaid.</p>
Assignment and Transfers	<p>Loan to be freely transferable by the Bank to another lender.</p> <p>In the event of a transfer of the Borrower's interest in the Property and subject to acceptance of the obligations under and liabilities created by the Term Loan by the incoming Property owner, the Term Loan may be transferred by the Borrower to the incoming Property owner.</p>
Conditions Precedent:	<p>The Borrower may not deliver a drawdown notice until the Bank has received all conditions precedent, which will be standard for a commercial term loan, including, but not limited to:</p> <ul style="list-style-type: none"> • Constitutional documents and corporate authorisations • Executed facility agreement and fixed charge

	<ul style="list-style-type: none"> • Latest audited Financial Statements of the Borrower • Satisfactory valuation carried out by a Bank-appointed firm, including pre-and post-works valuation estimates. • Evidence of expenditure compliant with the Eligible Project and Use of Proceeds outlined above.
Conditions Subsequent	<p>Conditions subsequent to include, but not be limited to:</p> <ul style="list-style-type: none"> • Delivery of a satisfactory post-project energy audit, which has been carried out in connection with the Use of Proceeds; or • Any other appropriate agreed confirmation(s) of completion of the installation / works on the Eligible Product.
Valuation	<p>Valuation requirements to include, but not be limited to (in connection with the Conditions Precedent and as ongoing obligations within the Facility Agreement):</p> <ul style="list-style-type: none"> • Prospective valuation based on improved energy efficiency as a result of the installation of the Eligible Project • Valuation to be obtained following the installation and/or completion of the Eligible Project • [Annual desktop revaluation]
Governing law / jurisdiction	<p>All documents to be governed by the laws of England.</p>

Appendix 1a. – Example Eligible Products

1. **Low Carbon Heating**
 - a. Air/Ground/Water Source heat pumps
 - b. Solar thermal
 - c. Electric boilers
 - d. Electric heaters
 - e. Does not include biomass or fossil fuels

2. **Low carbon ventilation / cooling**

3. **Low energy lighting**

4. **Lighting and heating controls**

5. **Insulation + Draught Proofing**
 - a. Double and triple glazing
 - b. Wall+Floor+Roof insulation
 - c. Door replacement
 - d. **Directly associated works**

6. **Small-scale renewable energy**
 - a. Solar PV
 - b. Wind turbine
 - c. Battery storage
 - d. Small hydropower

7. **Resilience measures**
 - a. Measures to enhance resilience to flooding such as resilient wall and floor finishes
 - b. Resilient insulation
 - c. Measures to enhance resistance to heatwaves such as external shutters

8. **Water-efficient fittings**

9. **Energy efficient appliances**