

**ASPIRE SOCIAL IMPACT BOND**  
**Information Memorandum**  
**1 FEBRUARY 2017**



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## IMPORTANT NOTICES

This Information Memorandum (the **IM**) relates to the issue of limited recourse Aspire Social Impact Bonds (the **Aspire SIBs** or **Notes**) by SVA Nominees Pty Ltd (ACN 616 235 753) (the **Issuer**) in its capacity as trustee for the Aspire SIB 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 Issuer is not registered with, or regulated 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 (*Aspire Program Details*), 5.3 (*Hutt St Centre*) and 5.4 (*Key Hutt St Centre Personnel*), which have been furnished to the Issuer by Hutt St Centre, (2) the information included in Section 5.5 (*Common Ground Adelaide*), which has been furnished to the Issuer by Common Ground Adelaide, (3) the information included in Section 5.6 (*Unity Housing*), which has been furnished to the Issuer by Unity Housing, and (4) the details of the other persons named in the "Directory" section.

The SA Government 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 SA Government 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 SA Government does not guarantee the performance of any Notes, the interest rate, the return of capital to investors, 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 Aspire Program and the Notes. It should be read in conjunction with the documents which are expressed to be incorporated by reference in it, the SIB Deed Poll and the Aspire SIB 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.

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**This IM does not describe all of 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.**

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# AspiresIB

Ending homelessness together



## FOREWORD

Dear Investor,

I invite you to consider an investment in the Aspire Social Impact Bond.

The Aspire Social Impact Bond (**Aspire SIB**) offers a unique opportunity to generate a competitive financial return while making a lasting difference to the lives of people experiencing homelessness in Adelaide. As an investor, you will be funding the working capital of the Aspire Program, which will be delivered by Hutt St Centre, a highly respected homelessness services specialist, in partnership with community housing providers including Common Ground Adelaide and Unity Housing.

It is anticipated that around 600 adults who are experiencing homelessness will be referred to the Aspire Program over a four year period. Each of these individuals will be offered support for up to three years. The Aspire Program is based on the 'housing first' intervention model, and has been designed to focus on strengthening community engagement and employment participation. Participants will be provided stable accommodation, job readiness training, pathways to employment and life skills development. Importantly, they will also have the long term support of a dedicated 'Navigator' to help them connect with wider support services and identify and achieve their aspirations.

The Aspire Program is expected to generate positive outcomes for the participating individuals, their families and community, and the South Australian Government. The SA Government will make payments to the Aspire SIB Trust based on the participants' measured level of reduction in the utilisation of health, justice and homelessness services. The investment returns generated by the Aspire SIB will in turn reflect the level of these payments.

If the Aspire Program delivers the target outcome performance scenario agreed by the SA Government, SVA and Hutt St Centre, overall investor returns are anticipated to be approximately 8.5% per annum. If the program outperforms, returns would be approximately 13% per annum. Conversely, a 'worst case' performance scenario would lead to early termination after five years, and investors would be paid approximately 50% of their initial investment.

The Aspire SIB is the first Australian SIB to target the complex issue of homelessness, and follows the handful of live Australian SIBs including Australia's first, the Newpin Social Benefit Bond, also managed by SVA. The alignment of outcomes and service delivery through the SIB structure creates a genuine high impact investment opportunity.

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



**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 Aspire Social Impact Bond and related contractual arrangements. You should read this IM (including any document incorporated by reference, in particular the SIB Deed Poll and the Aspire SIB Purchase Deed) in full, prior to making a decision to invest in any Notes.

## 1.1 Key Terms: Entities and Contracts

Key Terms	Descriptions
<b>Aspire SIBs or Notes</b>	<p>Medium-term notes offered by the Issuer which are direct, unsubordinated and unsecured debt obligations limited in recourse to the assets of the Aspire SIB 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 SIB Deed Poll together with the relevant Note Issue Supplement.</p>
<b>Aspire SIB objectives</b>	<p>The proceeds from the issue of the Notes are to be used to create lasting positive change for people experiencing homelessness in the Adelaide metropolitan area. This social impact is intended to be achieved through funding the delivery of the Aspire Program.</p>
<b>Aspire Program</b>	<p>A 'housing first' intensive case management program that aims to improve participants' life outcomes. The Aspire Program is designed as a three-year phased program with tiered intensity of support and priority access to secure, long term accommodation. The program aims to increase participants' wellbeing, and reduce their utilisation of health, justice and homelessness services.</p>
<b>Aspire SIB Trust</b>	<p>A charitable trust established under the Trust Deed for the sole purpose of offering the Notes, entering into the SIB Program Deed and Services Agreement and funding delivery of the Aspire Program and transaction related expenses (including certification of outcomes and the costs and expenses of the Trust and its administration).</p>
<b>Issuer</b>	<p>SVA Nominees Pty Ltd (ACN 616 235 753), a special purpose vehicle incorporated in Victoria that is wholly owned by SVA, in its capacity as trustee of the Aspire SIB Trust. The Issuer is a corporate authorised representative of SVA (AFSL No. 428865).</p>
<b>Trust Manager</b>	<p>Social Ventures Australia Limited (ACN 100 487 572) in its capacity as manager of the Aspire SIB Trust.</p>
<b>Hutt St Centre</b>	<p>Hutt Street Centre (ACN 055 179 354) is the organisation contracted to deliver the Aspire Program under the Services Agreement.</p>
<b>Government</b>	<p>The Government of South Australia, acting through the Minister for Social Housing.</p>
<b>Investors</b>	<p>'Wholesale investors' as described in Section 11.3 (<i>Investor eligibility</i>) may subscribe for the Notes.</p>
<b>SIB Program Deed</b>	<p>A contract between the Government and the Issuer dated on or about 24 January 2017 which is the framework agreement for the Aspire SIB arrangement. Government payments to the Issuer are a combination of a fixed Standing Charge and Outcome Payments based upon the expected Government savings generated from a decreased utilisation of health, justice and homelessness services by the Intervention Group. See Section 6.2 (<i>SIB Program Deed</i>) for details.</p>

## 1. KEY TERMS AND DATES (CONT.)

Key Terms	Descriptions
<b>Services Agreement</b>	An agreement to be entered into by the Issuer and Hutt St Centre for the delivery of the Aspire Program, under which the Trustee will use the proceeds of the issuance of the Notes and Government Payments under the SIB Program Deed to make quarterly payments to Hutt St Centre for the delivery of services. Hutt St Centre will also receive a performance based payment if outcomes are in line with the target scenario or better.
<b>SIB Deed Poll</b>	The Aspire SIB Deed Poll dated 1 February 2017 made by the Issuer. The SIB 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.
<b>Purchase Deed</b>	The Aspire SIB Purchase Deed dated 1 February 2017 made by the Issuer and the Trust Manager and to be entered into by each investor purchasing Notes upon acceptance of its Application Form by the Issuer.
<b>Other documents</b>	In addition to the above documents, the documentation for the Aspire SIB arrangement also includes (or will include) (1) a Direct Agreement entered into between the Government and Hutt St Centre, providing for certain direct rights and obligations of those parties as between themselves, (2) the Trust Deed, which establishes the Trust, (3) the Management Deed, which provides for the management of the Trust by the Trust Manager, and (4) Memoranda of Understanding between Hutt St Centre and the Housing Partners.
<b>Housing Partners</b>	Community housing providers who enter into a Memorandum of Understanding with Hutt St Centre to secure and maintain appropriate long term housing for Aspire Program participants. Housing Partners include Common Ground Adelaide and Unity Housing.
<b>Independent Certifier</b>	An independent organisation that is appointed to determine the outcomes achieved by the Aspire Program and calculate the payments to be made under the SIB Program Deed.

### 1.2 Key Terms: SIB Program Deed

Key Terms	Descriptions
<b>Intervention Group</b>	All eligible individuals who are referred to the Aspire Program.
<b>Outcome Measures</b>	The specific measures that will be used to determine the success of the Aspire Program for the purposes of calculating Outcome Payments, being (1) the number of hospital bed days, (2) the number of convictions and (3) the number of periods of short term or emergency accommodation recorded. The outcomes for each member of the Intervention Group will be measured for three years from their date of referral to the Aspire Program.
<b>Counterfactual</b>	For each of the Outcome Measures, the level of service utilisation that would have been expected in the absence of the Aspire Program. The assumed counterfactual is a fixed number based upon an analysis of the experience of homeless individuals in South Australia in recent years.

## 1. KEY TERMS AND DATES (CONT.)

Key Terms	Descriptions
<b>Calculated Savings</b>	The amount determined as at each Calculation Date based upon the recorded Outcome Measures for the Intervention Group relative to the Counterfactual. Each 'saved' hospital bed day, conviction and short term/emergency accommodation period is attributed an agreed value based upon expected Government savings across a range of related services.
<b>Standing Charge</b>	An aggregate amount of \$6,000,000 payable by the Government to the Issuer in five equal annual instalments.
<b>Outcome Payments</b>	The payments made by the Government to the Issuer based on the Calculated Savings. 100% of the first \$13,500,000, and 50% of the next \$15,000,000, of Calculated Savings are paid to the Issuer, after netting off all previous payments made under the SIB Program Deed including the Standing Charge instalments.
<b>Early Termination</b>	The SIB Program Deed may be terminated prior to its scheduled maturity in various circumstances as further described in Section 6.2 ( <i>SIB Program Deed</i> ). In the event of an early termination, the Government will make a final termination payment to the Issuer based on the terms of the SIB Program Deed. See Section 7.6 ( <i>Termination Payments</i> ) for further details.

### 1.3 Key Terms: Note Terms

Key Terms	Descriptions
<b>Aggregate issue amount</b>	\$9,000,000 in principal amount of the Notes. Tranche 1 and Tranche 2 Notes will each comprise \$4,500,000 in principal amount.  The denomination of each Note is \$100.
<b>Subscription Amounts</b>	Investors must apply to subscribe for a minimum of 500 Notes, ie \$50,000 in principal amount, comprising an equal number of Tranche 1 Notes and Tranche 2 Notes.
<b>Fixed Coupons</b>	An effective rate of 2% per annum coupon payable within 10 Business Days of each of Coupon Determination Dates 1, 2, 3 and 4.  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> ).
<b>Performance Coupons</b>	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.
<b>Mandatory Redemptions</b>	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 to be redeemed in relation to Coupon Determination Dates 5 and 6 is \$8,000,000.



## 1. KEY TERMS AND DATES (CONT.)

Key Terms	Descriptions
<b>Mandatory Redemptions (cont.)</b>	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.
<b>Redemption on Termination</b>	Should early termination occur for any reason, each Note will be redeemed at its outstanding principal amount on the Early Termination Date.  If available Trust Assets are less than the aggregate outstanding principal amounts of all Notes, the amount repaid will be each Noteholder's pro rata share of the available Trust Assets.
<b>Limited recourse</b>	The assets available to the Issuer to be applied to the payment or repayment of amounts owing on the Notes are limited to the Trust Assets.  Investors should note the limitation of liability of the Issuer and indemnity set out in clause 12.5 ( <i>Limited recourse</i> ) of the SIB Deed Poll.
<b>Transfers</b>	Investors should note the transfer restrictions for the Notes, including, without limitation, those set out under clause 4 ( <i>Title and transfers</i> ) of the SIB Deed Poll. The Issuer's consent is required for any transfer of the Notes.
<b>Tranche 2 Notes Subscription Undertaking and Transfer Restriction</b>	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 30 March 2018. 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 ( <b>Tranche 2 Notes Subscription Undertaking</b> ).  In addition, during the Initial Transfer Period, any Tranche 1 Note may only be transferred if (1) prior to the proposed transfer date for that Tranche 1 Note, the Noteholder transferring the Tranche 1 Note has confirmed to the Issuer in writing that such Noteholder will continue to be irrevocably bound by the corresponding Tranche 2 Notes Subscription Undertaking following such transfer of the Tranche 1 Note, or (2) the corresponding Tranche 2 Notes Subscription Undertaking has been validly transferred to (A) the transferee of the Tranche 1 Note, or (B) with the prior consent of the Issuer (acting in its absolute discretion) such other person as the Noteholder nominates, and such transferee or other person has become irrevocably bound by the corresponding Tranche 2 Notes Subscription Undertaking.  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 liability or loss for that failure.

