



CEFC Timber Building Program

A greener approach for large-scale buildings

The CEFC is seeking to transform Australia's approach to medium and large-scale building construction, with a new \$300 million program to encourage mass timber construction across the property sector.

The CEFC Timber Building Program has the potential to substantially cut construction-related emissions, using engineered wood products at scale to provide a greener alternative to conventional construction materials. Eligible projects may include:

- Commercial offices, retail, industrial, healthcare, and education developments
- Multi-residential apartments, retirement living, aged care, hotel and student accommodation developments
- Australia-wide focus.

Mass engineered timber is manufactured using adhesives, dowels or nails to laminate small timber pieces to form engineered products that can be stronger than solid wood products of the same dimensions. Mass engineered timber buildings typically feature extensive prefabrication and on-site assembly. CEFC analysis suggests the use of mass timber construction methods cut as much as 75 per cent in embodied carbon emissions compared with conventional steel and concrete designs.

Why timber buildings?

Timber-framed medium and high-rise buildings are growing in popularity across the world, offering a lower carbon footprint, fast build time and physiological benefits for the end user.

Innovations in engineered wood products have created new opportunities for mass timber construction in larger projects, with immediate and long-term environmental benefits.

Industry analysis:

- Embodied carbon represents ~45 per cent of lifecycle emissions for high-performing new buildings
- Replacing concrete and steel with timber products can reduce embodied carbon by up to ~75 per cent
- A 10 per cent reduction in embodied carbon in new buildings would abate ~20Mt CO₂-e to 2030, and ~63Mt CO₂-e to 2050.

CEFC investment focus

Better performing buildings can provide some of the fastest and most affordable solutions to our energy and emissions challenges, as well as drive demand for more sustainable materials.

While Australia's leading property companies continue to top international sustainability benchmarks, the challenge remains to extend this progress across the sector more broadly.

Australia is seeing early adopters beginning to incorporate low carbon materials in their construction, with mass timber buildings under construction in several cities.

The CEFC Timber Building Program aims to accelerate the use of mass timber construction in Australia, with the provision of tailored debt finance to eligible projects.

In addition to accelerating emissions reduction, the CEFC Timber Building Program will also help develop local skills and experience, supply chains and delivery capabilities, all of which can catalyse more timber-based low emissions building.

The CEFC has a strong track record in financing new market developments, from large-scale solar to cleantech start-ups. The Timber Building Program brings this finance and expertise to sustainable construction.

CEFC contact information

Ryan Rathborne:

Ryan.Rathborne@cefc.com.au

Christina Wijeratne:

Christina.Wijeratne@cefc.com.au



Timber's next frontier

“Cutting the emissions from embodied carbon is the next frontier in sustainability for the construction sector, with enormous potential from development through to occupation. Mass timber is an important part of the solution.”

**CEFC Director of Property
Investment Ryan Rathborne**

Creating a more sustainable built environment

The CEFC works with businesses, institutional investors and innovative entrepreneurs to cut Australia's emissions, including filling market gaps and financing demonstration projects to prove up new technologies and investment approaches. The CEFC Timber Building Program reflects this approach.

Traditional steel, aluminium and cement production are among some of the more challenging materials to decarbonise, reflecting their priority focus in the Australian Government Low Emissions Technology Statement.

CEFC research, published in the [Australian buildings and infrastructure: Opportunities for cutting embodied carbon](#), found that the use of engineered timber in construction can be an extremely effective means of cutting construction-related embodied carbon emissions, by as much as 75 per cent compared to the use of conventional steel and concrete.

Project requirements

Mass timber construction is suitable for a broad range of large-scale developments. Key requirements for projects seeking finance through the Timber Building Program include:

- Use of low carbon engineered wood products in large-scale construction
- Use of appropriately sourced and accredited timber materials
- Achieve sound embodied carbon outcomes
- Require \$20 million- \$75 million in CEFC debt finance
- Is commercially sound, reflecting the rigorous investment requirements of the CEFC
- Complies with the CEFC Investment Policies, Guidelines and Risk Approach
- Complies with the Australian Building and Construction Work Health and Safety Accreditation Scheme.

