



SUSTAINABLE
AUSTRALIA
FUND

SMART AND SIMPLE FINANCE FOR ENVIRONMENTAL UPGRADES



ABOUT SUSTAINABLE AUSTRALIA FUND

Sustainable Australia Fund (SAF) is Australia's leading financier of loans that provide up to 100% of the capital needed by businesses wanting to upgrade their energy infrastructure and unlock efficiencies and environmental outcomes. This finance is then repaid through Council rates over periods of up to 20 years.

This is the only true environmental finance product on the market.

Originally established by the City of Melbourne Council in 2002, and known as the Sustainable Melbourne Fund, the Sustainable Australia Fund has been significantly recapitalised and scaled, ready to drive environmental upgrades across Australia.

ENVIRONMENTAL UPGRADE FINANCE

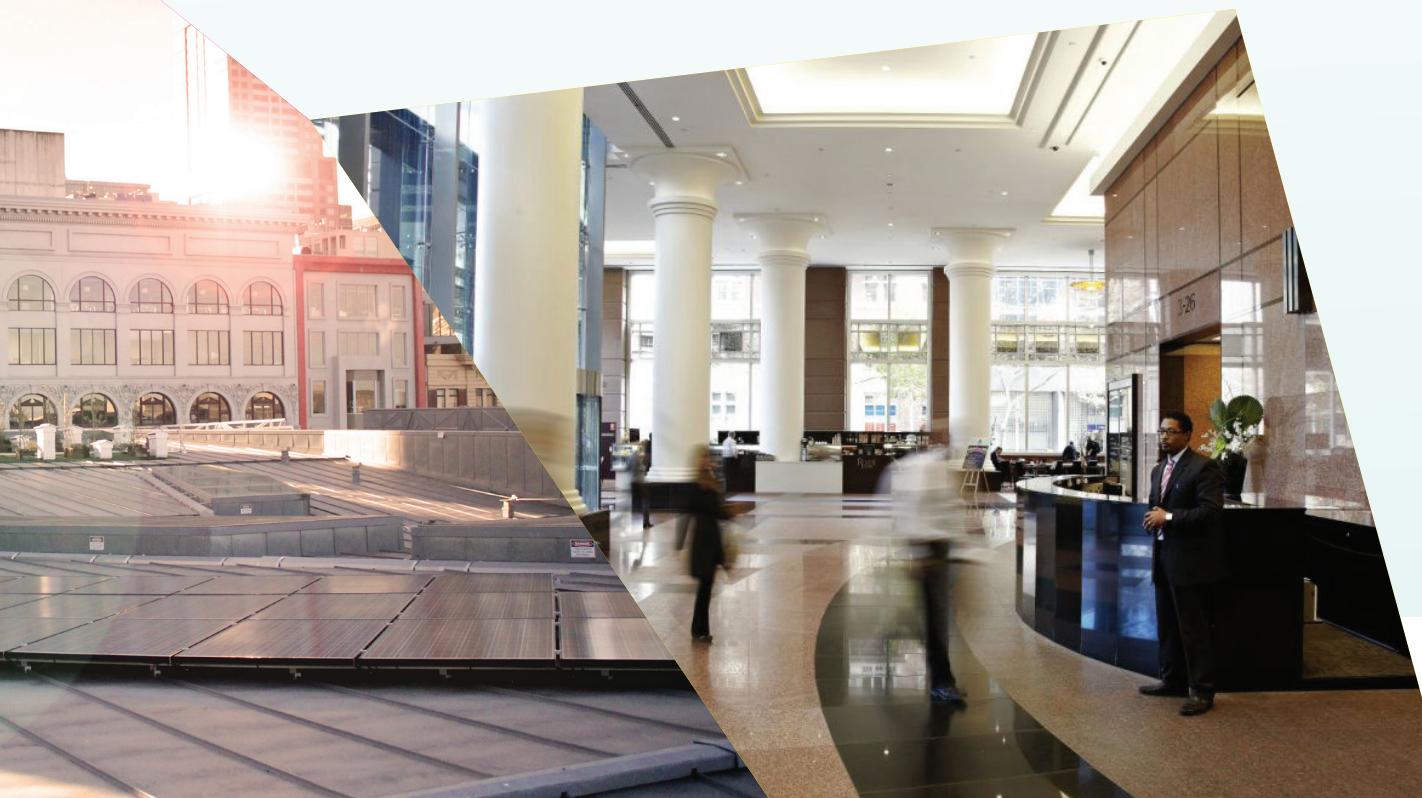
Environmental Upgrade Finance (EUF), also known as Building Upgrade Finance (BUF), is a growing form of finance designed to make existing buildings better. It covers full project costs with favourable repayment terms that work for all types of businesses.

