PROPERTY IMPROVEMENT FUND

The Property Improvement Fund supports the upgrade and refurbishment of vacant and underutilised industrial properties across Aberdeen City and Aberdeenshire, helping create high-quality space for businesses operating in the energy transition economy.

Delivered by ETZ Ltd and funded by Scottish Enterprise, the fund aims to tackle a key challenge facing the North-East property market: an oversupply of older industrial buildings that no longer meet the needs of modern businesses. By supporting refurbishment projects where commercial viability gaps exist, the fund will help bring vacant buildings back into productive use, unlock private investment and create space for business growth.

The Fund aligns with ETZ Ltd.'s 'brownfield first' approach and investment programme to deliver market-ready properties for high-value manufacturing and the wider supply chain, ensuring high quality properties are available to attract companies operating in low carbon markets.

WHY THE FUND EXISTS

The North-East of Scotland is at the forefront of the UK's energy transition, with major opportunities emerging in sectors such as:

- Offshore wind
- Hydrogen
- Decarbonisation technologies
- Clean energy supply chains
- Advanced manufacturing and engineering

While demand exists for modern industrial premises, many available properties are outdated and require significant investment before they can be occupied. High refurbishment costs and limited investor appetite often prevent these buildings from being upgraded. The ETZ Property Improvement Fund is designed to address this market failure by supporting refurbishment projects that would otherwise struggle to proceed.

A PARTNERSHIP APPROACH

The fund is being delivered through a strategic partnership between Scottish Enterprise and ETZ Ltd.
Scottish Enterprise is providing up to £2.5 million in capital funding, while ETZ Ltd will manage market engagement and delivery with potential customers. Together, the organisations are working to strengthen the North East's energy transition economy, attract investment and support business growth.

BUILDING ON PROVEN SUCCESS

The ETZ Property Improvement Fund builds on a successful pilot programme delivered by ETZ Ltd, which helped refurbish six long-term vacant industrial units, safeguarded and created jobs, and leveraged significant private investment.

The pilot demonstrated how targeted intervention can accelerate investment, improve energy performance and bring vacant industrial property back into productive use.

WHAT SUPPORT IS AVAILABLE?

- The fund can provide capital funding support towards eligible refurbishment works where a viability gap can be demonstrated, and the property is deemed suitable for energy transition activity.
- **Funding awards of up to £500,000 are available.**
- **The maximum contribution will be 30% of total project costs.**
- Consideration will only be given to awards at the upper end of the range if there is a particularly strong funding case.
- Payment of the funding will normally be in arrears.
- Applications will be assessed on factors including economic impact, private investment leverage, occupier demand and carbon performance.
- Spend is required to be committed by **end March 2029**.

WHO CAN APPLY?

The fund is aimed at:

- Industrial property owners and landlords
- Developers seeking to refurbish vacant industrial assets
- Any size of company can apply

Where the owner and developer are different persons, an agreement must be in place between the parties consenting to the proposed works and any agreement must ensure that only one of those persons is the beneficiary of the funding.

You must be a building owner of a vacant property seeking to attract a new occupier in energy transition sector.

WHAT IS THE ELIGIBILITY CRITERIA?

Projects must:

- Be located within **Aberdeen City or Aberdeenshire**
- Involve the refurbishment of existing industrial property
- Support businesses operating in or supplying energy transition markets
- Align with ETZ's Net Zero Principles and Scottish Enterprise's Net Zero Framework
- Demonstrate a clear commercial case and project viability
- Meet fair work and environmental requirements

You must be able to provide or demonstrate:

- A detailed project proposal
- Project costings
- A Project programme
- Necessary consents, which could include Planning Permission and Building Warrant Approval, should be in place before work commences.
- You must obtain any relevant consents and meet any other legislative requirements prior to commencement of works.
- You should be able to demonstrate a viable capital project proposal and have the means and expertise to complete the project.