## 1. KEY TERMS AND DATES (CONT.)

Key Terms	Descriptions
<b>Taxes and stamp duty</b>	<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>
<b>Fees and expenses</b>	<p>Management and establishment fees payable to SVA, fees payable to the Independent Certifier and legal fees incurred by SVA, the Issuer and Hutt St Centre in respect of the establishment and termination of the Aspire SIB 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 cashflows impacting Noteholder returns</i>).</p>
<b>Investor Reporting</b>	<p>Annual performance and social impact reporting will cover Aspire Program outcomes and payments to Noteholders.</p>
<b>Key Risks</b>	<p>Details concerning certain key risks of investing in the Aspire SIB are set out in Section 9 (<i>Risk factors</i>).</p>

### 1.4 Key Dates

Milestone	Date
<b>Aspire SIB applications open</b>	<p>From 1 February 2017 to such date as the Issuer may determine. Applications will close once aggregate subscriptions reach \$9,000,000 or earlier if determined by the Issuer.</p>
<b>Financial Close</b>	Target 31 March 2017
<b>Effective Date</b>	<p>Target 31 March 2017</p> <p>The date upon which all Conditions Precedent have been met and the SIB Program Deed comes into force. The Effective Date could be as late as 24 July 2017 unless otherwise agreed by the Issuer and the Government.</p>
<b>Tranche 1 Subscription Amounts payable</b>	<p>Date of application.</p> <p>Subscription amounts will be held by the Issuer until the Notes are issued. If the SIB Program Deed is terminated due to non-fulfilment of Conditions Precedent, all monies will be returned to Investors.</p>
<b>Tranche 2 Subscription Amounts payable</b>	30 March 2018
<b>Calculation Dates</b>	30 June each year from 2018 to 2024
<b>Coupon Determination Dates</b>	31 December each year from 2018 to 2024
<b>Scheduled Maturity Date</b>	31 December 2024
<b>Bond Term</b>	7.75 years

## 2. THE ASPIRE SIB IN CONTEXT

### 2.1 Government of South Australia SIB pilot program

In 2015 the South Australian Government set out to pilot social impact investment as part of a range of initiatives to promote innovation in the delivery of social and community services.

The Government undertook a sector consultation and education process, and then released a competitive tender calling for innovative Social Impact Bond (SIB) proposals targeting several impact areas, including homelessness.

In August 2015 the Government announced that it would proceed to negotiate with local homelessness service providers Hutt St Centre and Common Ground Adelaide, along with partner SVA, to develop South Australia's first SIB.



*'As Minister for Health I know that there's increasing pressure on Government budgets due to growing demand for crisis interventions.*

*No matter how much more we spend on hospitals and the justice system, if we don't treat the cause of the problem, we're not getting the best outcomes for our community – and it's not sustainable for the budget in the longer term.*

*A social impact bond is a new way for Governments to work with both the private sector and NGOs to deliver services that support vulnerable people.*

*It gives the corporate sector and impact investors an opportunity to invest in projects that benefit our community by supporting people before crisis intervention is needed.'*

The Hon Jack Snelling MP  
Minister for Health  
SA Government



*'Despite existing efforts to tackle homelessness, we are still confronted by this challenge. Last year, demand for homelessness support in this state grew by 14%.*

*We are always reviewing our performance and considering innovative ways to help solve the problem.*

*The Aspire Program has been developed collaboratively with Hutt St Centre, Common Ground, and Social Ventures Australia through an open dialogue with Government.*

*Aspire puts clients at the centre, and brings together everything they need – housing, support to get their life on track, training and brokerage to help find a job – with ongoing monitoring so they don't slip back into homelessness.*

*It's really exciting that the Aspire SIB will be the first social impact bond in Australia that specifically targets homelessness.'*

The Hon Zoe Bettison MP  
Minister for Social Housing  
SA Government

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## 2. THE ASPIRE SIB IN CONTEXT (CONT.)

### 2.2 Social Impact Bonds worldwide

The development of, and appetite for, SIBs around the world has steadily increased since they first emerged in 2010 in the UK. SIBs have been developed to tackle a wide range of social issues including health, child and family welfare, criminal justice, education and early years, workforce participation, housing and homelessness.<sup>1</sup>



Homelessness focused SIBs represent a significant proportion of the live SIBs worldwide, and the Aspire SIB is Australia's first targeting this area. An overview of several of the existing SIB transactions is provided opposite. Notably, the homelessness focused programs are dominated by the housing first intensive case management model of care.

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1. Social Finance UK (2016)

## 2. THE ASPIRE SIB IN CONTEXT (CONT.)

SIB Transaction	Details <sup>2</sup>
<b>Denver Supportive Housing Social Impact Bond (US, 2016)</b>	<ul style="list-style-type: none"> <li>• US\$8.7m capital raise, five year term</li> <li>• Target cohort: 250 homeless individuals</li> <li>• Program: housing first and intensive case management program</li> <li>• Success measure: housing stability and % reduction in jail days relative to a control group. For jail reduction, outcomes payments made for reductions of 20% or more.</li> </ul>
<b>Welcome Home Pay for Success project (US, 2015)</b>	<ul style="list-style-type: none"> <li>• US\$6.9m capital raise, six year term</li> <li>• Target cohort: 150-200 chronically homeless individuals</li> <li>• Program: housing first and case management program</li> <li>• Success measure: months of stable housing (targeting more than 80% of participants achieving stable tenancy for 12 months compared to control group). Expected health outcomes.</li> </ul>
<b>Fair Chance Fund Social Impact Bonds (UK, 2015) (7 SIBs)</b>	<ul style="list-style-type: none"> <li>• Aggregate £7m capital raise, three year terms</li> <li>• Target cohort: 1,600 young homeless individuals</li> <li>• Programs: various supported accommodation and intensive case management and wrap around care</li> <li>• Success measures: stable accommodation and training/learning outcomes</li> </ul>
<b>Massachusetts Social Impact Bond (US, 2014)</b>	<ul style="list-style-type: none"> <li>• US\$3.5m capital raise, six year term</li> <li>• Target cohort: up to 800 homeless individuals</li> <li>• Program: Healthy for Good housing first service with health, training and overarching case management</li> <li>• Success measure: days participants are in stable accommodation</li> </ul>
<b>London Social Impact Bond (UK, 2012) (2 SIBs)</b>	<ul style="list-style-type: none"> <li>• £2.4M capital raise, five year term</li> <li>• Target cohort: 831 persistent rough sleepers</li> <li>• Program: individualised system navigation and support into housing</li> <li>• Success measures: less rough sleepers, accommodation, employment, return of foreign nationals and reduced Accident &amp; Emergency utilisation</li> </ul>

### Denver Supportive Housing Social Impact Bond

*'Anecdotally, it's making a huge difference, though we can't say for certain if the model is exactly right yet. Bringing people in from the streets, we stay pretty close to them for a while to make sure they are adjusting and making their doctor appointments. They have nothing, so they need a bed. Case managers teach life skills, like maintaining their space and grocery shopping. They get vocational training. Re-connections with family are made if possible. It is intensive case management upfront, then less as they settle in.'*

Cathy Alderman, Colorado Coalition for the Homeless<sup>3</sup>

2. Social Impact Hub, (2016), Impact Investing to Reduce and Prevent Youth Homelessness in New South Wales; Social Finance UK, (2016), <http://www.socialfinance.org.uk/database/>

3. 'Pioneering Social Impact Bonds for chronically homeless', North Denver Tribune, (19 January, 2017). <https://www.northdenvertribune.com/2017/01/19/chronically-homeless/>

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## 3. INVESTMENT OVERVIEW

### 3.1 Introduction

The Aspire SIB provides investors with a unique opportunity to be part of Australia's first SIB targeting the complex issue of homelessness. This impact investment will raise private capital to fund the delivery of an innovative program which will seek to permanently reduce homelessness for several hundred disadvantaged South Australians.

It is estimated that each year over 12,000 South Australians become homeless.<sup>4</sup> Those that do not resolve their homelessness within a short time are at risk of significantly impacted health and wellbeing and a reduced ability to maintain employment and social connections. In addition to the personal and community impact, people who are homeless place a significant financial and service burden on public sector resources.

The Aspire Program represents a landmark change in the way homelessness services are provided in South Australia. It is a 'housing first' intensive case management program that builds independence and resilience amongst vulnerable homeless people over a three year period. The Aspire Program design builds upon the deep experience of the service providers, Hutt St Centre and Common Ground Adelaide. Details of the program are provided in Section 4.

An investment in the Aspire SIB is expected to deliver competitive financial returns to Investors over its term. Coupon Payments and the repayment of Subscription Amounts are linked to the Aspire Program performance, which is measured by the reduction in the number of hospital bed days, convictions and short term or emergency accommodation services utilised by the participants compared to an historical baseline.



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4. Based on 2011 Census data and additional information drawn from the ABS General Social Survey

### 3. INVESTMENT OVERVIEW (CONT.)

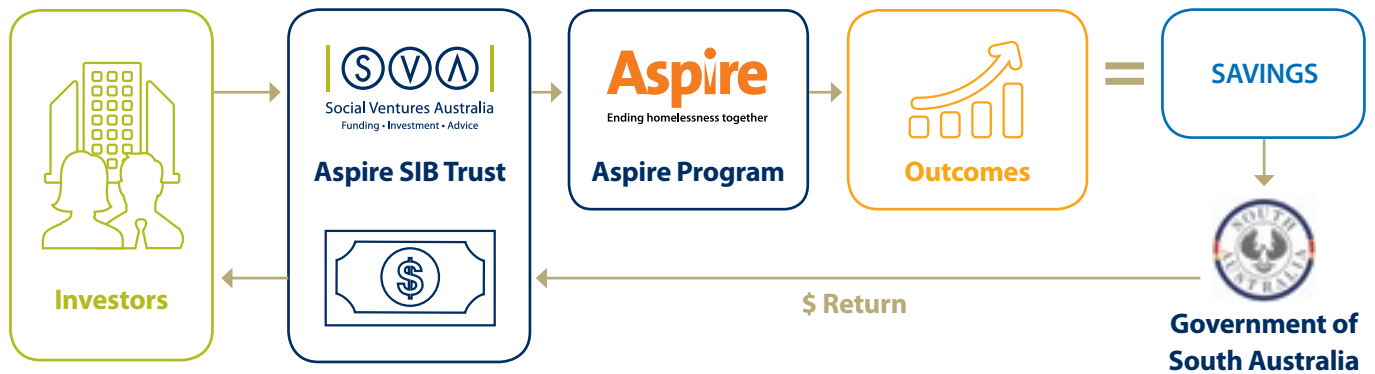
Aspire SIB: targeted financial and social outcomes <sup>5</sup>	
	<ul style="list-style-type: none"> <li>Approximately 600 individuals will be referred to the Aspire Program from across Adelaide over a four year period</li> <li>400 of those referred are expected to meaningfully engage in the program</li> </ul>
	<ul style="list-style-type: none"> <li>15% reduction in the number of days spent as an admitted hospital patient relative to baseline</li> <li>Collectively, 900 fewer inpatient days over the three year measurement period post referral</li> <li>Associated health savings across ambulance, emergency department and drug and alcohol services</li> </ul>
	<ul style="list-style-type: none"> <li>15% reduction in the number of convictions relative to baseline</li> <li>Collectively, 350 fewer convictions over the three year measurement period post referral</li> <li>Associated justice savings across police, court, legal aid, victim support and prison services</li> </ul>
	<ul style="list-style-type: none"> <li>50% reduction in the number of short term/emergency accommodation support periods relative to baseline</li> <li>Collectively, 1,800 fewer accommodation support periods over the three year measurement period post referral</li> <li>Associated savings across social housing and other homelessness services</li> </ul>
	<ul style="list-style-type: none"> <li>\$20m Government savings generated during and beyond the direct measurement period</li> <li>Associated savings to the Federal Government through reduced welfare payments and increased taxation revenue</li> </ul>
	<ul style="list-style-type: none"> <li>\$17m Government payments to the Aspire SIB Trust, comprising \$6m fixed Standing Charge payments and \$11m contingent Outcome Payments</li> <li>\$5.4m coupon payments to Investors, comprising \$0.8m Fixed Coupons and \$4.6m Performance Coupons</li> <li>\$8m of the Aggregate Subscriptions repaid early (at Coupon Determination Date 5)</li> <li>Internal Rate of Return over the 7.75 year Bond term of 8.5% per annum</li> </ul>

