

Steller gets Asian backing for \$800m apartments plan

BEN WILMOT
DEVELOPMENT

Melbourne-based residential developer Steller Group has won a major equity injection from an Asian group that will help it deliver about \$800 million worth of apartments across the city's suburbs.

The developer, advised by Development Finance Partners, negotiated the commitment that was estimated at about \$70m, and builds on the group's existing tie-up with an APN Property Group-managed fund, which backed a raft of earlier developments.

DFP principal Baxter Gamble called the equity-based funds injection "unprecedented" in the

current economic climate. "Steller wanted the flexibility to apply funds across its entire portfolio of existing and planned developments instead of the more usual arrangement where funds are secured against a specific project," he said.

Steller Group managing director Nicholas Smedley said the equity arrangement negotiated

by DFP was a breakthrough initiative at a time when traditional lenders had significantly tightened their lending criteria.

Mr Smedley said it effectively removed financing risk from the group's projects, which primarily sell to well-heeled owner-occupiers.

"The lender is secured by way of equity in the dedicated 14 pro-

ject pipeline. In effect, the lender has become a valued partner with us as we develop the business," Mr Smedley said.

The move cleared the way for Steller to progress projects with a completion value of about \$800m over the next two years, he said. "It takes financing out of the equation; we're completely secure to deliver these projects," he said.