



Sustainability Intelligence Brief

For Real Assets | UK & Europe

January – May 2026

This brief synthesises material regulatory, certification and market developments from January to May 2026 relevant to real estate investment funds and infrastructure managers operating existing buildings in Europe and the UK. Each item is sourced to official or primary-authority publications. Items are prioritised by commercial, compliance and valuation impact. This brief does not constitute legal or investment advice.

How to Read This Brief

	HIGH	MEDIUM	LOW
Priority	Immediate action required — compliance, valuation or disclosure risk	Action within this quarter — operational or market risk	Horizon item — monitor and plan

Executive Summary – Key Themes This Period

- Regulation is landing.** EPBD transposition was due 29 May 2026. UK commercial MEES is tracking toward EPC C by 2028 and EPC B by 2030, though the Government's formal consultation response is still outstanding. CSRD Omnibus I (Directive 2026/470) is in force, narrowing mandatory scope to >1,000 employees and >€450m turnover. Action cannot wait for final confirmation.
- SFDR is being redesigned.** The European Commission's 20 November 2025 formal proposal replaces Articles 6, 8 and 9 with three new categories: Sustainable, Transition, and ESG Basics. Fund positioning and investor documentation will need to be rebuilt. Implementation is expected from spring 2028, but early repositioning is a competitive advantage.
- Standards are raising the bar.** GRESB 2026 methodology changes (GHG scope reclassification, embodied carbon scoring), LEED v5, BREEAM In-Use V7 and CRREM entering underwriting all signal the same direction: evidenced operational performance over process documentation. Funds relying on policies and frameworks without underlying data will feel score compression.
- Decarbonisation is entering the investment case.** INREV has formally incorporated the CRREM Misalignment Year into real estate underwriting, linking transition risk directly to DCF assumptions, exit strategy and loan covenants. This is no longer an ESG disclosure item; it is an investment committee item.
- The financial case for action is hardening.** Green-certified commercial buildings command 6–10% rental premiums and 10–15% valuation uplifts, with lower vacancy rates. Lenders are embedding ESG conditions into loan facilities. The cost of inaction is now measurable and being priced by counterparties.

Regulatory and Disclosure

SFDR | EU Taxonomy | CSRD/ESRS | EPBD | UK EPC/MEES

SFDR 2.0 — Formal Legislative Proposal Published

HIGH

WHAT CHANGED	<p>On 20 November 2025, the European Commission published a formal proposal replacing the current SFDR Article 6 / 8 / 9 classification with three product categories: Sustainable, Transition, and ESG Basics. Two optional sub-categories — Impact (measurable positive outcomes) and Combined — are also proposed. Entity-level PAI reporting will be removed. Each category requires a minimum 70% investment commitment aligned to the category objective. Implementation target: spring 2028 (18 months after adoption into law).</p>
WHY IT MATTERS	<p>Articles 8 and 9 — the fund labels on which investor marketing has relied since 2021 — will cease to exist over time. Real estate fund managers must reassess fund positioning, investor communications, legal documentation and distribution agreements. Transition-focused strategies will need credible, evidenced improvement plans, not just exclusion policies, to qualify for the Transition category. Early repositioning is a competitive advantage; waiting until 2027 risks a rushed transition.</p>
RECOMMENDATIONS FOR CONSIDERATION	<ul style="list-style-type: none"> • Map current fund range against the three new SFDR 2.0 categories (Sustainable / Transition / ESG Basics). • Identify which assets support each category via topics such as; Taxonomy alignment, CRREM alignment, certifications and capex plans. • Instruct legal counsel to monitor Parliament / Council trilogue progress. • Begin repositioning planning now, do not wait until 2027. <p>Source: European Commission — SFDR Proposal, 20 Nov 2025 finance.ec.europa.eu</p>

CSRD Omnibus I — Directive (EU) 2026/470 in Force from 18 March 2026

HIGH

WHAT CHANGED	<p>Directive (EU) 2026/470 was published in the EU Official Journal on 26 February 2026 and entered into force on 18 March 2026. Mandatory CSRD scope rises to >1,000 employees and >€450m net turnover. Wave 2 and Wave 3 companies are delayed — reporting in 2028 covering FY2027. A Quick Fix delegated act allows Wave 1 companies already reporting to defer certain disclosures through FY2026. Member states have until 19 March 2027 to transpose into national law.</p>
WHY IT MATTERS	<p>Many real estate fund management entities and portfolio companies will fall outside mandatory scope. However, investors, lenders and value-chain partners will continue to request ESRS-aligned data regardless of legal obligation. Wave 1 entities must confirm whether Quick Fix reliefs apply before filing FY2025 reports. Communicating scope changes transparently to investors is essential, silence creates concern.</p>

