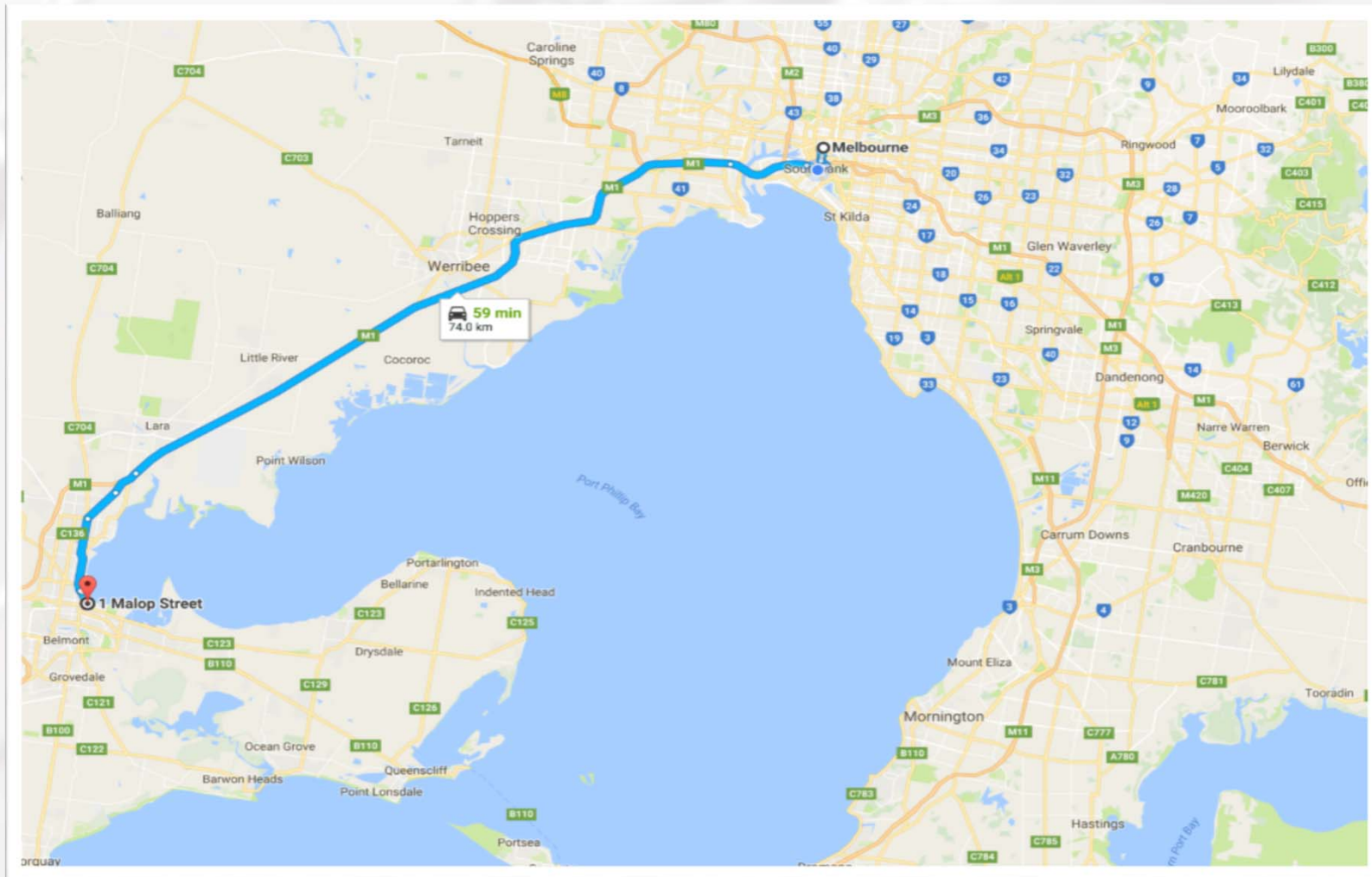




PFA Master Class August 2017

Geelong- Location



1 Malop Street - Location



1 Malop Street

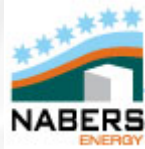


1 Malop Street - Summary

- 15,500sqm of PCA A-Grade office space
- 14 level building.
- Due for completion in December 2017 – to be Geelong’s premier office building.
- Builder is Built
- Centrally located in Geelong’s CBD – walking distance to train station, Westfield shopping centre and Geelong foreshore.
- Major tenant Victorian WorkCover Authority (Worksafe Victoria) occupying 92% of the building.
- Club style end of trip facilities including bike racks, showers, lockers, change rooms and tenant sports hub.
- Onsite café



1 Malop Street – Sustainability



- Legal obligation to achieve 5 Star NABERS Base Building Energy Rating

- Funding partnership with the Clean Energy Finance Corporation, provided economic pathway to stretch to 5.5 Star NABERS Base Building Energy Rating target

- 4 Star NABERS Water rating



- 6 star Green Star design



- WELL Building Standard Shell & Core Silver Rating



CEFC – Our Lending Partner

- Pre-CEFC relationship with Low Carbon Australia
- Pre-requisite was CEFC's due diligence on QE – 6 months
- Had to satisfy strict sustainability criteria – considerations also included:
- Legal/AFL obligation of 5 Star NABERS Energy
- Stretch target of 5.5 Star NABERS Energy (i.e. 25% energy reduction from 5 stars)
- Regional location



CEFC – Pros & Cons

Pros

- Competitive/below market margin on the facility
- Fixed rate
- Long tenor
- Ability for construction debt to convert to term debt with only relatively standard conditions precedent
- Very approachable – we have developed a great relationship, even though new members of their team coming on board
- Flexible in their dealings – always looking for a solution when issues arise rather than a closed-door approach



CEFC – Pros & Cons

Cons

- Managing relationship with existing (and keen) commercial lender.
- Difficulties in getting clarity on costs to achieve 5.5 Star NABERS Energy target.
- Facility Agreement was a long and drawn out process– probably fault on both sides (e.g. our structure confused CEFC on occasions even though our advisors told us it was standard for developments)
- Slightly more detail requested for ongoing reporting, e.g. monthly management accounts
- On occasions (possibly due to it not being core business), evidencing requirements are heightened, perhaps more than a bank



The CEFC Experience

- Would we do it again?
- Engage early as possible
- Encourage more project involvement, e.g. participation in PCG's



The Market – where to from here?

"Facts do not cease to exist because they are ignored."

Aldous Huxley, Complete Essays 2, 1926-1929



Thank-you