Eligible Project Activities:

- Refurbishment works to improve the quality and marketability/let ability of a vacant property which may be suitable for occupation by companies operating in the low carbon energy sector and wider supply chain.
- Refurbishment works should be in line with ETZ Ltd. Net Zero Principles and should adopt circular economy principles whilst considering improving building performance or introducing low carbon energy and heating solutions. Through application of these principals and by considering a whole-life carbon approach to property, successfully refurbished properties will become a showcase for exemplar buildings and infrastructure, helping to accelerate the transition to net zero.
- Other qualifying works will include landscape, accessibility and wellbeing enhancements, energy audits and carbon assessments.

Eligible and ineligible costs:

Cost Category	Example Costs	Eligibility Status
Core Construction	Structural works (walls, roof, floors), new build elements	Eligible
Refurbishment / Conversion	Reconfiguration of internal layout, upgrades of building fabric, works to upgrade building class	Eligible
Site Preparation	Demolition, groundworks, site clearance, access works	Eligible
Professional Fees	Architecture, Engineering, Surveying (inc QS), project management	Eligible
Building Services (M&E)	HVAC, electrical, plumbing, fire services, lifts	Eligible
Due diligence	Post-completion surveys	Ineligible
Land Purchase	Buying land/property	Ineligible
Planning Fees	Planning permission	Ineligible
Legal Costs	Transaction/legal fees	Ineligible
Financing Costs	Interest, loan fees	Ineligible
Marketing Costs	Letting, promotion	Ineligible
Maintenance	Routine repairs	Ineligible
Operating Costs	Staff, utilities	Ineligible

Tenant-Specific Fit-Out	Bespoke layouts	Ineligible
Specialist Plant	Tenant-specific equipment	Ineligible
Branding Works	Signage, branding	Ineligible

HOW DO I APPLY?

Before applying, please read the Property Improvement Fund Guidance and FAQs and ETZ Ltd. Net Zero Principals in full. If you have any questions, please contact the project team by emailing propertyfund@etzltd.com
The links to download an application form, supporting guidance and ETZ Ltd Net Zero Principles are available below. Once complete, please email the completed form and all required supporting documents to propertyfund@etzltd.com. Applications must be submitted to ETZ using the email address provided.

- Property Improvement Fund Application Form
- ETZ Net Zero Principles
- Scottish Enterprise Net Zero Plan

THE APPLICATION PROCESS

The application process usually includes:

1. An application
2. Due diligence and any clarifying questions
3. Panel review and a funding decision
4. Funding offer and acceptance
5. Project delivery and monitoring

Applicants will be informed of the appraisal panel decision within 3 weeks following submission. Timescales will vary depending on the size and complexity of your project. Please note we may have external experts included in the appraisal panel.

DEADLINES FOR APPLICATIONS

The fund will remain open for applications through 2026 and 2027, with applications being appraised and funding awards made on a quarterly basis. Applications can be submitted at any time. We advise submitting your application as early as possible. All expenditure related to the funding award must be committed **by end March 2029.** Please note funding payments will normally be made in arrears.

HOW APPLICATIONS WILL BE ASSESSED

Applications will be jointly assessed by the Scottish Enterprise and ETZ Ltd. appraisal team. Priority will be given to projects that:

- Deliver strong economic impact
- Create or support high-quality jobs
- Leverage significant private investment
- Improve environmental performance
- Support the growth of energy transition sectors
- Bring long-term vacant premises back into productive use
- Show strong deliverability, with consents, funding and project readiness

Applicants should be aware that the Assessment Panel may request that the applicant for any project provide further information as part of the assessment process.

In particular, the items below will be considered in relation to the following assessment areas –

i. Demonstrating a viability gap

Applicants should explain:

- Why the refurbishment will not proceed without support.
- The level of private investment being committed.
- Why the project is not commercially viable through private funding alone.
- The consequences if funding is not secured.
- How grant support will unlock earlier delivery, increased scope, improved quality or greater economic impact.

ii. Demonstrating occupier demand

Priority will be given to projects where there is evidence that the refurbished property can attract users operating within the energy transition economy.