RECOMMENDATIONS FOR CONSIDERATION	<ul style="list-style-type: none"> • Confirm whether each entity in the group is in or out of scope under Omnibus I thresholds. • For entities falling out of scope, assess the VSME voluntary standard as a proportionate substitute. • For Wave 1 entities: confirm Quick Fix relief applicability with finance teams before FY2025 filing. • Draft an investor communication explaining any scope changes, do not leave it to inference. <p>Source: EUR-Lex — Directive (EU) 2026/470 eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202600470</p>
--	---

EU Taxonomy — Technical Criteria Simplification Under Active Review		HIGH
WHAT CHANGED	On 17 March 2026, the European Commission published draft amendments to the Climate and Environmental Delegated Acts, simplifying DNSH criteria and harmonising Technical Screening Criteria with existing EU law. The public consultation closed 14 April 2026. Revised criteria are expected for adoption in Q3 2026.	
WHY IT MATTERS	Despite well-known practical application challenges with the technical screening criteria for real estate, the draft amendments cannot be classified as a major overhaul. The most interesting development for real estate is a potential third option for climate change mitigation contribution (in addition to EPC A and top 15% of performance). The new option recognises buildings where primary energy demand has been reduced by 60% or more over a period of 10 or less years. This is a welcome addition, providing a performance-based route that rewards retrofit investment.	
RECOMMENDATIONS FOR CONSIDERATION	<ul style="list-style-type: none"> • Plan re-runs of Taxonomy alignment assessments under the revised criteria once adopted (target Q3 2026). • Identify assets potentially newly eligible under simplified DNSH and new climate change mitigation option. • Model the impact on fund-level Taxonomy KPIs for investor reporting. <p>Source: European Commission — Taxonomy Criteria Consultation finance.ec.europa.eu</p>	

EPBD — Member State Transposition Deadline: 29 May 2026		HIGH
WHAT CHANGED	EPBD (Directive 2024/1275) required transposition by 29 May 2026. Key requirements for existing non-residential buildings: MEPS must be set by Member States targeting the worst-performing 16% of stock for renovation by 2030 and 26% by 2033; mandatory EV charging infrastructure; building renovation passports; Smart Readiness Indicator requirements. National implementations will vary significantly across the EU.	
WHY IT MATTERS	This is no longer a horizon risk. EU non-residential portfolios will face country-specific MEPS timelines, renovation obligations and potential lettability restrictions from late 2026 onwards. Assets in the bottom energy performance quartile face compounding regulatory and stranding risk. National differences across the EU create a complex compliance matrix for diversified fund managers.	

RECOMMENDATIONS FOR CONSIDERATION	<ul style="list-style-type: none"> • Build a jurisdiction-by-jurisdiction EPBD tracker for all EU assets, updated as national MEPS implementing legislation emerges post-29 May. • Identify assets likely to fall in the worst-performing 16% in each country — these face the earliest and most acute compliance obligations. • Engage local legal or technical advisers in each market to confirm national transposition timing and scope within Q3 2026. <p>Source: <i>European Commission — EPBD energy.ec.europa.eu/topics/energy-efficiency/energy-performance-buildings</i></p>
--	--