EUF enables owners and occupiers of non-residential buildings to overcome financial barriers to implement building upgrade activities. These upgrades can reduce operating costs and provide positive cash flows due to extended loan terms, where the savings exceed the repayments.

EUF was launched in Australia in 2010 by the City of Melbourne. Following an initial pilot of the program, the program was expanded across Victoria, and then into New South Wales and South Australia.

Every month more councils are opting in to the EUF program, giving businesses the opportunity to better finance to improve their buildings and their environmental impact.

To find out if your council is offering this finance go to sustainableaustraliafund.com.au



OUR FINANCE

Using the Environmental Upgrade Finance mechanism, Sustainable Australia Fund have three products, designed to meet the needs of different projects and customers.



Capital Fund is a capital stack funding solution for environmental upgrades as part of significant renovation and repositioning projects. Its unique terms give owners the ability to minimise risk and replace more expensive debt or equity, while making their buildings more environmentally friendly.



Solar Fund is a specialist solar PV & battery finance solution, with terms that align perfectly with the useful life of solar panels and batteries. It's designed to make commercial solar projects cashflow positive, giving more businesses the chance to bring power into their own hands.



Upgrade Fund is a flexible, long term loan for a broad range of environmental upgrade projects, including energy efficiency, waste management, water, retrofits and more. Its unique terms can make even the most ambitious environmental projects viable, opening up huge efficiencies and operational savings for businesses.

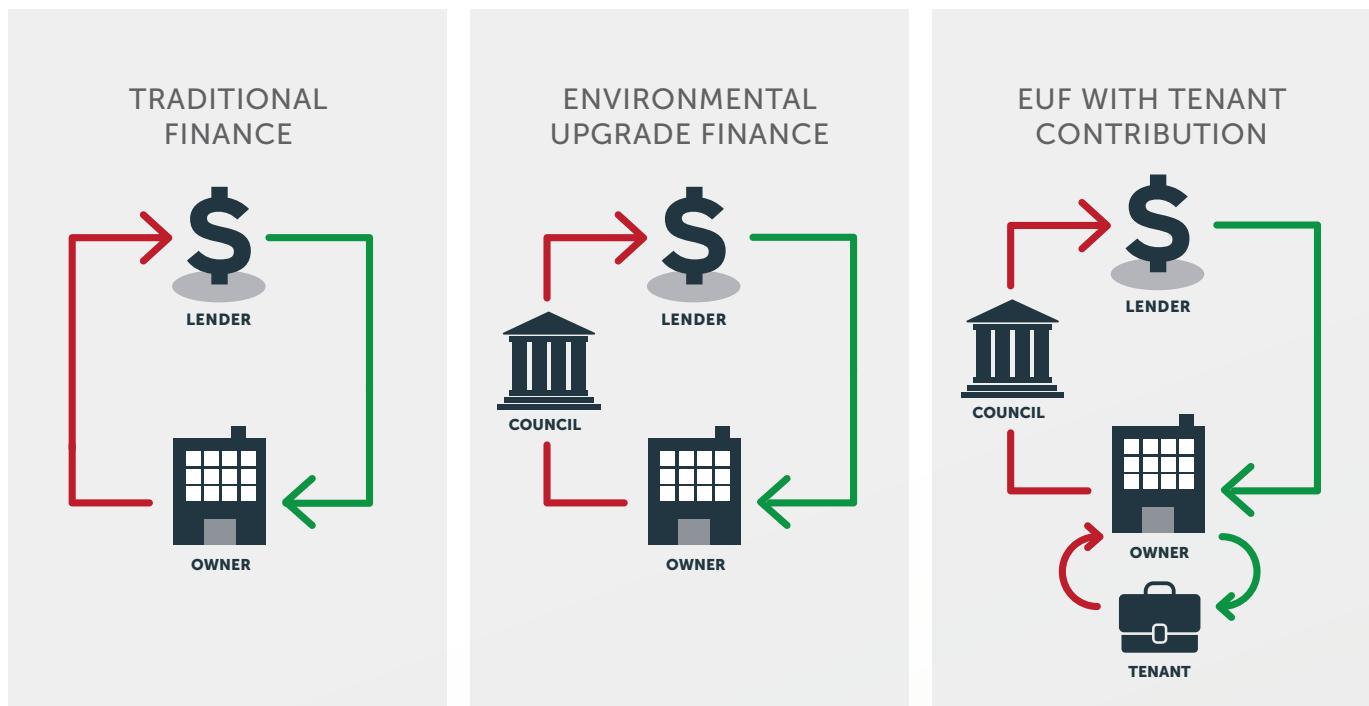
Talk to us about the specific finance terms for each product



HOW DOES IT WORK?