Examples of evidence include:

- Heads of terms.
- Letters of intent.
- Expressions of interest.
- Active marketing enquiries.
- Market studies.
- Evidence of discussions with prospective occupiers.

iii. Net Zero and Sustainability

Applicants should demonstrate how proposals:

- Improve building energy performance.
- Improve EPC ratings.
- Reduce operational carbon emissions.
- Reuse existing building fabric where practicable.
- Incorporate circular economy principles.
- Reduce embodied carbon.
- Support low-carbon occupiers.

Projects which deliver measurable environmental improvements are likely to achieve higher appraisal scores.

DOCUMENTS YOU SHOULD PREPARE BEFORE APPLYING

Please ensure the following documents where relevant have been submitted along with the completed application. It would be useful to prepare these before starting your application:

Applicants should be prepared to submit:

- Latest audited statutory accounts.
- Current year to date management accounts.
- 18-month cashflow forecast (including actuals and forecast period).
- Project plan and delivery programme.
- Project cost plan and supporting cost evidence.
- Project drawings and specifications
- Contractor quotations and/or QS cost estimates.
- Evidence of occupier demand (heads of terms, enquiries, expressions of interest).
- Marketing strategy for the property (where applicable).
- Current EPC certificate and details of any planned energy/carbon assessments to be undertaken on completion.
- Evidence of planning permission, building warrant or other statutory consents where required.
- Company Flexible Working Policy
- Company Net Zero Plan

DOES THE FUNDING NEED TO BE REPAID?

Funding may be repayable, in whole or in part, depending on how the property is used after project completion. Repayment obligations may be triggered by:

- **the letting of the property**, where a proportion of rental income may be repaid over an agreed period; or
- **the sale of the property**, where a proportion of the grant may be repayable.

However, if the property is **sold or leased to a non-energy transition occupier or purchaser within two years of the final grant payment**, the applicant will be required to **repay the grant in full**.
The proportion of funding to be repaid, the repayment triggers and the repayment timetable will be determined by the appraisal panel and will be clearly set out in the funding offer letter before funding is accepted by the applicant.

HOW IS THE REPAYABLE ELEMENT DETERMINED?

Applicants will be asked to propose the level of support they believe could be repaid. The appraisal panel will then consider this in determining the final repayment percentage and terms, and this level of repayment will be clearly set out in any funding offer.

Factors impacting the level of repayment may include:

- Project viability
- Commercial returns

- Level of private sector investment
- Economic impact
- Deliverability of the project

Projects offering a higher level of repayment may score more favourably during appraisal.

If a higher level of non-repayable grant is recommended, then consideration will be given to clawback clause as additional mechanism. The clawback clause may, for example, enable ETZ/SE to receive a proportionate share of any super-profit arising from a sale or lease at a value exceeding the market valuation established in the funding appraisal, relative to the amount of grant support provided.

RESPONSIBLE INVESTMENT PRINCIPALS

The Energy Transition Zone and Scottish Enterprise are committed to ensuring that public sector funding is provided in a manner consistent with Scottish Government policy and Scottish Enterprise's responsible investment principles.

In order to comply with UK Government sanctions legislation and Scottish Government guidance in relation to trading with Russia and Belarus, as part of our appraisal of this application, Scottish Enterprise will carry out sanctions checks on your company, shareholders and in some cases directors and may ask you about the nature of your trading and/or investment links with Russia and Belarus. Depending on the outcome of these checks, Scottish Enterprise may decide not to support you or your company.

In line with Scottish Government guidance on Human Rights Due Diligence (HRDD), Scottish Enterprise is required to assess potential human rights risks associated with companies before providing support. As part of our appraisal of this application, Scottish Enterprise will carry out HRDD checks on your company and may seek further information on any activities, relationships, or geographic links that could present human rights risks. The outcome of these checks will be used to inform Scottish Enterprise's decision on whether support can be provided.

As part of our appraisal of this application and in line with Scottish Government guidance on Excluded Military Trading, Scottish Enterprise will assess whether your company, its Scottish operations, or any associated group companies are involved in the provision of military equipment, technologies or services to countries or territories identified in Scottish Enterprise's Excluded Military Trading Policy. We may undertake due diligence checks and request additional information relating to your activities, customers, supply chains, distributors, intermediaries and wider corporate relationships. Depending on the outcome of these checks, we may decide not to provide support or may require specific assurances before support can be offered.