5. 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 Aspire SIB



The Government has entered into a contract (the SIB Program Deed) with the Issuer (as trustee of the Aspire SIB Trust) that will, if successful, reduce future costs to the Government through improved social outcomes.

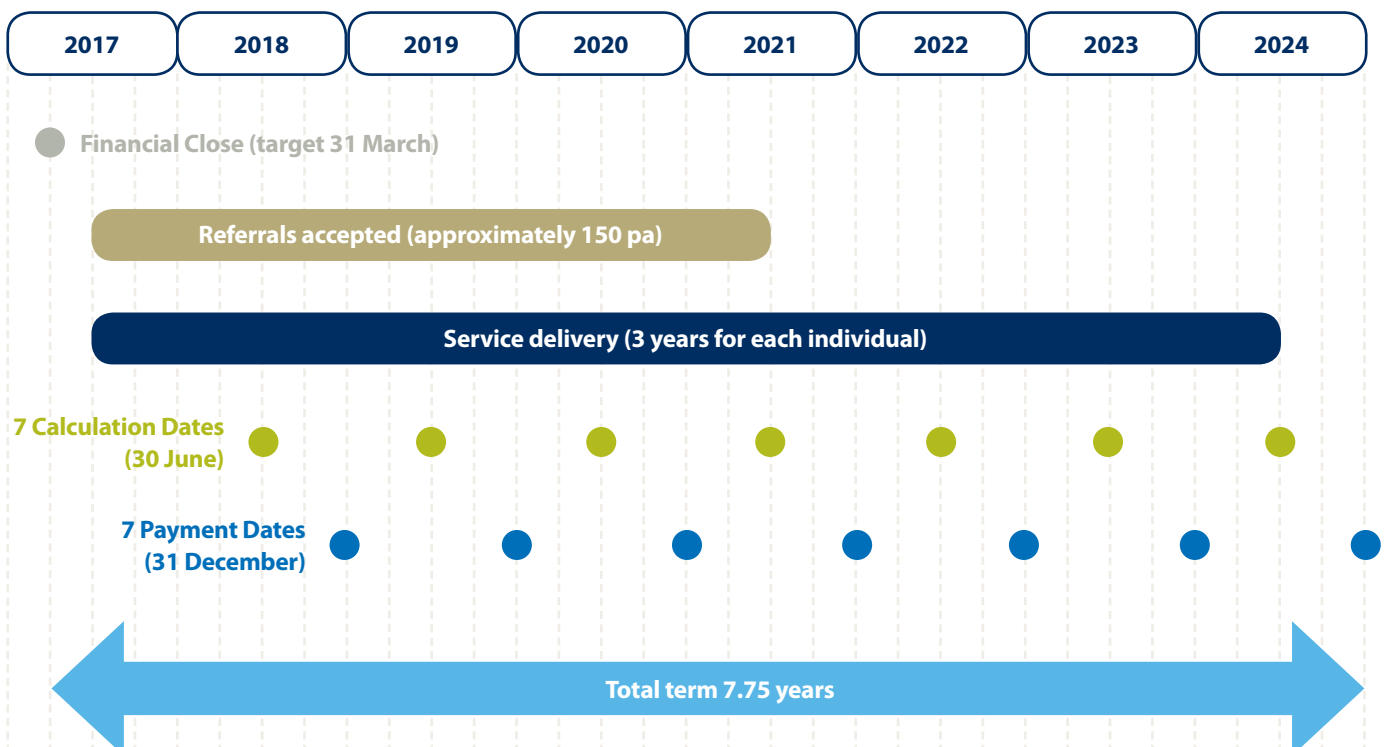
Payments from the Government to the Issuer are based upon the expected long term Government savings generated by the measured participant outcomes compared with a historical baseline, as agreed between the parties under the SIB Program Deed. Outcome Payments are made to the Issuer as the health, justice and crisis accommodation results are certified, rather than in advance as would generally be the case under traditional grant funding.

In order to fund the Aspire Program prior to the receipt of Outcome Payments, the Trustee is offering Aspire SIB Notes to Investors. Payments to Investors under the Aspire SIB are derived from the performance of the Aspire Program under the SIB Program Deed. Details of how payments are determined can be found in Section 7.

The details of the contracts underpinning these arrangements can be found in Section 6.

#### 3.3 Timeline overview

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





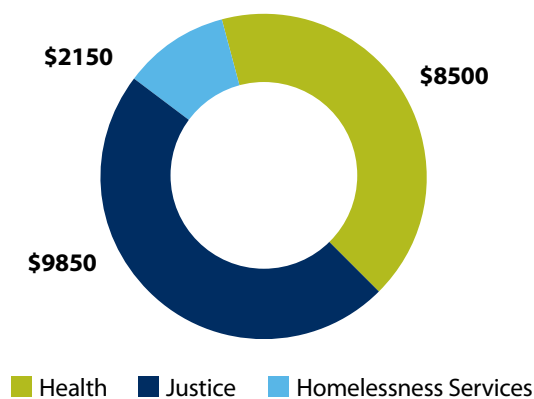
## 4. ASPIRE PROGRAM DETAILS

### 4.1 Social context

Homelessness is not a choice. The paths that lead people into homelessness are complex and personally unique, but there are recurring causal themes. For example, a third of people experiencing homelessness in Adelaide cite domestic violence as a causal factor behind their situation.<sup>6</sup> Those exiting out of home care, experiencing financial difficulties, or with a mental illness are also more likely to experience homelessness than the general population.<sup>7</sup>

Those affected by homelessness are particularly vulnerable. They experience significantly reduced health and wellbeing and have difficulty maintaining employment and social connections.

#### The Government cost of homelessness



As a consequence, the economic cost of homelessness to society is significant, as homeless individuals are heavier users of State funded services.

In order to determine an appropriate Counterfactual or baseline cost of services for the purpose of this SIB, the SA Government undertook an analysis of health and justice service utilisation for individuals also receiving homelessness service support.<sup>8</sup> This analysis found that the average cost to Government of a homeless adult in South Australia amounts to approximately **\$20,500 each year**.

### 4.2 Aspire Program background

The Aspire Program is an innovative service model developed by Hutt St Centre and Common Ground Adelaide that draws on lessons from across the world, and more than a half century of local experience in supporting vulnerable people. Both organisations have a proud history of designing and delivering evidence based programs that generate long term outcomes for participants.

The Aspire Program is an enhanced service that will build from the strong base of current programs. It innovates in several key ways:

- Sustained support for a three year period, far longer than typical homelessness services, which (due to funding constraints) generally have a focus on crisis resolution rather than sustained change.
- Lower client to staff ratios and dedicated specialist roles enable individualised support.
- Deep collaboration between the providers of housing and wrap around support services, with a shared focus on measured outcomes.
- A focus on economic participation as an important pathway out of homelessness.

*'Aspire is the culmination of many years of hard work, but more importantly it has the power to transform the way we deliver services in the future. It is based on the success of our case managers, the success of our Pathways to Employment and Education Program and the success of our partnerships with Common Ground, Unity Housing and many other community organisations. We firmly believe this: learning new skills changes an attitude; positive experiences change self-perception; but getting a job and a house changes lives.'*

Ian Cox, CEO, Hutt St Centre

6. Homelessness Australia, Homelessness in South Australia fact sheet

7. Homelessness Australia

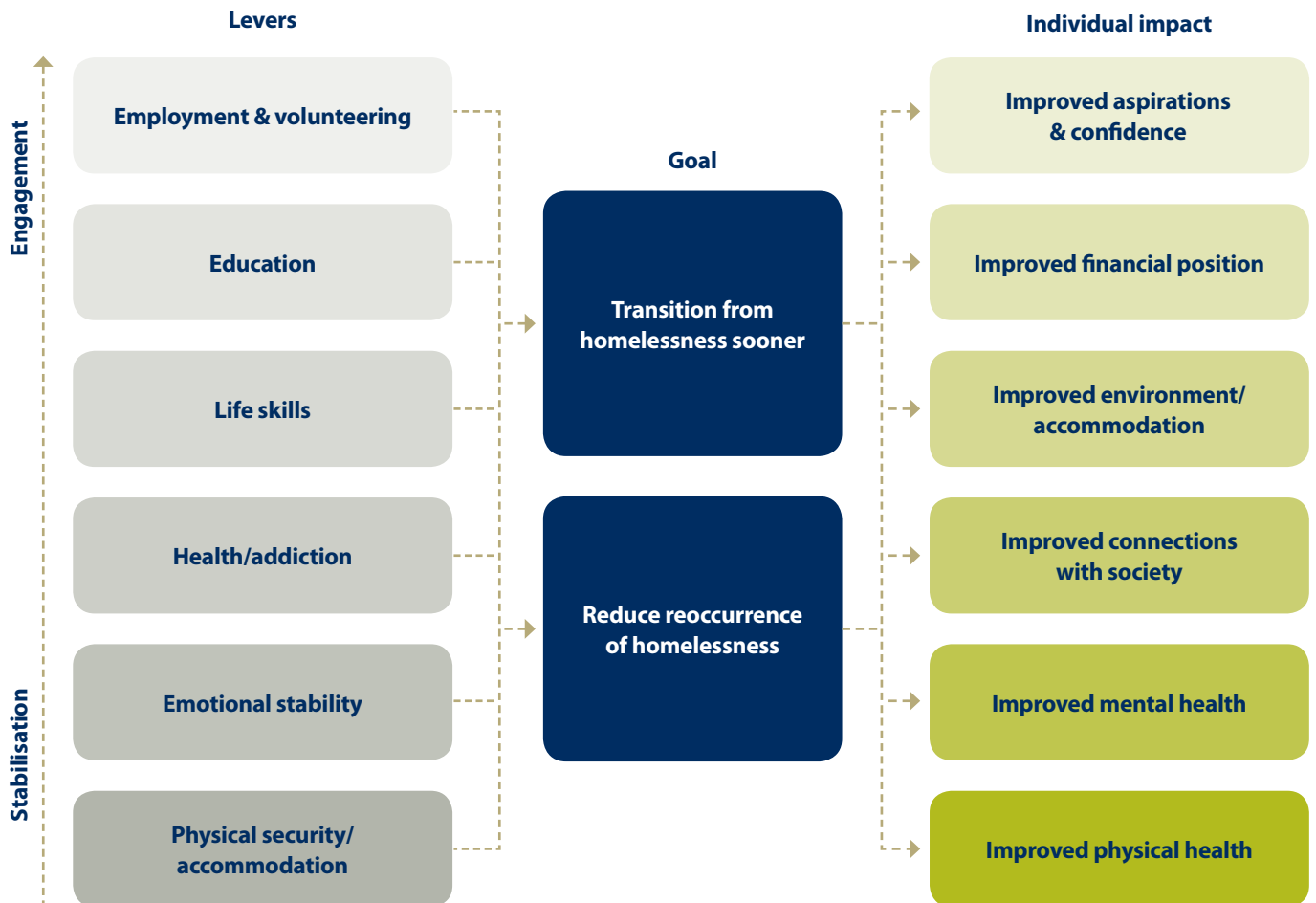
8. This baseline was developed using data from the SA Government Ministry of Health, Housing SA and the SA Office of Crime Statistics and Research. A statistical analysis of the service utilisation was completed using a sample of homeless individuals to better understand the patterns of service use of this population.

