

**RESOLVE SOCIAL BENEFIT BOND
Information Memorandum**

1 MAY 2017



IMPORTANT NOTICES

This Information Memorandum (the **IM**) relates to the issue of limited recourse Resolve Social Benefit Bonds (the **Resolve SBBs** or **Notes**) by SVA Nominees Pty Ltd (ACN 616 235 753) (the **Issuer**) in its capacity as trustee for the Resolve SBB Trust (the **Trust**). The Trust is managed by Social Ventures Australia Limited (ACN 100 487 572, AFSL 428865) (**Trust Manager**).

Capitalised terms in this IM are defined terms and they are listed in Section 12 (*Glossary*) or defined elsewhere in the IM.

No disclosure to investors

This IM is not a prospectus or other disclosure document for the purposes of the Corporations Act. Neither this IM nor any other disclosure document in relation to the Notes has been, or will be, lodged with ASIC. The offering of the Notes has not been, nor will be, examined or approved by ASIC.

The Notes are only being offered for issue to Australian residents who are not acquiring interests in the Notes through a permanent establishment outside Australia and in circumstances where disclosure to investors under Part 6D.2 or 7.9 of the Corporations Act is not required to be made.

The distribution and use of this IM, including any related advertisement or other offering material, and the offer or sale of Notes may be restricted by law and intending purchasers and other investors should inform themselves about them and observe any such restrictions. In particular, no action has been taken by any Relevant Party which would permit a public offering of any Notes or distribution of this IM in any jurisdiction.

A person may not (directly or indirectly) offer for issue, subscription or sale, or issue an invitation to subscribe for, or purchase, any Notes, nor distribute or publish this IM or any other offering material or advertisement relating to the Notes except if the offer or invitation complies with all applicable laws and directives.

Responsibility

The Issuer accepts responsibility for the information contained in this IM, other than for (1) the information included in Sections 4 (*Resolve Program Details*), 5.3 (*Flourish Australia*) and 5.4 (*Key Flourish Personnel*), which have been furnished to the Issuer by Flourish Australia, and (2) the details of the other persons named in the '*Directory*' section.

The State has not had any role in the preparation of this IM nor has it independently verified the information contained in this IM. Accordingly, no representation, warranty or undertaking, express or implied is made, and no responsibility or liability is accepted by the State for the issue of this IM, including as to the accuracy, authenticity, origin, validity or completeness of, or any errors, or omissions from, or any information or statement contained in the IM. The State does not guarantee the performance of any Notes, the interest rate, the return of capital to Noteholders, any particular rate of return or any taxation consequences of any investment made in any Notes.

Intending purchasers to make independent investment decision and obtain professional advice

This IM contains only summary information concerning the Issuer, the Resolve Program and the Notes. It should be read in conjunction with the documents which are expressed to be incorporated by reference in it, in particular, the SBB Deed Poll and the Resolve SBB Purchase Deed. The information contained in this IM is not intended to provide the basis of any credit or other evaluation in respect of the Issuer or any Notes and should not be considered or relied on as a recommendation or a statement of opinion (or a report of either of those things) by any Relevant Party that any recipient of this IM should subscribe for, purchase or otherwise deal in any Notes or any rights in respect of any Notes.

An investment in the Notes is subject to risks, including loss or delay in the repayment or payment of principal and coupons. Please refer to Section 9 (*Risk Factors*) for more information.

This IM does not describe all the risks of an investment in any Notes or the exercise of any rights in connection with them. Prospective Investors should consult their own professional advisers about risks associated with an investment in any Notes and the suitability of investing in the Notes in light of their particular circumstances.

CONTENTS

FOREWORD	3
1. KEY TERMS AND DATES	4
2. THE RESOLVE SBB IN CONTEXT	10
3. INVESTMENT OVERVIEW	12
4. RESOLVE PROGRAM DETAILS	14
5. KEY PARTIES	19
6. TRANSACTION STRUCTURE AND KEY DOCUMENTS	21
7. CALCULATION OF PAYMENTS	24
8. CASHFLOW SUMMARY	29
9. RISK FACTORS	30
10. LEGAL NOTICES	33
11. APPLICATIONS	36
12. GLOSSARY	38
APPLICATION FORM	40

ResolveSBB

Mental Wellbeing For Everyone



FOREWORD

Dear Investor,

Thank you for considering an investment in the Resolve Social Benefit Bond (**Resolve SBB**), Australia's first social impact bond (**SIB**) to address the pressing social problem of mental health.

The Resolve SBB offers Investors the opportunity to generate a competitive financial return while improving the lives of people suffering mental health issues in NSW. As an Investor, you will be funding the working capital of the Resolve Program, a recovery-orientated community support program which combines a residential service for periodic crisis care; integrated psychosocial, medical and mental health support; and a warm line for after-hours support from peers.

The Resolve Program will be delivered by Flourish Australia (**Flourish**), a highly experienced mental health service provider and a national leader in the employment and support of mental health peer workers. A differentiating feature of the Resolve model is that the majority of staff will be peer workers with a lived experience of a mental health issue who can draw upon their own personal experience to engage, support and be a role model for participants.

It is anticipated that approximately 530 adults will be enrolled in the Resolve Program over five years, each of whom will have spent an extended period of time hospitalised for mental health reasons. The Resolve Program will support each participant over a two-year period, and will be delivered in collaboration with the Nepean Blue Mountains and Western NSW Local Health Districts.

The Resolve SBB is expected to improve the mental health and wellbeing of participants, while generating significant savings for the State through a reduction in participants' utilisation of health and other services, in particular by reducing the number of days spent in hospital. These savings will be shared with Flourish to fund the delivery of the Resolve Program, and with Investors to provide a financial return on their investment.

If the Resolve Program delivers the target outcome performance scenario agreed by the State, SVA and Flourish over the term of the transaction, overall Investor returns are expected to be approximately 7.5% per annum.

The Resolve SBB structure aligns the interests of Flourish, the State and Investors, and imposes a strict focus on outcomes to support hundreds of individuals on their mental health recovery journey.

I encourage you to read this Information Memorandum in its entirety in order to understand the potential benefits and risks of this investment opportunity.



A handwritten signature in black ink, appearing to read 'Rob Koczkar', written in a cursive style.

Rob Koczkar
CEO Social Ventures Australia

1. KEY TERMS AND DATES

Important Note: The table below provides a summary only of the key terms of the Resolve SBB and related contractual arrangements. You should read this IM (including any document incorporated by reference, in particular the SBB Deed Poll and the Purchase Deed) in full prior to deciding to invest in any Notes.

1.1 Key Terms: Entities and Contracts

Key Terms	Descriptions
Resolve SBBs or Notes	<p>Medium-term notes offered by the Issuer which are direct, unsubordinated and second secured debt obligations, limited in recourse to the assets of the Resolve SBB Trust.</p> <p>The Notes will be issued in registered, uncertificated form in two tranches (as the Tranche 1 Notes and the Tranche 2 Notes, which are to be consolidated and form a single series) on the terms and conditions of the SBB Deed Poll together with the relevant Note Issue Supplement.</p>
Resolve SBB objectives	<p>The proceeds from the issue of the Notes will be used to fund the delivery of the Resolve Program. The Resolve Program aims to improve the mental health and wellbeing of people experiencing mental health issues in the Western NSW and Nepean Blue Mountains Local Health Districts.</p>
Resolve Program	<p>An integrated service delivery model combining: a residential service for periodic crisis care delivered through Resolve centres; integrated psychosocial, medical and mental health support provided through outreach support to people in their homes; linkages to existing services including specialist drug and alcohol services; and a warm line for after-hours support from peers. Each participant will be supported by the Resolve Program for a two-year period with the aim of increasing the participant's wellbeing and reducing their utilisation of health and other services.</p>
Resolve SBB Trust or Trust	<p>A charitable trust (ABN 65 228 690 068) established under the Trust Deed for the sole purpose of offering the Notes, entering into the Implementation Agreement and Services Agreement and funding the delivery of the Resolve Program and transaction related expenses (including evaluation of outcomes and the costs and expenses of the Trust and its administration).</p>
Issuer	<p>SVA Nominees Pty Ltd (ACN 616 235 753), a company incorporated in Victoria that is wholly owned by SVA, in its capacity as trustee of the Resolve SBB Trust. The Issuer is a corporate authorised representative of SVA (AFSL No. 428865).</p>
Trust Manager	<p>Social Ventures Australia Limited (ACN 100 487 572) in its capacity as manager of the Resolve SBB Trust.</p>
Flourish or Flourish Australia	<p>RichmondPRA Limited (ACN 001 280 628), commonly known as Flourish Australia (Flourish), is the party contracted to deliver the Resolve Program under the Services Agreement.</p>
NSW Government	<p>The Government of NSW acting through the Health Administration Corporation (HAC).</p>
Investors	<p>'Wholesale investors' (as described in Section 11.3 (<i>Investor eligibility</i>)) may subscribe for the Notes.</p>

1. KEY TERMS AND DATES (CONT.)

Key Terms	Descriptions
Implementation Agreement	A contract between the NSW Government and the Issuer dated 13 April 2017 which is the framework agreement for the Resolve SBB arrangement, and which incorporates the operations manual by reference. Payments to the Issuer under the Implementation Agreement are a combination of fixed Standing Charge and Outcome Payments based upon the expected savings to the State generated by a reduction in the utilisation of health and other services by the Intervention Group, relative to a Control Group. See Section 6.2 (<i>Implementation Agreement</i>) for details.
Services Agreement	An agreement to be entered into by the Issuer and Flourish for the delivery of the Resolve Program, under which the Issuer will use the proceeds of the issuance of the Notes and payments under the Implementation Agreement to make quarterly payments to Flourish for the delivery of services.
SBB Deed Poll	The Resolve SBB Deed Poll dated on or about 1 May 2017 made by the Issuer in favour of each Noteholder from time to time. The SBB Deed Poll sets out the terms and conditions of the Notes and the obligations of the Issuer in relation to them, and includes the form of the Note Issue Supplements to be made by the Issuer at or around the time of the issue of the Tranche 1 Notes and Tranche 2 Notes.
Purchase Deed	The Resolve SBB Purchase Deed dated on or about 1 May 2017 made by the Issuer and the Trust Manager and to be entered into by each Investor purchasing Notes upon acceptance of its Application by the Issuer.
Security Arrangements	Security arrangements relating to the payment of amounts under the Resolve SBB arrangement, as will be set out in (1) a First Security Deed to be entered into between the Issuer and NSW Government, which grants a first-ranking security over the Trust Assets in favour of NSW Government, (2) a Second Security Deed to be entered into between the Issuer and the Security Trustee (initially, SVA), which grants a second-ranking security over the Trust Assets in favour of the Security Trustee, and (3) a Priority and Co-ordination Deed to be entered into between the Issuer, NSW Government and the Security Trustee, which regulates the priority of enforcements and other related matters as between the First Security Deed and the Second Security Deed. See Section 6.6 (<i>Security Arrangements</i>) for further details.
Other documents	In addition to the above documents, the documentation for the Resolve SBB arrangement also includes (or will include) (1) a Direct Agreement to be entered into between the NSW Government and Flourish, providing for certain direct rights and obligations of those parties as between themselves, (2) the Trust Deed, which establishes the Trust, and (3) the Management Deed, which provides for the management of the Trust by the Trust Manager.
LHDs	Local Health Districts (LHDs) will collaborate with Flourish in the delivery of the Resolve Program including facilitating participant referrals and gathering and reporting on data relating to the Resolve Program. The participating LHDs are the Western NSW and Nepean Blue Mountains LHDs.
Independent Certifier	An independent organisation that is appointed to determine the measured outcomes achieved by the Resolve Program and calculate the payments to be made under the Implementation Agreement.

1. KEY TERMS AND DATES (CONT.)

1.2 Key Terms: Implementation Agreement

Key Terms	Descriptions
Intervention Group	All eligible individuals who are enrolled in the Resolve Program, expected to total around 530 people.
Control Group	The group of individuals who meet the Resolve Program eligibility criteria (but do not live in the Program catchment area) and who are 'propensity score' matched to the Intervention Group for the purpose of creating the Counterfactual.
Outcome Measure	The outcome measure is the number of 'National Weighted Activity Units' (NWAUs) incurred over the two-year measurement period commencing on each individual's enrolment in the Intervention Group. NWAUs are an activity measure for determining total health related service consumption. They reflect both the duration and intensity of service delivery.
Counterfactual	The level of health-related service utilisation by Intervention Group members that would have been expected in the absence of the Resolve Program. The Counterfactual is determined as the NWAUs incurred by each member of the Control Group over a two-year period.
Program Savings	Calculated Savings are determined by the percentage reduction in aggregate NWAUs incurred by the Intervention Group relative to the Control Group each year, multiplied by an agreed annual baseline cost. The baseline cost is based upon expected State expenditure across a range of health and related services.
Standing Charge	An aggregate amount of \$9,000,000 payable under the Implementation Agreement to the Issuer in three equal annual instalments.
Outcome Payments	The payments made to the Issuer based on the calculated Program Savings. 100% of the first \$19,500,000, 25% of the next \$5,500,000, and 15% of the next \$20,000,000 of calculated Program Savings are paid to the Issuer, after netting off all previous payments made under the Implementation Agreement including the Standing Charge instalments.
Early Termination	The Implementation Agreement may be terminated prior to expiry of its term in various circumstances as further described in Section 6.2 (<i>Implementation Agreement</i>). In the event of an early termination, a final termination payment is payable to the Issuer based on the terms of the Implementation Agreement. See Section 7.6 (<i>Termination Payments</i>) for further details.
Agreed Minimum Referrals	The Implementation Agreement includes an Agreed Minimum Referrals provision which commits the NSW Government, through the participating LHDs, to provide a minimum number of referrals to the Resolve Program each year. Agreed Minimum Referrals is defined as the lower of the aggregated number of referrals requested by Flourish from each participating LHD and the minimum number outlined in the Implementation Agreement.

