

# Side by Side Social Impact Bond

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Information Memorandum  
22 October 2020



# Important notices

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This Information Memorandum (the **IM**) relates to the issue of limited recourse Side by Side Social Impact Bonds (the **Side by Side SIBs** or **Notes**) by SVA Nominees Pty Ltd (ACN 616 235 753) (the **Issuer**) in its capacity as trustee for the Side by Side SIB Trust (ABN 79 957 365 403) (the **Trust**). The Trust is managed by Social Ventures Australia Limited (ACN 100 487 572, AFSL 428865) (the **Trust Manager**).

Capitalised terms in this IM are defined terms and they are listed in Section 11 (*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 has been appointed as an authorised representative of the Trust Manager. 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 the Issuer or 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 (*Side by Side Program Details*), 5.3 (*Berry Street*) and 5.4 (*Key Berry Street personnel*) which have been furnished to the Issuer by Berry Street, (2) Sections 5.5 (*VACCA*) and 5.6 (*Key VACCA personnel*), which have been furnished to the Issuer by VACCA, and (3) the details of the other persons named in the '*Directory*' section.

The State has not had any role in the preparation of this IM nor has it independently verified the information contained in this IM. Accordingly, no representation, warranty or undertaking, express or implied is made, and no responsibility or liability is accepted by the State for the issue of this IM, including as to the accuracy, authenticity, origin, validity or completeness of, or any errors, or omissions from, or any information or statement contained in the IM. The State does not guarantee the performance of any Notes, the interest rate, the return of capital to 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 Side by Side Program and the Notes. It should be read in conjunction with the documents which are expressed to be incorporated by reference in it, in particular, the SIB Deed Poll and the Purchase Deed. The information contained in this IM is not intended to provide the basis of any credit or other evaluation in respect of the Issuer or any Notes and should not be considered or relied on as a recommendation or a statement of opinion (or a report of either of those things) by any Relevant Party that any recipient of this IM should subscribe for, purchase or otherwise deal in any Notes or any rights in respect of any Notes.

An investment in the Notes is subject to risks, including loss or delay in the repayment or payment of principal and coupons. Please refer to Section 8 (*Risk Factors*) for more information.

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

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# Foreword

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Dear Investor,

Thank you for considering an investment in the Side by Side Social Impact Bond (**Side by Side SIB**), which seeks to improve educational outcomes for primary school students.

The Side by Side SIB offers Investors the opportunity to earn a competitive risk adjusted financial return, while improving the life prospects of vulnerable students in Victoria. As an Investor, you will be funding the working capital of the Side by Side Program, which has been designed to improve the engagement, attendance and learning outcomes of students in Years 1 to 4. The Program combines student and family support in the home, educational support at school, and professional learning and mentoring for teachers delivered through a whole-of-school transformation process.

The Side by Side Program will be delivered by Berry Street Victoria Inc (**Berry Street**), in partnership with the Victorian Aboriginal Child Care Agency (**VACCA**). Berry Street is a not-for-profit organisation focussed on delivering out-of-home care, case management and family services in Victoria. Berry Street was established in 1877 and today is one of Australia's largest independent family service organisations. VACCA is the lead Aboriginal child and family welfare agency in Victoria, providing over 50 programs across child and family welfare, out of home care and family violence, justice support and other services.

The Program will prioritise working with Aboriginal and Torres Strait Islander students. It will provide cultural awareness and capacity building training for school staff and individual educational and case management support to Aboriginal and Torres Strait Islander students and their families.

The Program will be rolled out in nine schools across three regions in Victoria. It is anticipated that approximately 300 students will be enrolled over five years.

Ultimately, the objective of the Side by Side SIB is to improve the prospects of the students it supports both directly and indirectly. The Program is expected to reduce the number of days that students are absent from school, improve student learning outcomes and ultimately reduce school drop-out rates. There is a clear causal link between disengagement in the vital early years of education and future reliance on welfare, reduced lifetime earnings and higher usage of a range of State services. The value consequently generated for the State will be shared with Berry Street to fund the delivery of the Side by Side Program, and with Investors to provide a financial return on their investment.

If the Side by Side Program delivers the target outcome performance scenario agreed by the Victorian Government, SVA, Berry Street, and VACCA over the term of the transaction, overall Investor returns are expected to be approximately 6% per annum.

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



A handwritten signature in black ink that reads "Suzie Riddell". The signature is written in a cursive style with a long horizontal line underneath.

**Suzie Riddell**  
Chief Executive Officer  
Social Ventures Australia

# 1. Key Terms and Dates

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

## 1.1 Key Terms: Entities and Contracts

Key Terms	Descriptions
<b>Side by Side 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 Side by Side 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>Side by Side SIB objectives</b>	The proceeds from the issue of the Notes are to be loaned to Berry Street, to be used by Berry Street to deliver the Side by Side Program. The Side by Side Program aims to support students in early primary school (Years 1 to 4) to improve their attendance, engagement and learning outcomes.
<b>Side by Side Program or Program</b>	The Side by Side Program provides: 1) <b>individualised family and student support and tuition</b> – aimed at supporting parent and family engagement, and building the motivation and capacity of individual students to engage and learn at school; and 2) <b>whole of school development and transformation</b> – aimed at helping schools to understand and apply a culturally sensitive, trauma aware model of education. Each student will be supported intensively for 12 months, with an additional year of monitoring and ongoing support if required.
<b>Side by Side SIB Trust or Trust</b>	A charitable trust (ABN 79 957 365 403) established under the Trust Deed. The trustee of the Trust will offer the Notes and on-lend the funds raised to Berry Street to enable Berry Street to establish the Side by Side Program in Victoria.
<b>Issuer</b>	<p>SVA Nominees Pty Ltd (ACN 616 235 753), a company incorporated in Victoria that is wholly owned by Social Ventures Australia Limited (ACN 100 487 572) (<b>SVA</b>), in its capacity as trustee for the Side by Side SIB Trust.</p> <p>The Issuer is a corporate authorised representative of SVA (AFSL No. 428865).</p>
<b>Trust Manager</b>	SVA in its capacity as manager of the Side by Side SIB Trust.
<b>Berry Street</b>	Berry Street Victoria Incorporated (ABN 24 719 196 762) ( <b>Berry Street</b> ) is the party contracted to deliver the Side by Side Program under the Implementation Agreement.
<b>VACCA</b>	The Victorian Aboriginal Child Care Agency Co Op Ltd (ABN 44 665 455 609) ( <b>VACCA</b> ) is the party sub-contracted to support Berry Street to deliver the Side by Side Program under the Services Subcontract.

Key Terms	Descriptions
<b>Victorian Government or State</b>	The State of Victoria acting through the Department of Education and Training ( <b>DET</b> ).
<b>Investors</b>	'Wholesale investors' (as described in Section 10.3 ( <i>Investor eligibility</i> )) may subscribe for the Notes.
<b>Implementation Agreement</b>	A contract between the State and Berry Street dated 19 October 2020 which is the framework agreement for the Side by Side SIB arrangement, and which incorporates the Operations Manual by reference. Payments to Berry Street under the Implementation Agreement are dependent on the reduction in the number of days students are absent over a two-year period, and the level of improvement in student educational attainment. See Section 6.2 ( <i>Implementation Agreement</i> ) for details.
<b>Services Subcontract</b>	A contract between VACCA and Berry Street which outlines the working arrangement by which VACCA will support Berry Street to deliver the Side by Side Program, in particular by providing cultural awareness and capacity building training for schools, and individual educational and therapeutic support services for Aboriginal <sup>1</sup> students and their families.
<b>Loan Agreement</b>	A loan agreement to be entered into between the Issuer and Berry Street under which the Issuer will advance the proceeds it receives from the issuance of the Notes to Berry Street for the purpose of operating the Side by Side Program.
<b>Specific Security Deed</b>	A specific security deed to be entered into between the Issuer and Berry Street pursuant to which Berry Street will grant security over, amongst other things, all of its rights, title and interest in and to the Collateral Account.
<b>Arranger Agreement</b>	An arranger agreement to be entered into between SVA and Berry Street pursuant to which Berry Street will pay fees to SVA in consideration of SVA establishing and maintaining the financing arrangements under the Side by Side Program.
<b>SIB Deed Poll</b>	The Side by Side SIB Deed Poll to be made by the Issuer in favour of each Noteholder from time to time. 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 Side by Side SIB Purchase Deed to be entered into between the Issuer and the Trust Manager and to be entered into by each Investor purchasing Notes upon acceptance of its Application by the Issuer.
<b>Other documents</b>	In addition to the above documents, the documentation for the Side by Side SIB arrangement also includes (1) the Trust Deed, which establishes the Trust and (2) the Management Deed, which provides for the management of the Trust by the Trust Manager.

1. The term 'Aboriginal' in this document refers to 'Aboriginal and/or Torres Strait Islander'

## 1.2 Key Terms: Implementation Agreement

Key Terms	Descriptions
<b>Intervention Group</b>	All eligible individuals who are enrolled in the Side by Side Program and have not subsequently exited. It is expected that around 300 students will be enrolled over a five year period.  See Section 4.5 ( <i>Eligibility and enrolment</i> ) for details.
<b>Referral Year</b>	The school calendar year in which an eligible student is enrolled in the Program.
<b>Intervention Year</b>	The school calendar year following the Referral Year, during which a student is intensively supported by the Program.
<b>Monitoring Year</b>	The school calendar year following a student's Intervention Year.
<b>Counterfactual Days Absent</b>	The number of days each Intervention Group member would have been expected to be absent from school in the absence of the Side by Side Program.  Counterfactual Days Absent is determined as the number of days each student was absent from school in their Referral Year, adjusted by a progression factor reflecting historical attendance patterns for eligible students, being 88% for the Intervention Year and 85% for the Monitoring Year.
<b>Recorded Days Absent</b>	The number of days absent recorded for each member of the Intervention Group, determined separately for the Intervention Year and Monitoring Year.
<b>Attendance Improvement</b>	The percentage difference between the Counterfactual Days Absent and the Recorded Days Absent for the whole Intervention Group, calculated separately for the Intervention Year and Monitoring Year.
<b>Outcome Payments</b>	The payments made by the State to Berry Street pursuant to the Implementation Agreement and which are dependent on the calculated Attendance Improvement at each Measurement Date.
<b>Early Termination</b>	The Implementation Agreement may be terminated prior to expiry of its term in various circumstances as further described in Section 6.2 ( <i>Implementation Agreement</i> ).





## 1.3 Key Terms: Loan Agreement and Notes

Key Terms	Descriptions
<b>Aggregate Issue Amount</b>	<p>\$5,000,000 in principal amount of the Notes. Tranche 1 and Tranche 2 Notes will comprise \$1,500,000 and \$3,500,000 in principal amount, respectively. The denomination of each Note is \$100.</p> <p>The Aggregate Issue Amount is equal to the Principal to be loaned to Berry Street under the Loan Agreement.</p>
<b>Minimum Subscription Amount</b>	<p>Investors must apply to subscribe for a minimum of 500 Notes, i.e. \$50,000 in principal amount, comprising 150 Tranche 1 Notes and 350 Tranche 2 Notes.</p>
<b>Drawdown</b>	<p>The utilisation of the loan provided under the Loan Agreement on a Drawdown Date. Drawdown 1 Date is the day the loan is first utilised (being a date which is within 10 business days of the date of financial close under the Loan Agreement) and is for an amount of \$1,500,000. Drawdown 2 Date is 30 September 2021 and is for an amount of \$3,500,000.</p>
<b>Overall Attendance Improvement</b>	<p>The weighted improvement in attendance, determined as:</p> <ul style="list-style-type: none"> <li>60% x Attendance Improvement (Intervention Year); plus</li> <li>40% x Attendance Improvement (Monitoring Year).</li> </ul>
<b>Interest Payments under the Loan Agreement</b>	<p>Interest Payments will be made by Berry Street to the Issuer on each Interest Payment Date under the terms of the Loan Agreement:</p> <ul style="list-style-type: none"> <li>On each of Interest Payment Dates 1 to 5, a Fixed Interest Payment is determined using an effective rate of 1.5% per annum. The first Interest Payment calculation allows for the period that each drawdown has been outstanding.</li> <li>On Interest Payment Date 6, the Performance Interest Payment is calculated using the Performance Interest Rate. The Performance Interest Rate will be between 0% and 60%, depending on the performance of the Side by Side Program as measured by the Overall Attendance Improvement.</li> </ul> <p>See Section 7.2 (<i>Interest Payments under the Loan Agreement</i>) for further details.</p> <p>Where a repayment date occurs on a date other than the Maturity Date, Interest Payments will be made in accordance with Section 7.5 (<i>Early Repayment</i>).</p>
<b>Coupon Payments to Noteholders</b>	<p>An amount payable within 10 Business Days of each Interest Payment Date, which is determined as each Noteholder's pro rata share (being equal to the ratio of their Subscription Amount to Aggregate Issue Amount) of the Interest Payment on the relevant date.</p>

Key Terms	Descriptions
<b>Redemption on Maturity</b>	<p>Principal repaid on the Maturity Date by Berry Street under the terms of the Loan Agreement will be used by the Issuer to redeem Notes within 10 Business Days of the Maturity Date.</p> <p>The proportion of outstanding principal repaid by Berry Street is calculated as:</p> <ul style="list-style-type: none"> <li>● a base of 50%, plus</li> <li>● the Overall Attendance Improvement multiplied by a factor of 3.5,</li> <li>● with a minimum of 70% and maximum of 100%.</li> </ul> <p>Investors should be aware that repayment of the entire principal by Berry Street is not guaranteed. If the Principal Repayment is less than 100% of principal, the Subscription Amount that is repaid to Noteholders will be reduced by the same proportion.</p> <p>See Section 7.3 (<i>Maturity Repayment under the Loan Agreement</i>) for further details.</p>
<b>Redemption and final payments on Early Termination</b>	<p>An early repayment under the Loan Agreement will be triggered by either the Early Termination of the Implementation Agreement (for any reason), Berry Street having a right to terminate the Implementation Agreement following specified reviews or an event of default or illegality.</p> <p>Any early repayment is dependent upon the nature and timing of the repayment trigger. In many scenarios 100% of principal will be repayable, while in others the proportion repaid is determined by the performance of the Side by Side Program.</p> <p>In addition, a final payment will be made in respect of interest, at a rate that will be calculated at the time depending on the reason for and timing of the early repayment.</p> <p>The amount received by the Issuer on early repayment under the Loan Agreement will be used to redeem Notes and make final payments on them on a pro rata basis.</p> <p>An early redemption of the Notes must occur within 10 Business Days of an early repayment under the Loan Agreement.</p> <p>For details of Early Termination triggers and the calculation of early repayment amounts see Section 6.2 (<i>Implementation Agreement</i>), Section 6.3 (<i>Loan Agreement</i>) and Section 7.5 (<i>Early repayment</i>).</p>
<b>Limited recourse</b>	<p>The assets available to the Issuer to be applied to the payment or repayment of amounts owing on the Notes are limited to the assets of the Trust available to the Issuer.</p> <p>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.</p>
<b>Transfers</b>	<p>Investors should note the transfer restrictions for the Notes, including, without limitation, those set out under clause 4 (<i>Title and transfer</i>) of the SIB Deed Poll.</p>

