

**Case Study: \$850,000
SMSF Loan for a New Small
Bar in Sydney**



Overview

A hospitality venue operator with four bars across Sydney's Inner West sought \$850,000 in funding through their Self-Managed Super Fund (SMSF) to purchase a shop. The property would be converted into a small bar under NSW licensing rules, strategically located near a large live concert venue to capture pre- and post-show patrons.

Challenges

1. Ramping Up Turnover: The client's existing venues were still growing their revenue.
2. New Partnership: The new venture involved a business partner with no formal operating history with the client and limited cash contribution capacity.
3. Financial Disparity: While the main client had strong financials, the new partner's contribution relied entirely on their SMSF balance.
4. Complex SMSF Structure: Establishing a compliant SMSF structure and securing funding required navigating stringent regulations.



Solution

1. SMSF Structuring Advice: The partners received accounting advice to establish a new SMSF, which facilitated the property purchase.
2. Tailored Funding Solution: We secured a lender willing to provide a 65% LVR loan, focusing solely on the strength of the SMSF and the property's value.
3. Optimized Valuation Approach: The lender assessed the property using its best-use value and market rent potential, rather than the broader financial picture of the client's businesses.
4. Cash Contribution: Both partners contributed funds from their personal SMSFs to complete the purchase.

Results

- The \$850,000 purchase was successfully completed, enabling the client to launch the new small bar venture.
- The lender's flexibility allowed the partners to secure funding without being hindered by the new partner's limited financial history.



Key Takeaway

This case study demonstrates the power of strategic SMSF structuring and lender alignment in securing funding for unique ventures. By working closely with clients and lenders, we can navigate complex scenarios to turn opportunities into reality.

Looking to fund your next venture? We have the expertise to make it happen.