1. KEY TERMS AND DATES (CONT.)

1.3 Key terms: Notes

Key Terms	Descriptions
Aggregate issue and Subscription Amounts	<p>\$7,000,000 in principal amount of the Notes. Tranche 1 and Tranche 2 Notes will each comprise \$3,500,000 in principal amount. The denomination of each Note is \$100.</p> <p>Investors must apply to subscribe for a minimum of 500 Notes, i.e. \$50,000 in principal amount, comprising an equal number of Tranche 1 Notes and Tranche 2 Notes.</p>
Fixed Coupons	<p>An effective rate of 2% per annum coupon payable within 10 Business Days of each of Coupon Determination Dates 1, 2, 3 and 4.</p> <p>The first Fixed Coupon calculation includes an adjustment for the periods that the Tranche 1 Notes and Tranche 2 Notes have respectively been outstanding, as set out in Section 7.1 (<i>Coupon Payments</i>).</p>
Performance Coupons	<p>A variable amount payable within 10 Business Days of each of Coupon Determination Dates 5, 6 and 7 (or the Early Termination Date, if occurring earlier), which is determined as each Noteholder's pro rata share of the Distributable Trust Assets as at the relevant date. See Section 7.1 (<i>Coupon Payments</i>) for further details.</p>
Mandatory Redemptions	<p>Within 10 Business Days of Coupon Determination Dates 5 and 6, a proportion of each Noteholder's Notes will be redeemed for an amount equal to the aggregate outstanding principal amount of the Notes to be redeemed. The number of Notes held by each Noteholder redeemed will be determined by the Issuer by reference to each Noteholder's pro rata share of the balance of the Redeemable Trust Assets as at the relevant Coupon Determination Date divided by \$100 (the Note denomination), subject to rounding for whole denominations. The maximum principal amount of the Notes that may be redeemed in relation to Coupon Determination Dates 5 and 6 is \$6,000,000.</p> <p>Within 10 Business Days of Coupon Determination Date 7, all outstanding Notes will be redeemed from the Redeemable Trust Assets at their outstanding principal amount. If Redeemable Trust Assets are less than the aggregate outstanding principal amounts of all Notes to be so redeemed, the amount repaid will be each Noteholder's pro rata share of the available Trust Assets. See Section 7.2 (<i>Mandatory Redemptions</i>) for further details.</p>
Redemption on Termination	<p>Should early termination occur for any reason, Noteholders shall be paid, for each Note they hold, the outstanding principal amount of that Note on the termination date.</p> <p>If available Trust Assets are less than the aggregate outstanding principal amounts of all Notes, the amount repaid will be each Investor's pro rata share of the available Trust Assets.</p>
Limited recourse	<p>The assets available to the Issuer to be applied to the payment or repayment of amounts owing on the Notes are limited to the assets of the Trust.</p> <p>Investors should note the limitation of liability of the Issuer and indemnity set out in clause 12.5 (<i>Limited recourse – Issuer</i>) of the SBB Deed Poll.</p>
Transfers	<p>Investors should note the transfer restrictions for the Notes, including, without limitation, those set out under clause 4 (<i>Title and transfer</i>) of the SBB Deed Poll.</p>

1. KEY TERMS AND DATES (CONT.)

Key Terms	Descriptions
Tranche 2 Notes Subscription Undertaking and Transfer Restriction	<p>Under the Purchase Deed, investors in the Notes irrevocably undertake to subscribe an allocation of Notes, comprising an equal number of the Tranche 1 Notes and Tranche 2 Notes. Payment by investors of the purchase price for the Tranche 2 Notes will be required by no later than 5:00 pm (Sydney time) on Friday 29 June 2018.</p> <p>If an investor has not, by that time, paid the aggregate purchase price for the Tranche 2 Notes that it has subscribed, all of its Tranche 1 Notes will be automatically transferred to the Issuer (or its nominee) at a discounted capital price of 50% of the outstanding principal amount of such Tranche 1 Notes (and without any entitlement to any other compensation, including that no amount of any Fixed Coupon that has accrued in respect of such Notes will be paid to the investor). See clause 3 of the Purchase Deed (which is also referred to as the Tranche 2 Notes Subscription Undertaking).</p> <p>In addition, during the Initial Transfer Period, any Tranche 1 Note may only be transferred if the Noteholder, transferee or other person is irrevocably bound by the corresponding Tranche 2 Notes Subscription Undertaking. See clause [3] of the Purchase Deed for further details.</p> <p>In circumstances where an investor has transferred a Tranche 1 Note, but has remained bound by the Tranche 2 Notes Subscription Undertaking and then fails to pay the purchase price for the corresponding Tranche 2 Note by the required time, under the Tranche 2 Notes Subscription Undertaking the investor indemnifies the Issuer against any loss for that failure.</p>
Taxes and stamp duty	<p>The Notes do not provide for any additional amounts to be paid in respect of any withholdings or deductions from amounts payable on the Notes that may be required by law.</p> <p>Investors should obtain their own taxation, stamp duty and other revenue advice regarding an investment in any Notes.</p>
Fees and expenses	<p>Management Fees payable to SVA, fees payable to the Independent Certifier and the Independent Evaluator and legal fees incurred by SVA, the Issuer and Flourish in respect of the establishment and termination of the Resolve SBB will be paid for by the Trust. All other Trust expenses will be paid by SVA out of its Management Fee. Details of the fees can be found in Sections 6.5 (<i>Management Deed</i>) and 7.4 (<i>Other cash flows impacting Noteholder returns</i>).</p>
Investor Reporting	<p>Annual performance and social impact reporting will cover Resolve Program outcomes and payments to Noteholders.</p>
Key Risks	<p>Details concerning certain key risks of investing in the Resolve SBB are set out in Section 9 (<i>Risk factors</i>).</p>

1. KEY TERMS AND DATES (CONT.)

1.4 Key Dates

Milestone	Date
Resolve SBB applications open	From 1 May 2017 to such date as the Issuer may determine. Applications will close once aggregate accepted subscriptions reach \$7,000,000 or earlier if determined by the Issuer.
Financial Close	Target 30 June 2017
Tranche 1 Subscription Amounts payable	Date of application. Subscription amounts will be held in a proceeds account until the Notes are issued. If the Implementation Agreement is terminated due to non-fulfilment of conditions precedent, all monies will be returned (without interest) to Investors.
Tranche 2 Subscription Amounts payable	Friday, 29 June 2018
Calculation Dates	30 September each year from 2018 to 2024
Coupon Determination Dates	31 March each year from 2019 to 2025
Scheduled Maturity Date	31 March 2025

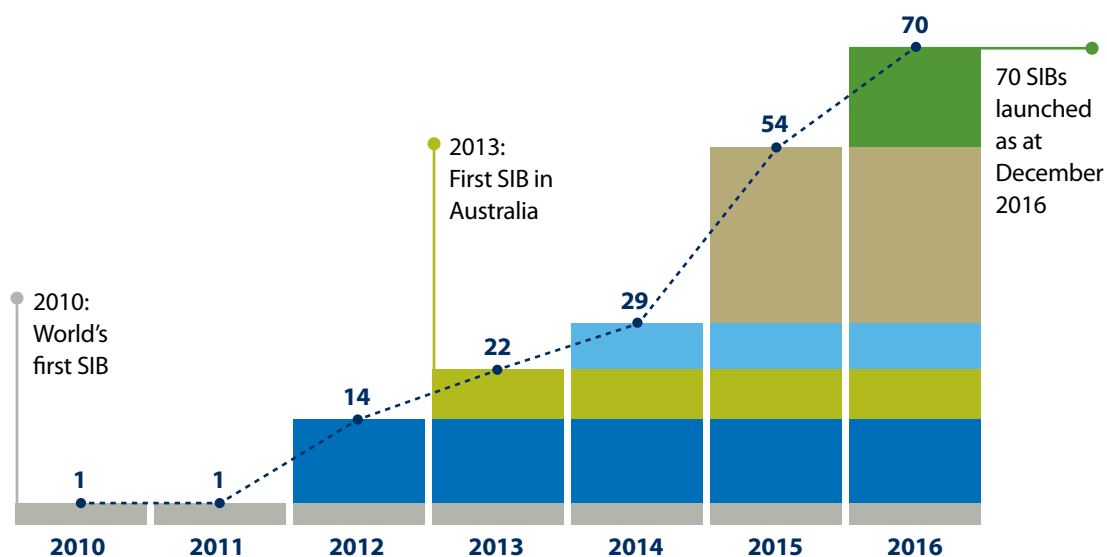
2. THE RESOLVE SBB IN CONTEXT

2.1 Social Impact Bonds globally

SIBs are among the first and most prevalent social impact investment arrangements to combine outcome-based payments and market discipline to address areas of pressing social need. The prevalence of SIBs globally has steadily increased since they were first developed in the UK in 2010.

There are now over 70 SIBs in operation across 15 countries, which have raised over US\$200 million in private capital. The range of social issues that SIBs are endeavouring to solve is broad and growing, ranging from health, child and family welfare, criminal justice, education, workforce participation and homelessness¹.

Number of Social Impact Bonds Worldwide



Data points are as at 31 December. Data extracted from Social Impact Bonds, The Early Years, 2016 Social Finance UK and the Impact Bond Global Database, Social Finance

2.2 Social Impact Investment in NSW

In 2013, the State pioneered Australia's first two SIBs to improve outcomes for children and families involved with child protection services: the Newpin Social Benefit Bond (funding Uniting's Newpin Program) and The Benevolent Society Social Benefit Bond (funding the Resilient Families Program).

The State has a clear commitment to supporting the broader social impact investment market to develop new and innovative ways to deliver services to individuals and communities. In February 2015, the State launched its *Social Impact Investment Policy* which outlined the State's aim to deliver two new social impact investments to market each year².

1. Social Impact Bonds: The Early Years, 2016, Social Finance UK

2. <http://www.osii.nsw.gov.au/assets/office-of-social-impact-investment/files/Social-Impact-Investment-Policy.pdf>

2. THE RESOLVE SBB IN CONTEXT (CONT.)

In late 2015, the State released a Request for Proposals calling for innovative social impact investment proposals targeting the areas of chronic health conditions and mental health hospitalisations.

Flourish and SVA partnered to develop and submit a proposal to the State in the area of mental health in February 2016. The State subsequently announced that it would proceed to negotiate with Flourish and SVA to develop Australia's first SIB targeting the complex issue of mental health.



'We are committed to improving services and the lives of the most vulnerable members of our community. This program is designed to assist those with mental health issues to successfully return home and re-engage with the community, and will be delivered through an innovative partnership with the business sector.'

The Honourable Dominic Perrottet
NSW Treasurer and NSW Minister for Industrial Relations



'The New South Wales Government is delighted to launch Australia's first social impact investment for mental health care.'

The innovative Resolve Social Benefit Bond will help improve the health and wellbeing of people experiencing mental health illness by better supporting them in the community.

By partnering with an established mental health service provider, Flourish Australia, the NSW Government will be supporting a community based, recovery focused and peer led service for people with mental health conditions.

The Resolve Social Benefit Bond offers an opportunity for the NSW Government to lead the way in mental health care and work together with the private and non-profit sectors to deliver better outcomes for the people of NSW.'

The Honourable Tanya Davies
NSW Minister for Mental Health

3. INVESTMENT OVERVIEW






3.1 Introduction

The Resolve SBB provides Investors with an opportunity to fund a program that aims to improve the mental health and wellbeing of hundreds of individuals in NSW, whilst earning a financial return on their investment. This impact investment will raise private sector capital to fund the delivery of the Resolve Program, a community based mental health program that will provide support for people experiencing mental health conditions in the Western NSW and Nepean Blue Mountains LHDs.

Between 2012 and 2015, there were approximately 2,000 individuals each year that spent between 40 and 270 days as a mental health inpatient in NSW³. Across NSW, there are people with a lived mental health experience who, because of demands on the health system, are not able to access support services until the level of intervention required is admission to hospital. The Resolve Program is designed to address this gap, by supporting individuals who frequently present and/or are admitted to public hospitals in NSW.

The Resolve Program builds upon the deep experience of Flourish, an organisation that has worked in local communities to support people on their mental health recovery journey for over 60 years. In its delivery of the Resolve Program, Flourish will continue to embrace the participation of peer workers in service delivery to provide hope and connection for participants by purposefully drawing on their lived experience to support others.

An investment in the Resolve SBB is expected to deliver competitive financial returns to Noteholders over its term. Coupon Payments and the repayment of Subscription Amounts are linked to the performance of the Resolve Program, which is measured by the reduction in the consumption of health services by the Intervention Group relative to a Control Group.

Resolve SBB: targeted financial and social outcomes ⁴	
	<ul style="list-style-type: none"> Approximately 530 people enrolled in the Resolve Program across the Western NSW and Nepean Blue Mountains LHDs over a five-year enrolment period
	<ul style="list-style-type: none"> Resolve Program participants will collectively spend an estimated 13,300 days at Resolve centres over a seven-year service delivery period, diverting them from hospitalisation
	<ul style="list-style-type: none"> Target 25% reduction in the consumption of health services relative to the Control Group
	<ul style="list-style-type: none"> \$30 million in savings to the State generated through reduced consumption of health and other services \$21.7 million in payments to the Resolve SBB Trust from the NSW Government, comprising \$9 million fixed Standing Charge payments and \$12.7 million contingent Outcome Payments
	<ul style="list-style-type: none"> \$3.7 million coupon payments to Noteholders, comprising \$0.6 million Fixed Coupons and \$3.1 million Performance Coupons Internal Rate of Return over the 7.75 year Note term of 7.5% per annum

3. NSW Government, Department of Health data

4. This is an objective only. Neither the Issuer nor SVA guarantees that this objective will be achieved.

3. INVESTMENT OVERVIEW (CONT.)

3.2 Structure overview

Illustrative structure of the Resolve SBB



The NSW Government has entered into a contract (the **Implementation Agreement**) with the Issuer that will, if successful, reduce future costs to the State through improved mental health outcomes.