UK EPC Reform — Multi-Metric System & Commercial MEES Trajectory		HIGH
WHAT CHANGED	<p>The UK Government has confirmed a four-metric domestic EPC model (energy costs, fabric performance, smart readiness, heating/emissions) from October 2026 — this applies to residential properties. For commercial and non-domestic buildings, the existing single Carbon-based Environmental Impact Rating remains the headline metric. On commercial MEES: the Government's response to the 2021 consultation (which proposed EPC C by April 2027 and EPC B by April 2030) has not yet been published as of May 2026, but the C-by-2028 / B-by-2030 trajectory is now widely embedded in lender and investor expectations. The removal of the 28-day EPC grace period before marketing is also confirmed.</p>	
WHY IT MATTERS	<p>Commercial assets rated EPC D or below face growing liquidity risk as lender and investor expectations converge on C-by-2028 / B-by-2030, even ahead of formal regulatory confirmation. The absence of the 28-day grace period creates operational compliance risk for portfolios with active disposal or leasing programmes. Mixed-use assets with residential components will face the new domestic multi-metric EPC system, changing how performance is communicated to tenants and buyers.</p>	
RECOMMENDATIONS FOR CONSIDERATION	<ul style="list-style-type: none"> • Audit the UK commercial portfolio against the anticipated C-by-2028, B-by-2030 MEES trajectory. Identify assets that cannot reach EPC C without major capex and begin procurement now, allow for design, planning and construction lead time. • Ensure all UK assets have a current valid EPC. Remove reliance on the 28-day grace period from operational workflows immediately. • For mixed-use assets, brief asset managers on the implications of the new domestic multi-metric EPC system from October 2026. <p>Source: <i>UK Government — EPC Reform 2026 gov.uk · MEES Solutions — January 2026 Update meessolutions.co.uk</i></p>	

Green Building Certification & ESG Benchmarks

GRESB | BREEAM | LEED | WELL | Fitwel | DGNB

GRESB 2026 — Methodology Changes Create Scoring Risk Before Submission

HIGH

WHAT CHANGED

GRESB published the 2026 Real Estate Standard updates in December 2025. Key changes:

- GHG scope reclassification: emissions from landlord-controlled tenant spaces move from Scope 3 to Scopes 1–2, aligning with GHG Protocol and CDP / PCAF frameworks (~3.1% of assets affected).
- Embodied carbon: end-of-life treatment (module C) is now scored in the 2026 standard within the development module (DMA2). Asset-level reporting of upfront embodied carbon (whole life cycle) is being introduced from 2027.
- Within the performance module, retirement of lower-impact management indicators (e.g. LE3, SE2.2) with points reallocated to RM6.1 – RM6.4, SE5, TC3, TC4 and T1.2.
- Within the development module, scoring has been reduced for DRE2, DRE3, DSE2.1 and DSE3.1. This amounts to a total of 5 points, which have been allocated to DMA2. Evidence is now also required for this question to obtain full points.

The expected impact for embodied carbon changes is +0.1 points for performance and -5.3 points for development. Regarding indicator retirement and weight adjustments, the impact range is -0.6 points for management and an anticipated 0 point impact for performance. Finally, the changes to GHG reporting within the Asset Level Spreadsheet are expected to result in a +0.2 points impact.

WHY IT MATTERS

A 2026 GRESB submission reflecting identical performance to 2025 may produce a lower score purely due to methodology changes — particularly the GHG scope reclassification. Without investor briefing, score movement will be misread as performance decline. The embodied carbon direction is clear: 2027 will score upfront carbon at asset level. Funds not already capturing this data will fall behind peers who began early data collection.

RECOMMENDATIONS FOR CONSIDERATION

- Run a simulated 2026 GRESB score before submission to identify exposure from methodology changes.
- Brief investors explicitly that score movement may be methodology-driven, not performance-driven.
- Begin capturing upfront embodied carbon data at asset level now to build the 2027 GRESB evidence base.
- Confirm GHG scope reclassification impact across the portfolio and update emissions reporting accordingly.

Source: GRESB — 2026 Real Estate Standard Updates | gresb.com/insights/2026-gresb-real-estate-standard-updates/

GRESB Foundation — Shift to Performance-Based Scoring from 2028		MEDIUM
WHAT CHANGED	The GRESB Foundation opened a public consultation in early 2026 on transitioning to performance-based scoring. The 2027 Standard remains largely stable. Material changes are anticipated from 2028, when process and disclosure scoring will progressively give way to real-world building performance outcomes. The consultation is an opportunity for market participants to shape the direction of travel.	
WHY IT MATTERS	Funds with strong management frameworks but weak operational performance data face score compression from 2028. Institutional investors are already signaling preference for performance-based evidence over policy documentation. The transition to performance scoring accelerates the convergence of GRESB with SFDR, CSRD and CRREM — all of which reward measurable outcomes.	
RECOMMENDATIONS FOR CONSIDERATION	<ul style="list-style-type: none"> • Audit performance data coverage across the portfolio — identify assets where metered data, CRREM outputs and certification evidence are gaps. • Begin building the 2028 performance evidence base in 2026: sub-metered energy data, carbon intensity per asset, and operational performance against CRREM pathways. <p>Source: <i>GRESB Foundation — 2026 Roadmap gresb.com</i></p>	