## 4. ASPIRE PROGRAM DETAILS (CONT.)

### 4.3 The Aspire Program

#### 4.3.1 Program logic

The Aspire Program is a housing first intensive case management program that works with participants for three years. The program is designed to build the independence and resilience of vulnerable people experiencing homelessness by addressing the complex personal and structural causes of their homelessness. The program focuses on the core levers of personal change.



## 4. ASPIRE PROGRAM DETAILS (CONT.)

### 4.3.2 Program phases

The Aspire Program is designed as a three-year program with tiered intensity of support. Each individual's journey will be unique, and the level of support will be adjusted to reflect the strengths and needs of each participant. On average, the phases of the Aspire Program are as follows:



#### **Stabilisation phase (9 months)**

An appropriate housing option is arranged for each participant at referral. The specialist Housing Officer works with Housing Partners to secure a property for each participant in less than 30 days.

Participants receive intensive Navigation (see Section 4.3.3) and support services to help them identify, address and manage the multiple complex life issues that led to their homelessness. Collaborative case management involves GPs, and mental health and addiction specialists.

#### **Re-engagement phase (9 months)**

Participants access pre-employment programs and vocational education, and receive intensive support to help them into, and to maintain, employment.

Individualised case Navigation continues. Participants engage in life skills programs such as literacy and numeracy, computer classes, budgeting, recreation, shopping and cooking.

During this phase, participants will be supported by their Navigator, a specialist employment or education support worker, a mentor and post graduate social work students.

#### **Transition phase (18 months)**

Participants are supported to transition to self-managing their life issues, tenancy, and employment to ensure they are self-reliant in coping with issues in the future.

Participants' improved behaviour and coping mechanisms are bedded down. Participants will continue to be supported by their Navigator, mentor and post graduate social work students.

## 4. ASPIRE PROGRAM DETAILS (CONT.)

### 4.3.3 Program elements

The Program incorporates services that are multidisciplinary and tailored to the needs and aspirations of each participant. The core elements of the phased services are detailed below.



#### Housing First

- Prioritised immediate access to secure, long term subsidised accommodation
- Assistance with transition into independent privately managed housing

The 'housing first' approach is based on evidence that a homeless person's mental health and/or addiction can only be successfully dealt with after his or her housing has been stabilised.<sup>9</sup>

A core component of the housing first approach is also to assist a client's transition from community housing to the private rental market at the right stage.

Hutt St Centre will work collaboratively with its Housing Partners to meet participants' accommodation needs. Agreements will be in place with Common Ground Adelaide and Unity Housing and a range of other community housing providers which will collectively supply over 700 houses, more than required for the program.

The Aspire Program is especially attractive to the Housing Partners as the long term support provided to participants greatly assists with their tenancy and property management. A dedicated Housing Officer will be the critical link between the Housing Partners and participants.



#### Navigators

- Intensive individualised case management model
- Participants paired with long term case workers or 'Navigators'
- Focus on consistency, choices, change and opportunities

Together, the Navigators and participants will work on:

- Assessment of life domains, including previous work and education, skills, housing, health and relationships;
- Collaborative goal setting based on strengths, needs and aspirations;
- Improving linkage to existing support services, community activities and health professionals;
- Acting as service navigators and advocates for participants; and
- Providing critical after hours support if required.

It is critical that a person's first experience with their Navigator is a positive one. The approach taken will be non-judgmental and provide people with a chance to tell their story, be heard and build trust.

To ensure that positive outcomes are sustained, Navigators will work to build people's independence by fostering pathways to education, training and employment services and through referrals to a wide range of allied health services. These include GPs, nursing services (through RDNS), dental health services (through Common Ground), psychologists, brain health specialists, a Hep C clinic, gambling services and an eye clinic.

The Navigator will also look to include the participant's family and facilitate important connections with the wider community.

#### Shane's Story

'I moved around doing seasonal work but then my back gave up on me. I ended up in Adelaide and couldn't find work or a place to live so I stayed in my car for a year. Hutt St Centre has helped me with my reading and budgeting. Now I have a proper bank account, I have some casual work and I'm starting to save for a rental bond deposit.'

9. Moore G, Manias E, Gertz MF: Complex health service needs for people who are homeless. Aust Health Rev 2011, 35:480-485.

## 4. ASPIRE PROGRAM DETAILS (CONT.)



### Employment Pathways

- Pre-employment training and vocational education supported by specialist resources
- Employer engagement through existing partnerships
- Pre- and post-placement support

A key goal of the Aspire Program is to work with participants to fulfil their education and employment potential and to engage with the community. Individuals that are ready to engage will complete an eight week Pathways to Employment accredited training module.

Hutt St Centre will work directly with employers to identify the skills needed for current and future job vacancies. The Employment Pathway Plan that has been developed with participants will then be used to match participants to positions. They will be trained in the required skills through accredited training centres such as TAFE and other industry specific registered training organisations.

The specialist Employment Officers will work alongside the Navigators to support individuals as they prepare for, commence and maintain employment.

In the past two years over 148 Hutt St Centre clients have secured work through their partnership with employers including GOGO Events and Flashpoint Events. Sarah Gunn, CEO of GOGO Events said, 'The clients turn up on the job with a great attitude and enthusiasm for work. Having case managers and employment officers working with us ensures the job gets done and the clients feel supported and valued.'



### Life Skills Programs

- Extensive range of volunteer delivered programs
- Specialist program co-ordinator

To maintain positive outcomes, improved life skills are essential. Often people who experience homelessness have missed out on learning basic skills that most people take for granted. The Aspire Program will include an extensive range of volunteer delivered programs such as literacy and numeracy, cooking, hygiene, budgeting, shopping, transport navigation, art/music, gardening, and other activities including external courses.

Hutt St Centre already has an extensive network of 650 volunteers who deliver myriad services and programs for existing clients. The Aspire Program will include a dedicated volunteer co-ordinator to foster this network and ensure programs are meeting the needs of participants.

Hutt St Centre has developed a comprehensive Life Skills assessment and planning process. Applying a strength based approach, staff and participants work towards goals as simple as learning how to put on the washing. Small steps build confidence and self-belief, leading to larger and more complex activities.

### Wayne's Story

'I was really sus about going to a homelessness centre. I walked past the front probably 10 times before I got the courage to go in. I walked in and one of the staff walked right up to me, looked me in the eye, shook my hand and said hello. Straight away I felt like I mattered, and, you know, someone actually wanted to talk to me. I felt at home. When I got my own house, at first I couldn't believe it. After so long, I felt I could really begin again. I have been here for almost a year and I have really got things together. I'm working and I'm saving to get a bond for a private rental house.'

## 4. ASPIRE PROGRAM DETAILS (CONT.)

### Sarah's Story

'I spent five years using ice and I knew I had to stop. I came to Hutt St for the food, but I ended up with a worker who helped me sort things out. I got clean and Hutt St helped me do training to get back into the work I used to do. Now I have a full time job and I just moved into a great flat. It's been hard, but Hutt St have been there with me through everything. I feel in control again and I'm so happy.'

### 4.4 Eligibility and referral

To be referred to the Aspire Program, individuals must meet the following eligibility criteria:

- Aged 18-55;
- Currently homeless, or about to be released from a partnering prison or discharged from a partnering hospital and identified as being at risk of homelessness;
- Have been homeless for at least three months in the preceding year (unless incarcerated or in hospital);
- Located in metropolitan Adelaide with the intention of staying in the area;
- Not subject to any unresolved criminal charges; and
- Entitled to a Medicare Card.

Participants will be referred to the Aspire Program over a four year referral period commencing 1 July 2017. A total of 600 participants are expected to be referred of which it is estimated that 400 will engage meaningfully with the program.

Referrals will be accepted from providers of homelessness services, participating prisons (up to 10% of referrals), participating hospitals (up to 10% of referrals) and Housing SA. Significant demand is expected for the program, and referrals will be capped at the number of program vacancies. Eligible referrals will be accepted on a first come first served basis.



## 4. ASPIRE PROGRAM DETAILS (CONT.)

### 4.5 Program management

The Aspire Program is an enhanced service which builds upon Hutt St Centre's current programs, including the Eastern Adelaide Homelessness Service. Existing program management systems will be leveraged for the Aspire Program, and client data will be managed using Athena Software's Penelope package. The Aspire Program will employ a data analyst to ensure data collection, management and reporting is managed comprehensively.

The Aspire Program will be managed by a dedicated Program Manager who will coordinate and oversee all program staff and directly liaise with employment and Housing Partners. The Program Manager will report directly to the Chief Executive Officer of Hutt St Centre.

Performance will be monitored by the Aspire SIB Joint Working Group, a governance committee established with representatives from SVA, the Government, Hutt St Centre and Common Ground Adelaide.

### 4.6 Program performance

The measure of success of the program will be the reduction in utilisation of health services (hospital bed days), justice services (convictions) and homelessness services (short term and emergency accommodation periods) accessed by the Intervention Group compared to a historical benchmark. A range of performance scenarios for the Aspire Program have been developed and agreed between SVA, the Government and Hutt St Centre. Investors should note that there is no guarantee that the target objectives will be met.

Performance Scenarios	Underperform	Below Target	Target	Above Target	Outperform
<b>Hospital bed days reduction</b>	5%	10%	15%	20%	25%
<b>Convictions reduction</b>	5%	10%	15%	20%	25%
<b>Accommodation periods reduction</b>	15%	40%	50%	60%	67%

During the three year program, participants are also expected to experience improvements in broader life domains (including wellbeing, employment and family connections) which will not determine Outcome Payments, but will be measured as part of a broader program evaluation.

The Aspire Program design has been influenced and informed by other 'housing first' programs in Australia and abroad that have demonstrated positive outcomes. There is strong evidence that illustrates that well implemented housing first

programs can lead to sustained tenancies and can permanently end clients' homelessness.<sup>10,11</sup> For example, a Canadian based homeless program similar to the Aspire Program concluded that for individuals with high levels of need, the service model increased housing stability and improved selected health and justice outcomes over the duration of the two year program.<sup>12</sup> It was identified that much of the contact with the criminal justice system was directly linked to the individual's homelessness.