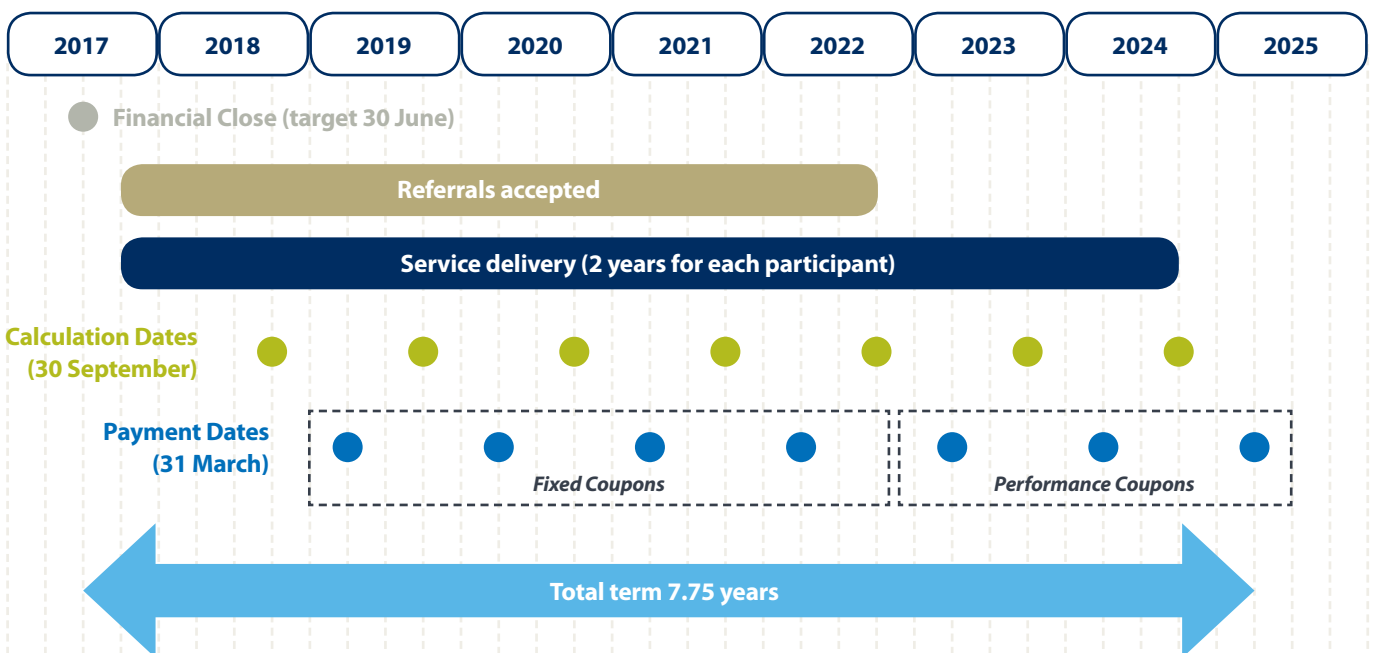
Payments from the NSW Government to the Issuer are based upon the expected savings to the State generated by a measured reduction in the consumption of health services by the Intervention Group relative to the Control Group, as agreed between the parties under the Implementation Agreement. Outcome Payments are made to the Issuer as the relative reduction in the consumption of health services is certified, rather than in advance as would generally be the case under traditional 'fee for service' funding.

In order to fund the Resolve Program prior to the receipt of Outcome Payments, the Issuer is offering Resolve SBB Notes to Investors. Payments to Noteholders under the Notes are derived from the performance of the Resolve Program under the Implementation Agreement. Details of how payments are determined can be found in Section 7 (*Calculation of Payments*).

The details of the contracts underpinning these arrangements can be found in Section 6 (*Transaction Structure & Key Documents*).

3.3 Timeline overview

The term of the Resolve SBB is 7.75 years, and key dates are set out below:

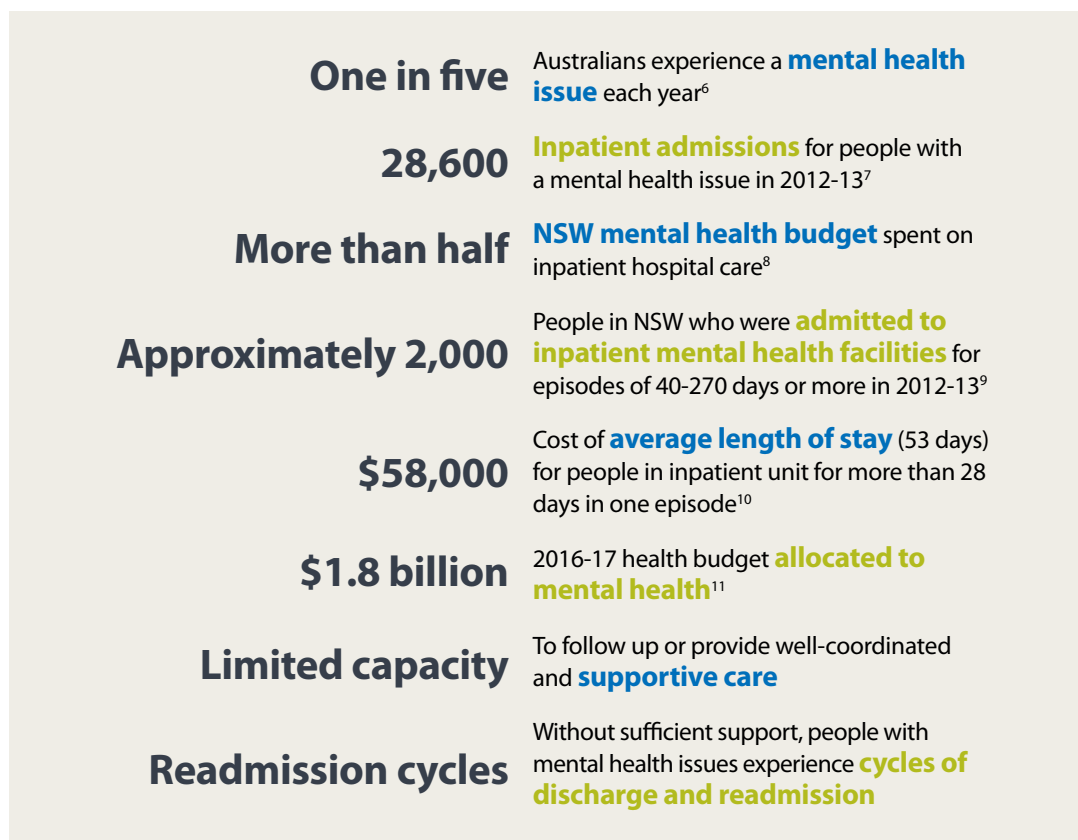


4. RESOLVE PROGRAM DETAILS

4.1 Social context

Every year in NSW, thousands of people are admitted to hospital as a result of mental health issues. Admitting people to hospital, even if their health improves, dislocates them from their family, friends, work and education, which can have substantial and long term negative consequences as they seek to readjust after a period of illness.⁵

Prolonged hospital admission is not only disruptive to the lives of the individual and their families, it places significant strain on the NSW public health system and, as a consequence, the economic cost of mental health to society is substantial.



Many hospital admissions can be avoided if effective community supports are in place. In NSW, integrated and well-coordinated services for people with a mental health issue are limited by a complex service system, which is often experienced as a series of disparate or disconnected services.

These service gaps often arise at transition points, between clinicians or services, or between one organisation to another. Furthermore, gaps in local services can also result in dislocation from people's communities and local support systems.

This environment can lead to people being discharged or disconnected from services without adequate supports being in place, causing a repeating cycle of admission and discharge where the underlying issues are not resolved.

The Resolve Program aims to address this gap. It will enhance services in the community that complement inpatient mental health services and existing support programs through working in partnerships at a local level, to deliver a flexible model that caters for the individual needs of people at various stages along their recovery journey.

5, 6, 8. Mental Health Commission of NSW, Living Well – Putting People at the Centre of Mental Health Reform in NSW: A Report, 2014

7. Request for Proposals: Social Impact Investment Transactions, NSW Government

9. NSW Government, Department of Health data

10. Statement of Opportunities 2015, NSW Government

11. <http://www.health.nsw.gov.au/mentalhealth/reform/Publications/mh-budget-2016-17.pdf>

4. RESOLVE PROGRAM DETAILS (CONT.)

4.2 Resolve Program background

The Resolve Program is a community based service model developed by Flourish Australia that draws on lessons from across the world, and more than 60 years of local experience in supporting people on their mental health recovery journey.

The Resolve Program leverages the success of Flourish's existing suite of programs including the NSW Government's Housing and Accommodation Support Initiative (**HASI**) and the Queensland Government funded Peer Operated Service which offers a resource centre, a warm line operated by peer workers and a respite house.

'The Resolve Program builds on Flourish Australia's long history of supporting people with a serious and persistent mental health issue in the community. We transform lives by focusing on people's goals and dreams and walking the journey beside them. A central feature of Resolve is having peer workers, staff who use their experiences of a mental illness and interactions with the mental health system, to positively support people who have spent long periods in a psychiatric hospital. Our focus is on supporting people to live inclusive and contributing lives in the community.'

Pamela Rutledge
Chief Executive Officer
Flourish Australia



The Housing and Accommodation Support Initiative

Flourish has been delivering HASI since 2003 and it is Flourish's primary State-funded service offering. HASI provides community based outreach support, with the aim of providing access to stable housing, clinical medical health services and accommodation support. Flourish's experience working with these complex clients has informed the design of the Resolve Program.

The final HASI evaluation report found that HASI participants had significantly fewer and shorter mental health hospital admissions after joining HASI. Improvements include a 59% decrease in the average number of days spent in a mental health inpatient hospital per year and a 24% decrease in the number of admissions to hospital per year¹².

12. Bruce, J., McDermott, S., Ramia, I., Bullen, J. and Fisher, K.R. (2012), Evaluation of the Housing and Accommodation Support Initiative (HASI) Final Report, for NSW Health and Housing NSW, Social Policy Research Centre Report, Sydney

4. RESOLVE PROGRAM DETAILS (CONT.)

Peer Operated Service

Flourish's Peer Operated Service was launched in Hervey Bay, Queensland, in 2011. It is a community based mental health support model which is 100% peer operated, with workers and volunteers all of whom have a lived experience of a mental health issue.

The service includes a resource centre where people can access one-on-one and group peer support, an after-hours warm line for telephone peer support across the region, and a respite house which can provide short-term residential peer support to help people get back on their feet.

In 2016, Flourish commissioned SVA Consulting to undertake a Social Return on Investment Analysis (SROI) to understand and value the social and economic benefit generated through the Peer Operated Service. This analysis identified that the Peer Operated Service delivered an SROI ratio of 3.27, that is for every \$1 invested, approximately \$3.27 of social and economic value was created for stakeholders¹³.

4.3 The Resolve Program

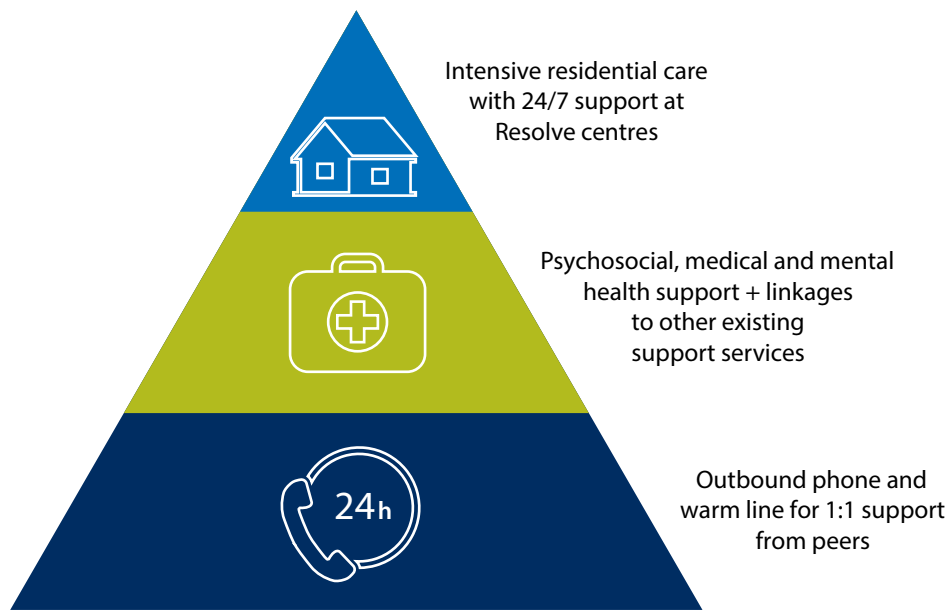
The Resolve Program is an integrated, flexible service model which provides recovery orientated intervention with a focus on people returning to their homes and re-engaging with the community. Key components of the Resolve Program include:

- sustained support for a two-year period, longer than typical mental health services which are generally reactionary in nature and focus on crisis intervention rather than early prevention;
- ability to step up or step down service intensity levels depending on the needs of the individual;
- basis in partnerships through deep collaboration with LHDs, general practitioners, other service providers and the community to ensure continuity of support; and
- recruitment of peer workers with a lived experience of a mental health issue who can draw upon their own personal experience to engage, support and be a role model for participants.

Resolve is a two-year program with a tiered intensity of support. These support tiers are permeable, and people engaged in the Resolve Program are expected to move fluidly between tiers as their needs and preferences shift over time.

13. SVA Quarterly, The Value of a Peer Operated Service, 22 February, 2017

4. RESOLVE PROGRAM DETAILS (CONT.)



Resolve centres

Resolve centres offer periodic crisis care in small group settings with 24x7 peer support.

There will be two Resolve centres, one located in Orange and another located in Penrith to serve the Western NSW and Nepean Blue Mountain LHDs respectively. The Resolve centres are planned to be five bedroom houses located near public transport with shared common areas, such as kitchen, dining and lounge areas, as well as space for group activities. The centres are designed to encourage participants to continue to lead a normal life, and act as a central hub for activities and support services.

On average, it is anticipated that each enrolled participant will stay in a Resolve centre for 17 days in the first year of the program, and eight days in the second year.

Outreach support

Integrated and person centred psychosocial, medical and mental health support in the community will be provided as outreach support.

Outreach support will last for the full two years of participation, and the level of support provided will be adjusted to reflect the strengths and needs of each participant.

Resolve peer workers will assist participants in navigating and accessing existing mental health and other support services. In particular, it is anticipated that around one fifth of enrolled participants will require specialist drug and alcohol support for them to be able to meaningfully engage with the Resolve Program. Flourish will source and fund these services from specialist providers.

Phone-based support

A 'warm' phone line will provide one-to-one support for people who require crisis prevention support to reduce the likelihood of a major crisis developing and who may be isolated from family and community supports. The warm line will operate after hours and will be staffed by peer workers.

Peer workers will also make outbound calls to participants to maintain contact with the program during periods where less intensive support is required.

