



Sustainable Melbourne Fund (SMF)

- Wholly owned, independent trust established in 2002 with an investment of \$5 million, with \$5.5 million invested in energy generation, water savings and energy efficiency projects since inception
- Making it easier to fund environmental upgrades and save money
- Expertise in energy efficiency, renewable energy and project management and delivery
- Currently a \$6.4 million fund



Two sides of the business

1. **Invests** in projects that enhance the environment and deliver economic benefits
2. **Manages** an environmental upgrade finance mechanism on behalf of the City of Melbourne



Investment

SMF will invest in projects that:

- deliver clear environmental benefits and contribute to sustainability
- provide a proven business case for investing in water, energy and waste efficiency
- demonstrate the application of new, clean technologies
- enhance alliances and development opportunities with other organisations who are committed to the principles of sustainable development
- help overcome financial barriers



Types of investment

1. **Alliance** – SMF is a partner and provides capital to partnership
2. **Sponsored** – sole funding provided by Sustainable Melbourne Fund
3. **Savings** – projects which will only provide a low rate of return through efficient resource management or via notional return type activities – e.g behavioural change

Maximum of \$500,000 per project
Maximum investment period of six (6) years per project



Environmental upgrade financing

- SMF has been appointed by Melbourne City Council to manage the operations and implementation of the environmental upgrade finance (EUF) mechanism for the 1200 Buildings program

Why set it up?

- Older buildings cost more money to operate – ACT NOW and future-proof your building
- Reduce City emissions
- Increase City global competitiveness in emerging 'green markets'
- Overcome barriers to unlock huge potential

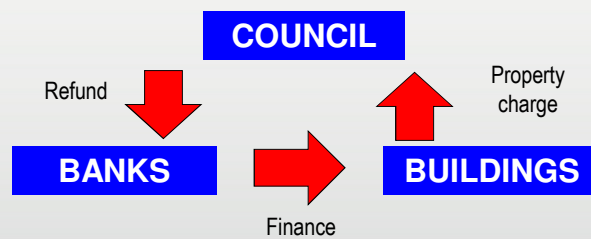


Role of SMF

- Work in partnership with the City of Melbourne to set up the criteria, program guidelines and application processes of the environmental upgrade finance mechanism
- Coordinate consultation with financial institutions and the City of Melbourne
- Assess and process project applications
- Work with lenders to the program to make their products available to customers
- Make it as simple as possible to access funds



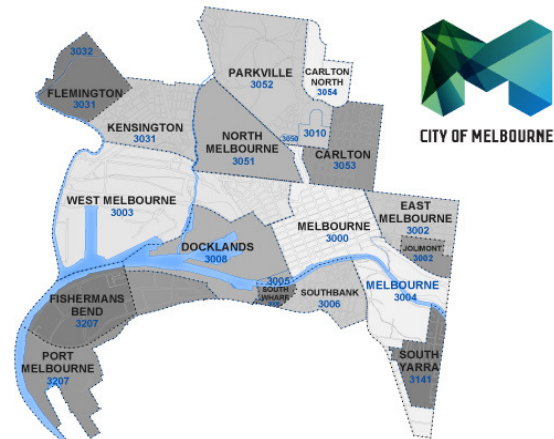
Environmental upgrade finance mechanism



Eligibility for environmental upgrade financing

- Signatory to the 1200 Buildings program
- Non-residential, rateable building
- Located in the municipality of Melbourne
- Have plans for an environmental retrofit

Voluntary (by all parties)



Eligible retrofits

Common improvements

- good track record of producing energy savings, water savings, or renewable energy in most settings
- pre-approved list where funding given provided remaining criteria are met

Custom improvements

- more complex design based improvement
- may require specialist design input to realise potential as an environmental upgrade



Environmental upgrade charge benefits

- Lower risk to lenders - therefore cheaper money than otherwise available
- Split incentives - EUC able to be passed through to tenants (by agreement)
- The charge can stay with the building
- Charge payable through rates
- Enables money to flow easier to these projects than without this mechanism



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Environmental upgrade charge - current status

- Actively engaged in a number of pilot projects – (seeking more)
- Working with other key stakeholders including banks and Low Carbon Australia to help finance first projects
- Preparing “how to” guides and application processes
- Developing a road show to educate the marketplace on how the finance works

**COME AND TALK TO US ABOUT
YOUR CURRENT OPPORTUNITIES**



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Thank you

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