10. Waegemakers Schiff, Jeannette; Rook, John (2012). Housing first - Where is the Evidence? (Toronto: Homeless Hub).

11. Gulcur, L., Stefanic, A., Shinn, M., Tsemberis, S., Fischer, S N., (2003) Housing, hospitalization, and cost outcomes for individuals with psychiatric disabilities participating in continuum of care and housing first programmes. Journal of Community & Applied Social Psychology.

12. O'Campo, P., Sterigiopoulos, V., Nir, P., Levy, M., Misir, V., Chum, A., Arbach, B., Nisenbaum, R., To, M.J., Hwang, S.W. (2016) How did a Housing First intervention improve health and social outcomes among homeless adults with mental illness in Toronto? Two-year outcomes from a randomised trial. BMJ Open

## 4. ASPIRE PROGRAM DETAILS (CONT.)

Core lessons from precedent and analogous programs have identified strong community connections, longer and consistent case management and low client to case worker ratios as being critical success factors.<sup>13</sup> These key elements have been incorporated in the Aspire Program design.



Hutt St Centre has demonstrated through its current programs that strong outcomes can be achieved for clients that wish to end their homelessness and find employment. During the last financial year:

- An average of 35 people new to homelessness were housed every month by the Centre's Eastern Adelaide Homelessness Support service. This team works with a client to staff ratio three times higher than the planned Aspire caseload.
- The Pathways to Employment program helped to secure 98 employment opportunities, with over 75% of program participants being successful in getting work.
- The Aged City Living program provided intensive case management and assisted over 140 older people to stay in their housing.

Existing Hutt St Centre clients have experienced improved wellbeing, quality of life and community connection once they have access to stable accommodation and are engaged with work or education.<sup>14</sup>

### **Bernie's Story**

Bernie is educated and polite, with a warm smile and engaging personality. He did well at school and worked in management positions. Every now and then though, he felt unsettled and out of sorts.

His work took him to Port Lincoln where the community was friendly and the life was laid back. But the feeling came again, stronger this time, so he packed a few things in a bag and headed to Adelaide. When he arrived he had a meltdown like he hadn't experienced before. He found the Victoria Park grandstand and laid his sleeping bag there while he tried to escape the grip of his feelings. He lived off the fruit he picked from trees which overhung the fences into the streets where he walked. He even thought that perhaps he should just end it all.

One day he walked into Hutt St Centre. Within an hour he had eaten a proper breakfast for the first time in weeks and saw the nurse. When he sat down in her office he just sobbed. He told her how he felt and how he just couldn't shake the knot inside. She arranged for him to see a GP and he had a full health assessment, which diagnosed the depression that had plagued him for years. He spent some time in medical care until his depression was treated and he felt ready to face the world again.

With the help of Hutt St Centre, Bernie addressed his depression and rebuilt his life. Bernie now has a place of his own, works full time and volunteers helping other people who are doing it tough. Now if Bernie feels unsettled, he knows who to speak to and where to get help.

He says he has a strength that comes from trusting that support is always at hand.

<sup>13</sup>. Grigg, S. & James-Nevell, S., (2015) Foundations of effective practice Sacred Heart Mission

<sup>14</sup>. Qualitative self reported outcomes from Hutt St Centre



## 5. KEY PARTIES

### 5.1 Social Ventures Australia

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

#### Case Study: Newpin SBB

SVA has been at the forefront of the emerging SIB market and outcomes based contracting in Australia.

SVA raised the capital to fund Australia's first SIB, the Newpin Social Benefit Bond (SBB), in NSW in 2013. This transaction involved the raising of \$7 million to maintain and expand the Newpin Program run by Uniting.

The purpose of the Newpin program is to restore children in out-of-home care (OOHC) to the care of their families by creating and supporting safe family environments. It is an intensive 18 month, centre based therapeutic course for families with young children aged five years or under. As at 30 June 2016, the Newpin SBB had successfully restored 130 children to safe families.

Restoration of children from OOHC saves the NSW Government a significant amount, and more importantly evidence strongly suggests that being reunited with a safe family is in the long term interests of the child. The NSW Government makes outcome payments to Uniting based upon the success of the program, and Uniting in turn makes performance linked payments to the Newpin SBB Investors. Over the first three years, investors received an annual return of 12%.<sup>15</sup>

15. This case study has been included in this Information Memorandum as evidence of SVA's experience and capabilities. The Newpin SBB is not related to the Aspire SIB transaction and the past performance of this investment is not an indication of future performance of other SIBs.

## 5. KEY PARTIES (CONT.)

### 5.2 Key SVA personnel



**Ian Learmonth**  
**Executive Director,**  
**Impact Investing**

Ian joined SVA in 2011 to establish its Impact Investing team.

Ian was formerly an Executive Director of Macquarie Group

for 12 years and has over 20 years of investment banking experience in Sydney, Hong Kong and London. He has been involved in establishing and leading a number of businesses including asset finance, direct investment (including carbon and renewable energy) as well as corporate advice in the infrastructure sector.

Ian has degrees in Law and Commerce from the University of Queensland and is a director of Australian Affordable Housing Securities, Sydney's Belvoir Theatre and sits on the Clean Energy Finance Corporation's investment committee.



**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.

### 5.3 Hutt St Centre

The Aspire Program is managed by Hutt St Centre which is an Adelaide based homelessness services specialist with over 60 years' experience. Hutt St Centre's vision is for a society where everyone is respected and encouraged to reach and sustain their full potential in a healthy, safe and inclusive community.

Hutt St Centre retains the support of its founders, the Daughters of Charity of St Vincent de Paul. The Daughters of Charity are an international Catholic society providing a range of services across Australia.

Each year Hutt St Centre offers professional social work and support services to nearly 2,000 people experiencing or at risk of homelessness. Visiting health professionals, showers, laundry facilities, an aged care program, recreation activities, pathways to education and training, legal aid and assistance with finding housing are all services provided to the 200 plus homeless people who visit Hutt St Centre each day.

Hutt St Centre employs 56 staff and is supported by 650 volunteers. The organisation turned over \$4.8 million in revenue in 2015-16 and holds over \$4.4 million equity. Additional information on the financial position of Hutt St Centre is available on its website at [www.huttstcentre.org.au](http://www.huttstcentre.org.au).

Hutt St Centre currently provides the following services:

- **Case Management and Support Services:** The Eastern Adelaide Homelessness Service provides a professional case management and housing support service to men, women and children who are currently experiencing homelessness in the Eastern region of Adelaide. The Aged City Living team provides case management, housing support and lifestyle programs for older people who have experienced homelessness and social isolation.
- **Employment, Education and Training:** The Pathways program assists adults facing homelessness and disadvantage to develop new pathways to education, employment and training, and engage with the wider business and community via delivery of non-traditional education programs and activities.
- **Day Centre and Meals Centre:** Hutt St Centre provides around 50,000 meals each year, along with showers, lockers, recreational services, laundry, mail collection and op-shop services. These services provide vital practical components to those living on the street.

## 5. KEY PARTIES (CONT.)

- **Visiting Professional Services:** Hutt St Centre facilitates the provision of vital services at the Centre on an ongoing basis. These include nurses, GPs, dental, podiatry, drug and alcohol, gambling, mental health, neuro health, legal services and Centrelink support.
- **Pastoral Care:** In collaboration with the Daughters of Charity, Hutt St Centre provides pastoral care to meet the spiritual and emotional needs of the vulnerable people it serves.

Hutt St Centre has a long track record of innovation and excellence. It was the first homelessness agency to employ qualified social workers, and the first to support accreditation in the sector through the Australian Service Excellence Standards. Comments by External Assessor, Australian Service Excellence Standards 2015: 'For this assessor the assessment process was a humbling and grounding experience. The interviews with the clients and staff alike were clearly able to provide evidence, both anecdotal and supported by file reviews, of the engagement of all business areas and external support services to ensure that the client is provided a holistic level of service.'

### 5.4 Key Hutt St Centre personnel

#### Ian Cox Chief Executive Officer



Ian is the CEO of Hutt St Centre, having been with the organisation for over two decades and in the CEO role since 2003. Ian is highly respected throughout the sector at a state and national level

and provides leadership and vision to the homelessness service industry.

Ian served as Chair of the Unity Housing Company Board of Directors for five years and has been involved with the growth of this organisation since the early 1990s. Ian is also on the Fundraising Institute of SA Board.

Ian has a Bachelor of Arts, a Bachelor of Social Administration, is a fellow of the Leaders Institute of South Australia and was a finalist in the 2015 Australian of the Year Awards (SA).

#### Sam Barrett Aspire Project Manager



Sam is an experienced leader in the not for profit sector. After graduating with a Bachelor in International Studies at Flinders University, Sam worked in youth homelessness and community services in Adelaide, Sydney and Melbourne. Sam has significant experience in management, leadership, governance and business management of the community and homelessness service sector. Sam was the Co-Chair of the Victorian Youth Refuges Network and engaged in high level homelessness policy development.

On returning to Adelaide in 2014 Sam moved into a senior management role in Community Mental Health at Mind Australia and is now applying his significant operational and policy experience at Hutt St Centre.

#### Lynda Forrest Chief Operating Officer



Lynda is Hutt St Centre's Chief Operating Officer and has been with the organisation for the past two years. Lynda has worked extensively with the South Australian State Government

as a senior executive in the departments of Premier and Cabinet, Aboriginal Affairs and Reconciliation, Education and Child Development and Employment Further Education and Science Technology.

A committed and passionate advocate in the areas of social justice and community development, Lynda has extensive experience in strategic planning, social service delivery and impact measurement.

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## 5. KEY PARTIES (CONT.)

### 5.5 Common Ground Adelaide

Common Ground Adelaide (CGA) is a not for profit organisation providing high quality housing coupled with resources and support for people who are homeless or at risk of homelessness. CGA and Hutt Street Centre have worked together to support vulnerable adults since CGA's establishment in 2006. Their shared experiences in supporting clients have shaped the development of the Aspire Program.

CGA merged with the Housing Choices Australia Group (HCA Group) in 2016. The HCA Group own and manage over 3,700 properties across Victoria, Tasmania and South Australia, with plans to grow the South Australian portfolio to around 1,100 in 2017.

With the head office located in Adelaide CBD and a property portfolio within the surrounding 10 kilometres, CGA is well placed to support Aspire Program clients into housing. Based on CGA's partnerships, the organisation contributes to resilient and inclusive neighbourhoods across the state. Approximately 95% of people who have – or have had – a supported tenancy with CGA do not fall back into homelessness.