4. RESOLVE PROGRAM DETAILS (CONT.)

4.4 Eligibility and Enrolment

To be enrolled in the Intervention Group, individuals must meet the following eligibility criteria:

- aged 18-64;
- have been hospitalised for between 40 and 270 days as a mental health inpatient, with at least one mental health admission, during the preceding year;
- live within the catchment area of the participating LHDs (approximately 200km from a Resolve centre);
- do not have a diagnosis of dementia according to NSW Health records;
- are not admitted to hospital (i.e they are enrolled upon discharge); and
- have not previously been enrolled in the Intervention Group.

The participating LHDs are responsible for enrolling individuals in the Intervention Group, including determining participant eligibility, prioritising enrolment according to pre-determined criteria, and facilitating referrals to the Resolve Program. All enrolled individuals are included in the Intervention Group for measurement purposes, regardless of whether they agree to be referred to Flourish, or to subsequently participate actively in the Resolve Program.

Participants will be enrolled into the Intervention Group over a five-year period commencing 1 October 2017. A total of approximately 530 individuals are expected to be supported by the Resolve Program, of which it is estimated that 320 participants will reside at a Resolve centre at least once over the two years they are supported by the Resolve Program.

4.5 Program management

Day-to-day responsibility for operation of the Resolve centres will rest with the centre Manager at each site, who will report to the Resolve Program Manager. The Resolve Program Manager will in turn report to the General Manager of Operations. The Flourish Senior Leadership Team will provide overarching oversight of the Resolve Program.

Performance will also be monitored by the Resolve SBB Joint Working Group, a governance committee established with representatives from SVA, Flourish and the State.

4.6 Program performance

The measure of success of the Resolve Program is the percentage reduction in National Weighted Activity Units (**NWAUs**) incurred by the individuals in the Intervention Group over their two-year measurement periods relative to the NWAUs incurred by the Control Group. NWAUs are an activity measure for determining total health related service consumption, which also accounts for the severity and duration of services consumed, including hospital admissions. It should be noted that both Control Group and Intervention Group members will continue to be able to utilise the full range of 'usual care' mental health services.

A range of outcome performance scenarios for the Resolve Program have been developed and agreed between SVA, the State and Flourish. Investors should note that there is no guarantee that the target objectives will be met.

Success Rate	Underperform	Below Target	Target	Above Target	Outperform
NWAU reduction	10.0%	17.5%	25.0%	32.5%	40.0%

The target performance scenario has been determined based on an assessment of the results achieved by existing Flourish programs (including the Young People's Outreach Program and the Peer Operated Service) and existing State programs, and by drawing upon the international evidence base.

During the two-year program, participants are also expected to experience improvements in broader life domains including wellbeing, employment and housing status. These metrics will not determine Outcome Payments, however will be measured as part of the broader evaluation processes.

5. KEY PARTIES

5.1 Social Ventures Australia

SVA is the manager of the Resolve SBB Trust. A subsidiary of SVA, SVA Nominees Pty Ltd, has been engaged to act as trustee of the Resolve SBB Trust.

SVA is a social purpose organisation that works with partners to improve the lives of people in need. SVA's range of services are designed to scale social impact, helping business, government and philanthropists to be more effective funders and social purpose organisations to be more effective at delivering services. To drive change, SVA builds on practical knowledge of effective practice in education, employment, housing and with First Australians. As a values-driven organisation, accountability, integrity, respect and humility underpin SVA's work.

SVA invests in organisations and projects that deliver both a social and financial return. These include debt and equity investments in social enterprises, SIBs, and bespoke financial solutions for large scale transactions such as the development of social and affordable housing.

SVA provides consulting services to help funders, governments and social purpose organisations strengthen their ability to address social issues, through developing better strategies, successfully implementing them and to better measuring and evaluating the impact of their work.

In addition, SVA enables a community of engaged funders to make their philanthropic dollars go further by giving through a portfolio of innovative social ventures. Support of these ventures includes multi-year tailored funding, hands-on capacity building, access to networks and advice to prove and improve their impact.

5.2 Key SVA personnel



**Rob Koczkar –
Chief Executive
Officer**

Rob joined SVA as CEO in October 2014.

He has extensive experience in investing and management

consulting, along with a deep understanding of the social purpose sector from serving on the boards of SVA, Goodstart Early Learning, and on Mission Australia's Corporate Advisory Council.

Prior to joining SVA Rob was a Managing Director of Pacific Equity Partners, a Principal with Texas Pacific Group and spent seven years with Bain & Company.

Rob received a BEng (Hons.) in Mechanical and Manufacturing Engineering from the University of Melbourne.



**Elyse Sainty –
Director,
Impact Investing**

Elyse leads SVA's SIB practice area.

She has worked on the development of SIB transactions in four states, and has

provided technical and advisory support to several Governments as they seek to pilot the SIB concept.

Prior to joining SVA in 2011, Elyse had two decades of experience within the financial services industry, principally with MLC and National Australia Bank, where she held senior positions in strategy and distribution.

Elyse qualified as a Fellow of the Institute of Actuaries of Australia, and holds a BEc from Macquarie University and Graduate Management Qualification from the Australian Graduate School of Management.

5. KEY PARTIES (CONT.)

5.3 Flourish Australia

Flourish is one of Australia's largest providers of recovery-oriented mental health services. Flourish operates in 65 locations across New South Wales and Queensland and is currently supporting over 4,700 people on their mental health recovery journey¹⁴.

Flourish is the result of a proud 60-year history. Known as RichmondPRA from 2012 to 2016, Flourish's origins stem from the successful amalgamation of two longstanding mental health organisations, the Richmond Fellowship of NSW and Psychiatric Rehabilitation Australia. Flourish's mission of working together for optimal mental health and wellbeing is the continuance of the dedication of their founding organisations.

Employing over 750 staff, Flourish generated \$57 million in revenue in 2015-16 and holds over \$20.7 million equity¹⁵. Additional information on the financial position of Flourish is available on www.flourishaustralia.org.au.

Flourish's services support people with mental health issues through a wide variety of programs, including psychosocial support to assist people to stay well and live independently in the community, prevocational education and confidence building, employment opportunities, support and linkages to mainstream leisure, recreation and social inclusion opportunities, and support in group home and other accommodation settings.

Flourish has a long track record of innovation and excellence. Its model of outreach support for young people and their families was adopted by the NSW Government to create and fund the Youth Community Living Support Services.

5.4 Key Flourish personnel



**Pamela Rutledge
– Chief Executive
Officer**

In her early career, Pam worked as a Social Worker in front-line community services and mental health service delivery,

and was the Executive Officer of the 1982 Inquiry into Services for people with a Mental Illness and for people with a Developmental Disability, which was a major milestone on the long journey of deinstitutionalisation and community support in NSW.

Before joining the not-for-profit sector in 2009, Pam had over 35 years' experience in senior roles in the NSW government, including experience in health, housing, and ageing and disability, and in central agencies where she contributed to a number of public sector reforms.

In her role at Flourish, Pam has successfully led the organisation through a major merger, with an enhanced commitment to consumer direction and participation, promoted innovation and recovery focus in service delivery and in employment models, led the successful transition into the NDIS and built the capacity of the organisation to evaluate outcomes. Pam is Chair of the NSW Mental Health Co-ordinating Council's board.



**Andrew O'Brien –
General Manager,
Operations
(South/East)**

Andrew is a General Manager, Mental Health Operations in South/East NSW.

Andrew's career has

seen him work with people with disabilities, and co-found CREATE, the national peak organisation for young people in out-of-home care, and was the foundation chair of its board. He worked for the NSW Ombudsman and managed out-of-home care programs before transitioning to work in mental health.

Andrew has been on the board of UnitingCare Burnside and Macquarie Legal Centre. He is an Alumni Member of Social Leadership Australia.

Andrew is passionate about social justice issues, particularly about inclusion, diversity and giving people the ability to participate in decisions about their lives, service planning, provision and review as well as at a system level. He has had articles published in state and national journals about inclusion and participation in decision making and has co-authored a book for people studying youth work.

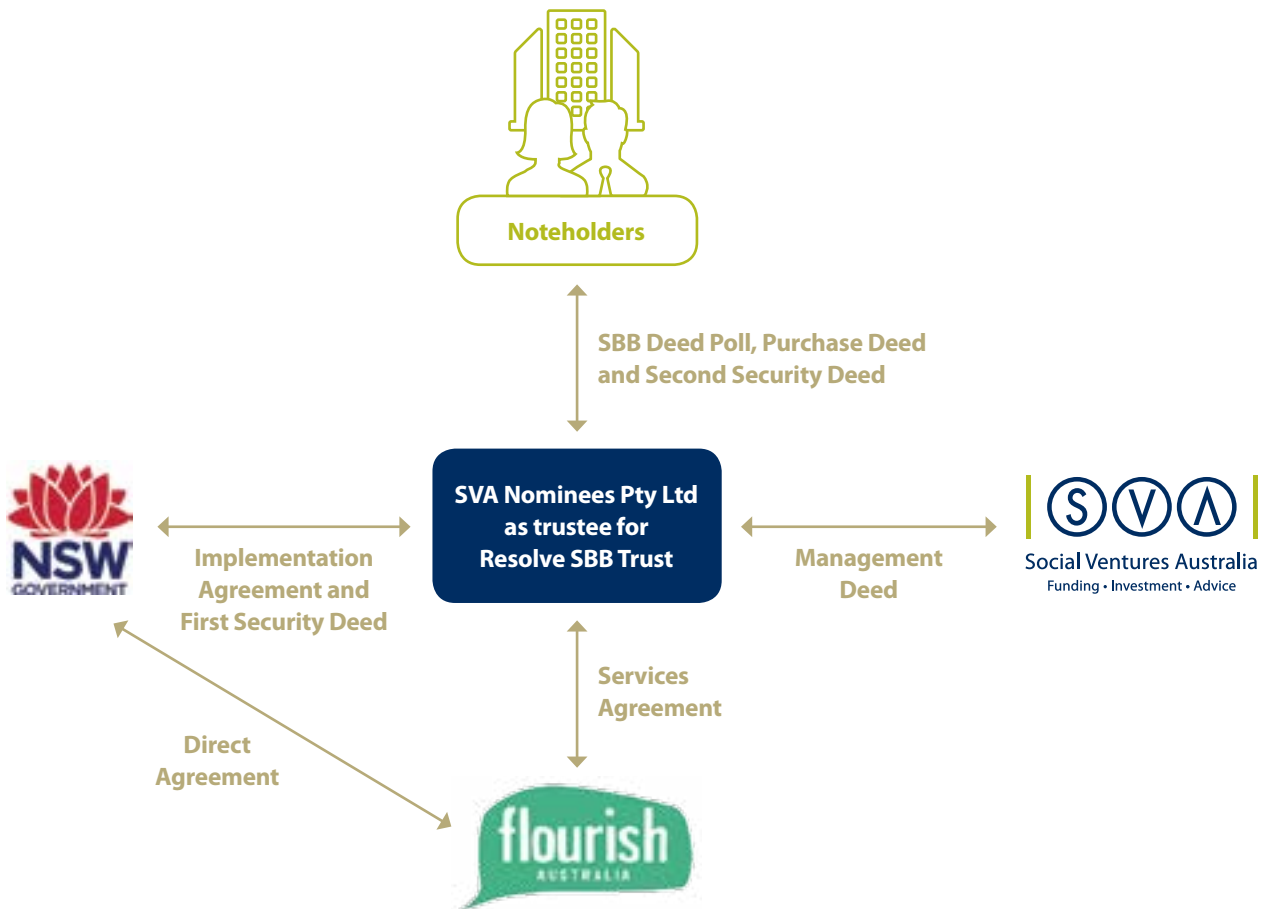
14. RichmondPRA, Annual Report 2016

15. RichmondPRA, Annual Report 2016

6. TRANSACTION STRUCTURE AND KEY DOCUMENTS

6.1 Structure overview

The Resolve SBB involves a number of contractual arrangements, as depicted below.



6.2 Implementation Agreement

The objectives of the Implementation Agreement are to improve the circumstances of individuals with a mental health issue in NSW and thereby produce benefits for the community and the NSW Government.

The Implementation Agreement sets out the obligations of the NSW Government and the Issuer, including terms covering:

- conditions precedent to the Implementation Agreement coming into force, including the full subscription of the Notes;
- the authorised investments of the Trust, which include cash or deposits with authorised deposit taking institutions and bonds and other financial products rated A- / A3 or better;
- eligibility criteria for service participants and referral processes;
- the outcome measures adopted;

- the number of Agreed Minimum Referrals that the NSW Government is required to make to the Resolve Program, through the LHDs;
- review and assessment processes;
- the basis of Outcome Payment calculations (see Section 7 (*Calculation of Payments*) for further details);
- breach and termination provisions;
- insurance requirements and indemnity provisions; and
- general provisions such as dispute resolution, warranties, administration, intellectual property rights and confidentiality.

It incorporates the Operations Manual, which regulates the practical day-to-day operation of the Implementation Agreement.

The Implementation Agreement takes effect on the day all Conditions Precedent have been met and ends eight years from the date upon which services commence.

6. TRANSACTION STRUCTURE AND KEY DOCUMENTS (CONT.)

Annual Review

An Annual Review will be undertaken by the Joint Working Group following the calculation of outcomes at each Calculation Date. The review will include:

- an evaluation of the success of the Resolve Program in reducing the NWAUs incurred by the Intervention Group relative to the Control Group;
- an evaluation of the number of referrals, including an assessment of the referrals requested by Flourish and the actual referrals provided by the LHDs relative to the Agreed Minimum Referrals;
- a review of the 'take up' rate or participation in the Resolve Program once individuals have been enrolled in the Intervention Group, including a review of the utilisation of Resolve centres;
- an assessment of the utilisation of 'usual care' mental health services by the Intervention Group; and
- a general analysis of the mental health services and policy environment in NSW.

Summary results of the Annual Review will be made available to Noteholders each year.

If the level of referrals over a year is less than 75% of the Agreed Minimum Referrals, or if the cumulative reduction in NWAUs is less than 15%¹⁶, the parties will endeavour to negotiate in good faith any adjustments required to any provisions that the review suggests may be necessary. If the parties are unable to agree on revised terms, then either party has the right to terminate the Implementation Agreement.