Key Terms	Descriptions
<b>Tranche 2 Notes Subscription Undertaking and Transfer Restriction</b>	<p>Under the Purchase Deed, investors in the Notes irrevocably undertake to subscribe an allocation of Notes, comprising 30% Tranche 1 Notes and 70% Tranche 2 Notes. Payment by investors of the purchase price for the Tranche 2 Notes will be required by no earlier than 9:00 am (Melbourne time) on 1 September 2021 and no later than 5:00 pm (Melbourne time) on 29 September 2021.</p> <p>If an investor has not, by that time, paid the aggregate purchase price for the Tranche 2 Notes that it has subscribed for, 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 interest or other amount that has accrued in respect of such Notes will be paid or payable to the investor). See clause 3 of the Purchase Deed (which is also referred to as the 'Tranche 2 Notes Subscription Undertaking').</p> <p>In addition, during the Initial Transfer Period any Tranche 1 Note may only be transferred if the Noteholder, transferee or other person is irrevocably bound by the corresponding Tranche 2 Notes Subscription Undertaking. See clause 3 of the Purchase Deed for further details.</p> <p>In circumstances where an investor has transferred a Tranche 1 Note, but has remained bound by the Tranche 2 Notes Subscription Undertaking and then fails to pay the purchase price for the corresponding Tranche 2 Note by the required time, under the Tranche 2 Notes Subscription Undertaking the investor indemnifies the Issuer and the Trust Manager (and each of their respective officers and employees) against any liability or loss, arising from, and any costs or expenses incurred in connection with, that failure.</p>
<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>All Trust expenses will be met by SVA out of the arranger fees payable to SVA by Berry Street. Details of these fees can be found in Section 6.6 (<i>Arranger Agreement</i>).</p>
<b>Investor Reporting</b>	<p>Annual performance and social impact reporting will cover Side by Side Program outcomes and payments to Noteholders.</p>
<b>Key Risks</b>	<p>Details concerning certain key risks of investing in the Side by Side SIB are set out in Section 8 (<i>Risk factors</i>).</p>

## 1.4 Key Dates

Milestone	Date
<b>Applications open</b>	From 22 October to such date as the Issuer may determine. Applications will close once aggregate accepted subscriptions reach \$5,000,000 or earlier if determined by the Issuer.
<b>Financial Close</b>	Target 31 December 2020. The date upon which all conditions precedent under the Loan Agreement have been met (or waived).
<b>Tranche 1 Subscription Amounts payable</b>	Date of application. Subscription amounts will be held in a proceeds account until the Notes are issued. If the Implementation Agreement is terminated due to non-fulfilment of conditions precedent, the Investors will not be obliged to subscribe and purchase the Notes on the relevant issue date.
<b>Tranche 2 Subscription Amounts payable</b>	No later than 5.00pm (Melbourne time) on 29 September 2021
<b>Measurement Dates</b>	31 December each year from 2021 to 2026 inclusive
<b>Interest Payment Dates</b>	31 March each year from 2022 to 2027 inclusive
<b>Maturity Date</b>	31 March 2027

# CHECK-IN

I am not ready to learn.



Where's Your Head At?



I am ready to learn!



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## 2. The Side by Side SIB in context

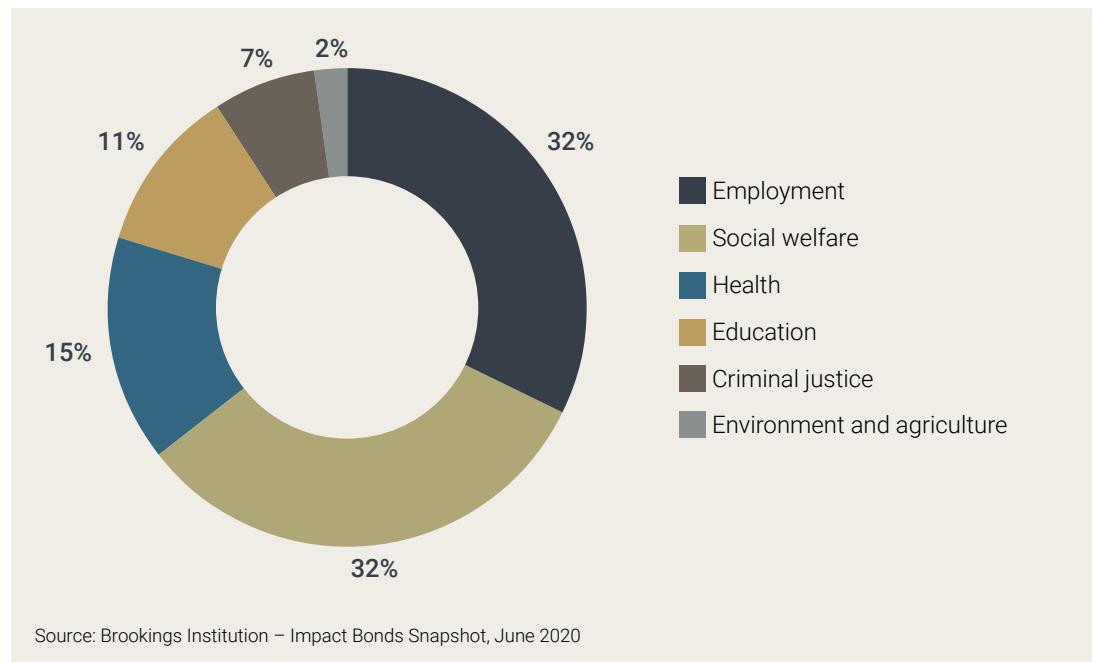
### 2.1 Social Impact Bonds globally

Social Impact Bonds (**SIBs**) innovatively combine outcome-based payments and financial market instruments to address areas of pressing social need. The prevalence of SIBs globally has steadily increased since they were first developed in the UK in 2010.

There are now around 200 contracted impact bonds in existence globally. SIBs span more than 33 countries and are spread across seven key issue areas. The total upfront capital invested exceeds \$630 million globally, with an average of around \$5 million per SIB.

There is evidence of emerging appetite for contracting on outcomes in education. In 2018, two education outcome funds were developed – one in India and the other in Africa and the Middle East – each of which aim to direct around \$1.4 billion to education outcomes in these regions<sup>2</sup>.

**Figure 1: Contracted SIBs by issue area**



2. Brookings; A landmark month for impact bonds in Education; September 2018.

## 2.2 Social impact investment in Victoria

The State has launched two social impact investments to date. The Journey to Social Inclusion (J2SI) Social Impact Investment aims to improve outcomes for people experiencing chronic homelessness, and the COMPASS Social Impact Bond seeks to improve outcomes for young Victorians transitioning from care to independent living.

A third investment is close to contract implementation, which seeks to improve the outcomes of young people not in education or employment who are experiencing mental health issues.

The State has a strong commitment to supporting the broader social impact investment market, most notably through the Social Impact Bonds Pilot program (through which the J2SI and COMPASS programs were developed) and its successor, the Partnerships Addressing Disadvantage initiative, which brings together the public, private and not-for-profit sectors to improve outcomes for vulnerable Victorians. The State also provides targeted support to grow the impact investing market locally through:

- the Social Enterprise Strategy to support the growth of social enterprises and foster inclusive economic growth;
- the Social Impact Investment for Sustainability Fund to support investment-ready social enterprises to deliver projects with significant environmental benefits; and
- the LaunchVic agency which supports start-up organisations, in particular those employing migrants and Aboriginal people (including as part of Tharamba Bugheen, the Victorian Aboriginal Business Strategy).

In July 2018, the State released a Request for Proposals calling for innovative social impact investment proposals in the areas of vulnerable children (ages 5 to 14, or school years 1 to 10) and disengaged youth (ages 15 to 24). Berry Street and VACCA submitted a proposal in the vulnerable children category and were subsequently invited to participate in a joint development phase, supported by SVA.



*“The Victorian Government is proud to partner with Berry Street and the Victorian Aboriginal Child Care Agency to deliver the Side by Side Program – an innovative approach to improving education outcomes for vulnerable Victorian students.*

*Side by Side is just one example of the Victorian Government helping to improve education outcomes for vulnerable young Victorians. By fostering the development of safe and nurturing learning environments at school and home, our most at-risk students can get back on track and reach their full potential.”*

Victorian Treasurer,  
the Hon. Tim Pallas MP

# 3. Investment overview

## 3.1 Introduction

The Side by Side SIB provides Investors with an opportunity to invest in a program that aims to support students in early primary school (Years 1 to 4), increase their attendance and engagement at school, and address key gaps in their learning.

This impact investment will raise private sector capital to fund the delivery of the Side by Side Program, which provides multi-faceted support to children, their families, and their school. It is anticipated this will improve engagement and learning outcomes, and later in life lead to higher rates of employment, greater lifetime earnings and reduced reliance on social welfare and other government services.

A key focus of the Side by Side Program will be working with Aboriginal students, who experience higher than average rates of school absenteeism and lower attainment levels than the rest of the student population.<sup>3</sup> Berry Street will work in partnership with VACCA to deliver culturally appropriate support to Aboriginal students and their families.

An investment in the Side by Side SIB is expected to deliver competitive risk-adjusted financial returns to Noteholders over its term. Coupon Payments and the repayment of Subscription Amounts are linked to the performance of the Side by Side Program, which is measured by a reduction in days absent from school.

### Side by Side SIB: targeted financial and social outcomes



- Approximately 300 students enrolled in the Side by Side Program across 9 schools in Victoria



- Approximately 100 hours of support provided to each participating student and their family



- 22% reduction in students' days absent from school, measured over a two-year period



- \$13 million in payments to Berry Street from the State under the terms of the Implementation Agreement



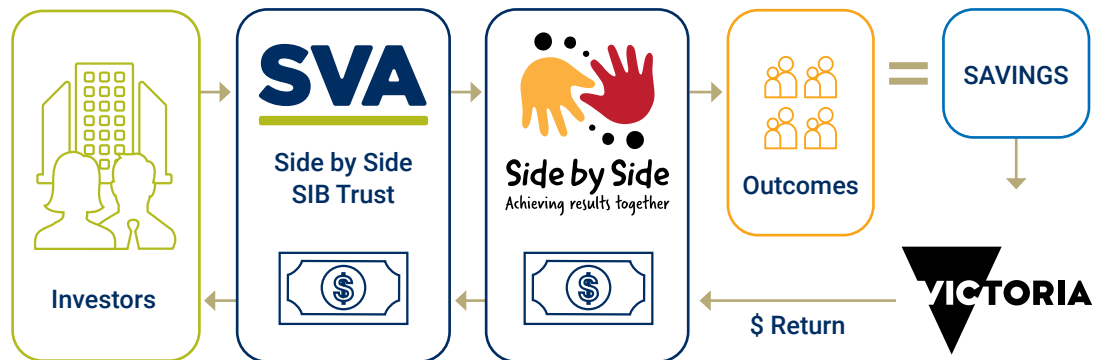
- \$1.8 million coupon payments to Noteholders, comprising \$0.3 million fixed coupons and \$1.5 million variable coupons
- Internal Rate of Return over the Note term of 6% per annum

3. Considine, G. and Zappala, G., "The Influence of Social and Economic Disadvantage in the Academic Performance of School Students in Australia.", Journal of Sociology., Vol.38., 2002.



## 3.2 Structure overview

Figure 2: Side by Side SIB structure overview



The Victorian Government has entered into a contract (the Implementation Agreement) with Berry Street that will, if successful, have a positive impact on the students and families engaged in the Side by Side Program and ultimately reduce future costs to the State through a reduction in the utilisation of government services.

Payments from the State to Berry Street are dependent upon improvements in measured participant outcomes, on the terms agreed between the parties under the Implementation Agreement.

To fund the Side by Side Program prior to the receipt of Outcome Payments from the State, Berry Street will borrow \$5 million from the Side by Side SIB Trust, which has been created to facilitate this funding arrangement. The terms of the loan are set out in a contract known as the Loan Agreement. Interest Payments (other than in certain circumstances) and Principal Repayment under the Loan Agreement are based upon the performance of the Side by Side Program. Details of how these payments are calculated can be found in Section 7 (*Calculation of Payments*).

The Issuer will raise the \$5 million to be lent to Berry Street by issuing Side by Side SIB Notes to Investors. The Notes will be issued pursuant to the terms and conditions of the SIB Deed Poll.