### 5.6 Unity Housing

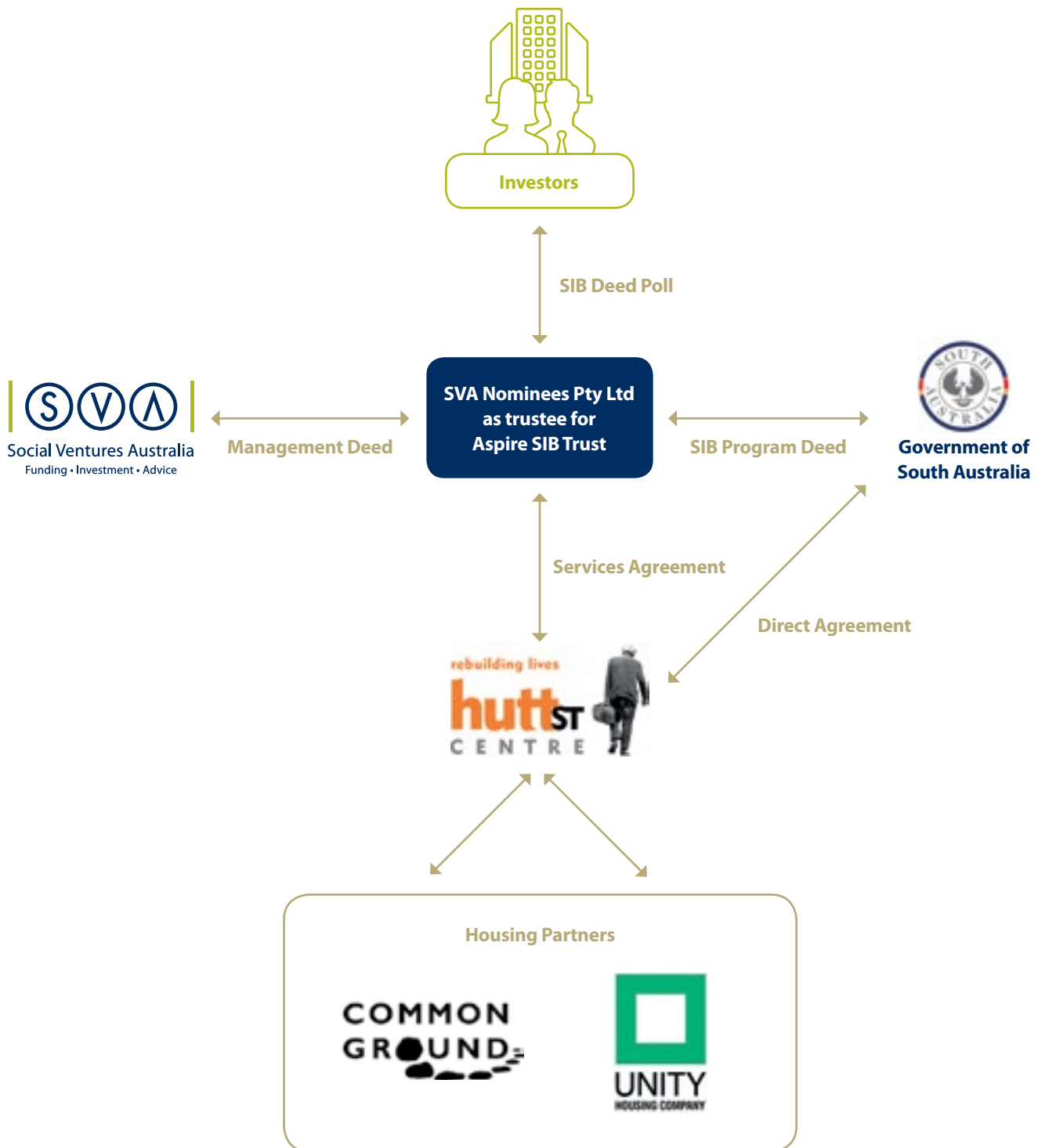
Unity Housing is an independent, not for profit organisation with the capacity to deliver at scale for families and individuals on low incomes in South Australia. Unity has a long history of providing housing to some of the most vulnerable people in our community. Unity has built a reputation as a leader in the sector through continuous improvement, evidence-based practice and innovation. Unity is the state's largest and most innovative provider of affordable and social housing with a current SA portfolio of 1,800 properties, increasing to over 3,000 in 2017. Unity seeks to build balanced and functional communities through their diverse housing portfolio of low income, affordable and high-needs housing. Unity is registered under the National Regulatory System as a Tier 1 provider and accredited to the National Community Housing Standards.

Unity and Hutt St Centre have worked together to house homeless and vulnerable adults for over 20 years. Unity intends to direct further allocations from its portfolio of over 540 properties within the CBD and 5km range for the Aspire Program.

## 6. TRANSACTION STRUCTURE AND KEY DOCUMENTS

### 6.1 Structure overview

The Aspire SIB involves a number of contractual arrangements, as depicted below:



## 6. TRANSACTION STRUCTURE AND KEY DOCUMENTS (CONT.)

### 6.2 SIB Program Deed

The objectives of the SIB Program Deed are to improve the circumstances of homeless individuals in South Australia and thereby produce benefits for the community and the Government.

The SIB Program Deed sets out the obligations of the Government and the Issuer, including terms covering:

- conditions precedent to the Deed coming into force, including the full subscription of the Notes (**Conditions Precedent**);
- the Authorised Investments of the Trust, which include cash or deposits with Approved Deposit Taking Institutions and government bonds rated A- / A3 or better;
- eligibility criteria for service participants and referral processes;
- the Outcome Measures adopted, and the Counterfactual value of each Outcome Measure, being 3.3 bed days per annum, 1.3 convictions per annum, and 2.0 short term and emergency accommodation periods per annum;
- the process under which the Counterfactual service utilisation rates will be reviewed (see below), and the consequences if the parties cannot agree to revised Counterfactual rates following that review;
- the basis of Outcome Payment calculations (see Section 7.3 (*Government Payments to the Trust*) for further details);
- breach and termination provisions;
- insurance requirements and indemnity provisions; and
- general provisions such as dispute resolution, warranties, indemnities, administration, intellectual property rights and confidentiality.

The SIB Program Deed takes effect on the Effective Date and ends no later than 31 December 2024.

#### Counterfactual Review

The fixed Counterfactual service utilisation rates agreed at the outset of the SIB Program Deed will apply until a Counterfactual Review takes place after the third Calculation Date (or, in the

event that measured reductions in the health and justice metrics over the first two years are very high<sup>16</sup>, after the second Calculation Date).

The Government and the Issuer will review the service utilisation of both the Intervention Group and a group of homeless individuals who collectively have similar characteristics to the Intervention Group. They will endeavour to negotiate in good faith any adjustments to the fixed Counterfactual rates that the review suggests may be necessary. If the parties are unable to agree on revised Counterfactual rates to apply for the balance of the agreement term, then the original Counterfactual rates will continue to apply, and either party has the right to terminate the SIB Program Deed.

#### Early Termination

The termination of the SIB Program Deed can occur in the following circumstances:

- (a) termination by the Government for convenience or for cause (including termination of the Services Agreement, breach, insolvency, abandonment of service delivery and change of control);
- (b) termination by the Issuer for cause (breach of obligations);
- (c) termination following the Counterfactual Review (as described above);
- (d) termination by the Issuer on the grounds of poor performance of the Aspire Program (defined as no Outcome Payments being made over the first 5 Outcome Payment Dates); and
- (e) termination in 'no fault' scenarios, including for force majeure events (including natural disasters, industrial action, war and power shortages) and a change in law with adverse consequences.

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

<sup>16</sup>. Greater than 30% reduction relative to Counterfactual.

## 6. TRANSACTION STRUCTURE AND KEY DOCUMENTS (CONT.)

### 6.3 SIB Deed Poll & the Notes

The Notes represent an unsecured lending arrangement between the Noteholders and the Issuer, with recourse of the Noteholders limited to the Trust Assets. The Notes will be issued pursuant to the SIB Deed Poll.

The Notes have an expected overall term (from the issue date for the Tranche 1 Notes) of 7.75 years (ie from the targeted Financial Close date of 31 March 2017 to 31 December 2024).

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 Hutt St Centre for delivery of the Aspire Program.

The general provisions of the Services Agreement follow the form of the SIB Program Deed. The Services Agreement also sets out the amounts and timing of payments to Hutt St Centre for delivery of the Aspire Program.

If the contract goes to term, Hutt St Centre will receive base service payments of up to \$10.5 million. In addition, they will receive a performance payment of up to \$900,000, determined as 15% of total Government payments in excess of \$15 million.

### 6.5 Management Deed

SVA will manage the Aspire SIB Trust under the terms of the Management Deed.

For this role, SVA will be paid a management fee of \$125,000 per annum (plus GST), paid quarterly in advance and indexed at a rate of 2% per annum each 1 April. 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 Government payments under the SIB Program Deed;
- managing payments to Hutt St Centre under the Services Agreement;
- preparing annual Investor reporting and managing payments;
- managing the assets of the Trust;
- preparing tax returns and financial accounts for the Trust;
- managing all other Aspire SIB payments;
- monitoring of performance under the Services Agreement; and
- attending relevant meetings including the regular oversight committee, the Joint Working Group, convened under the SIB Program Deed.

## 7. CALCULATION OF PAYMENTS

### 7.1 Coupon Payments

There are seven Coupon Determination Dates, on 31 December each year from 2018 to 2024. Coupons will be paid to Investors 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 effective.

The first Fixed Coupon Payment will reflect the time since each Tranche of Notes was issued (ie 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 Note 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.

#### 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 Aspire Program and the subsequent Outcome Payments to the Aspire SIB 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
- (c) the outstanding principal amount of all Notes then on issue;

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

### 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.



## 7. CALCULATION OF PAYMENTS (CONT.)

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); and

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

The aggregate principal amount of Notes mandatorily redeemed in respect of Coupon Determination Dates 5 and 6 shall not exceed \$8 million.

At each Coupon Determination Date, Mandatory Redemptions are made immediately subsequent to the determination and payment of Performance Coupons.

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 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 Government to the Trust under the terms of the SIB Program Deed. The basis of those payments is described broadly below.

#### 7.3.1 Calculation of Savings

At each Calculation Date (30 June), the Savings generated by the Aspire Program are determined as:

- The number of hospital bed days saved over the previous year (relative to the Counterfactual) multiplied by the bed day Value; plus
- The number of convictions saved over the previous year (relative to the Counterfactual) multiplied by the conviction Value; plus
- The number of short term/emergency accommodation periods saved over the previous year (relative to the Counterfactual) multiplied by the accommodation period Value; plus
- For each individual who completed their three-year measurement period during the year, a future savings amount (summed for each service utilisation measure) equal to:

The relevant Value x Counterfactual number of services x 5 x  
the Program's aggregate percentage reduction in service utilisation achieved up to that point

The bed day Value, conviction Value and accommodation period Value are amounts agreed with the Government that reflect savings generated in health, justice and homelessness services/housing. They increase with inflation each year.

The Counterfactual number of services are agreed as 3.3 hospital bed days, 1.3 convictions and 2.0 short term/emergency accommodation periods. These Counterfactual values will be reviewed after three years as described in Section 6.2 (*SIB Program Deed*).

Data to determine the actual service utilisation of each member of the Intervention Group will be extracted from existing Government datasets and verified by the Independent Certifier.

#### 7.3.2 Calculation of Government Payments

The Standing Charge is an amount of \$6 million that will be paid in five equal annual instalments at Financial Close and then on 1 April each year.

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

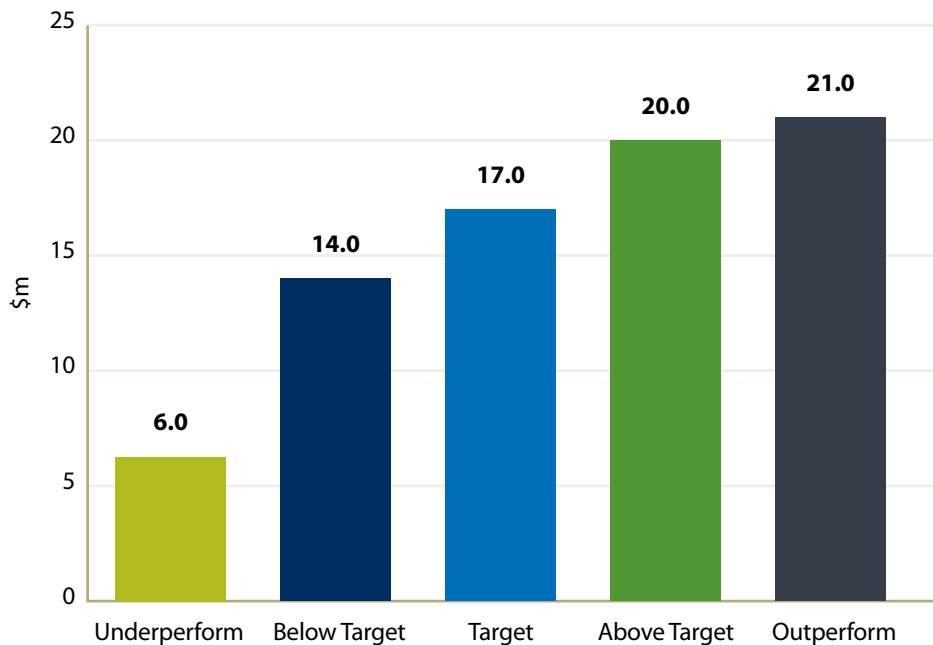
- 100% of the first \$13.5 million of cumulative Program Savings, plus
- 50% of the next \$15 million of cumulative Program Savings, less
- All previous payments including the Standing Charge.