LEED v5 O+M — Registration Deadline 30 June 2026 for LEED v4 Route		HIGH
WHAT CHANGED	USGBC confirmed that from 1 July 2026, LEED v5 will be the only version available for new registrations across commercial BD+C, ID+C and O+M rating systems. The last day to register under LEED v4 O+M is 30 June 2026 (with certification submission deadline extended to 30 June 2032). LEED v4.1 O+M recertification has a separate extended deadline of 30 June 2027. LEED v5 O+M requires 12-month performance data, current facilities requirements, O&M plans, resilience planning and Arc platform access — substantially more demanding than v4.	
WHY IT MATTERS	Fund managers considering LEED O+M certification for commercial assets must decide immediately: register under v4 O+M before 30 June 2026 to access the more straightforward pathway or prepare for a more demanding v5 journey from July. LEED certification supports GRESB scores, green loan eligibility and tenant expectations in premium office and logistics markets. Missing the June deadline on a candidate asset forecloses the v4 option permanently.	
RECOMMENDATIONS FOR CONSIDERATION	<ul style="list-style-type: none"> • Identify all candidate LEED assets and decide v4 vs v5 pathway before 30 June 2026 — this decision cannot be deferred. • For assets proceeding under v4: register in LEED Online before 30 June 2026. • For assets proceeding under v5: commission a readiness screen covering 12-month performance data, O&M plan, IAQ approach, water/waste data, refrigerants, resilience planning and Arc access. • Brief property managers on v5 documentation obligations and data collection requirements. <p>Source: <i>USGBC — LEED v5 Transition Timeline usgbc.org/leed/v5 · LEED Certification Deadlines usgbc.org/tools/leed-certification/deadlines</i></p>	

BREEAM In-Use V7 — Methodology Transition Approaching for Existing Portfolios**MEDIUM**

WHAT CHANGED	Following BREEAM New Construction V7 (September 2025) and Refurbishment & Fit-Out V7 (early 2026), BREEAM In-Use V7 is expected later in 2026. V7 integrates whole-life carbon, climate resilience and biodiversity metrics, aligning with GRESB, CSRD and EPBD. BRE has published a 2025 BREEAM In-Use / GRESB mapping covering 49 touchpoints in Part 1 (Asset Performance) + 73 touchpoints in Part 2 (Management Performance) = 122 touchpoints total across 34 GRESB indicators to help funds optimise both simultaneously.
WHY IT MATTERS	V6 certifications will need to transition to V7 methodology over time, resetting the scoring baseline. Funds using BREEAM In-Use as GRESB evidence, SFDR support or green loan collateral need to plan for recertification. BREEAM In-Use already contributes up to 11% of a GRESB score — protecting that contribution requires proactive management of expiry and version transition. Unmanaged certification expiry or version transition could leave assets without valid certification at precisely the moment it is needed for refinancing or lease events.
RECOMMENDATIONS FOR CONSIDERATION	<ul style="list-style-type: none">• Build a BREEAM certification register covering: asset name, current rating, version (V6/V7), expiry date, assessor, evidence gaps and renewal strategy.• Prioritise assets where BREEAM In-Use certification directly supports GRESB submission, upcoming refinancing or lease events.• Use the 2025 BREEAM / GRESB mapping to identify GRESB gaps that BREEAM recertification can close. <p>Source: BRE — <i>BREEAM In-Use V7 Roadmap & GRESB Mapping</i> breem.com</p>