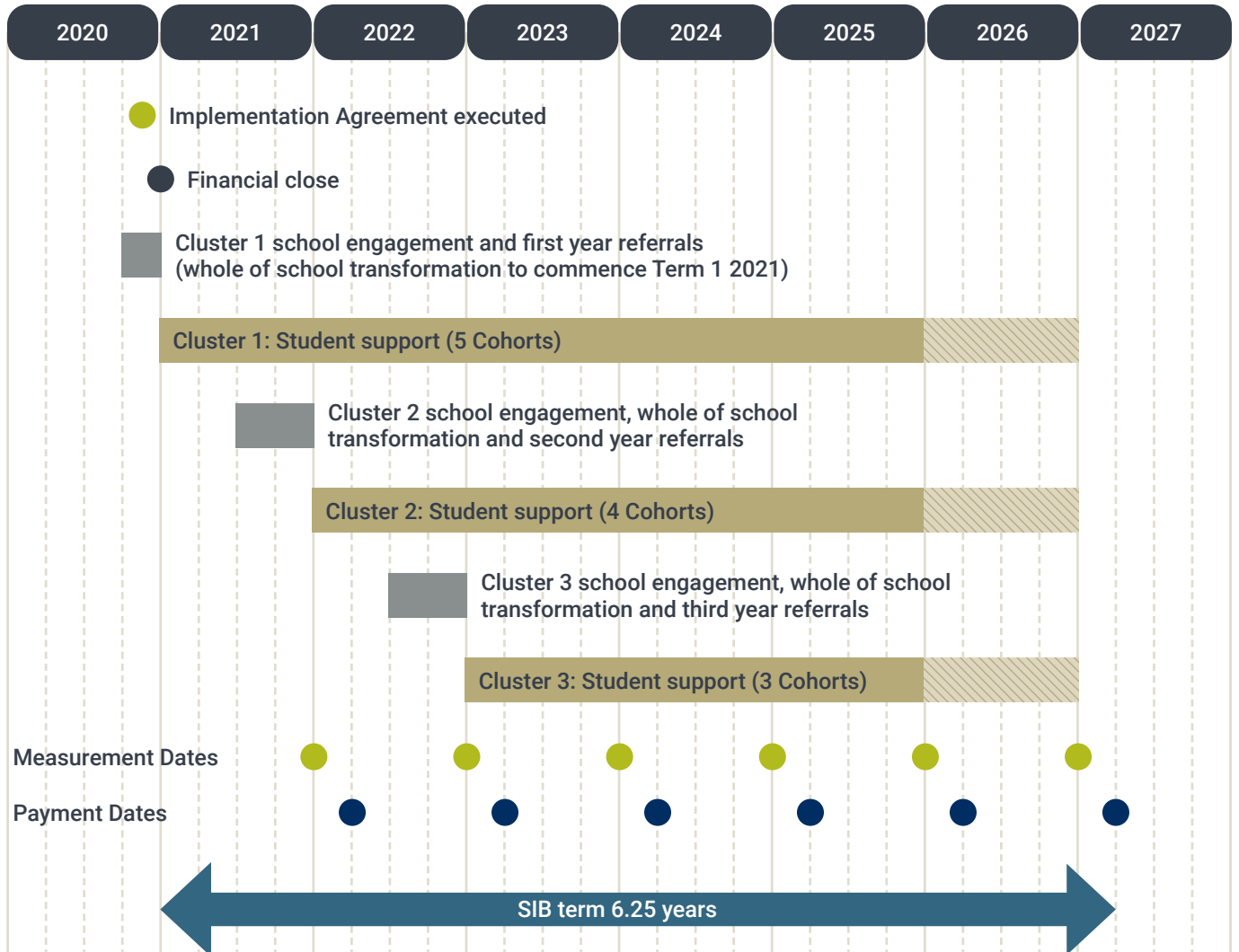
A summary of the contracts underpinning these arrangements can be found in Section 6 (*Transaction Structure and Key Documents*).



### 3.3 Timeline overview

The term of the Side by Side SIB is around 6.25 years (dependent upon Financial Close), and key dates are set out in Figure 3.

Figure 3: Side by Side SIB timeline





# 4. Side by Side Program details

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## 4.1 Social context

A small but significant proportion of school age students in Victoria struggle to connect with and engage at school. According to Department of Education and Training statistics, approximately 8% of students in years 7 to 12 in Victoria dropped out of school early in 2019<sup>4</sup>.

On average, educational outcomes for students from socio-economically disadvantaged backgrounds are significantly lower than students from more advantaged backgrounds. Students from disadvantaged backgrounds tend to be more vulnerable on standard Australian Early Childhood Development scores and have lower literacy, numeracy and comprehension levels, and lower school attendance and retention rates.<sup>5</sup>

School attendance data in Victorian schools indicates that Aboriginal children are absent from school at a much higher rate than the rest of the student population. By Year 9 the gap in attendance rates means that on average Aboriginal students have received six months less schooling than their non-Aboriginal peers<sup>6</sup>.

Attendance and academic performance have been identified as key predictors of early dropout. Early exit from school and low academic achievement can substantially limit the options that young people have for further study and work, with poorer educational results being linked with higher risks of unemployment and lower lifetime earnings, as well as adverse health outcomes and increased likelihood of involvement in risk taking behaviour.

The Side by Side Program aims to provide early, targeted support to vulnerable students to improve their learning trajectory and reduce the risk of falling further behind as they progress through and beyond school.

## 4.2 Side by Side Program background

The Side by Side Program is a new integrated service delivery model developed by Berry Street and VACCA drawing on their collective 150+ years' experience in supporting vulnerable children and families. The Program also draws on a range of evidence-based approaches which intervene early to address student non-attendance and support student engagement in school and learning.

The Side by Side program leverages two existing programs being delivered by VACCA and Berry Street respectively:

- The Koorie Kids Stay @ School Program, which provides 12 months of intensive student and family support to help vulnerable Aboriginal students to engage with school and learn more effectively; and
- The Berry Street Education Model (BSEM) which provides training for school staff to enable them to better engage and support vulnerable students.

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4. Department of Education and Training 2019. Apparent retention and transition rates for Victorian schools.

5. Considine, G. and Zappala, G., "The Influence of Social and Economic Disadvantage in the Academic Performance of School Students in Australia.", *Journal of Sociology*, Vol.38., 2002.

6. Aboriginal Victoria 2017. Victorian Aboriginal Affairs Report, p.11

### **Berry Street Education Model**

The Berry Street Education Model is a trauma-informed positive education model designed to inform and guide teacher practice and student learning. The model integrates clinical, educational and welfare approaches to strengthen staff engagement with students and their parents and improve teaching and learning outcomes.

BSEM was developed by the Berry Street Childhood Institute initially for use in Berry Street's specialist school settings. It was formally piloted in mainstream school settings in collaboration with the University of Melbourne Youth Research Centre in 2015. Since its pilot phase, a fee-for-service capacity building program has been used to support the roll out of the model in 250 specialist and mainstream schools and a public education program has supported over 3,000 schools accessing the program.

### **Koorie Kids Stay @ School**

The Koorie Kids Stay at School Program has been developed and piloted by VACCA with the Department of Prime Minister and Cabinet since 2015 and aims to improve school retention and learning outcomes for vulnerable Aboriginal students.

The program provides intensive, trauma-informed education support to Aboriginal students in Years 5 – 12 who are at risk of disengaging or have recently disengaged from school.

The program is delivered by an education support worker, assisted by a therapeutic practitioner within VACCA's Cultural Healing Program. Outreach support is provided in the school, at home and in other settings according to the young person's needs.

The program is currently funded to work with 12 students per annum and has worked with 44 students since 2015.

*"Berry Street is excited to launch Side by Side with VACCA. Often education interventions begin too late when disengagement patterns have already been well established. This program focuses on intervening earlier by beginning to work with children in the early primary school years. Side by Side will leverage the success of the Berry Street Education Model and our case management services to ultimately change the trajectory of these students' lives."*

Michael Perusco, CEO Berry Street

*"VACCA is proud to work with Berry Street to deliver the Side by Side Program. We know from research and our work with the Koorie Kids Stay @ School Program that children and young people do better at school when you work with the student, their family and the school in a trauma informed, culturally based way. This program will equip families and schools with the knowledge and skills to respond to students' learning, cultural, social and emotional needs, and in turn create better life outcomes for the child and their family."*

Muriel Bamblett, CEO VACCA

## 4.3 The Side by Side Program

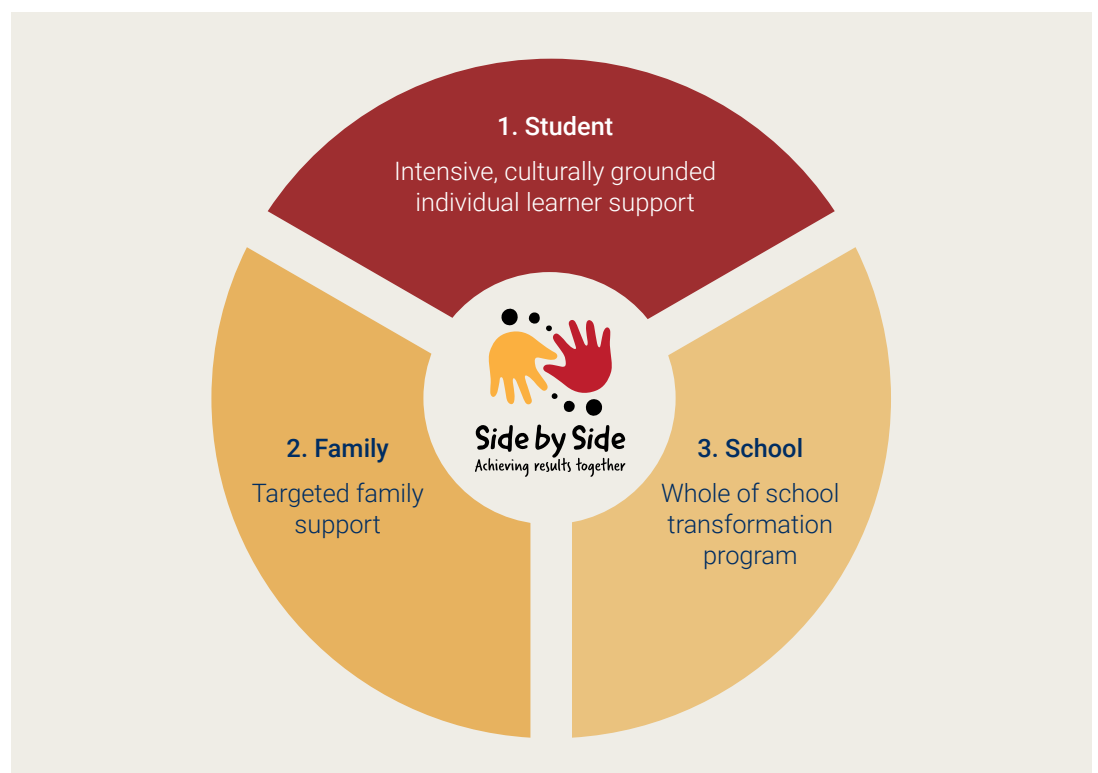
The Side by Side Program aims to support students in early primary school (Years 1 to 4) to increase their attendance and engagement at school, and to address key gaps in their learning.

The Side by Side Program provides:

- 12 months of individualised family and student support and tuition (with an additional year of monitoring and follow-up support if required), aimed at supporting parent and family engagement, and building the motivation and capacity of individual students to engage and learn at school; and
- whole of school development and transformation program, aimed at helping schools to understand and apply a culturally sensitive, trauma-aware model of education.

The Program is designed to support students across their home and school life in an integrated and coordinated way.

**Figure 4: Side by Side Program integrated model of support**



### Student wellbeing and engagement

Side by Side teachers will work directly with students on their capacity to engage with school and learning and their attitude towards school. This one-on-one support will be provided at school, both in and out of the classroom. The support will focus on addressing factors inhibiting student's practical capacity to engage, reinforce the importance of school, and identify and work through factors holding the student back from attending or engaging. Teachers will also focus on building the reading, speaking and listening skills of students who are behind academically.

### Family support and engagement

Family and education support workers will work with families to strengthen parental and family engagement in their child(ren)'s learning. This will enable families to support their child(ren)'s learning, particularly at home. It will also help families to understand the role they play in affirming the importance and value of school, encouraging and monitoring school attendance, showing an interest in and encouraging their child(ren)'s learning, and providing a supportive home environment in which the child(ren) can learn. These support workers will also link families to other services where appropriate.

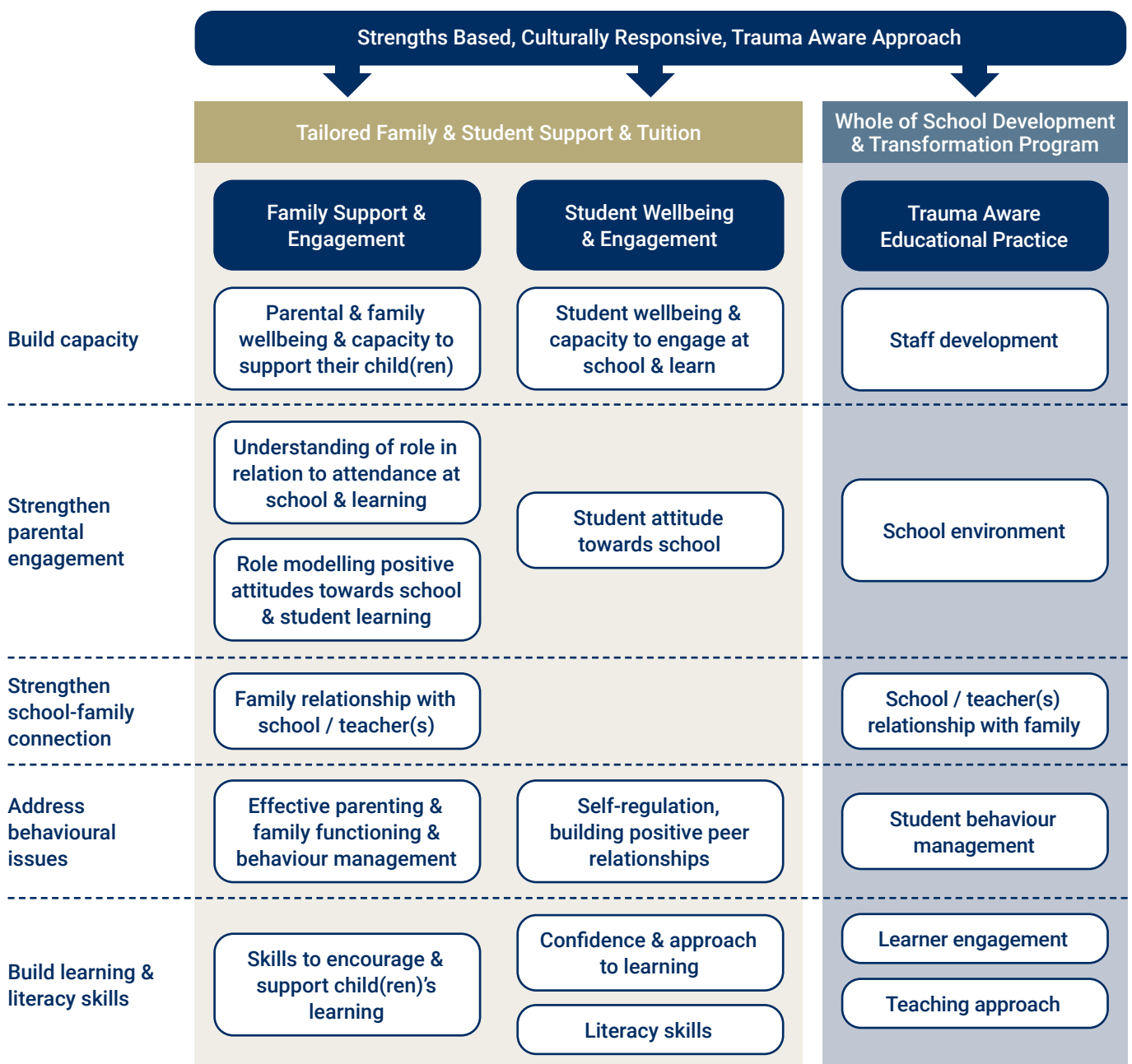
## Whole of school transformation

The whole of school transformation process, based on the Berry Street Education Model, will be delivered by a specialist team, and incorporated into participating schools' annual professional development program. Schools will receive four days of professional learning in the six months prior to the individualised support component of the Program commencing in that school<sup>7</sup>. Schools will also receive ongoing consultation and masterclasses which are designed to embed the strategies covered in the initial training, and to provide coaching and feedback to schools.