## 7. CALCULATION OF PAYMENTS (CONT.)

Total Government Payments will thus vary depending upon the measured performance of the Aspire Program, and will be between \$6 million and \$21 million in total (provided that the SIB Program Deed does not terminate early).

The total Government Payments (including the Standing Charge) have been estimated for 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 Consulting.<sup>17</sup>

### Total Government Payments by Performance Scenario



The 'Underperform' scenario would result in the early termination of the SIB Program Deed after Outcome Payment Date 5. At that point the \$6 million Standing Charge would have been paid, but no Outcome Payments.

### 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 Government Payments described above, estimated cashflows are as follows:

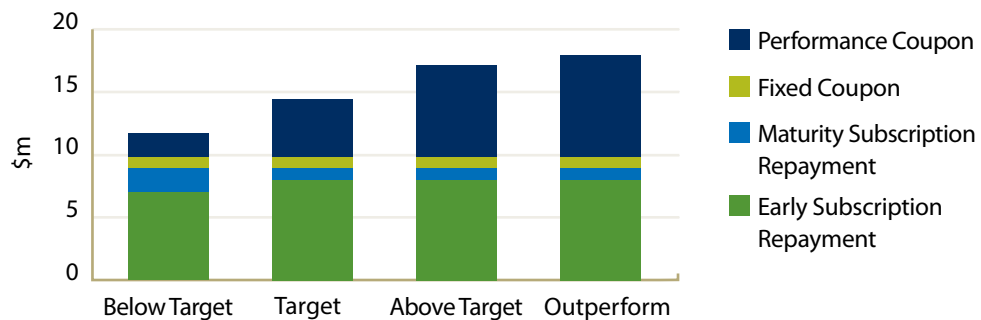
- **Earnings on Trust Assets:** for projection purposes, it has been estimated that the cash balance of the Trust will earn an interest rate of 2% per annum, generating an inflow of \$0.8 million in total. The actual amount may vary from that estimated.
- **Payments under the Services Agreement** are as set out in Section 6.4 (*Services Agreement*). The maximum total outflow over the term of the contract is \$11.4 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 \$1.0 million.
- **Payments to the Independent Certifier** have been estimated to cost a total of \$0.3 million over the course of the SIB, but the actual amount may vary from that estimated.
- **Establishment expenses** incurred are estimated to be \$0.3 million, comprising legal fees incurred by SVA and Hutt St Centre and a fee payable to SVA for intermediary services. The actual amount may vary from that estimated.

## 7. CALCULATION OF PAYMENTS (CONT.)

### 7.5 Estimated Noteholder returns

The total Coupon Payments and Redemptions 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 Consulting.<sup>17</sup> The Issuer makes no representation as to the likelihood of any of these scenarios eventuating.

#### Total Payment to Noteholders Scenario



The approximate Noteholder Internal Rate of Return (IRR) that would be generated in each of these scenarios is as follows:

Scenario	Below Target	Target	Above Target	Outperform
IRR	4.5% pa	8.5% pa	12% pa	13% pa

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

### 7.6 Termination Payments

If the SIB Program Deed is terminated for any reason, a final Government Payment will be made that reflects the performance of the Aspire Program up to the date of termination.

#### 7.6.1 Calculation of Terminal Program Savings

The Terminal Program Savings are the sum of:

- the cumulative Program Savings as at the previous Calculation Date, plus
- the savings arising in respect of time elapsed between the last Calculation Date and the Termination Date, and
- a pro-rata allowance for savings anticipated to arise after the Termination Date, based on the length of time each individual has spent on the Aspire Program.

In determining b) and c), the aggregate percentage reduction in service utilisation that had been achieved by the Program as at the last Calculation Date is used as the basis for determining accrued and future savings. That percentage reduction is adjusted to reflect the reason for the termination as set out on the following page.

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 them by SVA in relation to the SIB terms. It did not take into account the specific circumstances or needs of any potential stakeholders.

## 7. CALCULATION OF PAYMENTS (CONT.)

Termination trigger	Percentage Reduction in Service Utilisation
a) Government for Convenience or Issuer for Cause	Actual rate multiplied by 150%
b) Government for Cause	Actual rate multiplied by 67%
c) Issuer unilaterally following the Counterfactual Review	Actual rate multiplied by 75%
d) Government unilaterally following the Counterfactual Review	Rates set as equivalent to the target scenario (15% reduction for bed days and convictions, and 50% reduction for homelessness services)
e) Mutual agreement following the Counterfactual Review	Greater of c) and d)
All other scenarios	Actual rate

### 7.6.2 Calculation of 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 Government Payments*). The threshold under which 100% of savings are paid and the maximum payment amount are both prorated to reflect the proportion of the contract term that has elapsed at the Termination Date.

An agreed minimum payment amount also applies to terminations in the first three years to allow for the fact that establishment costs have been incurred without the Aspire Program having had sufficient time to generate outcomes.

Any Termination Payment would be calculated by the Independent Certifier. Further details of the determination of 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 Hutt St Centre 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 costs that is paid by the Government, are set out in the SIB Program Deed.

## 7.7 Noteholder payments on Early Termination

In the event of termination, final payments to Noteholders will be made after the Government's Termination Payment 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 after Outcome Payment Date 5 (31 December 2022), the Issuer will terminate the SIB Program Deed on the grounds of poor performance. This situation would arise in the 'Underperform' performance scenario.

In that circumstance, if the Government Termination Payment 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 (42% of the aggregate principal amount of the Notes) in addition to aggregate Fixed Coupons previously received of \$0.8 million, totalling \$4.5 million. The total loss would thus be approximately 50% of the aggregate principal amount.

There is no termination scenario under which Noteholders could suffer a larger capital loss.

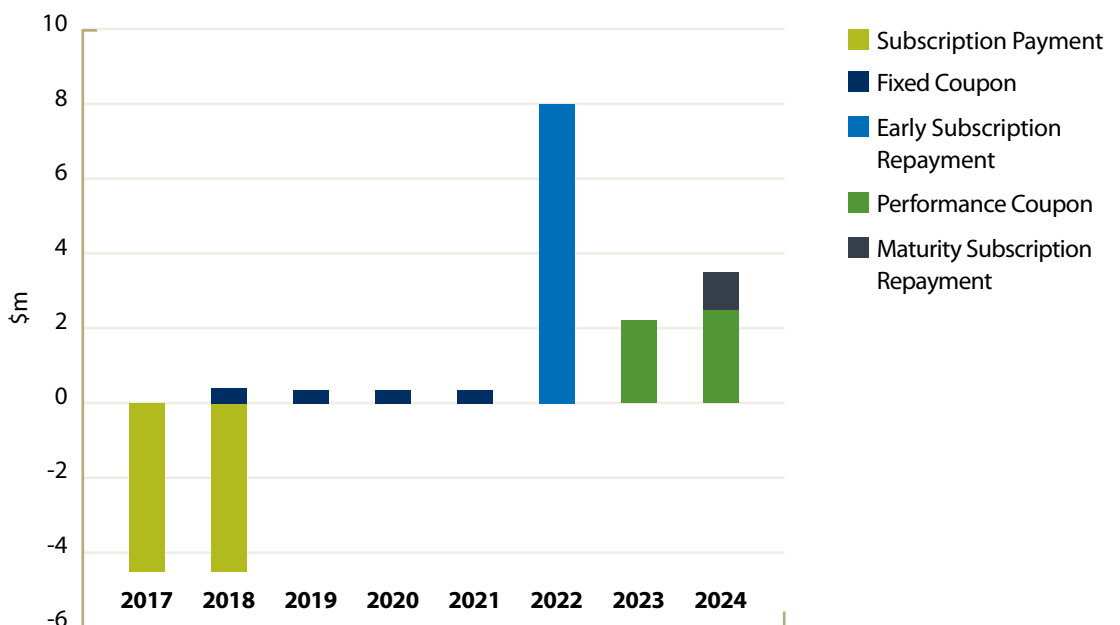
## 8. CASHFLOW SUMMARY

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

Aspire SIB Trust cashflow under target performance scenario	\$m
1. Note subscription amounts	9.0
2. Standing Charge payments made under the SIB Program Deed	6.0
3. Outcome Payments made under the SIB Program Deed	11.0
4. Interest on cash	0.8
<b>Total Inflows</b>	<b>26.8</b>
5. Base Service Payments under Services Agreement	10.5
6. Performance Linked Payments under Services Agreement	0.3
7. Transaction establishment costs (legal and capital raise fees)	0.3
8. Fees under Management Deed	1.0
9. Independent Certifier fees	0.3
10. Fixed Coupons under the Aspire SIB Note	0.8
11. Performance Coupons under the Aspire SIB Note	4.6
12. Note redemption payments	9.0
<b>Outflows</b>	<b>26.8</b>

Items 3, 6, 11 and 12 above are variable amounts that will depend upon the performance of the Aspire Program. Items 4, 7, and 9 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 cashflows under target performance scenario



Under the target performance scenario, Noteholders are estimated to receive aggregate Performance Coupons of \$2.1 million at Coupon Determination Date 6 (31 December 2023), and \$2.5 million at Coupon Determination Date 7 (31 December 2024).

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## 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 an investor 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 determined by the Outcomes delivered through the Aspire Program. Noteholders are exposed to the performance capabilities of Hutt St Centre. If Hutt St Centre fails to perform and deliver Outcomes, Noteholder returns will be adversely affected and in certain performance scenarios, Noteholder Subscriptions may not be wholly repaid. Neither the Issuer, Hutt St Centre, nor any other person guarantees that the target Outcomes will be achieved. Prospective Noteholders are advised to review the description of the Aspire Program and its goals in this document to determine their own view on the future performance of the Aspire Program.

Hutt St Centre has a long history as a homelessness services provider, and has secured agreements with several partners to collaboratively provide housing stock to Aspire participants. Program performance will be closely monitored by the Joint Working Group, a Governance committee established under the SIB Program Deed. The Trust Manager will be represented on this committee along with other stakeholders.

### **Counterfactual**

The Counterfactual rates of Government service utilisation (specifically, the number of hospital bed days, the number of convictions and the number of short term or emergency accommodation periods) have been determined based on an analysis of past rates of utilisation for the target population. There is a risk that they are an underestimate of the 'true' underlying rates that would eventuate in the absence of the Aspire Program, and that Government Payments will be lower than they 'should' be. Conversely, they may be overestimated.

As described in Section 6.2 (*SIB Program Deed*), a Counterfactual Review will be undertaken after the third Calculation Date (or the second

Calculation Date if outcomes are much better than expected) to ensure that all parties are satisfied that the Counterfactual rates are fair for the last four years of the SIB. If amended rates or terms cannot be agreed between the Issuer and the Government either party has the right to terminate the SIB Program Deed.