Existing Building Performance

CRREM | Energy & Carbon | Electrification | EPC/MEES

CRREM Misalignment Year — Now an Underwriting and Valuation Input

HIGH

<p>WHAT CHANGED</p>	<p>INREV has formally identified the CRREM Misalignment Year as a material environmental factor for real estate underwriting, incorporating transition risk into DCF assumptions and investment decision-making. The term "Stranding Year" has been replaced with "CRREM Misalignment Year" to reflect that the threshold indicates climate misalignment — not an automatic financial event — but requires a credible transition plan to manage the transition to a decarbonised performance trajectory, covering required capex, decarbonisation measures and timeline.</p>
<p>WHY IT MATTERS</p>	<p>This is material for fund managers: Assets with a near-term CRREM Misalignment Year can no longer be managed as an ESG disclosure item. The metric is entering the language of investment committees, loan committees and buyer due diligence. This directly links decarbonisation risk to valuation assumptions, capex planning, exit strategy and lender discussions. Assets without a credible transition plan face increasing scrutiny at refinancing, disposal and in fund-level ESG reporting.</p>
<p>RECOMMENDATIONS FOR CONSIDERATION</p>	<ul style="list-style-type: none"> • Add CRREM Misalignment Year to the standard asset business plan dashboard alongside required improvement capex and planned interventions. • Update fund reports and investor presentations to use the revised terminology (Misalignment Year, not Stranding Year). • For misaligned assets, commission credible transition plans suitable for sharing with investors and lenders, qualitative statements are no longer sufficient. • Evaluate migration from the free CRREM Excel tool to a licensed platform before July 2026 to support portfolio-scale reporting. <p>Source: CRREM — INREV Misalignment Year Announcement crrem.org</p>

CRREM Global EUI Methodology Review — Pathway Outputs May Change in H2 2026

HIGH

<p>WHAT CHANGED</p>	<p>CRREM launched a formal review of its global Energy Use Intensity pathway methodology on 7 January 2026 — the first since initial publication in 2020. Market soundings and stakeholder consultations (including 4 March 2026 town hall) have been completed. Updated pathways are expected later in 2026.</p>
<p>WHY IT MATTERS</p>	<p>EUI pathways determine whether an asset is classified as aligned or misaligned with climate targets. If pathways are updated, current CRREM outputs — on which fund managers are basing business plans, investor reports, and in some cases loan covenants — may change. Assets currently classified as aligned may shift to misaligned status, or vice versa. Reporting that treats current alignment status as fixed ahead of the update carries reputational and disclosure risk.</p>

RECOMMENDATIONS FOR CONSIDERATION	<ul style="list-style-type: none"> Flag CRREM outputs as methodology-sensitive in all 2026 investor reports and asset business plans. Prepare to re-run portfolio alignment assessments when updated pathways are published (expected H2 2026) ensure internal capacity or adviser availability. Engage with CRREM's consultation process as a stakeholder to flag key portfolio country exposures. <p>Source: CRREM — <i>Global EUI Methodology Review</i> crrem.org</p>
--	--

UKGBC — Operational Optimisation Guidance for Non-Domestic Buildings (April 2026)		HIGH
WHAT CHANGED	UKGBC published "Delivering Net Zero: Practical Actions for Optimising Energy Use" on 14 April 2026. The guidance confirms that non-domestic buildings account for 23% of built environment carbon emissions from operational energy use, and that average reductions of around one quarter can be achieved through optimisation alone, without deep retrofit. A four-step iterative approach is set out: engage stakeholders, align incentives, use data effectively, and take action.	
WHY IT MATTERS	Operational optimisation is the fastest-payback, lowest-disruption route to improving GRESB scores, CRREM alignment and lender-facing energy evidence. For funds, it demonstrates active asset management — increasingly important in investor ESG scrutiny, loan covenant discussions and SFDR operational emissions reporting. The guidance provides a ready-made framework for delivery that can be deployed at portfolio scale.	
RECOMMENDATIONS FOR CONSIDERATION	<ul style="list-style-type: none"> Launch a 90-day operational optimisation programme for priority assets using UKGBC's framework: <i>BMS schedule review → setpoint optimisation → plant runtime checks → controls recommissioning → tenant engagement → monthly energy variance reporting.</i> Prioritise assets approaching CRREM misalignment, MEES thresholds or upcoming refinancing — energy improvements at these assets have the highest combined commercial and compliance value. <p>Source: UKGBC — <i>Delivering Net Zero: Practical Actions for Optimising Energy Use (April 2026)</i> ukgbc.org</p>	

RICS/CLEAR — Global Whole-Life Carbon Measurement Launched (20 April 2026)		MEDIUM
WHAT CHANGED	On 20–22 April 2026, RICS launched the Coalition for Life Cycle Emissions Alignment and Reporting (CLEAR) at the Sustainable Buildings and Construction Summit in Lausanne. CLEAR aims to harmonise whole-life carbon measurement and reporting globally, building on the RICS Whole Life Carbon Assessment 2nd Edition. Partners include WBCSD, GBDI and Autodesk. Practical tools, technical resources and an online platform are being developed.	