Early Termination

The Implementation Agreement may be terminated in the following circumstances:

- termination by the NSW Government for convenience or for cause (including termination of the Services Agreement, breach, insolvency, abandonment of service delivery and change of control);
- termination by the Issuer for cause (breach of obligations);

- termination by either party following an Annual Review (for low referrals or for lower than expected reduction in NWAUs) and;
- termination in other 'no fault' scenarios, including for force majeure events (including natural disasters, industrial action, or war) and a change in tax legislation or law with adverse consequences.

Please see Section 7.6 (*Termination Payments*) for details of the consequences of termination under each of these circumstances.

6.3 SBB Deed Poll and the Notes

The Notes represent a second secured debt obligation between the Noteholders and the Issuer, with recourse of the Noteholders limited to the Trust Assets. The Notes will be issued pursuant to the SBB Deed Poll and have the benefit of the Second Security Deed.

The Notes have an expected overall term (from the issue date for the Tranche 1 Notes) of 7.75 years (i.e. from the targeted Financial Close date of 30 June 2017 to 31 March 2025).

For details of the determination of Coupon Payments and the timing and amounts payable for redemption of the Notes see Section 7 (*Calculation of payments*). Terms and conditions for the subscription of the Notes are set out in Section 11 (*Applications*).

6.4 Services Agreement

The Services Agreement is an outsourcing agreement between the Issuer and Flourish for delivery of the Resolve Program.

The general provisions of the Services Agreement follow the form of the Implementation Agreement. The Services Agreement also sets out the amounts and timing of payments to Flourish for delivery of the Resolve Program.

If the contract goes to term, Flourish will receive service payments of up to \$17.8 million.

¹⁶ Applicable to Annual Reviews following the second Calculation Date.

6. TRANSACTION STRUCTURE AND KEY DOCUMENTS (CONT.)

6.5 Management Deed

SVA will manage the Resolve SBB Trust under the terms of the Management Deed.

For this role, SVA will be paid a management fee of \$100,000 per annum (plus GST), paid quarterly in advance and indexed at a rate of 2.5% per annum each 1 July. This management fee is intended to cover the following:

- convening governance meetings for the Trust;
- procuring and overseeing the Independent Certifier's report on outcomes and payments;
- invoicing and managing NSW Government payments made under the Implementation Agreement;
- managing payments to Flourish under the Services Agreement;
- preparing annual Noteholder reporting and managing payments;
- managing the assets of the Trust;
- preparing tax returns and financial accounts for the Trust;
- managing all other Resolve SBB payments;
- monitoring of performance under the Services Agreement; and
- attending relevant meetings including those of the regular oversight committee, the Joint Working Group, convened under the Implementation Agreement.

6.6 Security arrangements

The payment obligations of the Issuer in respect of the Notes will be secured by a second ranking security granted by the Issuer to the Security Trustee over the Trust Assets. The Issuer has granted a first ranking security over the Trust Assets in favour of NSW Government for amounts as may be owing by the Issuer to NSW Government under the Implementation Agreement.

The role of Security Trustee will initially be assumed by SVA, who will be immediately replaced by another trustee party in the circumstances set out in clause 2 (*Appointment*) of the Second Security Deed, which include where there is an enforcement of either Security Deed or where the necessary majority of the Noteholders so require.

Under the Priority and Co-ordination Deed, NSW Government and the Security Trustee have agreed that the payment of amounts secured at any time under the security arrangements are to rank in the following order of priority:

- first, to NSW Government for all amounts owing in respect of the Remaining Standing Charge, any other amount owing to NSW Government under, or in connection with, the Implementation Agreement for which a corresponding amount has been paid to the Issuer that is compensation for the amount owing to NSW Government and any amount indemnified under the First Security Deed;
- secondly, all amounts owing, or contingently owing, in respect of the repayment of principal, and all amounts of interest due and payable, on the Notes and certain costs of the Security Trustee, Issuer and any receiver;
- thirdly, all other amounts secured at any time under the First Security Deed; and
- fourthly, all other amounts secured at any time under the Second Security Deed,

all as more fully set out in the Priority and Co-ordination Deed.

7. CALCULATION OF PAYMENTS

7.1 Coupon Payments

There are seven Coupon Determination Dates, on 31 March each year from 2019 to 2025. Coupons will be paid to Noteholders within 10 Business Days of those dates.

7.1.1 Fixed Coupons

Noteholders will receive Fixed Coupon Payments in respect of the first four Coupon Determination Dates. The Fixed Coupon rate is 2% per annum.

The first Fixed Coupon Payment will reflect the time since each Tranche of Notes was issued (i.e. approximately 1.75 years and 0.75 years):

$$\text{First Fixed Coupon Payment} = \frac{\text{OPA} \times (\text{N1} + \text{N2}) \times 2.00\%}{365 \times 2}$$

where:

- OPA is the outstanding principal amount of the Notes at Coupon Determination Date 1.
- N1 is the number of days elapsed from (and including) the issue date for the Tranche 1 Notes up to (but excluding) Coupon Determination Date 1.
- N2 is the number of days elapsed from (and including) the issue date for the Tranche 2 Notes up to (but excluding) Coupon Determination Date 1.

Subsequent Fixed Coupon Payments are calculated as 2.00% multiplied by the outstanding principal amount of the Notes.

7.1.2 Performance Coupons

Performance Coupons are determined by the balance of Trust Assets as described below, and so are directly linked to the performance of the Resolve Program and the subsequent Outcome Payments to the Resolve SBB Trust.

Performance Coupons are payable in respect of Coupon Determination Dates 5, 6 and 7 (or the Early Termination Date if applicable), and are determined as each Noteholder's pro rata share of the Distributable Trust Assets as at the relevant date.

The Distributable Trust Assets are determined as the aggregate amount of all Trust Assets, less the aggregate of:

- (a) the maximum prospective amounts payable by the Issuer under the terms of the Services Agreement and the Management Deed;
- (b) an appropriate allowance for all future debts and liabilities of the Trust and the Issuer (including the costs, charges and expenses of the Trust that are or may be payable up to the winding up of the Trust and payments to the Independent Certifier and Independent Evaluator); and
- (c) the outstanding principal amount of all Notes then on issue;

subject to the Distributable Trust Assets not being less than zero.



7. CALCULATION OF PAYMENTS (CONT.)

7.2 Mandatory Redemptions

Within 10 Business Days of Coupon Determination Dates 5 and 6, a proportion of each Noteholder's Notes will be redeemed for an amount equal to the aggregate outstanding principal amount of the Notes to be redeemed.

The number of Notes redeemed will be determined as each Noteholder's pro rata share of the balance of the Redeemable Trust Assets as at the relevant Coupon Determination Date divided by \$100 (the Note denomination) and rounded down to the nearest whole denomination of a Note.

The Redeemable Trust Assets are determined as the aggregate amount of all Trust Assets, less the aggregate of:

- (a) the maximum prospective amounts payable by the Issuer under the terms of the Services Agreement and the Management Deed; and
- (b) an appropriate allowance for all future debts and liabilities of the Trust and the Issuer (including the costs, charges and expenses of the Trust that are or may be payable up to the winding up of the Trust and payments to the Independent Certifier);

subject to the amount of the Redeemable Trust Assets being not less than zero.

The aggregate principal amount of Notes that may be mandatorily redeemed in respect of Coupon Determination Dates 5 and 6 shall not exceed \$6 million.

Within 10 Business Days of Coupon Determination Date 7 (the Scheduled Maturity Date) all outstanding Notes will be redeemed at their outstanding principal amount. If the value of Redeemable Trust Assets is less than the outstanding principal amount of all Notes then on issue, the amount repaid will be each Noteholder's pro rata share of the available Trust Assets and Noteholders will suffer a capital loss.

7.3 NSW Government Payments to the Trust

The key determinant of the level of Performance Coupons and Note redemption payments received by Noteholders is the amount of Outcome Payments paid by the NSW Government to the Trust under the terms of the Implementation Agreement. The basis of those payments is described broadly below.

7.3.1 Calculation of savings

At each Calculation Date (30 September), the **Program Savings** generated by the Resolve Program over the previous year are determined as:

$$\text{Program Savings} = \text{NWAU Annual Reduction} \times \text{Annual Baseline Cost} \times \text{Measurement Years}$$

where:

- **NWAU Annual Reduction** = $(A - B) / A$

where:

'A' is the number of NWAUs incurred by the Control Group members for the portion of the preceding year that they were each in their measurement period; and

'B' is the number of NWAUs incurred by the Intervention Group members for the portion of the preceding year that they were each in their measurement period.

- **Annual Baseline Cost** is an amount agreed with the NSW Government that reflects the expected costs related to each individual's consumption of health and other services during their two-year measurement period and beyond.
- **Measurement Years** is the collective number of years the Intervention Group members were in their measurement period over the preceding year.

7. CALCULATION OF PAYMENTS (CONT.)

In addition, the Implementation Agreement includes an Agreed Minimum Referrals provision which commits the NSW Government, through the participating LHDs, to provide a minimum number of referrals to the Resolve Program each year. To the extent that there is any shortfall in referrals relative to the Agreed Minimum Referrals, the Program Savings for the relevant year will be adjusted to reflect these 'missing' referral outcomes. 'Missing' referrals are deemed to have experienced an annual reduction in NWAUs commensurate with outcomes achieved by the Intervention Group.

Data to determine the NWAUs incurred by each member of the Intervention Group and Control Group will be extracted from NSW Health datasets and verified by the Independent Certifier.

7.3.2 Calculation of NSW Government Payments

The Standing Charge is an amount of \$9 million that will be paid in three equal instalments on 1 August 2017, 1 July 2018 and 1 July 2019.

The Outcome Payment to be made by the NSW Government following each Calculation Date is determined as:

- 100% of the first tier of cumulative Program Savings, plus
- 25% of the second tier of cumulative Program Savings, plus
- 15% of the third tier of cumulative Program Savings, less
- all previous payments including the Standing Charge.

The tiers that determine the proportion of savings that are paid increase linearly over the course of the SBB. At the final Calculation Date:

- the first tier is \$19.5 million;
- the second tier is \$5.5 million; and
- the third tier is \$20 million.

Total NSW Government payments will therefore vary depending upon the measured performance of the Resolve Program. Total NSW Government payments paid under the target performance scenario are estimated to be \$21.7 million. Total payments can range between \$9.0 million (i.e. the standing charge only) and \$23.9 million (provided the Implementation Agreement does not terminate early).

7. CALCULATION OF PAYMENTS (CONT.)

7.4 Other cashflows impacting Noteholder returns

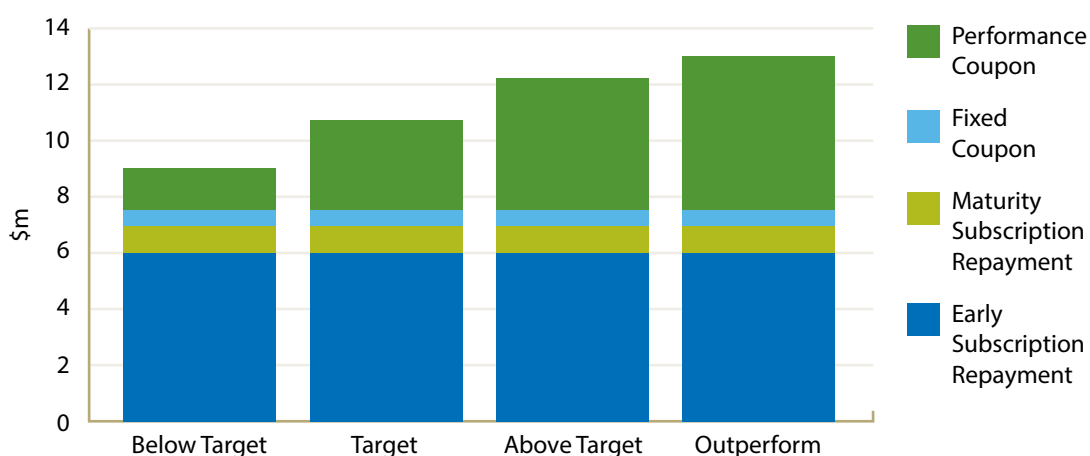
Noteholder returns are based upon the value of the Trust Assets, which in turn are dependent upon the total cashflows to and from the Trust. In addition to the NSW Government payments to the Trust described above, estimated cashflows are as follows:

- **Earnings on Trust Assets:** for projection purposes, it has been estimated that the cash balance of the Trust will earn an interest rate of 2.7% per annum, generating an inflow of \$1.2 million in total. The actual amount may vary from that estimated.
- **Payments under the Services Agreement** are as set out in Section 6.4 (*Services Agreement*). The maximum total outflow over the term of the contract is \$17.8 million.
- **Payments under the Management Deed** are as set out in Section 6.5 (*Management Deed*). The maximum total outflow over the term of the contract is \$0.8 million.
- **Payments to the Independent Certifier and Independent Evaluator** have been estimated to cost a total of \$0.4 million over the course of the SBB, but the actual amount may vary from that estimated.
- **Establishment expenses** incurred are estimated to be \$0.2 million, comprising legal fees incurred by SVA and Flourish and a fee payable to SVA for intermediary services. The actual amount may vary from that estimated.

7.5 Estimated Noteholder returns

The total Coupon Payments and Note redemptions payments have been estimated under each of the performance scenarios set out in Section 4.6 (*Program performance*). The Financial Model used to calculate these estimated payments has been reviewed for accuracy by Taylor Fry Analytics and Actuarial Consulting¹⁷. The Issuer makes no representation as to the likelihood of any of these scenarios eventuating.

Total Payment to Noteholders by Performance Scenario



The approximate Noteholder returns that would be generated in each of these scenarios are as follows:

Scenario	Below Target	Target	Above Target	Outperform
Internal Rate of Return	4% pa	7.5% pa	10% pa	11% pa
Total Coupons	\$1.9m	\$3.7m	\$5.1m	\$6.0m

The 'Underperform' scenario has not been included as it would result in early termination of the Implementation Agreement. See Section 7.7 (*Noteholder Payments on Early Termination*) below for details.

¹⁷ Taylor Fry's review of the Financial Model was limited in scope to an assessment of the accuracy and consistency of the calculation of financial payments. It excluded a review of the assumptions underpinning, and the structure of, those payments, and relied upon information provided to Taylor Fry by SVA in relation to the SBB terms. It did not take into account the specific circumstances or needs of any potential stakeholders.