The training will provide schools with the core knowledge and skills they need to develop a culturally responsive, strengths-based, trauma-aware educational approach that will support all students at the school. The benefits derived through the whole of school transformation will continue on an ongoing basis as the culture and practice changes delivered through the Program become embedded in the school over time.

The program model is articulated in figure 5 below.

Figure 5: Side by Side Program model



7. Cluster 1 schools will receive the initial professional learning concurrent with the roll out of the individualised support component of the Program.

## 4.4 Scale and location

The Side by Side Program will work with approximately 300 students across 3 geographic clusters in Victoria. Each cluster will consist of 3 schools located in low socio-economic areas. The first cluster, in Northern Melbourne, will commence their whole of school transformation and individual student support in Term 1 2021.

The second and third clusters will commence their whole of school transformation in mid-2021 and 2022 respectively, six months prior to providing individual student and family supports in those clusters. Cluster 2 and 3 locations have been identified but will be finalised based on need closer to rollout. In total, there will be 12 cluster intakes of around 25 students sequenced across 5 years (five years' enrolments in cluster 1, four in cluster 2 and three in cluster 3).

## 4.5 Eligibility, enrolment and exits

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

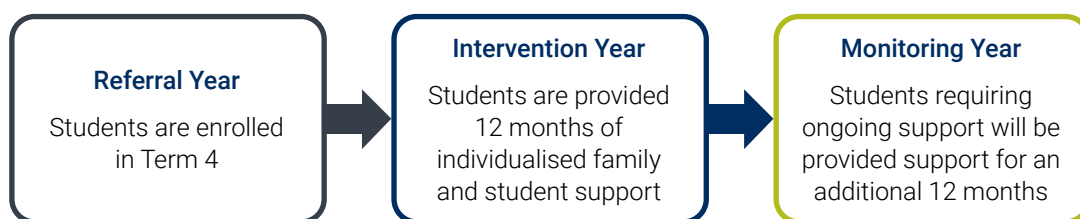
- enrolled at a participating school;
- scheduled to commence Year 1, 2, 3 or 4 in the following year; and
- absent from school for 21 or more days in Terms 1 to 3 of their Referral Year; or
- absent from school for 14 or more days in Terms 1 to 3 of their Referral Year and are assessed as being more than 6 months behind in their educational attainment.

Where there are more eligible students than program places available that year, enrolments will be prioritised as follows:

- Aboriginal students; then
- siblings of students already or previously enrolled in the Side by Side Program; then
- students with the highest number of unapproved absences.

Eligible students will be identified, prioritised and enrolled by teachers at participating schools in Term 4 of their Referral Year. The individual support component of the Program will commence for each enrolled student in Term 1 of their Intervention Year.

**Figure 6: Student journey**



2020 attendance patterns have been materially impacted by COVID-19. Accordingly, determination of eligibility for the first group of students to be enrolled in Term 4 of 2020 will be based on teacher identification of those students who are most disengaged or behind academically.

Students exiting the Program due to allowable reasons, such as moving interstate, chronic illness or moving to a non-mainstream education setting, will not be included in the Intervention Group for measurement purposes if their exit date is before 30 June in a given measurement year. If a student's exit date is after 30 June, their outcomes for that year will be measured on a pro-rata basis. 12% of students are expected to exit the Intervention Group overall.

Participants who enrol in the Program enter the Intervention Group and are included for measurement purposes regardless of whether they subsequently continue to engage with the Program, unless they exit for an allowable reason. 20% of students are expected to disengage from the Program.





## 4.6 Program management

The Side by Side Program will be managed and delivered by Berry Street as the lead agency, supported by VACCA. The Program will be overseen by the Side by Side Program Oversight Committee made up of the Berry Street CEO, VACCA Executive Director and Berry Street Education Director.

The Program will also be overseen by the Side by Side Joint Working Group, a governance committee consisting of senior representatives from Berry Street, VACCA, SVA and the State.

A dedicated senior Program Manager will have accountability for staff and program performance. The Program Manager will be employed by Berry Street and report to Berry Street's Education Director.

The whole of school component of the Program will be delivered through a combined Berry Street and VACCA team reporting to the Program Manager. That team will be responsible for the co-design and delivery of the whole of school training component of the Program.

Cluster-based teams will be established as the Program is rolled out. The day-to-day coordination of those teams will be led by a full time Cluster Lead. The teams will be made up of specialist Family and Education Support Workers and Side by Side teachers. Cluster-based staff will work as an integrated, cross-disciplinary team and be supported by cross-cluster educational, therapeutic and cultural practice leads.

Berry Street will sub-contract VACCA to deliver Family & Education Support services to Aboriginal students and their families. VACCA will also provide cultural awareness training for all Side by Side staff, and regular specialist cultural practice supervision and guidance to cluster-based staff and schools.

Where possible, cluster-based staff will be co-located with one or more of their region's schools to strengthen the relationship between the Side by Side team and school teaching and wellbeing staff.

At full scale implementation, the Side by Side Program will have 16 FTE staff.

## 4.7 Program performance

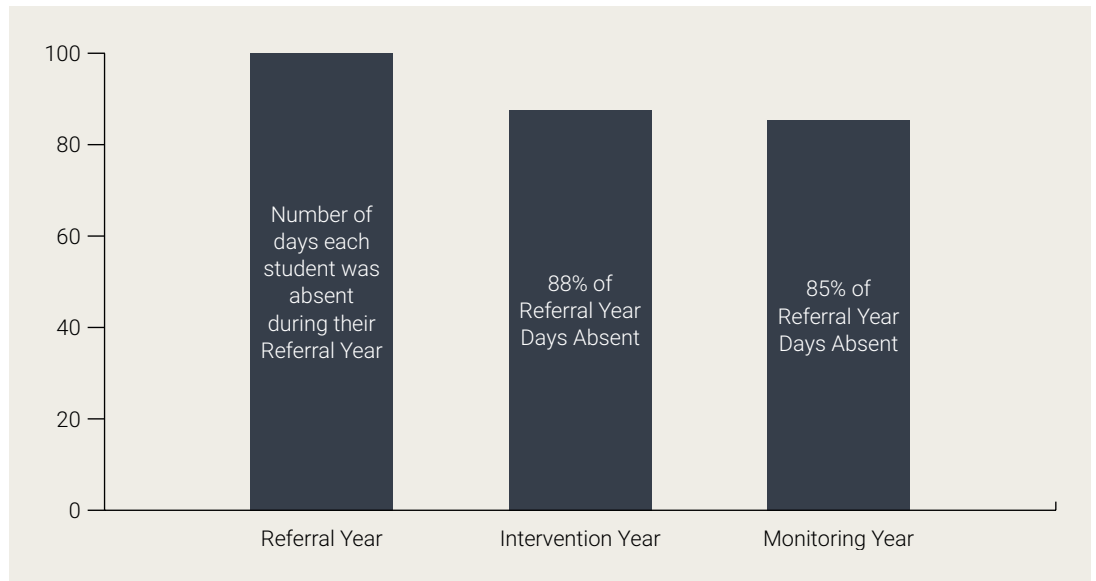
### Student attendance

The primary outcome measure that will be used to determine the success of the Side by Side Program is Attendance Improvement. School attendance was selected as the key metric as it is well correlated with broader student outcomes and straightforward to assess.

Absenteeism for the Intervention Group will be measured against a baseline or counterfactual which is determined by:

- the attendance record for the Intervention Group members in their Referral Year; and
- a 'progression factor' based on historical absentee patterns for the target population.

**Figure 7: Counterfactual Days Absent**



Attendance for each Intervention Group member will be measured over a two-year period, and the Attendance Improvement for the whole group will be determined for each of the Intervention Year and Monitoring Year as:

$$\frac{\text{Counterfactual Days Absent} - \text{Recorded Days Absent}}{\text{Counterfactual Days Absent}}$$

Payments under the Loan Agreement are linked to the Overall Attendance Improvement, which is a weighted average determined as 60% of the Intervention Year Attendance Improvement plus 40% of the Monitoring Year Attendance Improvement.

'Absent' means recorded as absent by any school in Victoria attended by the student and will provide for the exclusion of days absent for externally imposed reasons (eg. school shutdown periods).

### Example

Charlie was absent from school for 50 days in the year before he was supported by the Side by Side Program. His Counterfactual Days Absent are:

- 44 for his Intervention Year (50 x 88%); and
- 42.5 for his Monitoring Year (50 x 85%).

During his measurement period, Charlie recorded 33 and 34 days absent in his Intervention and Monitoring Year respectively.

Charlie's Attendance Improvement results are:

- 25% in his Intervention Year (11/44);
- 20% in his Monitoring Year (8.5/42.5); and
- 23% overall (60% x 25% + 40% x 20%).

A range of outcome performance scenarios for the Side by Side Program have been developed and agreed between SVA, the State, Berry Street and VACCA. Investors should note that there is no guarantee that the target objectives will be met. These outcome scenarios are summarised below:

Success rate	Under-perform	Below Target	Target	Above Target	Outperform
<b>Overall Attendance Improvement</b>	10%	16%	<b>22%</b>	28%	34%

Note that outcomes will occur along a continuum; these scenarios have been selected for illustrative purposes.

The Target performance scenario has been determined based on an assessment of the results achieved by existing Berry Street and VACCA programs, advice from school principals and experienced practitioners at Berry Street and VACCA, and by drawing upon the international evidence base.

### Student attainment

There will be a secondary outcome measure that will measure students' educational attainment using the English Online Interview (EOI), and, in some circumstances, teacher judgement.

EOI is a tool used for assessing the English skills of students from foundation to Year 2 in Victoria. The interview is one-to-one between a teacher and student, using texts and downloadable resources. There is insufficient directly relevant historical data for EOI outcomes to enable the establishment of robust baselines and targets for the Side by Side SIB, and therefore payments under the Loan Agreement (and hence Investor returns) are not linked to this measure. Berry Street will be paid a small bonus payment dependent on the level of improvement demonstrated in the attainment outcome measure.

The Side by Side SIB provides an opportunity to evaluate EOI as an assessment tool for programs of this nature.

### Impact of COVID-19

Student attendance in 2020 has been materially impacted by COVID-19 and therefore will not provide a reasonable counterfactual reference point for the first cohort of students. Therefore, the Referral Year Days Absent for students referred at the end of 2020 will be deemed at a level such that their Intervention Year Attendance Improvement is equal to the Target performance scenario of 22%. Hence, Investors are not exposed to performance risk for the first year of measurement.

# 5. Key parties

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## 5.1 Social Ventures Australia

Social Ventures Australia (SVA) is the manager of the Side by Side SIB Trust. A subsidiary of SVA, SVA Nominees Pty Ltd, has been engaged to act as trustee of the Side by Side SIB Trust.

SVA is a not-for-profit organisation that works with partners to alleviate disadvantage – towards an Australia where all people and communities thrive. SVA influences systems to deliver better social outcomes for people by learning about what works in communities, helping organisations be more effective, sharing our perspectives and advocating for change. As a values-driven organisation, accountability, integrity, respect and humility underpins SVA's work. SVA invests in organisations and projects that deliver both a social and financial return. These include debt and equity investments in social enterprises, SIBs, and bespoke financial solutions for large scale transactions such as the development of social and affordable housing.

## 5.2 Key SVA personnel



### **Elyse Sainty – Director, Impact Investing**

Elyse leads SVA's SIB practice area. She was instrumental in the development of the five SIBs that SVA has launched to date, including Australia's first SIB, the Newpin SBB in NSW. Elyse provides technical and advisory support to service delivery organisations and Governments as they implement the social impact investing concept. Prior to joining SVA in 2011, Elyse had two decades of experience within the financial services industry. Elyse qualified as a Fellow of the Institute of Actuaries of Australia and holds a Bachelor of Economics from Macquarie University.



### **Casey Taylor – Manager, Impact Investing**

Casey joined SVA in 2017 and has been involved in the capital raise and management of four SIBs. Before joining SVA, Casey worked in Deal Advisory at KPMG where she undertook a Jawun secondment to the East Kimberly to develop an Indigenous-led, place-based employment initiative. She has volunteered as a mentor for the Australian Indigenous Education Foundation and in 2018 was a witness at the Select Committee on Intergenerational Welfare Dependence. Casey holds a Bachelor of Business and Economics from the University of New England.

## 5.3 Berry Street

Berry Street is the largest independent child and family welfare organisation in Victoria. In 2018/19 Berry Street's annual income was \$131 million, employing 1,200 staff and supporting approximately 18,000 people. Berry Street delivers a range of programs for the Victorian Government and Commonwealth Government as well as deriving 13% of its income from independent sources.

Berry Street has significant expertise and experience in engaging and supporting highly disadvantaged children and young people. It provides a variety of services and programs including out-of-home care, case management, and family services.