WHY IT MATTERS	For real estate funds, embodied carbon in major refurbishments and capex programmes is becoming more visible in GRESB (from 2027), BREEAM V7, and buyer due diligence. As whole-life carbon accounting becomes globally comparable through CLEAR, retrofit decisions that generate high embodied carbon could affect ESG positioning, fund reputation and valuation. Early adoption of consistent methodology also protects against future mandatory disclosure requirements.
RECOMMENDATIONS FOR CONSIDERATION	<ul style="list-style-type: none"> • Require whole-life carbon assessment aligned with RICS WLCA 2nd Edition for all major refurbishments and significant capex from now. • Record embodied-carbon decisions alongside operational-energy savings to build the evidence base for GRESB 2027, BREEAM V7 and investor reporting. • Monitor CLEAR platform development and plan adoption as the global standard emerges. <p>Source: RICS — <i>CLEAR Launch, April 2026</i> rics.org · <i>BDC Magazine</i> bdcmagazine.com/2026/04</p>

UK Net Zero Carbon Building Standard Version 1 (March 2026)		MEDIUM
WHAT CHANGED	Version 1 of the UK NZCBS was published on 10 March 2026, replacing years of fragmented frameworks with a single, science-led definition developed by a cross-industry coalition including UKGBC, CIBSE, RIBA, RICS, IStructE, LETI and the BRE. It sets pass/fail limits for operational energy and upfront embodied carbon, mandates fossil fuel avoidance and renewable energy provision, and establishes strict verification and reporting protocols. Verification requires at least one year of measured in-use performance data — closing the gap between design intent and real-world consumption. New annexes cover landlord-only and tenant-only verification routes and an optional Practical Completion on-track check. Limits tighten annually to 2050. Third-party verification opens Q2 2026	
WHY IT MATTERS	The Standard ends the ambiguity that allowed theoretical or offset-based net zero claims to go unchallenged — a direct response to greenwashing risk that has complicated investor due diligence since 2021. For fund managers, it creates a credible benchmark that lenders, occupiers and co-investors will increasingly expect assets to be tracked against. Non-compliant assets face estimated capital value depreciation of 20–30%, reflecting void period risk and retrofit costs. Verification certificates are expected to unlock Sustainability-Linked Loans and differentiate assets in the leasing market. The annually tightening limits mean compliance is an ongoing obligation, not a one-time exercise	
RECOMMENDATIONS FOR CONSIDERATION	<ul style="list-style-type: none"> • Screen the portfolio against NZCBS Version 1 limits, prioritising assets with upcoming lease events or refinancing. • Pursue early third-party verification for qualifying assets when the portal opens in Q2 2026 — supporting green finance access and occupier differentiation. • Update acquisition underwriting to require a funded NZCBS alignment plan as a condition of Investment Committee approval. • Engage project teams on development and refurbishment schemes to embed compliance from design stage via the Practical Completion on-track route. <p>Source: <i>UK Net Zero Carbon Buildings Standard — Version 1, 10 March 2026</i> nzcbuildings.co.uk</p>	