7. CALCULATION OF PAYMENTS (CONT.)

7.6 Termination Payments

If the Implementation Agreement is terminated for any reason, a final payment will be made that reflects the performance of the Resolve Program up to the date of termination.

7.6.1 Calculation of Terminal Program Savings

The Terminal Program Savings are the sum of:

- (a) the cumulative Program Savings as at the previous Calculation Date; and
- (b) the accrued savings arising in respect of time elapsed between the last Calculation Date and the Termination Date, assuming that the cumulative percentage reduction in service utilisation that had been achieved up to the last Calculation Date continued to the Termination Date (given the data extraction process will not have yet occurred).

7.6.2 Calculation of the Termination Payment

The Termination Payment is determined in a manner consistent with the calculation of Outcome Payments as set out in Section 7.3.2 (*Calculation of NSW Government Payments*).

An agreed minimum payment amount also applies if the Implementation Agreement is terminated in the first two years to allow for the fact that establishment costs have been incurred without the Resolve Program having had sufficient time to generate outcomes.

Any Termination Payment would be calculated by the Independent Certifier. Further details of the determination of Early Termination Payments can be provided upon request.

7.6.3 Break Costs payable on Termination

Certain additional costs are also payable in the event of termination to enable Flourish to provide transition out services, pay the costs of the Independent Certifier and allow for legal costs and the wind up of the Trust (**Break Costs**). Maximum amounts for these Break Costs at all points in time, and the proportion of these costs that is paid by the NSW Government, are set out in the Implementation Agreement.

7.7 Noteholder Payments on Early Termination

In the event of early termination, final payments to Noteholders will be made after the Termination Payment under the Implementation Agreement has been calculated and paid and any Break Costs have been determined and paid. Noteholders will share pro rata in the final balance of Trust Assets.

Termination for poor performance

In the 'worst case scenario' that no Outcome Payments have been made following Calculation Date 4, the Implementation Agreement will be terminated on the grounds of poor performance.

In that circumstance, if the Termination Payment under the Implementation Agreement is also nil and the maximum Break Costs payable at that time are incurred, it is estimated that Noteholders will receive aggregate redemption payments of \$3.7 million (54% of the aggregate principal amount of the Notes) in addition to aggregate Fixed Coupons previously received of \$0.5 million, totalling \$4.2 million. The total loss would therefore be approximately 40% of the principal amount of the Notes.

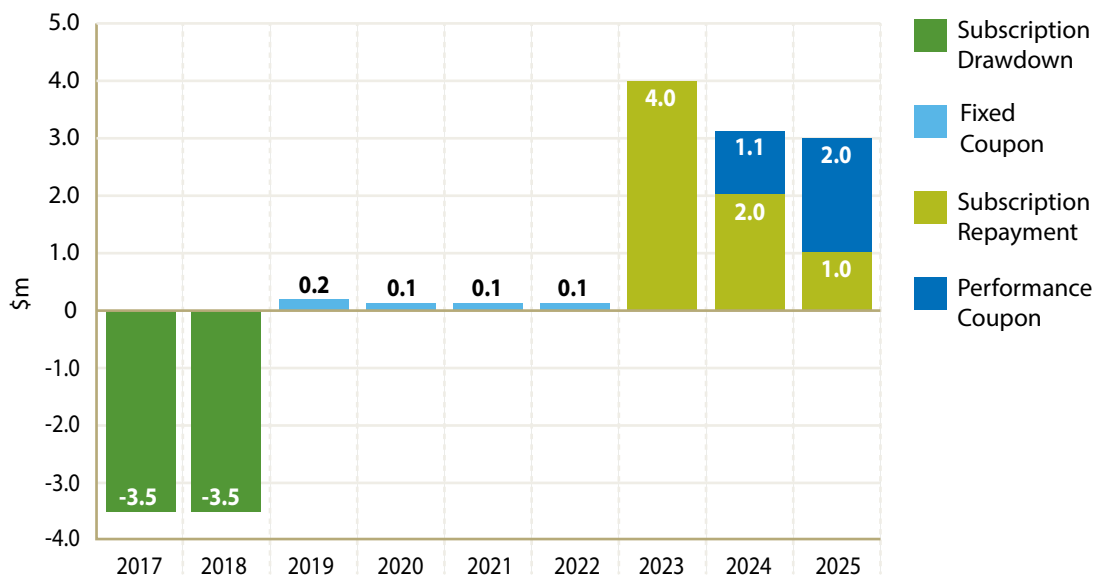
8. CASHFLOW SUMMARY

Under the target performance scenario, the cashflows to and from the Trust are estimated to be as follows:

Resolve SBB estimated cash flows under the target performance scenario	\$m
1. Note subscription amounts	7.0
2. Standing Charge payments made under the Implementation Agreement	9.0
3. Outcome Payments made under the Implementation Agreement	12.7
4. Interest on cash	1.2
Total Inflows	29.9
5. Service Payments under Services Agreement	17.8
6. Transaction establishment costs (legal and capital raise fees)	0.2
7. Fees under the Management Deed	0.8
8. Independent Certifier and Independent Evaluator fees	0.4
9. Fixed Coupons under the Notes	0.6
10. Performance Coupons under the Notes	3.1
11. Note redemption payments	7.0
Outflows	29.9

Items 3, 10 and 11 above are variable amounts that will depend upon the performance of the Resolve Program. Items 4, 6 and 8 have been estimated and will depend upon actual interest rates and the fees charged. All other items are based on the terms of the relevant contracts.

Estimated Noteholder cash flows under target performance scenario



Under the target performance scenario, Noteholders are estimated to receive aggregate Performance Coupons of \$1.1 million at Coupon Determination Date 6 (31 March 2024), and \$2.0 million at Coupon Determination Date 7 (31 March 2025).

9. RISK FACTORS

Prospective Investors should carefully consider the risks and uncertainties described below and the other information contained in this Information Memorandum before making an investment in the Notes. They are not an exhaustive description of all the risks associated with an investment in the Notes and the Issuer may be unable to fulfil its payment or other obligations under or in connection with the Notes due to a factor which the Issuer did not consider to be a material or significant risk based on information currently available to it or which it may not currently be able to anticipate. If any of the risks described below (or an unlisted risk) actually occurs, the value and liquidity of the Notes could decline, and Noteholders could lose all or part of their investment. These factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Program performance

Noteholder returns are primarily determined by the outcomes delivered through the Resolve Program. Noteholders are exposed to the performance capabilities of Flourish. If Flourish fails to perform and deliver the target outcomes, Noteholder returns will be adversely affected and in certain performance scenarios, Noteholder subscriptions may not be wholly repaid. Neither the Issuer, Flourish, the State nor any other person guarantees that the target outcomes will be achieved. Prospective Investors are advised to review the description of the Resolve Program and its goals in this document to determine their own view on the future performance of the Resolve Program.

Flourish has a long history as a mental health services provider, having been involved in the delivery of mental health programs for over 60 years. Program performance will be closely monitored by the Joint Working Group, a governance committee established under the Implementation Agreement. The Trust Manager will be represented on this committee along with other stakeholders. In addition, a formal external program evaluation will be undertaken at the mid-point of the Resolve SBB's lifecycle.

Referral volume

Outcomes and payments are determined by both the annual percentage reduction in NWAUs incurred by the Intervention Group relative to the Control Group and the number of participants in the Intervention Group. There is a risk that a lower than expected number of Intervention Group participants will reduce Outcome Payments.

The Implementation Agreement includes an Agreed Minimum Referrals provision which commits the NSW Government, through the LHDs, to provide a minimum number of referrals to the Resolve Program each year. Agreed Minimum Referrals is defined as the lower of the aggregated number of referrals requested by Flourish from each participating LHD and the minimum number outlined in the Implementation Agreement.

The Outcome Payment calculation includes a provision for deemed enrolments that acts as a 'make whole' in the event that actual referral numbers are below the Agreed Minimum Referrals. As such, in the instance that the Agreed Minimum Referrals are not met, Outcome Payments are not reduced.



9. RISK FACTORS (CONT.)

Control Group risk

In creating a fair and stable Control Group for the purposes of comparing outcomes, there should be no material differences between the Intervention Group and the Control Group, apart from the delivery of the Resolve Program to the Intervention Group.

The mental health services landscape in NSW is fluid, with a range of 'usual care' services being delivered at both the State and Federal level. An individual's inclusion in either the Intervention Group or the Control Group does not preclude them from receiving these 'usual care' mental health services, either routinely or on an ad hoc basis.

A risk exists that individuals within the Control Group may incur a higher level of 'usual care' service utilisation than the Intervention Group, which may make it more difficult to achieve the relative reduction in NWAUs upon which Outcome Payments are made. The Operations Manual outlines the processes in place to assess and manage the Intervention Group's access to and engagement with 'usual care' services.

In addition, the Annual Review process will include a general analysis of the mental health services and policy environment in NSW to ensure that all parties are satisfied with the construction of the Control Group.

Delay in opening the Resolve centres

It is anticipated that the Resolve centre sites (Orange and Penrith) will be leased for the duration of the Resolve Program. The site for the Nepean Blue Mountains Resolve centre has not yet been identified, which may lead to a delay in its operational commencement. If this occurs, there will be a commensurate delay in the commencement of referral requests in relation to the Nepean Blue Mountains Resolve centre, and hence reduced opportunity to achieve outcomes in the Resolve Program's early years. In this scenario, Outcome Payments may be lower than expected. Under the terms of the Services Agreement, service payments to Flourish will be reduced to the extent that staffing levels are below those planned and rental payments are not incurred due to delays in opening the Resolve centres.

Service delivery organisation credit risk

The Resolve SBB transaction is reliant on Flourish to implement and deliver the Resolve Program under the Services Agreement. There is a risk that Flourish could be unable to fulfil its obligations under the Services Agreement due to insolvency, which would trigger the early termination of the Implementation Agreement.

Flourish has been in operation for over 60 years, and during FY16 generated revenue of \$57 million (\$52.2 million during FY15). Additional information on the financial position of Flourish is available on www.flourishaustralia.org.au.

Issuer credit risk

Recourse of Noteholders against the Issuer is limited as described in clause 12.5 (*Limited recourse*) of the SBB Deed Poll. In the event that the Trust Assets are insufficient to meet the claims of Noteholders under or in respect of the Notes, there is a risk that a Noteholder will not receive all amounts owing to it and the Noteholder may lose part of its investment in the Notes.

Early termination

Section 6.2 (*Implementation Agreement*) sets out the scenarios under which the Implementation Agreement, and hence the Resolve SBB arrangements, may be terminated and the Notes would be redeemed early. Details of how the Termination Payment is calculated in these circumstances are set out in Section 7.6 (*Termination Payments*).

The NSW Government can elect to terminate the Implementation Agreement for convenience for any reason, which may include, without limitation, that it views the Resolve SBB arrangement as no longer consistent with its policy priorities or that the arrangements lack sufficient economic justification. In such a scenario, the Termination Payment payable by the NSW Government to the Issuer in the first two years of the contract is an agreed amount that will be available to be applied towards payment of the obligations of the Trust (including the Notes). In addition, the Issuer would be paid the full Break Costs in such an event.

The Notes are required to be redeemed by the Issuer where early termination of the Implementation Agreement has occurred. At those times, a Noteholder may not be able to reinvest the redemption proceeds at an interest rate commensurate with the future expected returns on the Notes. Potential Investors should consider reinvestment risk in light of other investments available.

9. RISK FACTORS (CONT.)

Reliability of data provided and calculation of outcomes

The measurement of the outcomes of the Resolve Program will rely upon data and information obtained by NSW Health. This data (de-identified and extracted following a secure data linkage process) and information, and the outcome determinations (including the calculation of the Outcome Payments) will be reviewed by the Independent Certifier (expected to be a recognised accounting practice or actuarial firm) appointed to assess the reliability of the data and information and outcome determinations.

Dependence on key personnel

The Resolve Program is reliant on a number of key personnel employed by Flourish, and its ability to attract and retain quality staff. The loss of staff members could potentially have an adverse impact on the Resolve Program's performance. Flourish intends to manage this risk by directly involving a number of senior and experienced people in the management of the Resolve Program and will maintain a business continuity plan and a succession plan.

Modifications and waivers

The Note Conditions set out in the SBB Deed Poll contain provisions for Noteholders to consider matters affecting their interests generally and to agree to modification to the SBB Deed Poll and for variations of the Implementation Agreement and other Resolve SBB arrangement documents. These provisions permit defined majorities and, in certain circumstances, actions of the Issuer without Noteholder consent, to bind all Noteholders, including Noteholders who did not vote and Noteholders who voted in a manner contrary to the majority. For further particulars, see clause 8 (*Variations*) of the SBB Deed Poll.

Change of law

The Note Conditions are based on the relevant law in effect as at the date of the issue of the Notes. No assurance can be given as to the impact of any possible judicial decision, change to law (including by an action of the State) or administrative practice after the date of issue of the Notes. Any material adverse impact arising from a change of tax legislation or law creates an Early Termination right for the Issuer.

The secondary market generally

The Notes will have no established secondary trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of the Notes. No assurance of a secondary market or a market price for the Notes is provided by the Issuer or by any other person.

Legal investment considerations may restrict certain investments

The investment activities of certain Investors are subject to investment laws and directives, or review or regulation by certain authorities. Each potential Investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing, and (3) other restrictions apply to its purchase or pledge of any Notes.



10. LEGAL NOTICES

Selling and distribution restrictions

By submitting an Application Form, an Investor applies to purchase Notes in accordance with the Purchase Terms. The Issuer has the sole right to accept any offer to purchase Notes and may reject that offer in whole or in part without giving reasons for its decisions.

Under the Purchase Terms, each Investor purchasing Notes will agree to comply with any applicable law or directive in any jurisdiction in which it may subscribe for, offer, place, sell or transfers Notes and that it will not, directly or indirectly, offer, sell or transfer Notes or distribute any IM or other offering material in relation to the Notes outside Australia and otherwise within Australia except in accordance with the Purchase Terms, these selling restrictions and under circumstances that will result in compliance by the Issuer with any applicable law or directive of that jurisdiction.

