

HOW CAN YOU SAFELY SECURE FUNDS TO CONVERT AN OLD, UNDESIRABLE OFFICE LOCATION INTO A NEWLY REFURBISHED BUILDING – ONE THAT WILL ATTRACT A STRONG, LONG-TERM TENANT?

Problem

401 Collins St is an iconic art-deco building in the heart of Melbourne's banking district. Built more than 80 years ago in 1936, it has aged significantly and lacks modern features. That was, until Impact Investment Group acquired the property in 2014 with the intention of transforming 401 Collins St into a prime blue-chip address.

Solution

Restoration began in 2017. Finance was sourced from several lenders and comprehensive environmental works were undertaken including chiller replacement, pipework insulation, an outside air system upgrade, a toilet exhaust system upgrade, a BMS upgrade, and electrical sub metering.

Process

The funds for these environmental works were sourced via an EUA (Environmental Upgrade Agreement), while the funds for other renovations were sourced via a traditional bank loan.

This combination of two lenders provided diversity to Impact's capital stack at an affordable rate. Roni Karika, Senior Asset Manager, says, "EUAs provide a low-cost capital option."

EUAs reduce bank loan and equity requirements, minimise long-term financial risk, and increase short-term cashflow.

Outcome

Since completing the renovations, Impact has successfully tenanted the building to co- working franchise WeWork on a 15-year contract. In addition, power bills for the property have reduced. Electricity has dropped by 32%, and gas has dropped by 16%.



ENVIRONMENTAL UPGRADE FINANCE FOR LANDLORDS

As a landlord, you have the power to improve your building while helping your tenants save on operational costs. All you need to do is take out a new form of finance called an EUA (Environmental Upgrade Agreement) – your tenant shares the repayments of your upgrades while simultaneously increasing the leasing potential of your property.

Sustainable Melbourne Fund (SMF) can help you access an EUA. All you need to do is apply.

Easy to apply. Easy to service.

No upfront costs – simply make repayments through council rates.

EUAs allow repayments to be redirected and repaid through your council rates. As a landlord, you can negotiate the terms of these repayments with your tenant, so that both parties benefit fairly.

Benefits include:

- Owning new, more efficient assets and an improved building
- Reduced business risks with fixed repayments
- The opportunity to share repayments with tenants
- Secure long-term tenancies
- No additional security requirements (personal, business guarantees, mortgages or registered charges)
- No hidden costs
- No costly and complicated refinances
- A simple application and credit process
- The ability to novate the EUA, giving you the flexibility to enter alternative strategies for your property
- A range of other features unique to EUA Finance



What is EUF (Environmental Upgrade Finance)?

A EUF is a loan made out to a building owner and repaid via fixed quarterly council rates.

Who is Sustainable Melbourne Fund?

SMF was established in 2002 to finance building repositions, solar, waste, water solutions as well as more innovative solutions such as waste to energy.

Why choose SMF over other lenders?

Since our inception, we've worked with local and state governments to develop Environmental Upgrade Finance. Currently we have 150 projects approved to take advantage of this new funding mechanism. Unlike financiers that do not uniquely specialise in EUFs, clients can trust our expertise and experience.

**INTERESTED IN LEARNING MORE?
CONTACT SMF TODAY.**

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