Market Signals for Investment Funds

Investor Expectations | Lender Requirements | Valuation | Asset Liquidity

Green Premium Hardening — Certified Assets: +6–10% Rent, +10–15% Valuation

HIGH

<p>WHAT CHANGED</p>	<p>2026 market evidence from CBRE, JLL and academic research consistently shows green-certified commercial buildings commanding 6–10% higher rents and 10–15% valuation premiums over non-certified comparables, with 15–25% lower operating costs. London office data shows 12.3% rental premiums for certified buildings and vacancy rates of 7% versus 20% for non-certified stock. A meta-analysis of over 70 academic studies found 77% reported statistically significant rental uplifts for certified buildings.</p>
<p>WHY IT MATTERS</p>	<p>The green premium is real and evidenced, but the more immediate risk for most European portfolios is the brown discount. CBRE IM's research found total return discounts of -18% (UK) and -14% (Netherlands) for EPC F/G assets versus EPC A/A+ equivalents following the introduction of minimum EPC legislation. The same effect will follow commercial MEES tightening and EPBD MEPS. Uncertified assets face growing pressure on occupancy, terminal value, exit liquidity and loan eligibility. The absence of certification at a lease event, refinancing or disposal is a quantifiable value risk — already being priced by lenders and buyers.</p>
<p>RECOMMENDATIONS FOR CONSIDERATION</p>	<ul style="list-style-type: none"> • Run a certification gap audit: identify assets with no current BREEAM In-Use, LEED O+M or equivalent where value is at risk. • Model the brown discount scenario (not just the green premium) for uncertified assets approaching lease events, refinancing or disposal — this is the more defensible business case for investment committees. • Prioritise certification for assets with upcoming trigger points; include costs and timelines in 2026–2027 capex planning. <p>Source: CBRE, JLL ESG Market Reports 2026 · Maastricht University / SUSTAINALYTICA meta-analysis 2025</p>

Lender ESG Requirements Tightening — Green Loan Conditions Now Mainstream

HIGH

<p>WHAT CHANGED</p>	<p>ESG-aware lenders — particularly those with institutional parentage or net zero commitments — are embedding sustainability conditions into real estate loan facilities, referencing LMA Green Loan Principles, BREEAM and LEED certification levels, GRESB participation, and energy performance thresholds. Lenders are extending their own net zero commitments to their lending books, making ESG performance a factor in credit assessment, not just pricing.</p>
<p>WHY IT MATTERS</p>	<p>Assets failing to meet lender ESG thresholds face higher borrowing costs, restricted refinancing options or covenant issues as existing facilities mature. This risk is most acute for uncertified, non-EPC-compliant or CRREM-misaligned assets. Conversely, demonstrating improvement against ESG KPIs can reduce the cost of debt through sustainability-linked loan structures — the benefit of proactive engagement is now measurable.</p>

RECOMMENDATIONS FOR CONSIDERATION	<ul style="list-style-type: none"> • At next refinancing or facility review, engage the lender proactively on their ESG eligibility criteria before formal application, understanding the threshold avoids last-minute surprises. • Assess whether existing assets qualify for green loan pricing, BREEAM In-Use certification, GRESB participation and EPC compliance are commonly accepted thresholds. • For assets approaching MEES or CRREM thresholds, model the impact on loan eligibility and cost of capital before facility maturity. <p>Source: <i>LMA Green Loan Principles lma.eu.com · CBRE UK — ESG Real Estate Loan Market cbre.co.uk</i></p>
--	--

IEA Buildings Outlook — Operational Energy Remains the Core Transition Risk		MEDIUM
WHAT CHANGED	<p>IEA confirms building operations account for 30% of global final energy consumption and 26% of global energy-related emissions. Electricity demand is forecast to grow strongly in 2025–2026, driven by buildings, cooling, data centres and EVs — increasing the importance of grid capacity and demand management for electrification strategies.</p>	
WHY IT MATTERS	<p>For investment funds, operational energy is not a peripheral ESG metric, it is a core transition-risk indicator and an investment performance factor. Electrification is central to decarbonisation but raises grid capacity, demand management and on-site renewables challenges relevant to capex planning. Assets with fossil-fuel heating systems face a double exposure: operational carbon risk and increasing cost of debt as lenders embed energy performance requirements.</p>	
RECOMMENDATIONS FOR CONSIDERATION	<ul style="list-style-type: none"> • Prioritise assets with high energy intensity, fossil-fuel heating or weak metering for energy audits and decarbonisation pathway assessments in 2026. • For assets considering electrification, include grid-capacity checks and demand-response potential in capex feasibility assessments before committing to design. • Model electrification capex against CRREM pathway improvement to build the combined business case for investment committees. <p>Source: <i>IEA — Buildings iea.org/topics/buildings · IEA — Electricity 2026 iea.org</i></p>	

Action Tracker

Consolidated actions from this briefing period — specific, sourced and prioritised

Actions are specific, sourced from the items above, and assigned by function. 'Monitor developments' is not an action — if no specific next step can be defined, the item is excluded.