Berry Street operates a registered school (The Berry Street School) which supports disengaged learners across four campuses (Gippsland, Noble Park, Ballarat and Shepparton), and has developed the Berry Street Education Model which has been implemented in hundreds of schools across Australia.

## 5.4 Key Berry Street personnel



### Michael Perusco – CEO

Michael commenced as CEO of Berry Street in February 2018, with extensive experience working in senior leadership roles. Prior to Berry Street, he has been CEO of several organisations in the housing and homelessness sector, including St Vincent de Paul Society (NSW) and Sacred Heart Mission. Michael also worked at the Department of Prime Minister & Cabinet leading the social inclusion agenda, not for profit reform agenda and other social policy areas and has experience in the commercial sector, including KPMG and Arthur Andersen.

Michael is currently a member of the Victorian Government's Roadmap for Reform Ministerial Advisory Group and the Aboriginal Children's Forum and is on the Board of the Federal Government's Australian Institute of Health and Welfare (AIHW) and the Centre for Excellence in Child and Family Welfare.



### Dr Tom Brunzell – Director Education

Dr Tom Brunzell (MST, EdM, PhD) has experience as a teacher, school leader, researcher and education advisor. Currently he is the Director of Education at Berry Street and Honorary Fellow at the University of Melbourne Graduate School of Education. Tom presents internationally on topics of transforming school culture, student engagement, trauma-aware practice, wellbeing and positive psychology, and effective school leadership. His research at the University of Melbourne investigates both the negative impacts of secondary traumatic stress and the positive impacts of wellbeing on teachers and leaders working towards educational equity in their communities.



## 5.5 VACCA

VACCA is the lead Aboriginal child and family welfare agency in Victoria and works in service delivery, advocacy, and training. It is the largest Aboriginal provider of out-of-home care services to Aboriginal communities, with over 40 years of experience in child and family welfare. VACCA's services are underpinned by principles of prevention, early intervention, and therapeutic healing. They are premised on human rights, self-determination, cultural respect and safety. Fundamental to all VACCA's work is its commitment to provide programs and deliver services in an Aboriginal way, reflecting the priorities and needs of the community.

## 5.6 Key VACCA personnel



### **Muriel Bamblett – CEO**

Muriel Bamblett is a Yorta Yorta and Dja Dja Wurrung woman who has been CEO of VACCA since 1999.

Muriel is an active member on many boards and committees including the Aboriginal Children's Forum, the Dhelk Dja Family Violence Partnership Forum, the Aboriginal Justice Forum, the Treaty Assembly and the Aboriginal Community Elders Service. She is also chair of the Secretariat of National Aboriginal and Islander Child Care (SNAICC), the peak Australian agency for Indigenous child and family services.

Muriel has received numerous awards in recognition of her contribution to Aboriginal children and families including an Officer of the Order of Australia (AO), an honorary degree of Doctor of Letters in Social Work by the University of Sydney, being appointed an Adjunct Professor in the School of Social Work and Social Policy at La Trobe University as well as induction into the Victorian Indigenous Honour Roll and the Victorian Honour Roll of Women.



### **Connie Salamone – Executive Director, Strategy and Services**

Connie joined VACCA in 2003. She has extensive program, project and operational management experience working in a range of service areas including out-of-home care, juvenile justice, international aid and education. Throughout her career, Connie has gained expertise in operational management, service development, implementation, and evaluation. She has worked with Aboriginal communities and Aboriginal Controlled Community Organisations and had oversight of the development and use of cultural competence materials and supports for government and service providers.

Connie holds a Bachelor of Arts (Hons) and a Bachelor of Social Work.

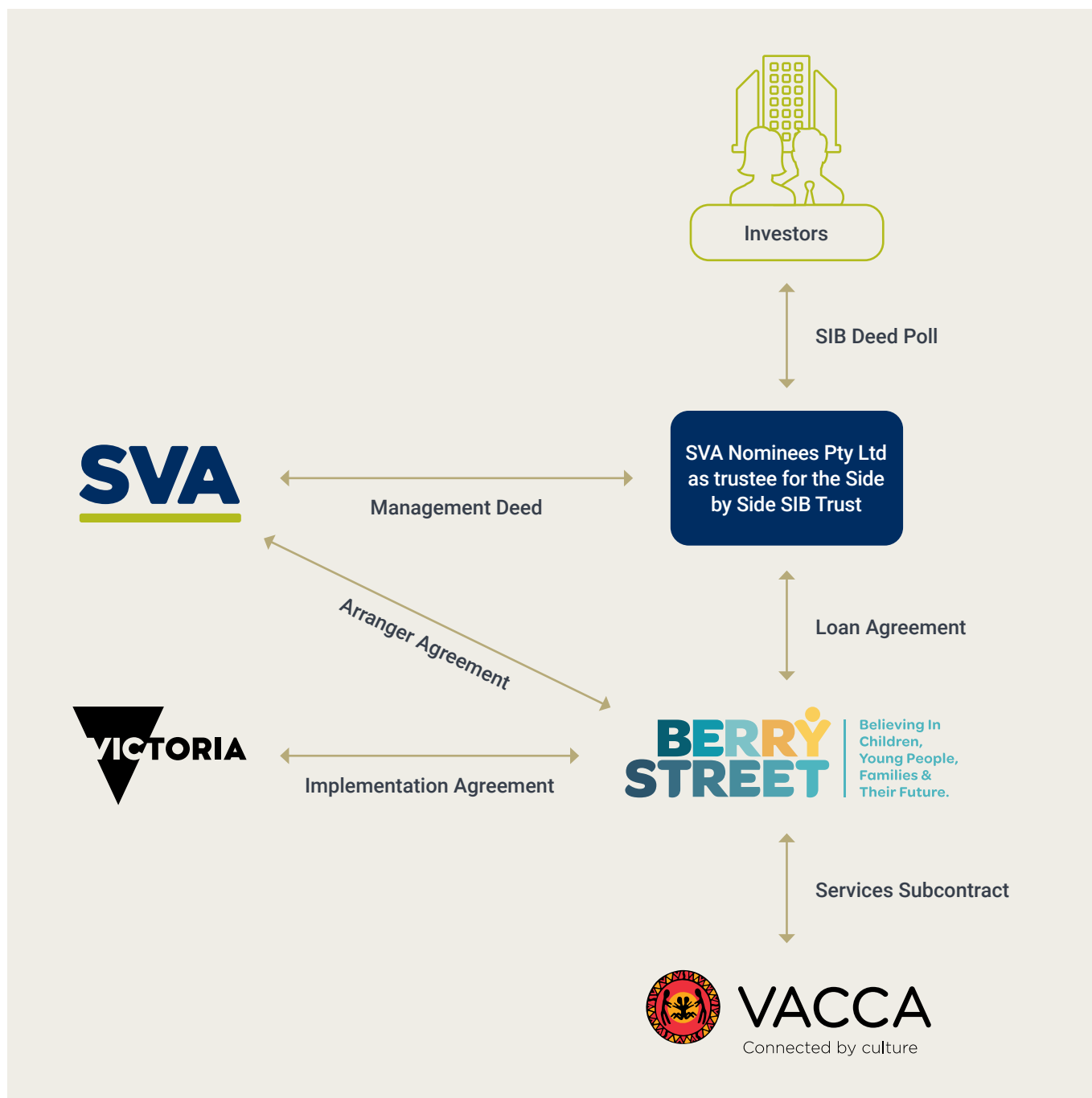


# 6. Transaction structure and key documents

## 6.1 Structure overview

The Side by Side SIB involves a number of contractual arrangements, as depicted in Figure 8 below.

Figure 8: Side by Side SIB contractual structure





## 6.2 Implementation Agreement

The Implementation Agreement sets out the obligations of the State and Berry Street, including terms covering:

- conditions precedent to the Implementation Agreement coming into force, including full subscription of the Notes;
- eligibility criteria for students and enrolment processes;
- the outcome measures adopted and the counterfactual measures;
- the terms of the Annual Review, Intervention Group Size Review, Performance Review and Counterfactual Review, and the consequences if the parties cannot agree to revised terms following a review;
- the criteria and terms of payments to Berry Street;
- breach and Early Termination provisions;
- insurance requirements and indemnity provisions; and
- general provisions such as dispute resolution, warranties, administration, intellectual property rights and confidentiality.

The Implementation Agreement incorporates the Operations Manual, which regulates the practical day-to-day operation of the Implementation Agreement. The Implementation Agreement takes effect on the day all Conditions Precedent have been met.

### Annual Review

An **Annual Review** will be undertaken by the Joint Working Group following each Measurement Date. The review will include (among other things):

- the size of the Intervention Group relative to plan;
- the performance of the State in engaging schools; and
- the performance of Berry Street.

### Performance and key assumptions reviews

A **Performance Review** will be triggered:

- at Measurement Date 2, 3 or 4 if the Attendance Improvement (Intervention Year) is less than 12%, or
- at Measurement Date 3 or 4 if the Attendance Improvement (Intervention Year) is less than 16% *and* the Attendance Improvement (Monitoring Year) is less than 12%.

The parties will undertake a **Counterfactual Review** if at Measurement Dates 2, 3 or 4, the Attendance Improvement (Intervention Year) is less than 16% or greater than 28%, to ascertain whether the counterfactual measures continue to represent a fair and accurate basis for measuring performance against each of the outcomes.

An **Intervention Group Size Review** will be undertaken following Measurement Dates 2, 3 or 4 if the cumulative number of Eligible Students enrolled into the Intervention Group is less than 80% of the Planned Intervention Group Size.

During Performance Reviews, Counterfactual Reviews and Intervention Group Size Reviews, which may occur concurrently, the parties will in good faith seek to negotiate and reach agreement on whether to continue the Implementation Agreement, including any variation to its terms. If the parties are unable to agree within 6 months from the relevant Measurement Date, they each have a right to terminate the Implementation Agreement.

Under the terms of the Loan Agreement, Berry Street undertakes not to amend the Implementation Agreement without the consent of the Issuer if the amendment has or could reasonably be expected to have the effect of varying the Attendance Improvement or the date or amount of any payment to the Borrower calculated under the Implementation Agreement.<sup>8</sup>

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8. Under Section 8.3 (Variation of the Program Documents) of the SIB Deed Poll, the Issuer can only agree to certain variations (that may reduce an amount payable or delay a payment in respect of the Notes) to the Implementation Agreement, the Specific Security Deed or the Loan Agreement with the consent of Noteholders, such consent being determined in accordance with Schedule 1 (Resolution Provisions) of the SIB Deed Poll.

## Early Termination

The Implementation Agreement may be terminated in the following circumstances:

- termination by the State for convenience or for cause (due to, among other things, a material breach (which is not capable of remedy or is not remedied within the cure period) by, insolvency of, or abandonment of service delivery by, Berry Street);
- termination by Berry Street for cause (due to a material breach of obligations by the State (which is not capable of remedy or is not remedied within the cure period));
- termination by either party following one of the reviews outlined above; and
- termination in 'no fault' scenarios, including for force majeure events (including natural disasters, industrial action or war) and a change in tax legislation or law with adverse consequences.

Please see Section 7.5 (*Payments on Early Termination*) for details of the consequences of Early Termination under each of these circumstances.

## 6.3 Loan Agreement

### Overview

The Loan Agreement is between the Issuer and Berry Street and is for a Principal amount equal to the Aggregate Issue Amount received under the offer and issue of the Notes, expected to be \$5 million.

The loan will be drawn down in two tranches:

- the first tranche of \$1.5m will be drawn down at a date which is within 10 business days of the date of Financial Close (which will occur if a number of conditions under the Loan Agreement are satisfied or waived, including the Implementation Agreement coming into effect)
- the second tranche of \$3.5m will be drawn down on 30 September 2021.

The Maturity Date under the Loan Agreement is 31 March 2027.

### Conditions Precedent

The Issuer must be satisfied that all conditions precedent have been satisfied or waived and a drawdown request has been duly completed under the Loan Agreement before making the loan available to Berry Street. Conditions precedent include, among other things, confirmation by Berry Street that it has obtained all authorisations required in connection with entry into and performance of all transaction documents to which it is a party.

### Interest Payments

Interest Payments will be made by Berry Street to the Issuer on each Interest Payment Date as follows:

- On each of Interest Payment Dates 1 to 5, the Fixed Interest Payment is determined using an effective rate of 1.5% per annum. The first Interest Payment calculation allows for the period that each drawdown has been outstanding.
- On Interest Payment Date 6, the Performance Interest Payment is calculated using the Performance Interest Rate. The Performance Interest Rate will be between 0% and 60%, depending on the performance of the Side by Side Program as measured by the Overall Attendance Improvement.

Different calculations apply to Interest Payments payable on early repayment of the loan.

Please see Section 7.2 (*Interest Payments under the Loan Agreement*) for further details.

## Principal Repayment at Maturity

Principal Repayment on the Maturity Date is dependent upon the outcomes achieved by the Side by Side Program. Please see Section 7.3 (*Maturity Repayment under the Loan Agreement*) for details.

The proportion of the outstanding Principal Repayment amount is calculated as:

- a base of 50%, plus
- the Overall Attendance Improvement multiplied by a factor of 3.5,
- with a minimum of 70% and maximum of 100%.

Investors should be aware that repayment of the entire Principal by Berry Street is not guaranteed. If the Principal Repayment is less than 100% of Principal, the Subscription Amount that is repaid to Noteholders will be reduced by the same proportion.

## Early Repayment

The early repayment of Principal can be triggered in the following situations:

- Early Termination of the Implementation Agreement for any reason;
- Berry Street has a right to terminate the Implementation Agreement as a result of the parties failing to reach agreement in respect of revised terms following one of the review processes contemplated in the Implementation Agreement and the Issuer provides notice requiring repayment of the Principal; and
- acceleration of the loan by the Issuer if an Event of Default is continuing (an Event of Default under the Loan Agreement includes, among other things, breach of obligations, payment default, misrepresentation, abandonment of the Side by Side Program, insolvency events in respect of Berry Street); and
- mandatory prepayment due to illegality in respect of the Loan Agreement, Arranger Agreement or Specific Security Deed.

Please see Section 7.5 (*Payments on Early Termination*) for details of how the Principal Repayment and final interest payment are calculated under each of the above scenarios.