No Relevant Party has represented that any Notes may at any time lawfully be sold in compliance with any applicable disclosure, registration or other requirements in any jurisdiction, or in accordance with any available exemption, or assumes any responsibility for facilitating that sale.

The following selling restrictions apply.

Australia

The Notes may only be issued or transferred to Australian residents who are not acquiring an interest in the Notes through a permanent establishment outside Australia.

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Notes has been, or will be, lodged with ASIC.

A person may not make or invite an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia) or distribute or publish this IM or any other offering material or advertisement relating to the Notes in Australia unless the offer or invitation (1) does not require disclosure to Investors under Part 6D.2 or 7.9 of the Corporations Act, (2) does not constitute an offer or invitation to a 'retail client' as defined for the purposes of Chapter 7 of the Corporations Act, (3) complies with all other applicable laws and directives in the jurisdiction in which the offer, invitation or issue takes place and (4) does not require any document to be lodged with ASIC or any other regulatory body in Australia.

General

The Notes have not been, and will not be, registered under the U.S. Securities Act. The Notes may not be offered, sold, delivered or transferred, at any time, within the United States of America, its territories or possessions or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act).

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the IM or any other offering material in any country or jurisdiction.

Persons into whose hands this IM comes are required by the Relevant Parties to comply with all applicable laws and directives in each jurisdiction in which they purchase, offer, sell, resell, reoffer or deliver Notes or have in their possession or distribute or publish the IM or other offering material.

Agency and distribution arrangements

The Issuer may agree to pay fees to any trustee or agent for undertaking its respective roles and reimburse them for certain of their expenses properly incurred in connection with the Notes.

The Issuer may also agree to pay fees to the Trust Manager and may indemnify the Trust Manager against certain liabilities in connection with the offer and sale of Notes.

Persons involved in the offer, issue and sale of the Notes, and their respective related entities, directors, officers and employees, may have pecuniary or other interests in the Notes and may also have interests pursuant to other arrangements and may act as a principal in dealing in, or as a custodian or nominee in holding, any Notes.

10. LEGAL NOTICES (CONT.)

Investors should obtain independent advice

Investors should be aware that, in some scenarios, no Performance Coupon will be payable on the Notes and repayment of principal on the Notes may be at risk. This IM is not investment advice and has been prepared without taking into account the investment objectives, financial situation or particular needs (including financial and taxation issues) of any investor. Each investor contemplating subscribing for, purchasing or otherwise dealing in any Notes or any rights in respect of any Notes should:

- make and rely upon (and shall be taken to have made and relied upon) its own independent investigation of the financial condition and affairs of, and its own appraisal of the creditworthiness of, the Issuer and the Notes;
- determine for themselves the relevance of the information contained in this IM, and must base their investment decision solely upon their independent assessment and such investigations as they consider necessary; and
- consult their own tax advisers concerning the application of any tax or duty (including stamp and transactions duty) laws applicable to their particular situation.

No advice is given in respect of the legal, taxation or accounting treatment for investors or purchasers in connection with an investment in any Notes or rights in respect of them. In addition, this IM does not include any information in respect of the taxation treatment of an investment in the Notes. Investors or purchasers should, in connection with an investment or other dealing in any Notes (including their transfer), consult their own professional advisers.

No authorisation

No person has been authorised to give any information or make any representations not contained in or consistent with this IM in connection with the Issuer, the Resolve Program or the issue or sale of the Notes and, if given or made, such information or representation must not be relied on as having been authorised by any Relevant Party.

No independent verification

No representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted, by any Relevant Party (other than the Issuer, on the terms provided under *Important Notices - Responsibility*), as to the accuracy or completeness of this IM or any further information supplied in connection with the Notes.

No person named in this IM has undertaken to review the financial condition or affairs of the Issuer at any time or to advise any Noteholder of any information coming to their attention with respect to the Issuer and make no representations as to the ability of the Issuer to comply with its obligations under the Notes.

Currency of information

The information contained in this IM is prepared as of its Preparation Date. Neither the delivery of this IM nor any offer, issue or sale made in connection with this IM at any time implies that the information contained in it is correct, that any other information supplied in connection with the Notes is correct or that there has not been any change (adverse or otherwise) in the financial conditions or affairs of the Issuer at any time subsequent to the Preparation Date. In particular, the Issuer is under no obligation to any person to update this IM at any time, including after an issue of Notes.



10. LEGAL NOTICES (CONT.)



Documents incorporated by reference

This IM is to be read in conjunction with all documents which are deemed to be incorporated into it by reference as set out below. This IM shall, unless otherwise expressly stated, be read and construed on the basis that such documents are so incorporated and form part of this IM. Investors should review, among other things, the documents which are deemed to be incorporated in this IM by reference when deciding whether to purchase any Notes.

The following documents are incorporated in, and taken to form part of, this IM:

- the Implementation Agreement (with certain commercial-in-confidence matters redacted);
- the Services Agreement (with certain commercial-in-confidence matters redacted);
- the SBB Deed Poll;
- the Security Documents;
- each Note Issue Supplement;
- the Purchase Deed; and
- all other documents issued by the Issuer and stated to be incorporated in this IM by reference.

Any statement contained in this IM shall be modified or superseded in this IM to the extent that a statement contained in any document subsequently incorporated by reference into this IM modifies or supersedes such statement (including whether expressly or by implication).

A Note Issue Supplement or another supplement to this IM may also supplement, amend, modify or replace any statement or information incorporated by reference in this IM or a supplement to this IM.

Copies of documents which are incorporated by reference in this IM are available for download at socialventures.com.au/work/resolve-sbb and may also be obtained in hard copy from the offices of the Issuer on request.

Any internet site addresses provided in this IM are for reference only and the content of any such internet site is not incorporated by reference into, and does not form part of, this IM.

11. APPLICATIONS

11.1 How to apply

Eligible investors (**Applicants**, and see further Section 11.3 (*Investor eligibility*)) may apply for Notes by submitting an Application Form that was attached to, or accompanied by, a copy of this IM, and providing the Application Payment.

Applications will only be considered where Applicants have applied pursuant to an Application Form submitted in accordance with Section 11.4 (*Submission of Application Forms*). The Issuer may in its sole discretion accept or reject an application. Applicants will be informed of the success of their application.

The targeted closing date is 30 June 2017. The offer period may close early and so Applicants are encouraged to consider submitting their Application Forms as soon as possible.

An Applicant cannot withdraw their Application Form once it has been lodged, except as permitted under the Corporations Act.

11.2 Subscription amounts

The minimum subscription amount is \$50,000 in principal amount of the Notes. Investors may apply for additional Notes in multiples of 10 Notes (\$1,000 in principal amount) above that minimum subscription amount.

11.3 Investor eligibility

An application for the issue of any Notes will only be accepted from, and Notes will only be issued to, an investor that is (1) a person to whom it is lawful to make an offer of the Notes, (2) a person to whom an offer or invitation for the issue, sale or transfer of the Notes may be made without disclosure under Part 6D.2 or 7.9 of the Corporations Act, (3) not a 'retail client' as defined for the purposes of Chapter 7 of the Corporations Act and (4) an Australian resident who is not acquiring an interest in the Notes through a permanent establishment outside Australia.

In particular, each such '**wholesale investor**' must be able to demonstrate that they are either:

- a 'sophisticated investor' for the purposes of section 708(8)(c) of the Corporations Act by providing a certificate given by a qualified accountant dated no more than 6 months before the offer is made confirming that the investor has (1) net assets of at least A\$2.5 million or (2) has a gross income for each of the last 2 financial years of at least A\$250,000 a year; or
- a 'professional investor' for the purpose of section 708(11) of the Corporations Act by either being (1) a person covered by the

definition of 'professional investor' in section 9 of the Corporations Act (except a person mentioned in paragraph (e) of the definition) or (2) a person who controls gross assets of at least A\$10 million in accordance with section 708(11)(b) of the Corporations Act.

In accordance with the above, any Notes purchased by any person who wishes to offer such Notes for sale or resale may not be offered in Australia in circumstances which would result in the Issuer being obliged to lodge a prospectus or other disclosure document (as defined in the Corporations Act) in relation to any Notes with ASIC or any other regulatory body in Australia.

11.4 Submission of Application Forms

Original completed Application Forms should be mailed to:

Resolve SBB Trust
PO Box R1479
Royal Exchange NSW 1225

11.5 Application Payments

The Application Payment to be provided in connection with an application for any Notes is an amount equal to the Initial Subscription Amount for the number of Notes identified by the Applicant in their Application Form.

11.6 Payment options

There are two options for payment of Application Payments: (1) by personal or bank cheque, and (2) by direct deposit, as described below.

1. Cheque payments

Cheques should be crossed 'Not negotiable' and made payable to '**One Registry Services Pty Ltd Applications Account**' and mailed with the completed Application Form to:

Resolve SBB Trust
PO Box R1479
Royal Exchange NSW 1225

2. Direct Deposit

Bank: St George
Account Name: One Registry Services Pty Ltd Applications Account
BSB: 332 127
Account Number: 554 262 774

Where funds are electronically transferred or deposited directly to the bank account, details of the deposit should accompany the Application Form. The Issuer will accept notice of electronic transfer of funds as if deposited and cleared.

Physical cash will not be accepted at any time.

11. APPLICATIONS (CONT.)

11.7 Application payments

All Application Payments received before Notes are issued will be held by the Issuer in an account used for the purpose of depositing Application Payments received. The Registrar will be entitled to all interest earned on monies held in the account. After the Notes are issued to successful Applicants, the Application Payments will be payable to the Issuer.

11.8 Refunds

Applicants who are not allotted any Notes, or are allotted fewer Notes than the number applied and paid for as a result of a scale back, will have all or some of their Application Payments (as applicable) refunded (without interest) as soon as practicable after the first Issue Date.

11.9 Provision of TFN and/or ABN

Under the Application Form, Applicants may also provide details of their Tax File Number (TFN) should they wish to do so.

The collection and quotation of TFNs is authorised, and TFN use and disclosure is strictly regulated, by tax laws and the Privacy Act.

Applicants are not required to provide their TFNs. However, the Issuer may be required to withhold tax from payments on the Notes where the investor has failed to provide their TFN, ABN or proof of a relevant exemption.

11.10 Provision of bank account details

Under the Application Form, Applicants are also requested to provide account details. This nominated account will be used for the direct crediting of payments of Coupons, prepayment and repayment of principal and payments of other amounts. If this information is not provided under the Application Form, Applicants are encouraged to provide it to the Issuer as soon as possible thereafter. If a Noteholder has not notified the Issuer of an appropriate account by the close of business on the Record Date in respect of that payment, or the credit of any money to your account does not complete for any reason, then the Issuer will pay the relevant amount by cheque delivered (at the risk of the Noteholder) to the postal address most recently notified. No interest is payable in respect of any delay in payment.

11.11 Privacy statement

In certain circumstances, the Issuer may be required by the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth), the Financial Sector (Collection of Data) Act 2001 (Cth), the Corporations Act (Cth), the Taxation Administration Act 1953 (Cth), the Income Tax Assessment Act 1936 (Cth) and other taxation laws to collect certain personal information about Noteholders. If an Applicant does not provide the information required on the Application Form, or provides incomplete or inaccurate information, the Issuer may not be able to accept or process their application.

The Issuer and the Registrar may, for the purposes set out in this privacy statement, disclose personal information to the Registrar, the Trust Manager, related entities, agents, contractors and third party service providers (including mail houses and professional advisers) of the Issuer, the Registrar and the Trust Manager, regulatory authorities and in any case, where disclosure is required or allowed by law or where the Applicant has consented.

The Trust Deed and SBB Deed Poll require the Issuer to include information about Noteholders (including name, address and details of the Notes held) in the Register. The information contained in the Register will be retained, even if an individual ceases to be a Noteholder. Information contained in the Register is also used to facilitate and process payments (including Coupons) and corporate communications (including annual reports and other information that the Issuer or the Trust Manager wishes to communicate to Noteholders) and to help ensure compliance by the Issuer with legal and regulatory requirements.

A copy of the Issuer's privacy policy is available from resolvesbb@socialventures.com.au. The privacy policy states how the Issuer manages personal information and includes information about how a request to access and seek correction of the personal information held by the Issuer can be made. The privacy policy also contains information about how an Applicant can complain about a breach by the Issuer of the Privacy Act and how the Issuer will deal with such a complaint. Requests to access personal information, seek correction to personal information or make a complaint can be made to the Issuer by emailing resolvesbb@socialventures.com.au or by mail at Level 6, 6 O'Connell Street, Sydney NSW 2000.

12. GLOSSARY

The following terms have these meanings when used in this IM, but subject to the meanings and interpretation as provided in the SBB Deed Poll, Implementation Agreement or the final Operations Manual (as applicable).

Applicant An eligible investor who applies for any Notes, as more fully described in Section 11 (*Applications*).

Application Form An application form attached to this Information Memorandum.

Application Payment The amount to be paid by Applicants in making a valid application for any Notes, as more fully described in Section 11 (*Applications*).

ASIC Australian Securities and Investments Commission.

Australian dollars, \$ or A\$ The lawful currency of Australia.

Business Day A day (not being a Saturday or Sunday or public holiday in the relevant place) on which banks are open for general banking business in Sydney.

Calculation Date 30 September in each year from 2018 to 2024.

Corporations Act Corporations Act 2001 (Cth).

Coupon Determination Date 31 March in each year commencing in 2019 up to (and including) the Scheduled Maturity Date.

There are 7 Coupon Determination Dates, scheduled as follows:

- Coupon Determination Date 1 is 31 March 2019
- Coupon Determination Date 2 is 31 March 2020
- Coupon Determination Date 3 is 31 March 2021
- Coupon Determination Date 4 is 31 March 2022
- Coupon Determination Date 5 is 31 March 2023
- Coupon Determination Date 6 is 31 March 2024
- Coupon Determination Date 7 is 31 March 2025.

Early Termination Date Any date on which the Implementation Agreement is terminated prior to the Scheduled Maturity Date.

Financial Close The date upon which the Tranche 1 Notes are issued.

Financial Model Means the financial model agreed by the Issuer, the State and Flourish.

Flourish or Flourish Australia RichmondPRA Limited (ACN 001 280 628), commonly known as Flourish Australia, is the entity contracted to deliver the Resolve Program under the Services Agreement.

GST Goods and Services Tax.