Action	Owner	Deadline	Priority	Theme
Map current fund range against SFDR 2.0 categories (Sustainable / Transition / ESG Basics); identify asset-level evidence for each label.	Fund / Legal	Q4 2026	HIGH	Regulatory
Audit CSRD scope post-Omnibus I; confirm Quick Fix relief applicability for FY2025 Wave 1 reporting; draft investor communication on any scope changes.	Finance / Sustainability	June 2026	HIGH	Regulatory
Build jurisdiction-level EPBD tracker for all EU assets as national MEPS implementing legislation emerges post-29 May.	Asset Management	June 2026	HIGH	Regulatory
Audit UK commercial portfolio against C-by-2028, B-by-2030 MEES trajectory. Begin capex procurement for assets unable to reach EPC C without major works.	Asset Management	Q3 2026	HIGH	Regulatory
Run simulated GRESB 2026 score; identify methodology-driven score changes; brief investors before submission.	Sustainability	Pre-submission	HIGH	Certification
Decide LEED v4 vs v5 pathway for all candidate assets and register qualifying assets in LEED Online before 30 June 2026.	Asset Management	30 June 2026	HIGH	Certification
Add CRREM Misalignment Year to asset business plan dashboards with required capex and transition plans.	Investment / Asset Management	Q3 2026	HIGH	Performance
Re-run EU Taxonomy alignment assessments under revised CDA/EDA criteria once adopted.	Sustainability	Q3 2026	HIGH	Regulatory
Run certification gap audit across portfolio; prioritise BREEAM In-Use for assets with lease events or refinancing.	Asset Management	Q3 2026	HIGH	Certification
At next facility review, engage lenders proactively on green loan eligibility criteria.	Finance	Ongoing	HIGH	Market
Launch 90-day operational optimisation programme for priority assets (BMS, setpoints, controls, tenant engagement, variance reporting).	Property Management	Q3 2026	HIGH	Performance
Prepare to re-run portfolio CRREM assessments when updated EUI pathways published (H2 2026).	Sustainability	H2 2026	MEDIUM	Performance
Submit response to GRESB Foundation performance-scoring consultation; audit performance data coverage across portfolio.	Sustainability	Q3 2026	MEDIUM	Certification

Begin capturing upfront embodied carbon data at asset level to build the 2027 GRESB evidence base.	Sustainability	Dec 2026	MEDIUM	<i>Certification</i>
Build BREEAM certification register (asset, rating, version, expiry, evidence gaps); plan V7 transition for V6 certifications due for renewal.	Sustainability	H2 2026	MEDIUM	<i>Certification</i>
Require whole-life carbon assessment (RICS WLCA 2nd Edition) for all major refurbishments going forward.	Asset Management	Ongoing	MEDIUM	<i>Performance</i>
Screen UK portfolio against NZCBS Version 1 limits/thresholds; identify assets suitable for early third-party verification and embed funded NZCBS alignment plans into acquisition, development and refurbishment decision-making.	Sustainability / Asset Management / Development	Q3 2026	MEDIUM	<i>Performance</i>
For mixed-use assets with residential components, brief asset managers on the domestic multi-metric EPC system from October 2026.	Asset Management	Sept 2026	MEDIUM	<i>Regulatory</i>

Prepared by EVORA | This brief is intended for internal decision-support purposes only and does not constitute legal, financial or investment advice. Sources are accurate as at date of publication. For regulatory interpretation, consult qualified legal counsel.

Next issue: August 2026 (covering material updates from the preceding period). Frequency: Quarterly.



Disclaimer

This publication has been prepared for the agreed purpose. Reasonable professional care has been taken in the development of this report. Where our analysis, conclusions and recommendations are based on information provided to us (for example by you and/or a data agent), EVORA cannot be held responsible for the accuracy of this information. We have clearly identified where estimates have been used to provide indications of performance. Estimates are not a guarantee of current or future performance. We have also indicated where our work is based on certain assumptions, which assumptions were made at a given point in time based upon prevailing industry practices, available technologies and client data. These assumptions may change over time, which could have a resultant impact on any recommendations given. Neither this report nor any other statements or representations by EVORA should be construed by the recipient or any third party as legal and/or financial advice. Further, EVORA cannot be held responsible for reliance on the contents of this report by any third parties other than the named client.

Contact Us



contactus@evoraglobal.com



[@evoraglobal](https://www.linkedin.com/company/evoraglobal)



[@evoraglobal](https://twitter.com/evoraglobal)



[company/evora-global](https://www.instagram.com/company/evora-global)