## 6.4 SIB Deed Poll and the Notes

The Notes represent unsecured debt obligations of the Issuer, with recourse of the Noteholders limited to the extent of the Issuer's recourse to the assets of the Trust. The Notes will be issued pursuant to the SIB Deed Poll.

The Notes have an expected overall term (from the issue date of Tranche 1 Notes) of 6.25 years (i.e. from the targeted Drawdown 1 Date of 31 December 2020 to 31 March 2027).

The Aggregate Issue Amount for the Side by Side SIB will be a maximum of \$5 million. Terms and conditions for the subscription of the Notes are set out in Section 10 (Applications).

### Coupon Payments

Coupon Payments must be made to Noteholders within 10 Business Days of receipt by the Issuer of the Interest Payment made under the Loan Agreement. Noteholders are entitled to receive a Coupon Payment representing their pro-rata share (being equal to the ratio of their Subscription Amount to the Aggregate Issue Amount) of the Interest Payment received by the Issuer. As such, the amount received by Investors depends entirely upon the performance of the Loan Agreement which is generally determined by the performance of the Side by Side Program.

### Note Redemptions

The amount payable on redemption of Noteholders' Notes at maturity or on Early Termination depends entirely upon the Principal Repayment made under the Loan Agreement. Within 10 Business Days following the receipt by the Issuer (on the Maturity Date or on Early Termination) of any Principal Repayment from Berry Street, Noteholders will be paid their pro-rata proportion of the Principal Repayment received.

Notes will only be redeemed on the Maturity Date or on early repayment of the principal under the Loan Agreement (as detailed in Section 6.3).

## 6.5 Management Deed

SVA will manage the Side by Side SIB Trust under the terms of the Management Deed, which SVA intends will include the following:

- convening governance meetings for the Trust;
- preparing annual Investor reporting and managing payments;
- preparing tax returns and financial accounts for the Trust;
- attending relevant meetings including the Joint Working Group convened under the Implementation Agreement; and
- providing performance oversight on behalf of Noteholders.

## 6.6 Arranger Agreement

Berry Street will pay the following (among other) fees and expenses to SVA:

- an ongoing arranger fee of \$95,000 per annum (plus GST); and
- a \$15,000 (plus GST) fee if an Intervention Group Size Review, Performance Review and/or Counterfactual Review occurs, provided that if more than one review occurs in the same year only one review fee will be payable.

## 6.7 Services Subcontract

Berry Street will enter a Services Subcontract with VACCA outlining the components of the Side by Side Program to be delivered by VACCA and the nature and timing of payments to VACCA for those services.



# 7. Calculation of payments

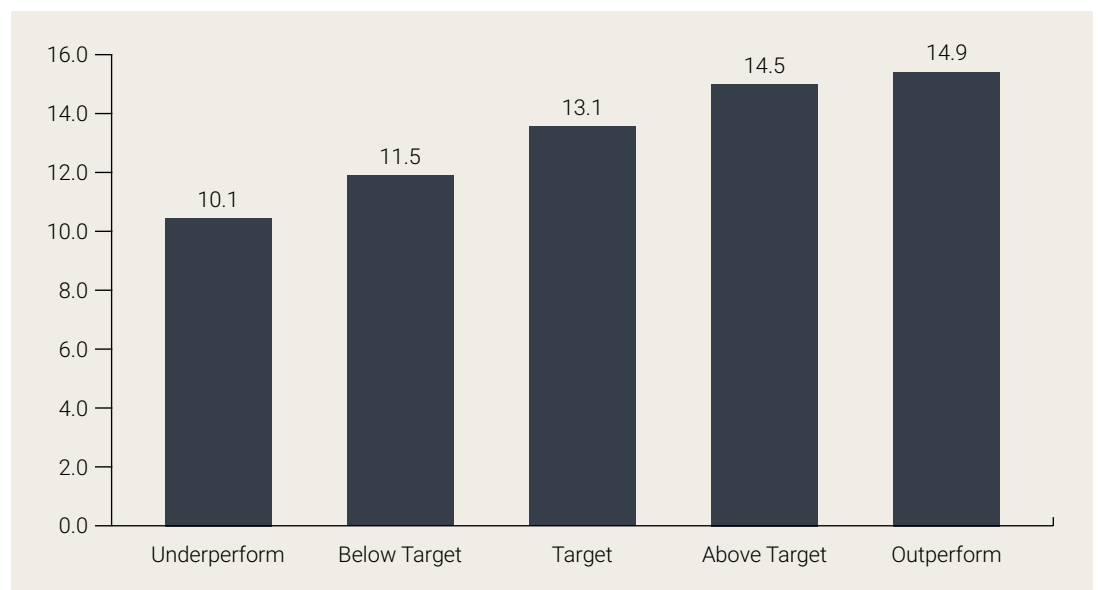
## 7.1 State Payments to Berry Street

Outcome Payments made by the State under the Implementation Agreement are primarily dependent on the Attendance Improvement achieved by the Side by Side Program. Attendance Improvement outcomes will be determined at each Measurement Date in accordance with the formulae set out in Section 4.7 (*Program performance*).

A small bonus payment will be made by the State to Berry Street dependent on the level of improvement in educational attainment (as measured using the EOI, and in some circumstances, teacher judgement). Payments under the Loan Agreement (and hence Investor returns) are not linked to this measure.

Total State payments under the Target performance scenario are approximately \$13.1 million. Total payments can range between \$10.1 million and \$14.9 million (provided the Implementation Agreement does not terminate early).

**Figure 9: Total State Payments by Performance Scenario (\$ million)**



## 7.2 Interest Payments under the Loan Agreement

### 7.2.1 Fixed Interest Payments

Berry Street will make five Fixed Interest Payments on 31 March each year from 2022 to 2026 (Interest Payments Dates 1 to 5). The Fixed Interest Payments calculation can be summarised as follows:

$$\text{Fixed Interest Payment} = P \times 1.5\% \times n / 365$$

where **P** is the total amount of principal outstanding under the Loan Agreement and **n** is the number of days in the relevant interest payment period, being:

- for Interest Payment 1, a figure determined as:
  - $(30\% \times d) + (70\% \times 182)$ , where **d** is the number of days from Drawdown 1 Date to Interest Payment Date 1; and
- for Interest Payments 2 to 5, n equals 365.

## 7.2.2 Performance Interest Payment

A Performance Interest Payment will be payable on Interest Payment 6 (31 March 2027, being the Maturity Date), based on the performance of the Side by Side Program as measured by the Overall Attendance Improvement.

The Performance Interest Payment calculation can be summarised as follows:

$$\text{Performance Interest Payment} = P \times \text{Performance Interest Rate}$$

where  $P$  is the total amount of principal outstanding under the Loan Agreement and the Performance Interest Rate is a figure calculated as:

$$\text{Performance Interest Rate} = 30\% \times (\text{Overall Attendance Improvement} - 14\%) / 8\%$$

subject to a minimum of nil and a maximum of 60%<sup>9</sup>.

The Performance Interest Rate will exceed zero if the Overall Attendance Improvement at the final Measurement Date is greater than 14%.

## 7.3 Maturity Repayment under the Loan Agreement

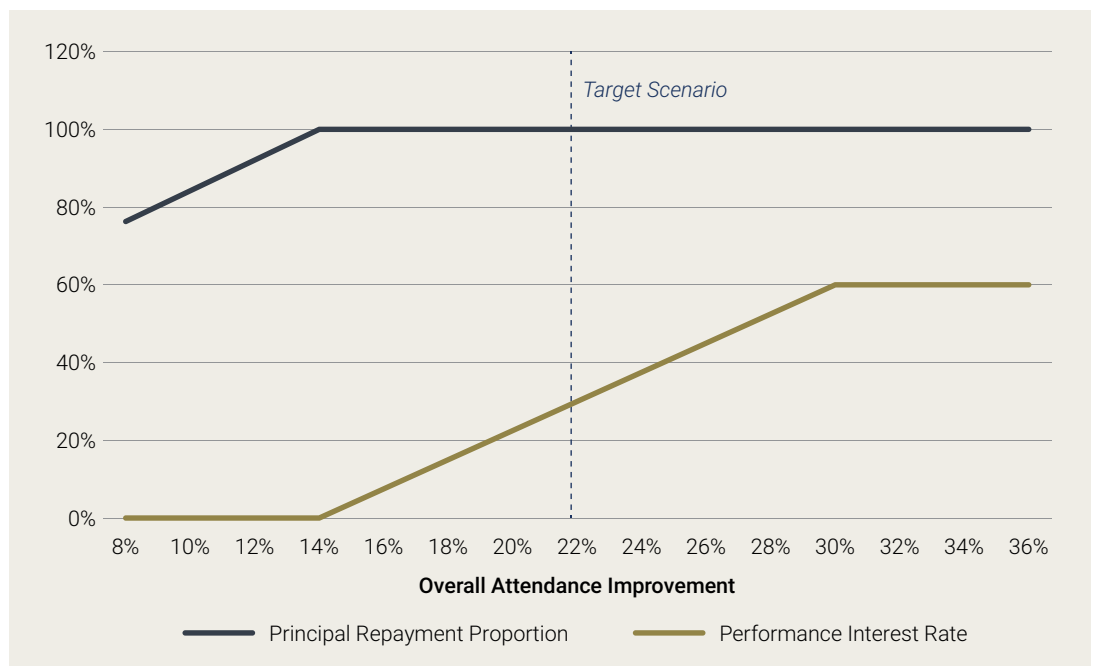
At the Maturity Date, the proportion of principal that is repayable by Berry Street is determined as:

$$\text{Principal Repayment Proportion} = 50\% + (3.5 \times \text{Overall Attendance Improvement})$$

subject to a minimum of 70% and a maximum of 100%.

100% of principal will thus be repaid if the Overall Attendance Improvement at the final Measurement Date is greater than 14.3%. At least 70% of the principal will be repaid by Berry Street under every scenario.

**Figure 10: Performance based payments under the Loan Agreement**



9. Under the Target performance scenario, the Overall Attendance Improvement is 22%, and hence the Performance Interest Payment under that scenario would be  $30\% \times (22\% - 14\%) / 8\% = 30\%$ .

## 7.4 Estimated Noteholder returns

Based upon the payments described in Sections 7.1, 7.2 and 7.3, and provided that the Loan Agreement is not repaid prior to the Maturity Date, the approximate Noteholder Internal Rate of Return (IRR) that would be generated in each of the performance scenarios is as follows:

	Under-perform	Below Target	Target	Above Target	Outperform
<b>Overall Attendance Improvement</b>	10%	16%	<b>22%</b>	28%	>30%
<b>IRR (% per annum)</b>	-1.6%	2.5%	<b>6.0%</b>	9.0%	9.9%
<b>Performance Interest Rate</b>	–	7.5%	<b>30%</b>	52.5%	60%
<b>Principal Returned</b>	85%	100%	<b>100%</b>	100%	100%

The performance of the Side by Side Program will be monitored by the Joint Working Group. As described in Section 6.2 (*Implementation Agreement*), a formal Performance Review will be conducted if at Measurement Date 2, 3 or 4 the Attendance Improvement (Intervention Year) is less than 12%, or if at Measurement Date 3 or 4 the Attendance Improvement (Intervention Year) is less than 16% and the Attendance Improvement (Monitoring Year) is less than 12%.

If Attendance Improvement is tracking well below target, an Early Termination of the Implementation Agreement may eventuate if variations to the Implementation Agreement to address the underperformance cannot be agreed within 6 months.

## 7.5 Early repayment

If principal under the Loan Agreement is repayable before the Maturity Date for the reasons specified in the Loan Agreement, including the Early Termination of the Implementation Agreement, a final repayment will be made by Berry Street which is the sum of:

- a proportion of the outstanding principal;
- a final Fixed Interest Payment; and
- a final Performance Interest Payment.

### 7.5.1 Principal Repayable on Early Termination

The proportion of principal that is repaid prior to the Maturity Date is determined as:

$$\text{Principal Repayment Proportion} = 50\% + (3.5 \times \text{Terminal Overall Attendance Improvement})$$

and subject to a minimum of 70% and a maximum of 100%.



Terminal Overall Attendance Improvement is calculated as follows:

$$\text{Terminal Overall Attendance Improvement} = 60\% \times \text{Terminal Attendance Improvement (Intervention Year)} + 40\% \times \text{Terminal Attendance Improvement (Monitoring Year)}$$

In the event of Early Termination, Terminal Attendance Improvement (Intervention Year) and Terminal Attendance Improvement (Monitoring Year) are determined based on the reason for termination and the performance of the Program as at the relevant Assessment Date, as follows:

Reason for Termination	Terminal Attendance Improvement (Intervention Year), where Assessment Date is:	Terminal Attendance Improvement (Monitoring Year), where Assessment Date is:
Implementation Agreement terminated: <ul style="list-style-type: none"> <li>by State for convenience; or</li> <li>by Berry Street for cause</li> </ul>	On or before 31 March 2022: deemed to be 27%  After 31 March 2022: actual Attendance Improvement (Intervention Year) at the preceding Measurement Date <b>plus 5%</b>	On or before 31 March 2023: deemed to be 27%  After 31 March 2023: actual Attendance Improvement (Monitoring Year) at the preceding Measurement Date <b>plus 5%</b>
If the Implementation Agreement is terminated for any other reason (including a 'no fault' scenario including following a review) or  If the Loan Agreement is repayable as a consequence of a right to terminate the Implementation Agreement arising, acceleration or illegality	On or before 31 March 2022: deemed to be 22%  After 31 March 2022: actual Attendance Improvement (Intervention Year) at the preceding Measurement Date	On or before 31 March 2023: deemed to be 22%  After 31 March 2023: actual Attendance Improvement (Monitoring Year) at the preceding Measurement Date
Implementation Agreement terminated: <ul style="list-style-type: none"> <li>by State for cause</li> </ul>	On or before 31 March 2022: deemed to be 17%  After 31 March 2022: actual Attendance Improvement (Intervention Year) at the preceding Measurement Date <b>minus 5%</b>	On or before 31 March 2023: deemed to be 17%  After 31 March 2023: actual Attendance Improvement (Monitoring Year) at the preceding Measurement Date <b>minus 5%</b>

## 7.5.2 Final Fixed Interest Payment

Where the repayment occurs before 31 March 2027 (i.e. the Maturity Date), the calculation for the Fixed Interest Payment can be summarised as follows:

$$\text{Final Fixed Interest Payment} = P \times 1.5\% \times n / 365$$

Where:

**P** is the total amount of principal outstanding under the Loan Agreement on the relevant repayment date; and

**n** is the number of days to which the Interest Payment relates, being:

- If the Assessment Date occurs before Drawdown 2 Date, the number of days from the proposed Drawdown 1 Date to the Assessment Date.
- If the Assessment Date occurs on or after Drawdown 2 Date but on or before Interest Payment Date 1, a figure determined as:  $n = (30\% \times d) + (70\% \times e)$

Where:

- **d** is the number of days from the proposed Drawdown 1 Date to the Assessment Date; and
- **e** is the number of days from Drawdown 2 Date to the Assessment Date.
- If the Assessment Date occurs after Interest Payment Date 1 but on or before Interest Payment Date 5, the number of days from the previous Interest Payment Date to the Assessment Date.
- If the Assessment Date occurs after Interest Payment Date 5, the final Fixed Interest Payment is nil.