As part of its Fair Work Action Plan, the Scottish Government has set out the goal to make Scotland a Fair Work Nation by 2025. As part of our appraisal, we will consider your approach to the Scottish Government's seven Fair Work First and Net Zero Criteria:

- appropriate channels for effective voice such as trade union recognition;
- payment of the Real Living Wage to all employees over the age of 16 including apprentices and sub-contractors;
- investment in workforce development;
- no inappropriate use of zero hours contracts;

- take action to tackle the gender pay gap and create a more diverse and inclusive workplace;
- offer flexible and family friendly practices for all workers from day one of employment;
- oppose the use of fire and rehire practice and;
- a credible plan in place to reduce operational greenhouse gas emissions to net zero by 2045 at the latest.

Please note that if you are either working towards or unable to commit to any of the criteria, Scottish Enterprise may not be able to offer you an award at this time.

NET ZERO PRINCIPLES

The ETZ Ltd Property Improvement Fund will provide refurbishment funding to property owners to stimulate the improvement of properties within the North East of Scotland, in line with ETZ Ltd Net Zero Principles.
The Property Improvement Fund will revitalise the existing brownfield industrial estates and will ensure high quality properties are available to attract companies operating in low carbon markets.
Through the application of step-by-step guidance and by considering a sustainable and whole-life carbon approach to property, businesses within the zone will become a showcase for exemplar buildings and infrastructure helping to accelerate the transition to net zero.
A comprehensive investment programme is underway to deliver market-ready, 'net zero exemplar' properties and enabled development sites for high-value manufacturing and the wider energy transition supply chain.
Net Zero - Scottish Enterprise's ambition is to lead, influence and create opportunities for Scotland's just transition to net zero – creating a thriving economy that generates opportunities, positions Scotland in new markets, creates jobs and ensures long-term viability for businesses.

OTHER FREQUENTLY ASKED QUESTIONS

CAN SPECULATIVE REFURBISHMENTS BE SUPPORTED?

Yes. The fund is intended to support the refurbishment of vacant and underutilised industrial properties to make them suitable for future occupation by businesses operating in energy transition and low-carbon sectors. Applicants are not required to have a tenant secured before applying, although projects with stronger evidence of occupier demand are likely to be more competitive during appraisal

CAN A DEVELOPER AND LANDLORD BOTH APPLY?

No. Where the owner and developer are different parties, an agreement must be in place between them consenting to the proposed works. However, only one party can be the recipient and beneficiary of the funding award for a particular project.

ARE COSTS INCURRED BEFORE APPROVAL ELIGIBLE?

No. Applicants should not assume that costs incurred before a formal funding offer is issued will be eligible for support. Works should not commence until funding approval has been confirmed and all necessary conditions have been satisfied, unless otherwise agreed in writing.

WHAT HAPPENS IF PLANNING PERMISSION IS STILL PENDING?

Applications can be submitted before all statutory consents have been secured. However, applicants should provide details of the consent status, anticipated approval timescales and any associated risks. Funding offers may be conditional upon securing the necessary planning permission, building warrant approvals or other statutory consents before works commence

WHAT MONITORING INFORMATION WILL BE REQUIRED AFTER COMPLETION?

Successful applicants may be required to provide information relating to:

- Property occupation and tenancy status
- Employment supported or created
- Private sector investment delivered
- Lettings and sale activity
- Energy performance improvements
- EPC ratings
- Whole Life Carbon Assessment
- Other agreed project outputs and outcomes

The precise monitoring requirements will be detailed within the funding offer and grant conditions.

WHAT DOES "COMMITMENT OF EXPENDITURE BY MARCH 2029" MEAN IN PRACTICE?

All supported expenditure must be contractually committed by 31 March 2029. In practice, this means applicants must have entered into legally binding agreements for the approved works, goods or services by that date. Projects should therefore be sufficiently progressed to ensure procurement, contracting and delivery milestones can be achieved within the fund timescales. Funding awards should not be viewed as open-ended commitments beyond this period.