Sustainable Australia Fund provides the upfront capital that businesses need to make sustainability improvements to their buildings.

That capital is then repaid through council rates, with an option for tenants to contribute to the repayments, while they enjoy cheaper energy from the upgrades.



Definitions:

Environmental Upgrade Finance (EUF) is a loan for environmental upgrades to existing commercial buildings.

It is known as **Building Upgrade Finance (BUF)** in New South Wales and South Australia.

The finance agreement between the building owner, local council and lender is called an **Environmental Upgrade Agreement (EUA)**.

Repayments are made by an **Environmental Upgrade Charge (EUC)** on your local council rates notice.



HOW IS IT DIFFERENT TO OTHER LOANS?

Environmental Upgrade Finance is a loan for building upgrades, with some important differences to other forms of finance:

- Up to 100% project finance, including hard and soft costs
- Repayments are a statutory charge, collected alongside council rates
- If the property is leased, repayments can be split between landlord and tenants
- Loan terms of up to 20 years allowing for cashflow maximisation

- No requirement for personal, business or other forms of security to be provided
- Competitive interest rates with predictable quarterly repayments
- No balloon payments at the end
- No consent or approval required by existing financier on property
- Simple application process handled completely by our team

WHO CAN APPLY?

- Any type of business operating on a non-residential property on rateable land can apply for Environmental Upgrade Finance, this includes Agriculture, Commercial Office Building, Tourism and Commercial and Industrial properties.
- Must be in one of the eligible council areas
- Must be primarily a non-residential property

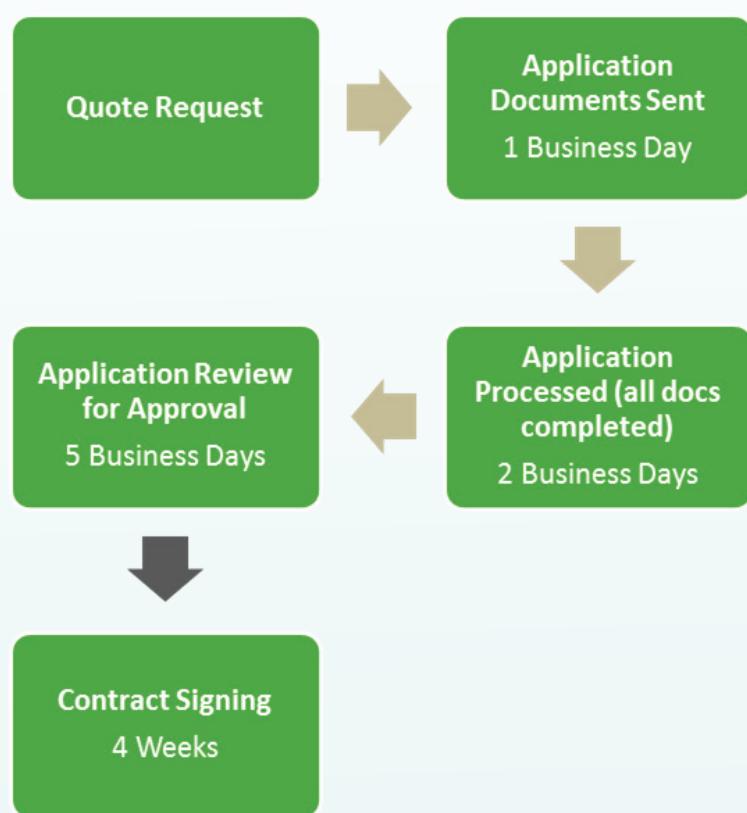
- Must be on rateable land
- Building must not be owned through a self-managed super fund
- Must be a fixed, permanent improvement to an existing building
- Works must have a quantifiable environmental benefit



APPLICATION PROCESS

Sustainable Australia Fund make securing your Environmental Upgrade Finance easy and transparent. Our experienced team will work with you and all stakeholders to ensure your project suits your needs and runs smoothly.