## 7.5.3 Final Performance Interest Payment

The Performance Interest Payment payable on any repayment date other than the Maturity Date will be the amount determined as:

$$\text{Final Performance Interest Payment} = \text{Terminal Interest Amount} \times \text{Terminal Interest Proportion}$$

Where:

- **Terminal Interest Amount** is determined with reference to the quarter in which the Assessment Date occurs, and increases linearly from nil in the quarter ending 31 March 2022 to \$1.5 million in the quarter ending 31 March 2027 (ie 30% of the principal amount); and
- **Terminal Interest Proportion** is calculated as:
  - $(\text{Terminal Overall Attendance Improvement} - 14\%) / 8\%$ ;
  - where Terminal Overall Attendance Improvement is calculated as at the relevant Assessment Date; and
  - subject to a minimum of nil and a maximum of 200%.



# 8. Risk factors

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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 fulfill its payment or other obligations under or in connection with the Notes due to a factor which the Issuer did not consider to be a material or significant risk based on information currently available to it or which it may not currently be able to anticipate. If any of the risks described below (or an unlisted risk) actually occurs, the value and liquidity of the Notes could decline, and Noteholders could lose all or part of their investment. These factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

## Program performance

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

The Side by Side Program is a new program and as such has no direct evidence base to inform performance targets.

Program performance will be closely monitored by the Joint Working Group, a governance committee established under the Implementation Agreement. The Trust Manager will be represented on this committee along with other stakeholders.

## Disengagement risk

Participants who enrol in the Program enter the Intervention Group and are included for measurement purposes regardless of whether they subsequently continue to engage with the Program, unless they exit for an allowable reason. If Intervention Group members disengage at a rate higher than anticipated, program performance may be lower than expected which would in turn negatively impact Noteholder returns. A disengagement rate of 20% has been assumed in the financial model which was informed by an analysis of the experience of Berry Street and VACCA's existing programs.

## Counterfactual risk

There is a risk that the counterfactual calculations are an overestimate of the 'true' underlying attendance patterns that would eventuate in the absence of the Side by Side Program, in which case the outcomes, and hence payments, will be understated. Conversely, it may underestimate the true background rate, in which case payments will be higher.

The counterfactual rates will be formally reviewed as part of the Counterfactual Review (if triggered) which provides the parties an opportunity to assess whether they continue to represent a fair and accurate benchmark and negotiate an alternative figure if required.

## Intervention Group size risk

There is a risk that the Intervention Group is smaller than anticipated as a result of lower enrolments or a higher than anticipated exit rate. Noteholders are not directly exposed to Intervention Group size risk as payments are based on the percentage reduction in absent days not the number of days reduced. However, a lower than planned Intervention Group size would increase statistical volatility in outcomes measurement and may impact program fidelity and reduce Berry Street's ability to deliver target outcomes, both which may adversely affect Noteholder returns.

The Intervention Group size will be monitored closely by the Joint Working Group and reviewed formally as part of the Intervention Group Size Review.

## Berry Street credit risk

The Notes represent unsecured debt obligations of the Issuer, with recourse of the Noteholders limited to the extent of the Issuer's right of indemnification from the assets of the Trust. Performance of the Notes is thus dependent on performance of the Loan Agreement, which is generally determined by the performance of the Side by Side Program. There are no guarantees regarding Loan Agreement payments provided by the Issuer or any other third parties.

There is a risk that Berry Street may default on its obligations under the Loan Agreement as a result of its financial condition or insolvency (or similar), which would reduce the amounts available to the Issuer to make payments in respect of the Notes.

To improve this credit position, Berry Street will grant to the Issuer security over all of its rights, title and interest in an Australian dollar denominated cash account (the **Collateral Account**) under the Specific Security Deed. In the ordinary course, there is no obligation for Berry Street to maintain any credit balance in the Collateral Account. However, if the net liquid assets of Berry Street fall below \$10,000,000, Berry Street must, within 5 Business Days, transfer an amount into the Collateral Account which is equal to the aggregate of the Performance Interest Payment and Principal Repayment payable were the State or Berry Street to terminate the Implementation Agreement in a 'no fault' termination scenario.

There is a risk that Berry Street may not comply with this obligation at the relevant time, or that if it is insolvent at the time of transferring such amounts, a controller appointed to it may challenge the validity of the transfer or these provisions may otherwise be challenged or stayed.

Berry Street will also grant "featherweight" security over the balance of its assets. The amount recoverable from this "featherweight" security is limited to a nominal amount of A\$1,000. Accordingly Noteholders should not consider the "featherweight" security to be a material means of additional credit support.

Berry Street has been in operation since 1877 and generated revenue of \$131 million in FY19 (FY18: \$119 million). Their Net Asset position for FY19 was \$38 million (FY18: \$41 million). Additional information on the financial position of Berry Street is available at <https://www.berrystreet.org.au/>.

## Issuer credit risk

The Issuer has no business or other activities other than those required to perform its obligations under the Side by Side SIB arrangement. Recourse of Noteholders against the Issuer is limited as described in clause 12.5 (Limited recourse) of the SIB Deed Poll.

The Noteholders do not benefit from security over the assets of the Issuer and on a winding up of the Issuer may not recover all amounts owing under the Notes.

## Early Termination

Section 6.2 (Implementation Agreement) sets out the scenarios under which the Implementation Agreement, and hence the Side by Side SIB arrangements, may be terminated and the Notes would be redeemed early.

The State can elect to terminate the Implementation Agreement for convenience for any reason, which may include, without limitation, that it views the Side by Side SIB arrangement as no longer consistent with its policy priorities or that the arrangements lack sufficient economic justification.

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

Payments to Noteholders in the event of an Early Termination are set out in Section 7.5 (Payments on Early Termination).

SVA has managed two SIBs that have terminated early or are in the process of early termination. The Newpin Queensland Social Benefit Bond terminated in June 2020 and the Sticking Together Social Impact Bond is planned to terminate in October 2020.

## Reliability of data provided and calculation of outcomes

Outcomes data will rely upon data and information recorded by schools and obtained by the State. There is a risk that school attendance records are erroneously recorded or unable to be extracted reliably. Participating schools will enter a Memorandum of Understanding with the State outlining their obligations in relation to the process and quality standards of attendance records to be maintained.

Outcomes data will be reviewed by the Independent Certifier (expected to be a recognised accounting practice or actuarial firm) appointed by Berry Street to assess the reliability of the data and outcome determinations.

## Dependence on key personnel

The Side by Side Program is reliant on a number of key personnel employed by Berry Street and VACCA and each organisation's ability to attract and retain quality staff. The loss of staff members could potentially have an adverse impact on the Side by Side Program's performance. Berry Street and VACCA intend to manage this risk by directly involving a number of senior and experienced people in the management of the Side by Side Program.

## Intervening Events

There is a risk that events such as natural disasters that lead to school closures may impact Berry Street's ability to deliver the Program and achieve the outcomes. The Joint Working Group may monitor, assess, and manage the impact of such events such that Noteholders are not unduly impacted by Intervening Events. There are also contractual mechanisms to mitigate the impact of such events, including the Counterfactual Review process and the Intervening Event termination right.

## COVID-19

Student attendance and the school operating environment in 2020 has been materially impacted by COVID-19 and may continue to be impacted by COVID-19 in the future. This may impact Berry Street's ability to deliver the Program and achieve the target outcomes.

The Implementation Agreement includes a provision which provides that COVID-19 and government orders, directions, guidance or measures restricting public gatherings, general conduct, school attendance or Berry Street's ability to physically deliver the Program in person is and/or will be considered an Intervening Event.

Determination of eligibility for the first group of students to be enrolled in Term 4 of 2020 will be based on teacher identification of those students who are most disengaged or behind academically. The Referral Year Days Absent for students referred at the end of 2020 will be deemed at a level such that their Intervention Year Attendance Improvement is equal to the Target performance scenario of 22%. Hence, Investors are not exposed to performance risk for the first year of measurement.

## 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 Deed Poll and for variations of the Implementation Agreement and other Side by Side SIB arrangement documents. These provisions permit defined majorities and, in certain circumstances, actions of the Issuer without Noteholder consent, to bind all Noteholders, including Noteholders who did not vote and Noteholders who voted in a manner contrary to the majority. For further particulars, see Clause 8 (Variation) of the SIB Deed Poll.

## Change of law

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

## The secondary market generally

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

## Legal investment considerations may restrict certain investments

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



# 9. Legal notices

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## Selling and distribution restrictions

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

Under the Purchase Terms, each Investor purchasing Notes will agree to comply with any applicable law or directive in any jurisdiction in which it may subscribe for, offer, place, sell or transfer 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 without the need for any further action from the Issuer or any other person. No action has been taken in any overseas jurisdiction that would permit an offering of any of the Notes or the distribution of the IM or any other offering material.

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

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.

In particular, this IM may not be distributed or released in the United States. The Notes have not been, and will not be, registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States. Securities may not be offered or sold in the United States or to, or for the account or benefit of, any "U.S. person" (as defined in Regulation S under the US Securities Act) absent registration under the US Securities Act or an exemption from registration. The Notes may only be offered, sold, transferred or otherwise disposed of in Australia in "offshore transactions" (as defined in Regulation S under the US Securities Act) in accordance with Regulation S under the US Securities Act.

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 their 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 coupon in respect of a Performance Interest Payment will be payable on the Notes and repayment of principal on the Notes may be at risk. This IM is not investment advice and has been prepared without taking into account the investment objectives, financial situation or particular needs (including financial and taxation issues) of any investor. Each investor contemplating subscribing for, purchasing or otherwise dealing in any Notes or any rights in respect of any Notes should:

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

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

## No authorisation

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

## No independent verification

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

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

## Currency of information

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

## Documents incorporated by reference

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

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

- the Implementation Agreement (with certain commercial-in-confidence matters redacted);
- the Loan Agreement;
- the Specific Security Deed;
- the Arranger Agreement;
- the SIB Deed Poll;
- the Purchase Deed;
- the Note Issue Supplement; 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 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 <https://www.socialventures.com.au/work/side-by-side-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.

# 10. Applications

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## 10.1 How to apply

Eligible investors (**Applicants** and see further Section 10.3 (*Investor eligibility*)) may apply for Notes by submitting an Application Form that was attached to, or accompanied by, a copy of this IM, and providing the Application Payment.

Applications will only be considered where Applicants have applied pursuant to an Application Form submitted in accordance with Section 10.4 (*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 December 2020. 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.

## 10.2 Subscription Amounts

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

## 10.3 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, (4) an Australian resident who is not acquiring an interest in the Notes through a permanent establishment outside Australia and (5) a person who is not in the United States and is not acting for the account or benefit of a "U.S. person" (as defined in Regulation S under the US Securities Act).

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 two years 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 two 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.

By submitting an Application Form, you will be deemed to have represented and warranted that you are an investor that satisfies the eligibility criteria set out in this Section 10.3 and elsewhere in the IM. In particular, you will be deemed to have represented and warranted that (1) you are not in United States and you are not acting for the account or benefit of a "U.S. person" (as defined in Regulation S under the US Securities Act) and (b) you understand that the Notes have not been, and will not be, registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States, and may only be offered, sold, transferred or otherwise disposed of in Australia in "offshore transactions" (as defined in Regulation S under the US Securities Act) in accordance with Regulation S under the US Securities Act.

## 10.4 Submission of Application Forms

Completed Application Forms should be emailed to [sva@oneregistryservices.com.au](mailto:sva@oneregistryservices.com.au) or mailed to:

Side by Side SIB Trust  
PO Box R1479  
Royal Exchange NSW 1225

## 10.5 Application Payment amount

The Application Payment to be provided in connection with an application for any Notes is an amount equal to the Tranche 1 Subscription Amount for the number of Notes identified by the Applicant in their Application Form.

## 10.6 Payment options

Application Payments are to be made by direct deposit, as described below.

Bank: St George  
Account Name: One Registry Services Pty Ltd Applications Account  
BSB: 332 027  
Account Number: 554 262 774

Details of the deposit should accompany the Application Form. The Issuer will accept notice of electronic transfer of funds as if deposited and cleared.

Payment by cheque or physical cash will not be accepted.

## 10.7 Interest earned on Application Payment

All Application Payments for a Tranche of the Notes received before the relevant Notes are issued will be held by the Issuer in an account used for the purpose of depositing Application Payments received. Such Application Payments will not bear any entitlement to interest or other income, but the Registrar or Issuer will be entitled to retain interest or other income earned on monies prior to their payment to the Issuer or refund to the Investor. After the Notes are issued to successful Applicants, the Application Payments will be payable to the Issuer.

## 10.8 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 Issue Date.

## 10.9 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.

## 10.10 Provision of bank account details

Under the Application Form, Applicants are also requested to provide bank account details. This nominated account will be used for the direct crediting of coupon payments, 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.

## 10.11 Privacy statement

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

The Issuer and the Registrar may, for the purposes set out in this privacy statement, disclose personal information to the Registrar, the Trust Manager, related entities, agents, contractors and third party service providers (including mail houses and professional advisers) of the Issuer, the Registrar and the Trust Manager, regulatory authorities and in any case, where disclosure is required or allowed by law or where the Applicant has consented. The Issuer does not disclose information overseas.

