



## C-PACE: Commercial Office Buildings

### Unique Benefits Possible with Triple Net Leases

Building owners have historically had misalignment with tenants over sharing the costs and benefits of replacing equipment.

Building owners absorb the risk of financing but tenants enjoy the benefits of reduced energy and maintenance costs.

### How C-PACE can Mitigate the Misalignment

Under most Triple Net Leases, property taxes are passed through to tenants.

Since the C-PACE assessment is added to the property tax charge, it may be contractually possible to pass the equipment replacement costs to tenants.

It is important to note that even if the tenants absorb the C-PACE assessment, they will also benefit from the positive cash flow realized since energy and maintenance savings should exceed the low annual C-PACE assessment.

### Other Features of C-PACE

#### *Increased NOI*

Due to the low payments from 20+ year funding, projects should generate an immediate increase in net cash flow.

#### *Freedom to Sell the Building*

The C-PACE funder is not able to block the sale of the building.

#### *Future Assessments Become an Obligation of the Buyer*

The assessment is an attachment to the building and becomes a future obligation of the new owner.

#### *Release Cash from Your Reserve Fund*

Funds reserved for system replacement can be used elsewhere or returned to ownership.