Our team are on hand to discuss your project, and depending on the nature of your project, can fast-track your finance approval to meet to below timeframes.



WHAT DOES THE REPAYMENT LOOK LIKE?

Repayments for Environmental Upgrade Finance are made via a new Environmental Upgrade Charge, sent out by your local council.

Tax Invoice

Brimbank City Council
PO Box 70
SUNSHINE VIC 3020
ABN 35 915 117 478

Brimbank City Council

Environmental Upgrade Agreement Charge Notice
Rates and Charges for the Period 1/07/2017 to 30/06/2018

Office Use Only
Type: [REDACTED]
Acct: [REDACTED]
Ref: -

Enquiries
Phone: 03 9249 4000
Fax: 03 9249 4351
TTY: 03 9249 4999

Account No : [REDACTED] **Date :** 01/02/2018

Property Location: [REDACTED]
Title: [REDACTED]
EUA Reference: [REDACTED]

Assessment No.: [REDACTED] **Period of Agreement:** 28/02/2018 - 30/11/2024 **Penalty Interest %:** 10.00

Note:- Interest will be charged on all invoices not paid by the due date.

| Date | Reference | Description | Amount |
|------------|------------|---------------|-----------|
| 01/02/2018 | [REDACTED] | Charge Amount | 33,426.58 |
| 01/02/2018 | [REDACTED] | GST | 0.00 |
| | [REDACTED] | Admin Fee | 611.66 |
| | [REDACTED] | GST | 55.61 |

Invoice Total (including GST if applicable) 34,038.24

Value non-taxable supply(s) 33,426.58
Total Value taxable supply(s) excluding GST 556.05
Total GST Payable 55.61

TOTAL \$34,038.24

Instalment #1 30/09/2017 \$0.00 **Instalment #2** 30/11/2017 \$0.00 **Instalment #3** 28/02/2018 \$34,038.24 **Instalment #4** 31/05/2018 \$34,038.24

Total Payable Over Full Term of Charge: [REDACTED] Balance of Total Charges at Date of Issue: [REDACTED]

PAYMENT OPTIONS

(1) Present this notice at any Post Office
OR
Present at Customer Service Centres located at ...
> 301 Hampshire Rd, Sunshine
> Station St, Taylors Lakes, located in Sydenham Library
> 704B Old Calder Highway, Keilor

(2) 13 18 16 and use the Post Billpay references for payment by credit card (minimum payment \$10.00)

(3) Log onto postbillpay.com.au and use the Post Billpay references for payment by credit card

(4) Detach payment slip and mail with cheque.
Post to: PO Box 70, Sunshine VIC 3020

(5) Ring 9249 4000 to request a Direct Debit application form

iB PAY **Biller Code:** [REDACTED] **Ref:** [REDACTED] **Tax Invoice**

i POST billpay **Billpay Code:** [REDACTED] **Ref:** [REDACTED] Minimum payment thru Post Billpay option \$5.00 (In Person)

Account No.: [REDACTED] Invoice Ref.: [REDACTED] Amount Due: \$34,038.24

EXAMPLE

Your Council

How the charge is described

Quarterly repayment will vary depending on loan size and term



WHAT ARE THE BENEFITS?

Environmental Upgrade Finance offers huge benefits for all parties, including business owners, landlords, tenants and installers. Importantly, this innovative form of finance also overcomes the split-incentive between landlords and tenants for undertaking upgrade works, but allowing both the benefits and costs to be shared proportionately.

Landlords

- No upfront capital or security
- Minimal risks
- Improve property asset
- Reduce operating costs
- Maintain cash flow
- Share repayments with tenant
- Increase yields
- Attract and retain tenants

Tenants

- Lower utility costs
- Better workplace environment
- Costs incurred outside of rent
- Works can be pursued mid-lease
- Improve staff health and productivity
- Reduce staff turnover

Installers

- Close more deals with attractive finance
- Increase project size and volume
- Grow market share in participating council areas
- Marketing and promotional opportunities through partnership with SAF
- Differentiate from competitors

CASE STUDIES



CLIENT: IMPACT INVESTMENT GROUP COUNCIL: CITY OF MELBOURNE

401 Collins St is an iconic art-deco building in the heart of Melbourne's banking district. Built in 1936, it had aged significantly and lacked modern features. Its NABERS rating of 2.5 was seen as a barrier to securing a strong, long-term tenant.