The Trust Deed and SIB Deed Poll require the Issuer to include information about Noteholders (including name, address and details of the Notes held) in the Register. The information contained in the Register will be retained, even if an individual ceases to be a Noteholder. Information contained in the Register is also used to facilitate and process payments (including Coupon Payments) 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 [sidebysidesib@socialventures.com.au](mailto:sidebysidesib@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 [sidebysidesib@socialventures.com.au](mailto:sidebysidesib@socialventures.com.au) or by mail at Level 7, 1 Chifley Square, Sydney NSW 2000.

# 11. Glossary

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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, the Loan Agreement, the Purchase Deed, the Arranger Agreement, the Specific Security Deed or the Implementation Agreement (as applicable).

**Aggregate Issue Amount** The total of all Notes to be issued which is expected to be \$5,000,000.

**Applicant** An eligible investor who applies for any Notes, as more fully described in Section 10 (*Applications*).

**Application Form** The 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 10 (*Applications*).

**ASIC** Australian Securities and Investments Commission.

**Assessment Date** The date used for the purposes of calculating a principal or Interest Payment amount payable in the event of repayment under the Loan Agreement, being (as applicable) the Maturity Date, the Implementation Agreement termination date or the date notice of repayment is provided.

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

**Berry Street** Berry Street Victoria Incorporated (ABN 24 719 196 762)

**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 Melbourne.

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

**Counterfactual Days Absent (Intervention Year)** The total number of days absent recorded by the members of the Intervention Group in their Referral Year, multiplied by 88%, multiplied by the relevant exit date proportion (determined by whether the enrolled student exited the Program during the Intervention Year).

**Counterfactual Days Absent (Monitoring Year)** The total number of days absent recorded by the members of the Intervention Group in their Referral Year, multiplied by 85%, multiplied by the relevant exit date proportion (determined by whether the enrolled student exited the Program during the Monitoring Year).

**Coupon Payment** The annual coupon payments to be made by the Issuer to Noteholders.

**Early Termination** The termination of the Implementation Agreement prior to the Maturity Date.

**Financial Close** The date upon which all conditions precedent under the Loan Agreement have been met (or waived).

**Fixed Interest Payments** The fixed interest amounts described under Section 7.2.1 (*Fixed Interest Payments*) and 7.5.2 (*Final Fixed Interest Payment*).

**GST** Goods and Services Tax.

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

**Interest Payment Dates** There are 6 interest payment dates, scheduled as follows:

- Interest Payment Date 1 is 31 March 2022
- Interest Payment Date 2 is 31 March 2023
- Interest Payment Date 3 is 31 March 2024
- Interest Payment Date 4 is 31 March 2025
- Interest Payment Date 5 is 31 March 2026
- Interest Payment Date 6 is 31 March 2027.

**Intervention Group** All eligible students that are enrolled in the Side by Side Program and have not subsequently exited.

**Intervention Year** The school calendar year following the Referral Year, during which a student is intensively supported by the Program.

**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), as amended from time to time including pursuant to an Amending Deed dated 6 June 2019.

**Maturity Date** 31 March 2027.

**Measurement Date** 31 December of each year from 2021 to 2026.

**Minimum Subscription Amount** \$50,000.

**Monitoring Year** The school calendar year following a student's Intervention Year.

**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 the Note Issue Supplement applicable to such Note.

**Noteholder** In respect of a Note, each person whose name is entered in the Register as the holder of that Note.

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

**Outcome Payments** The payments made by the State to Berry Street pursuant to the Implementation Agreement and which are dependent on the calculated Attendance Improvement at each Measurement Date.

**Performance Interest Payments** The variable interest amount described under Section 7.2.2 (*Performance Interest Payments*) and Section 7.5.3 (*Final Performance Interest Payment*).

**Performance Interest Rate** The rate calculated as described under Section 7.2.2 (*Performance Interest Payments*) and Section 7.5.3 (*Final Performance Interest Payment*).

**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.

**Principal** The principal amount lent to Berry Street under the Loan Agreement.

**Principal Repayment** Principal repaid on the Maturity Date or pursuant to an early repayment under the terms of the Loan Agreement.

**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.

**Recorded Days Absent** The total number of days absent recorded by the members of the Intervention Group in each of their Intervention Year and Monitoring Year.

**Referral Year** The school calendar year in which an eligible student is enrolled in the Program.

**Register** means the register of holders of the Notes established and maintained by the Registrar.

**Registrar** One Registry Services Pty Ltd (ABN 69 141 757 360) (or such other person as the Issuer may appoint from time to time to maintain the Register).

**Relevant Parties** The Trust Manager, Berry Street 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.

**SIB** Social Impact Bond.

**State** The State of Victoria acting through the Department of Education and Training (**DET**).

**Side by Side Program** or **Program** The services program delivered by Berry Street under the Implementation Agreement, supported by VACCA under the Services Subcontract.

**Subscription Amount** The face value of Notes recorded in the Register.

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

**Trust** The Side by Side SIB Trust (ABN 79 957 365 403)

**Trust Deed** Master Trust Deed (SVA Impact Investments) dated 9 January 2017 between SVA Nominees Pty Ltd, Social Ventures Australia Limited and the Settlor named therein, together with the Notice of Creation of Trust dated 9 March 2020 made by the Issuer.

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

**US Persons** Has the meaning given to that term in Rule 902(k) under the U.S. Securities Act.

**US Securities Act** United States Securities Act of 1933.

**VACCA** The Victorian Aboriginal Child Care Agency Co Op Ltd (ABN 44 665 455 609)

# Application form

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Social Ventures Australia Limited (ACN 100 487 572, AFSL 428865) (the **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 Side by Side SIB Trust (ABN 79 957 365 403) (the **Trust**) of limited recourse Side by Side Social Impact Bonds (the **Side by Side SIBs** or **Notes**), as described in the Information Memorandum (**IM**) dated 22 October 2020 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 Side by Side SIB Purchase Deed dated on or about 22 October made by the Issuer and the Trust Manager (the **Purchase Deed**). It must not be distributed unless included in, or accompanied by, the Purchase Deed and/or the IM.

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

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

By submitting this Application Form, you will be deemed to have represented and warranted that you are an investor meeting the eligibility criteria set out in the IM, including in Section 10.3 thereof.

**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 tranches (as the Tranche 1 Notes and Tranche 2 Notes) to be issued on two different dates, but your application will relate to the overall number of Notes (under both tranches) you wish to apply for. 30% of the Notes issued will be Tranche 1 Notes, and 70% will be Tranche 2 Notes. For each Tranche 1 Note issued to you on the Tranche 1 Issue Date, you irrevocably agree to subscribe to 2.3333 Tranche 2 Notes.

Enter the amount of the Application Payment. To calculate this amount, **multiply 30% of the total number of Notes applied for by \$100**, being the Price (or Face Value) of each Note. For example, if you apply for the minimum number of Notes (500), your Application Payment will be \$15,000 (being the 500 Notes applied for multiplied by 30% and multiplied by \$100).

## Step 2

### Applicant name(s) and details

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



Enter your **contact name, email and telephone number**. This information may be used to communicate other matters to you subject to the privacy statement set out in Section 10.11 (*Privacy statement*) of the IM.

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

### Step 3

#### Application Payment

Your Application Payment can be made by direct debit to the following account:

Bank: **St George**

Name: **One Registry Services Pty Ltd Applications Account**

BSB: **332 027**

Account number: **554 262 774**

Application Payments must be made in accordance with the terms specified in Section 10 (*Applications*) of the IM. Any application made without the full amount of the Application Payment will not be accepted.

### Step 4

#### Lodgement of Application Form

Completed Application Forms should be emailed to [sva@oneregistryservices.com.au](mailto:sva@oneregistryservices.com.au) or mailed to:

Side by Side 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.



# Side by Side Social Impact Bond Application Form

Completed application forms should be emailed to [sva@oneregistryservices.com.au](mailto:sva@oneregistryservices.com.au) or mailed to:

**Side by Side SIB Trust**  
**PO Box R1479**  
**Royal Exchange NSW 1225**

## STEP 1

Enter the total number of Notes you wish to apply for

I/we apply for:                      Price per Note                      Application Payment  
 (30% of the number of Notes applied for multiplied by \$100)

<b>Notes</b>	<b>\$100</b>	<b>\$</b>	<b>.00</b>
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Payments are to be made by Electronic Funds Transfer (EFT). Please complete your bank account details on the following page and provide a clear reference for EFT funds below.

Electronic Funds Transfer (*EFT*)

EFT Reference No.

## STEP 2 Applicant name(s) and details

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

Title or company name      Given name(s)                      Surname

ABN (if applicable)                      Tax File Number

Joint applicant 2

ABN (if applicable)                      Tax File Number

### CORRESPONDENCE DETAILS

For all correspondence relating to the notes, including Annual Reports.

Unit                      Street number                      Street name or PO Box

City/Suburb/Town                      State                      Postcode

Email

Other email(s)

**Turn over to complete the application form**



## CONTACT DETAILS

Contact name

(       )

Phone number

Mobile number

## ACCOUNT DETAILS FOR PAYMENTS

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

Bank Name/Institution

BSB

Account number

Account Name

## ELIGIBLE INVESTOR CATEGORY

Please mark each that apply to you and attach any required supporting evidence (refer to clause 6.1 (*Investor Certification*) and Schedule 2 (*Investor Certification*) of the Purchase Deed):

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

Application amount exceeds \$500,000

For business use in a large business

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

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

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

Australian Financial Services Licensee

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

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

APRA regulated body

Registered financial corporation

Listed entity or related body corporate

Exempt public authority

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

Related body corporate of wholesale investor

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



## ACCEPTANCE OF THE OFFER

By submitting this Application Form with your Application Payment you:

- declare that this application is completed and lodged according to the Purchase Deed and the declarations/statements in the Purchase Deed;
- confirm that you have read the privacy disclosure as detailed in section 10.11 (*Privacy statement*) of the Information Memorandum which contains important privacy-related information, and acknowledge and agree that your personal information may be collected, held, used and disclosed in accordance with that privacy disclosure;
- represent and warrant that you have read the Purchase Deed and that you acknowledge the matters, make the undertakings, warranties and representations, and agree to the terms and conditions contained in the Purchase Deed (including in this Application Form);
- declare that all details and statements made are complete and accurate;
- declare that each Applicant, if a natural person, is at least 18 years old;
- declare that you are not in the United States or a U.S. Person (for the purposes of US tax regulation or securities laws), nor acting for the account or benefit of any such person;
- represent and warrant that the law of any other place does not prohibit you from being given the Information Memorandum and any supplement or replacement thereof or making an application on this Application Form;
- provide authorisation to be registered as the holder of Notes issued to you and agree to be bound by the Purchase Deed and the Note Conditions;
- apply for the number of Notes set out or determined in accordance with this Application Form and agree to subscribe for and be issued such number of Notes, a lesser number or none;
- acknowledge that the information contained in the Information Memorandum (or any supplement or replacement thereof) is not investment advice or a recommendation that Notes are suitable for you, given your investment objectives, financial situation or particular needs, and that you have relied on your own independent investigation, enquiries and appraisals;
- acknowledge that your application to acquire Notes is irrevocable and may not be varied or withdrawn except as allowed by law; and
- acknowledge that an application may be rejected without giving any reason, including where this Application Form is not properly completed.

Signature of Applicant 1

Name of Applicant 1

Date

Signature of Applicant 2

Name of Applicant 2

Date

Completed application forms should be emailed to [sva@oneregistryservices.com.au](mailto:sva@oneregistryservices.com.au) or mailed to:

**Side by Side SIB Trust**  
**PO Box R1479**  
**Royal Exchange NSW 1225**

# Application form

## Correct Forms of Registrable Titles

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

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
<b>Individual</b> <ul style="list-style-type: none"> <li>Use given name(s) in full, not initials</li> </ul>	Mr John Alfred Smith	J.A. Smith
<b>Joint</b> <ul style="list-style-type: none"> <li>Use given name(s) in full, not initials</li> </ul>	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
<b>Company</b> <ul style="list-style-type: none"> <li>Use company title, not abbreviations</li> </ul>	ABC Pty Ltd	ABC P/L ABC Co
<b>Trusts</b> <ul style="list-style-type: none"> <li>Use trustee(s) personal name(s)</li> <li>Do not use the name of the trust</li> </ul>	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
<b>Deceased estates</b> <ul style="list-style-type: none"> <li>Use executor(s) personal name(s)</li> <li>Do not use the name of the deceased</li> </ul>	Mr Michael Smith <Est John Smith A/C>	Estate of Late John Smith
<ul style="list-style-type: none"> <li><b>Minor (a person under the age of 18)</b></li> <li>Use the name of a responsible adult with an appropriate designation</li> </ul>	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
<b>Partnerships</b> <ul style="list-style-type: none"> <li>Use partners' personal name(s)</li> <li>Do not use the name of the partnership</li> </ul>	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
<b>Clubs/Unincorporated Bodies/ Business Names</b> <ul style="list-style-type: none"> <li>Use office bearer(s) personal name(s)</li> <li>Do not use the name of the club etc</li> </ul>	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
<b>Superannuation Funds</b> <ul style="list-style-type: none"> <li>Use the name of the trustee of the fund</li> <li>Do not use the name of the fund</li> </ul>	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund



# Directory

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## **Issuer**

**SVA Nominees Pty Ltd ATF  
Side by Side SIB Trust**

ABN 79 957 365 403  
Level 7, 1 Chifley Square  
Sydney NSW 2000  
02 8004 6700

## **Manager**

**Social Ventures Australia Limited**

ABN 94 100 487 572  
AFSL 428 865  
Level 7, 1 Chifley Square  
Sydney NSW 2000  
02 8004 6700  
[sidebysidesib@socialventures.com.au](mailto:sidebysidesib@socialventures.com.au)  
[www.socialventures.com.au](http://www.socialventures.com.au)

## **Legal Advisers to the Issuer**

**Allen & Overy**

Level 25/85 Castlereagh St  
Sydney NSW 2000  
02 9373 7700

Social Ventures Australia  
Brisbane | Melbourne | Perth | Sydney | ABN 94 100 487 572 | AFSL 428 865  
info@socialventures.com.au | socialventures.com.au | @Social\_Ventures