### **Housing supply**

The Aspire Program is a housing first model that is reliant on sufficient and appropriate accommodation in which to place the program participants. Program performance could be compromised if insufficient suitable housing is available.

Hutt St Centre has entered into a Memoranda of Understanding with a number of housing organisation partners, including Common Ground Adelaide (who have been involved throughout the development of the Aspire SIB arrangements) and Unity Housing. Collectively, these partners have agreed to provide over 700 prioritised dwellings to the Aspire Program. The number of dwellings committed exceeds the number of dwellings expected to be required for the Aspire Program by a factor of two.

### **Referral volume**

The volume of referrals to the Aspire Program will influence the achievability of outcomes under the SIB Program Deed. Lower than planned Program participant numbers would reduce the level of impact, and subsequently reduce the Outcome Payments made by the Government under the SIB Program Deed.

There are an estimated 6,000 people experiencing homelessness at any point in time in South Australia.<sup>18</sup> Homelessness service providers in Adelaide (including Hutt St Centre) are presently under pressure to meet demand for their existing services. Hutt St Centre will also work collaboratively with several Government agencies

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<sup>18</sup>. 2011 Census

## 9. RISK FACTORS (CONT.)

(including Housing SA, and the Departments of Health and Corrective Services) to source appropriate referral numbers and manage the expected demand.

### **Service delivery organisation solvency**

The Aspire SIB transaction is reliant on Hutt St Centre to implement and deliver the Aspire Program under the Services Agreement. There is a risk that Hutt St Centre could be unable to fulfil their obligations under the Services Agreement due to insolvency, which would trigger the early termination of the SIB Program Deed.

Hutt St Centre has operated for over 60 years, and retains the support of its founders, the Daughters of Charity of St Vincent de Paul. The Daughters of Charity are an international Catholic society providing a range of services across Australia. Additional information on the financial position of Hutt St Centre is available on its website at [www.huttstcentre.org.au](http://www.huttstcentre.org.au).

### **Issuer credit risk**

The Issuer has no business or other activities other than those required to perform its obligations under the Aspire SIB arrangement. Recourse of Noteholders against the Issuer is limited as described in clause 12.5 (*Limited recourse*) of the SIB 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 (*SIB Program Deed*) sets out the scenarios under which the SIB Program Deed, and hence the Aspire SIB 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 Government can elect to terminate the SIB Program Deed for convenience for any reason, which may include, without limitation, that it views the Aspire SIB arrangement as no longer consistent with its policy priorities or that the arrangements lack sufficient economic justification. In such a scenario, the SIB Program Deed Termination Payment payable by the Government to the Issuer incorporates a premium that will be available to be applied towards payment of the obligations

of the Trust (including the Notes). In addition, the Government would pay the full Break Costs in such an event.

The Notes are required to be redeemed by the Issuer where early termination of the SIB Program Deed 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.

### **Reliability of data provided and calculation of Outcomes**

The measurement of the Outcomes will rely upon data and information obtained from multiple SA Government agencies, including the Departments for Health and Ageing, Communities and Social Inclusion, Correctional Services, South Australian Police and Courts Administration Authority. 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.

### **Change in economic conditions**

The Aspire Program includes employment and work readiness training. Employment outcomes for the participants can contribute and influence the Outcomes which determine the performance of the Aspire Program. In the event of a significant economic downturn, Aspire Program participants may experience challenging employment prospects and this could affect their overall outcomes.

### **Dependence on key personnel**

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

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## 9. RISK FACTORS (CONT.)

### **Modifications and waivers**

The Note Conditions contain provisions for Noteholders to consider matters affecting their interests generally and to agree to modification to the SIB Note Deed Poll. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not vote and Noteholders who voted in a manner contrary to the majority.

### **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 SA Government) 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 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.

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.

### 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:

## 10. LEGAL NOTICES (CONT.)

- 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 Aspire 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 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.

### **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 SIB Program Deed;
- the Services Agreement (with certain commercial-in-confidence matters redacted);
- the SIB Deed Poll;
- 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/aspire-sib](https://socialventures.com.au/work/aspire-sib) 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 have provided 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 31 March 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 \$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:

Aspire SIB 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. APPLICATIONS (CONT.)

### 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:

Aspire SIB 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.

### 11.7 Application Payments held by the Issuer

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. APPLICATIONS (CONT.)

### 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.

If you become a Noteholder, the Trust Deed requires 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 you cease 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 [aspresib@socialventures.com.au](mailto:aspresib@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 [aspresib@socialventures.com.au](mailto:aspresib@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 SIB Deed Poll or SIB Program Deed (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*).

**Aspire Program** The services program delivered by Hutt St Centre under the Services Agreement.

**ASIC** Australian Securities and Investments Commission.

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

**Authorised Investments** The investments the Trust is permitted to hold under the terms of the SIB Program Deed, which include cash or deposits with Approved Deposit Taking Institutions and government bonds rated A-/A3 or better.

**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 June in each year from 2018 to 2024.

**Common Ground Adelaide** Common Ground Adelaide (ABN 21 122 807 130).

**Corporations Act** Corporations Act 2001 (Cth).

**Counterfactual Review** The review of the Counterfactual rates of service utilisation commenced after the third Calculation Date (or on the second Calculation Date in certain circumstances).

**Coupon Determination Date** 31 December in each year commencing in 2018 up to (and including) the Scheduled Maturity Date.

There are seven Coupon Determination Dates, scheduled as follows:

- Date 1 is 31 December 2018,
- Date 2 is 31 December 2019,
- Date 3 is 31 December 2020,
- Date 4 is 31 December 2021,
- Date 5 is 31 December 2022,
- Date 6 is 31 December 2023 and
- Date 7 is 31 December 2024.

**Early Termination Date** Any date on which the SIB Program Deed is terminated prior to the Scheduled Maturity Date.

**Financial Model** Means the financial model agreed by the Issuer, the Government and Hutt St Centre.

**Government** South Australian Government and the State of South Australia (including all departments, agencies and other State bodies and personnel).

**GST** Goods and Services Tax.

**Hutt St Centre** Hutt Street Centre (ABN 75 055 179 354).

**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 SIB Program Deed to certify performance and assessments of the Aspire Program.

**Initial Transfer Period** For any Tranche 1 Note, the period commencing from (and including) the Issue Date for that Tranche 1 Note up to (and including) the Issue Date for the corresponding Tranche 2 Note is issued in accordance with the Tranche 2 Notes Subscription Undertaking.

**Issuer** SVA Nominees Pty Ltd (ACN 616 235 753).

**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 Conditions** For a Note, the terms and conditions applicable to that Note as set out in the SIB Deed Poll, as amended, supplemented, modified, completed or replaced by each Note Issue Supplement applicable to such Note.

**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 SIB Deed Poll, relating to the issue of those Notes and which has been confirmed by the Issuer.

## 12. GLOSSARY (CONT.)

**Notes** Aspire Social Impact Bonds, including an interest in them.

**Outcome Payment Date** 31 December each year from 2018 to 2024, with the first Outcome Payment Date to occur on 31 December 2018.

**Performance Coupons** The variable coupon amounts described under Section 7.1 (*Coupon Payments*).

**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, Hutt St Centre, the Registrar 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.

**Registrar** One Registry Services Pty Ltd (ABN 69 141 757 360).

**Scheduled Maturity Date** 31 December 2024.

**Services Agreement** The contract between the Trust and Hutt St Centre to deliver the Aspire Program.

**SIB** Social Impact Bond.

**Standing Charge** A pre-payment of part of the Outcome Payments by the SA Government to the Issuer under the SIB Program Deed. The Standing Charge is payable in five equal instalments of \$1.2 million to be paid on each Standing Charge Payment Dates.

**Standing Charge Payment Dates** The Effective Date, 1 April 2018, 1 April 2019, 1 April 2020 and 1 April 2021.

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

**Termination Payment** The amount payable by the Government to the Trust in the event of an early termination of the SIB Program Deed.

**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 30 March 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 the Purchase Deed.

**Trust** The Aspire SIB Trust (ABN 46 424 438 028).

**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 SIB Program Deed, cash assets of the Trust (which are amounts that are not payable to the Trustee 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 9 January 2017 made by the Issuer.

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

**Unity Housing** Unity Housing Company Ltd (ABN 12 130 704 648).

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

# APPLICATION FORM – ASPIRE SOCIAL IMPACT BONDS

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 Aspire SIB Trust (the **Trust**) of limited recourse Aspire Social Impact Bonds (the **Aspire SIBs or Notes**), as described in the Information Memorandum dated 1 February 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 Aspire SIB Purchase Deed dated 1 February 2017 made by the Issuer and the Trust Manager. It must not be distributed unless included in, or accompanied by, the Purchase Deed and/or the Information Memorandum.

This Application Form, the Purchase Deed and the Information Memorandum (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 Information Memorandum.

**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 the 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 3 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 11.11 (*Privacy Statement*) of the Information Memorandum. 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 and lodgement

Your Application Payment can be made by (1) bank or personal cheque, or (2) by electronic transfer / direct debit to the nominated account, all in accordance with the terms specified in Section 11 (*Applications*) of the Information Memorandum. Receipt of the full amount of the Application Payment is a condition of your application, and any application purported to be made without an Application Payment will not be accepted.

Completed Application Forms should be mailed to:

Aspire SIB Trust  
PO Box R1479  
Royal Exchange NSW 1225

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



# APPLICATION FORM

## STEP 1

Enter the total number of Notes you wish to apply for

I/we apply for:

Price per Note

Application Payment

(half of the number of Notes applied for multiplied by the Price per Note)

**Notes**

**\$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 and provide a clear reference for EFT funds.)*

## 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

Joint applicant 3

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

Branch name

City/Suburb/Town

State

Postcode

Country

BSB

Account number

Account Name

Reference No. (if Application Payment made by EFT)

### Eligible Investor Category

I confirm that I qualify under the following type of Eligible Investor Category, and have attached any required supporting evidence (refer to clause 6.1 (*Investor Certification*) and Schedule 2 (*Investor Certification*) of the Purchase Deed):

The Purchase Deed is available for download at [socialventures.com.au/work/aspire-sib](https://socialventures.com.au/work/aspire-sib).

Application amount exceeds \$500,000

For business use in a large business

Sophisticated investor/not for business use (please provide current qualified accountant's certificate)

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

Australian Financial Services Licensee

Has or controls 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 in financial products

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 on this Application Form;
- 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 consents (including consent to the disclosure of your personal information for marketing purposes) and acknowledge that your personal information will 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 a US Person (for the purposes of US tax regulation or securities laws), nor acting for the account or benefit of any US 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 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.

Name of Applicant 1

Signature of Applicant 1

Date

Name of Applicant 2

Signature of Applicant 2

Date

Name of Applicant 3

Signature of Applicant 3

Date



# 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
<b>Individual</b> – Use given name(s) in full, not initials	Mr John Alfred Smith	J.A. Smith
<b>Joint</b> – Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
<b>Company</b> – Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
<b>Trusts</b> – 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
<b>Deceased estates</b> – 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
<b>Minor (a person under the age of 18)</b> – Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
<b>Partnerships</b> – 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
<b>Clubs/Unincorporated Bodies/Business Names</b> – 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
<b>Superannuation Funds</b> – Use the name of 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









Social Ventures Australia  
Funding • Investment • Advice



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Brisbane | Melbourne | Perth | Sydney | ABN 94 100 487 572 | AFSL 428 865  
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