Project Overview: Impact Investment Group acquired 401 Collins St in 2014 with the intention of transforming it into a prime blue-chip address.

Upgrade Details: Restoration began in 2017. The environmental works were funded by an EUA over 15 years, while the other renovations were funded via a traditional bank loan.

- Chiller replacement
- Pipework insulation
- Outside air system upgrade
- Toilet exhaust system upgrade
- BMS upgrade
- Electrical sub metering



Outcome: Since completing the renovations, the building has been tenanted on a 15-year contract. Power bills for the property have significantly reduced – electricity by 32% and gas by 16%.

"EUAs provide a low-cost capital option."

– Roni Karika, IIG Senior Asset Manager



CLIENT: HUSSEY & CO COUNCIL: MORNINGTON PENINSULA SHIRE

Project Overview

Hussey & Co is a lettuce farm. With 74 acres & multiple industrial processing facilities, it relies heavily on energy to stay in business.

Upgrade Details

After initially installing a roof-mounted system and realising the savings, Hussey & Co decided to take out another EUA almost immediately for a ground-mounted system. In total they now have a 887kW total solar PV array, funded by two EUAs over 10 years

Outcome

- \$86,000 saved per year
- 754 tonnes of carbon emissions abated
- Savings Investment Ratio: 1.33

"It has been a great way for our business to simply access finance with a favourable rate and term."

– Lance Peterson, Hussey & Co General Manager



**Upgrade
Fund**

**CLIENT: BOOTH TRANSPORT
COUNCIL: MOIRA SHIRE COUNCIL**

Project overview: In 2018 Booth Transport commenced an incredibly ambitious environmental protection project – the Strathmerton Water Treatment Plant. In an Australian first, the plant uses worms to process huge volumes of waste water, making it safe for irrigation.

Upgrade: The construction of the 4500 square metre worm farm was funded by an EUA over 10 years

Outcome

- 121,000 kilolitres of safe water for irrigation per year
- 3000 tonnes of carbon emissions saved per year
- 450,000 km of travel saved per year
- 225,000 litres of diesel fuel saved per year

"We checked around the world to see what could be done and we've come up with water treatment in a different way."

– Brian Booth, Managing Director



FREQUENTLY ASKED QUESTIONS

How do I repay the finance?

The finance is repaid through a quarterly Environmental Upgrade Charge on your council rates. If your building is tenanted these cost can be passed through to the tenant with their consent.

What happens to the loan if I sell the building?

As the loan is tied to the building, the Environmental Upgrade Finance can be passed onto the new owner.

What happens to the loan should a tenant move out?

There is no need to align the Environmental Upgrade Finance to the term of the lease. If your tenant decides not to extend the lease the replacement tenant can pick up the residual payments.

I'm a building owner, how do I engage with the tenant to agree to Environmental Upgrade Finance?

We can help you discuss the benefits of your project with your tenant, and potentially negotiate part of the Environmental Upgrade Finance so your tenant contributes. We can also guide you on other environmental improvement, such as lighting upgrades, to make this even more attractive for your tenant, and improve the overall capital value of your building.

I'm a tenant, am I a party to the finance agreement?

No, tenants are not a party to the Environmental Upgrade Finance.

I'm a tenant, how do I pay council rates?

Council rates are a statutory charge upon the building. Under most commercial leases, such charges can be recovered through the outgoings clauses of the lease. Where the tenant agrees, these new council charges can be passed through using these existing clauses.

I'm a tenant, how do I engage with the building owner to agree to Environmental Upgrade Finance?

We can help make arrangements with your building owner, just contact us to discuss how we can best engage.

If my landlord wants to obtain Environmental Upgrade Finance, do I have to contribute to repayments?

Mandatory repayments vary based on state. To find out more please contact us.

If I want to sign a new lease for a building with Environmental Upgrade Finance, what information does the owner need to provide me?

New tenants must be given notice of the agreement, the charge and any liability for contributions prior to execution of the lease or occupation of the building. This may vary by state, talk to us for more information.



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START SAVING TODAY

Sustainable Australia Fund make securing your Environmental Upgrade Finance easy and transparent. We work with you and all stakeholders to ensure that your project suits your needs and runs smoothly.

Get in touch to discuss using EUF for your building upgrades.

CONTACT

1300 432 044

info@sustainableaustraliafund.com.au
www.sustainableaustraliafund.com.au