Flexible finance options

CEFC investments through the Timber Building Program will be considered on a case-by-case basis. The program offers a range of flexible financing options to eligible projects:

- Project-specific senior secured property finance
- Portfolio-level corporate debt secured by a pool of assets
- Fixed and floating interest rates
- CEFC lending alongside co-financiers in syndicated and/or club structures
- Pricing, tenor, financial covenants and security based on the risk profile of individual opportunities
- Potential for concessional finance for eligible projects.

Additional information

CEFC

Investment Policies
Investment Guidelines
Risk Management Approach

www.cefc.com.au/about-our-finance

Building and Construction Work Health and Safety

Accreditation Scheme
ablis.business.gov.au/service/

Accreditation register
www.fsc.gov.au

CEFC Timber Building Program

FAQs

What is the Timber Building Program?

The \$300 million Timber Building Program provides CEFC debt finance to eligible projects to encourage mass timber construction across the property industry. The aim is to substantially cut construction-related emissions, providing a greener alternative to conventional construction materials.

Why is CEFC finance required?

Mass timber construction represents a low proportion of new building construction in Australia with a relatively small number of projects completed or planned.

The Timber Building Program aims to lock-in mass timber construction for a series of new projects and help develop local skills and experience, supply chains and delivery capabilities.

What is the eligibility criteria?

Investment decisions are made on a case-by-case basis, and must comply with the [CEFC Act](#) and [Investment policies](#). For the Timber Building Program, we also consider source materials accreditation

What projects will be considered?

Australian-based commercial offices, retail, industrial, healthcare and education developments, as well as multi-residential apartments, retirement living, aged care, hotel and student accommodation.

What finance is available?

We have a flexible approach to finance. Investments are likely to be in the form of senior secured project finance debt or corporate debt.

Is concessional finance available?

Yes. Concessional finance is used sparingly and considered on a case-by-case basis.

Is grant funding available?

No. The CEFC does not make grants. Our investments must be commercially sound and deliver a positive return to the CEFC.

Is there a maximum or minimum investment the CEFC requires?

CEFC Investments are considered on a case-by-case basis. Reflecting the larger scale of these projects, we are expecting to offer finance of \$20 million - \$75 million per investment.

How much does the CEFC expect to invest?

We have notionally allocated up to \$300 million to this program. The final value of our commitments will depend on a range of factors, including the finance requirements of the project proponents. Subject to CEFC Board approval, we may extend the program beyond \$300 million. If the full \$300 million in CEFC finance is not required, the capital will be available for CEFC investment in other opportunities.

When will you make the first investment?

We are considering potential investments and hope to make our first commitment in 2022.

Is this a national program?

Yes. We invest in Australian-based projects, with a national focus. We will consider developments in metropolitan and regional Australia.

Are single-detached dwelling projects eligible for finance?

No. Timber is widely used in the construction of single-dwelling homes. The Timber Building Program aims to accelerate the use of mass timber across larger-scale buildings, including multi-residential buildings.

Who can apply for finance?

Project owners, developers, builders and investors.

How are CEFC investment decisions made?

We consider each investment opportunity on a case-by-case basis. Our Executive Investment Committee reviews investment opportunities and makes recommendations to the CEFC Board for approval. We apply commercial rigour to our investment decisions, which are made independently of government. We invest to deliver a positive return across our portfolio.

About the CEFC

The CEFC has a unique mission to accelerate investment in Australia's transition to net zero emissions. We invest to lead the market, operating with commercial rigour to address some of Australia's toughest emissions challenges. We're working with our co-investors across renewable energy generation and energy storage, as well as agriculture, infrastructure, property, transport and waste. Through the Advancing Hydrogen Fund, we're supporting the growth of a clean, innovative, safe and competitive hydrogen industry. And as Australia's largest dedicated cleantech investor, we continue to back cleantech entrepreneurs through the Clean Energy Innovation Fund. With \$10 billion to invest on behalf of the Australian Government, we work to deliver a positive return for taxpayers across our portfolio