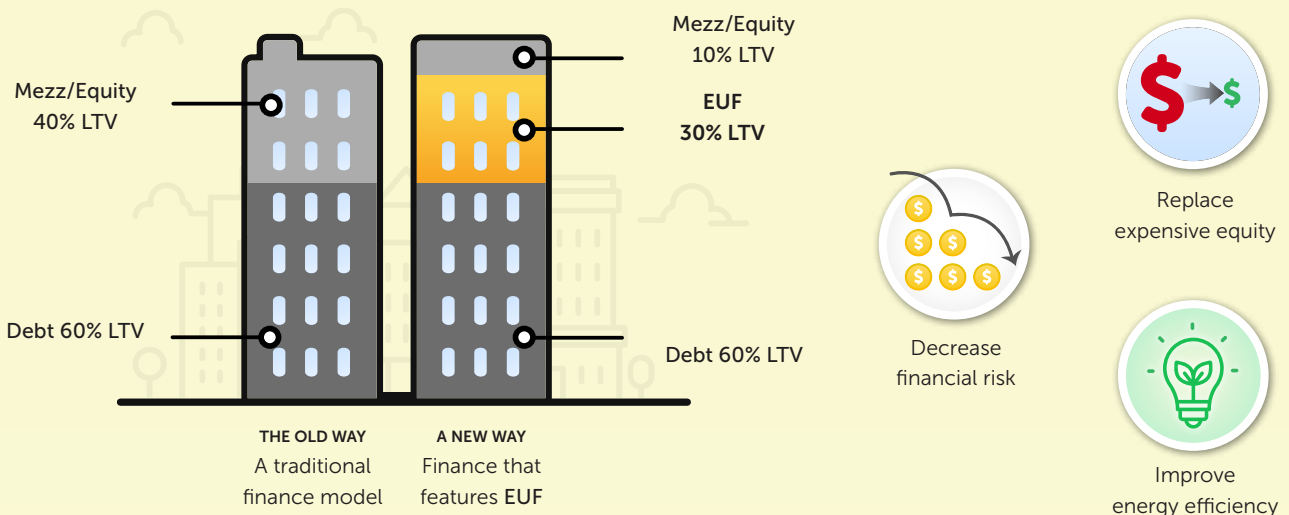


# ENVIRONMENTAL UPGRADE FINANCE COMMERCIAL BUILDING REFURBISHMENT & REPOSITIONS

Environmental Upgrade Finance (EUF) is a new and innovative way to finance improvements to a building. It diversifies the capital stack – giving owners the ability to minimise risk and replace more expensive debt or equity.

EUF can be used to bridge the gap between traditional bank debt and equity investment. However, unlike mezzanine debt, an EUF sits above other debt types including first mortgages. This senior ranking means EUFs come with competitive rates and terms.

## Diversify your capital stack with Environmental Upgrade Finance



### Environmental Upgrade Finance benefits

- Able to cover 100% of your environmental upgrades – including hard, soft and auxiliary costs
- Can be novated/transferrable if property sold before facility repaid
- Serviced with simple fixed repayments via a new council charge
- Straightforward application process, managed by Sustainable Melbourne Fund (SMF)
- Access to easy, affordable capital
- Flexible 4- to 15-year terms
- Well suited to specialised assets and rural properties that are typically subject to security and equity barriers
- Can be tailored to fit a bespoke financial structure (i.e. extended loan terms and interest capitalisation options)

### What is EUF?

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

### Who is Sustainable Melbourne Fund (SMF)?

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 EUF, clients can trust our expertise and experience.

## CASE STUDY

# IMPACT INVESTMENT GROUP

### Improving the NABERS rating of an iconic building

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

Sustainable Melbourne Fund financed the environmental works using Environmental Upgrade Finance, 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.

#### 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%.

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**CONTACT SMF TODAY  
TO FIND OUR MORE**

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