IM This Information Memorandum.

References herein to 'IM' are to this IM and any other document incorporated by reference and to any of them individually.

Independent Certifier An independent body appointed under the Implementation Agreement to certify the performance of the Resolve Program and calculate payments.

Independent Evaluator An independent body appointed under the Implementation Agreement to conduct an evaluation of the delivery of the Resolve Program and the impact upon participants beyond the principal outcome measure.

Initial Transfer Period For any Tranche 1 Note, the period commencing from the Issue Date for that Tranche 1 Note up to the date on which the corresponding Tranche 2 Note is issued in accordance with the Tranche 2 Notes Subscription Undertaking.

Local Health Districts or LHDs Each of the Western NSW Local Health District and the Nepean Blue Mountains Local Health District.

Management Deed Master Management Deed (SVA Impact Investments) dated 9 January 2017 between SVA Nominees Pty Ltd (ACN 616 235 753) and Social Ventures Australia Limited (ACN 100 487 572).

Minimum Subscription Amount \$50,000.

Note Issue Supplement For any Tranche of Notes, the confirmation of the final terms for those Notes, substantially in the form set out in schedule 2 of the SBB Deed Poll, relating to the issue of those Notes and which has been confirmed by the Issuer.

Notes Resolve Social Benefit Bonds, including an interest in them.

Operations Manual A document incorporated into the Implementation Agreement by reference, designed to be a repository of elements of the Implementation Agreement which will assist in the day-to-day operation of the Implementation Agreement.

Outcome Payments The payments made by the NSW Government to the Issuer based on the calculated Program Savings, as described in Section 7.3 (*NSW Government Payments to the Trust*).

Performance Coupons The variable coupon amounts described under Section 7.1.2 (*Performance Coupons*).

12. GLOSSARY (CONT.)

Preparation Date In relation to this IM, the date indicated on its face or, if this IM has been amended, or supplemented, the date indicated on the face of that amendment or supplement and, in relation to any other item of information which is to be read in conjunction with this IM, the date indicated on its face as being its date of release or effectiveness.

Privacy Act Privacy Act 1988 (Cth).

Purchase Terms The terms and conditions for the purchase of Notes as provided under the Purchase Deed (including the Application Form) and this IM.

Relevant Parties The Issuer, the Trust Manager, Flourish Australia and any person other than the Issuer acting as an agent from time to time, and 'Relevant Party' means any of them, as the context admits.

Resolve Program or **Program** The services program delivered by Flourish Australia under the Services Agreement.

Scheduled Maturity Date 31 March 2025.

Security Documents The First Security Deed, the Second Security Deed and the Priority and Co-ordination Deed.

Security Trustee Social Ventures Australia Limited (ACN 100 487 572).

Services Agreement The contract between the Trust and Flourish to deliver the Resolve Program.

SIB or **SBB** Social Impact Bond or Social Benefit Bond.

Standing Charge A pre-payment of part of the Outcome Payments by the NSW Government to the Issuer under the Implementation Agreement. The Standing Charge is payable in three equal instalments of \$3,000,000 on each of the Standing Charge Payment Dates.

Standing Charge Payment Dates 1 August 2017, 1 July 2018 and 1 July 2019.

State The New South Wales Government and the State of New South Wales (including the Crown in right of the State of New South Wales and all departments, agencies and other State bodies and personnel).

SVA Social Ventures Australia Limited (ACN 100 487 572).

Termination Payment The amount payable by the NSW Government to the Trust in the event of an early termination of the Implementation Agreement.

Tranche An issue of Notes issued on the same issue date and on the same Note conditions.

Tranche 1 Notes The first Tranche of Notes to be issued by the Issuer.

Tranche 2 Notes The second Tranche of Notes to be issued by the Issuer on or about 29 June 2018.

Tranche 2 Subscription Undertaking In respect of a Tranche 1 Note and during the Initial Transfer Period, the obligations of Noteholder to subscribe a corresponding Tranche 2 Note as set out in clause 3 of the Purchase Deed.

Trust The Resolve SBB Trust (ABN 65 228 690 068).

Trust Assets All the Issuer's rights, property and undertaking which are the subject of the Trust (1) of whatever kind and wherever situated, and (2) whether present or future.

The Trust Assets will include the Issuer's rights under the Implementation Agreement, cash assets of the Trust (which are not payable to the Issuer in respect of its costs or the costs of the Trust) and authorised investments of the Trust.

Trust Deed Master Trust Deed (SVA Impact Investments) dated 9 January 2017 between SVA Nominees Pty Ltd, Social Ventures Australia Limited (as Manager) and the Settlor named therein, together with the Notice of Creation of Trust dated 27 March 2017 made by the Issuer.

Trust Manager Social Ventures Australia Limited (ACN 100 487 572) in its capacity as manager of the Trust.

US Securities Act United States Securities Act of 1933 (as amended).

APPLICATION FORM

Social Ventures Australia Limited (ACN 100 487 572, AFSL 428865) (Trust Manager) has offered to arrange for the issue by SVA Nominees Pty Ltd (ACN 616 235 753) (the Issuer) in its capacity as trustee for the Resolve SBB Trust (the Trust) of limited recourse Resolve Social Benefit Bonds (the Resolve SBBs or Notes), as described in the Information Memorandum (IM) dated 1 May 2017 prepared by the Issuer. This Application Form is an application for the issue of the Notes.

This Application Form is supplemental to, and forms part of, the Resolve SBB Purchase Deed dated on or about 1 May 2017 made by the Issuer and the Trust Manager (the **Purchase Deed**). It must not be distributed unless included in, or accompanied by, the Purchase Deed and/or the IM.

This Application Form, the Purchase Deed and the IM (including materials incorporated by reference therein) are important and you should read them in their entirety. In considering whether to apply for the Notes, it is important that you consider all risks and other information regarding an investment in Notes in light of your particular investment objectives and circumstances. It is strongly recommended that investors seek professional guidance which takes into account their particular investment objectives and circumstances from their own professional advisers.

Instructions on how to complete this Application Form are set out below. Capitalised terms in this Application Form have the meaning given to them in the Purchase Deed and/or the IM.

Important: The terms of the Notes are more complex than simple debt or ordinary equity instruments.

Step 1

Total number of Notes to be applied for

Enter the total number of Notes you wish to apply for. The application must be for a minimum of 500 Notes (\$50,000). Applications for greater than 500 Notes must be in multiples of 10 Notes (\$1,000). The Notes are to be issued in two equal tranches (as the Tranche 1 Notes and Tranche 2 Notes) to be issued on two different dates, but your application will relate to the overall number of Notes (under both tranches) you wish to apply for.

Enter the amount of the Application Payment. To calculate this amount, multiply half of the total number of Notes applied for (i.e. the total number of Tranche 1 Notes being applied for) by the Price (or Face Value) of each Note, which is \$100. For example, if you apply for the minimum number of Notes (500), your Application Payment will be \$25,000 (being the 500 Notes applied for, divided by 2, multiplied by \$100).

Step 2

Applicant name(s) and details

Enter the full name(s) you wish to appear on the register. This must be either your own name or the name of a company. Up to two joint Applicants may register. You should refer to the table overleaf for the correct forms of registrable title(s). Applications using the wrong form of names may be rejected. Enter your email and postal address for all correspondence. All communications to you from the Registrar will be mailed to the person(s) and address as shown. For joint Applicants, only one email and/or postal address can be entered.

Enter your contact name and telephone number. This information may be used to communicate other matters to you subject to the privacy statement set out in Section 10.11 (*Privacy Statement*) of the IM. This is not compulsory but will assist us if we need to contact you.

You may choose to enter details of the account into which payments to you in respect of the Notes are to be made. If this information is not provided under the Application Form, Applicants are encouraged to provide it to the Issuer as soon as possible thereafter. You may also wish to provide an applicable Australian Business Number and/or Australian Tax File Number.

Step 3

Application Payment

Your Application Payment can be made by (1) bank or personal cheque, or (2) by direct debit to the following account:

Bank: St George
Name: 'One Registry Services Pty Ltd Applications Account'
BSB: 332 127
Account number: 554 262 774

Application Payments must be made in accordance with the terms specified in Section 11 (*Applications*) of the IM. Any application made without the full amount of the Application Payment will not be accepted.

Step 4

Lodgement of Application Form

Completed Application Forms should be mailed to:

Resolve SBB Trust
PO Box R1479
Royal Exchange NSW 1225

Please direct all enquiries related to your application to sva@oneregistryservices.com.au or phone (02) 8188 1510.

APPLICATION FORM

Completed application forms should be mailed to:

Resolve SBB Trust
PO Box R1479
Royal Exchange NSW 1225

STEP 1

Enter the total number of Notes you wish to apply for

I/we apply for:	Price per Note	Application Payment (half the number of Notes applied for multiplied by the Price per Note)
Notes	<input style="width: 60px;" type="text" value="\$100"/>	\$.00

Please tick the box below to advise how your payment will be made

Payment by cheque

Electronic Funds Transfer (EFT)

(Please complete your bank account details on the following page and provide a clear reference for EFT funds below.)

Reference No. *(if Application Payment made by EFT)*

STEP 2 Applicant name(s) and details

Individual / joint applications - refer to naming standards for correct form of registrable title(s)

Title or company name	Given name(s)	Surname
ABN (if applicable)		Tax File Number

Joint applicant 2	
ABN (if applicable)	Tax File Number

CORRESPONDENCE DETAILS: POSTAL ADDRESS AND EMAIL

Unit	Street number	Street name or PO Box		
Street name or PO Box (continued)				
City/Suburb/Town			State	Postcode
Email				

Turn over to complete the application form

CONTACT DETAILS

Contact name

()

Phone number

Mobile number

ACCOUNT DETAILS FOR PAYMENTS

All applicants must complete this section by providing details of an Australian banking institution. The nominated bank account must be in the name of the applicant.

Bank Name/Institution

BSB

Account number

Account Name

Eligible Investor Category

Please mark each that apply to you and attach any required supporting evidence (refer to clause 6.1 (*Investor Certification*) and Schedule 2 (*Investor Certification*) of the Purchase Deed, which is available for download at socialventures.com.au/work/resolve-sbb).

Application amount exceeds \$500,000

For business use in a large business

Wholesale client/not for business use (please provide current qualified accountant's certificate)

Sophisticated investor (please provide current qualified accountant's certificates)

Company or trust controlled by a person who is a wholesale client/sophisticated investor
(please provide current qualified accountant's certificate)

Australian Financial Services Licensee

Has or controls gross assets of at least \$10 million (evidence required per Schedule 2 of the Purchase Deed)

Trustee of a large superannuation fund (at least \$10 million)

APRA regulated body

Registered financial corporation

Listed entity or related body corporate

Exempt public authority

Body corporate/unincorporated body that carries on a business of investment

Related body corporate of wholesale investor

Additional information (confirming AFS licence no., type of APRA regulated body or category of registered financial corporation, if applicable for the selection made above) can be specified here:

Acceptance of the Offer

By submitting this Application Form with your Application Payment you:

- declare that this application is completed and lodged according to the Purchase Deed and the declarations/statements in the Purchase Deed;
- confirm that you have read the privacy disclosure as detailed in section 11.11 (*Privacy statement*) of the Information Memorandum which contains important privacy-related information, and acknowledge and agree that your personal information may be collected, held, used and disclosed in accordance with that privacy disclosure;
- represent and warrant that you have read the Purchase Deed and that you acknowledge the matters, make the undertakings, warranties and representations, and agree to the terms and conditions (including in particular but without limitation, the Tranche 2 Notes Subscription Undertaking) contained in the Purchase Deed (including in this Application Form);
- declare that all details and statements made are complete and accurate;
- declare that each Applicant, if a natural person, is at least 18 years old;
- declare that you are not in the United States or a U.S. Person (for the purposes of US tax regulation or securities laws), nor acting for the account or benefit of any such person;
- represent and warrant that the law of any other place does not prohibit you from being given the Information Memorandum and any supplement or replacement thereof or making an application on this Application Form;
- provide authorisation to be registered as the holder of Notes issued to you and agree to be bound by the Purchase Deed and the Note Conditions;
- apply for the number of Notes set out or determined in accordance with this Application Form and agree to subscribe for and be issued such number of Notes, a lesser number or none;
- acknowledge that the information contained in the Information Memorandum (or any supplement or replacement thereof) is not investment advice or a recommendation that Notes are suitable for you, given your investment objectives, financial situation or particular needs, and that you have relied on your own independent investigation, enquiries and appraisals;
- acknowledge that your application to acquire Notes is irrevocable and may not be varied or withdrawn except as allowed by law; and
- acknowledge that an application may be rejected without giving any reason, including where this Application Form is not properly completed.

Signature of Applicant 1

Name of Applicant 1

Date

Signature of Applicant 2

Name of Applicant 2

Date

Completed application forms should be mailed to:

Resolve SBB Trust
PO Box R1479
Royal Exchange NSW 1225



APPLICATION FORM

Correct Forms of Registrable Titles

Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation or completed as described in the correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual – Use given name(s) in full, not initials	Mr John Alfred Smith	J.A. Smith
Joint – Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company – Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts – Use trustee(s) personal name(s) – Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased estates – Use executor(s) personal name(s) – Do not use the name of the deceased	Mr Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) – Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships – Use partners' personal name(s) – Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names – Use office bearer(s) personal name(s) – Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds – Use the name of the trustee of the fund – Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

DIRECTORY

Issuer

SVA Nominees Pty Ltd ATF Resolve SBB Trust

ABN 65 228 690 068

Level 6, 6 O'Connell St, Sydney NSW 2000

02 8004 6740

Legal Advisers to the Issuer

King & Wood Malesons

Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000

02 9296 2000

Manager

Social Ventures Australia Limited

ABN 94 100 487 572

AFSL 428 865

Level 6, 6 O'Connell St, Sydney NSW 2000

02 8004 6740

resolvesbb@socialventures.com.au

socialventures.com.au

Auditors

Ernst & Young

200 George St, Sydney NSW 2000

02 9248 5555



Social Ventures Australia
Funding • Investment • Advice



Social Ventures Australia | Funding • Investment • Advice

Brisbane | Melbourne | Perth | Sydney | ABN 94 100 487 572 | AFSL 428 865
resolvesbb@socialventures.com.au | socialventures.com.au |  @Social_Ventures