

Spring FG Limited – launch of the Specialist Disability Property Impact Fund

Financial services company Spring FG Limited (Spring FG or the Company, ASX: SFL) is pleased to advise the launch today of the Specialist Disability Property Impact Fund (SRPI Fund or the Fund) and the respective appointments of its subsidiaries Spring FG Funds Management Pty Ltd (Spring FG Funds Management) and Spring FG Realty Pty Ltd (Spring FG Realty) as the Fund's investment manager and asset manager.

Impact Investment Mandate

The Fund has an impact investment mandate to acquire a portfolio of specialised residential property assets in Australian capital cities and key regional markets for inclusion and operation in the Australian federal Government's Specialist Disability Accommodation scheme (SDA), which is a sub-set of the National Disability Insurance Scheme (NDIS).

The Fund has been established to provide impact investment focussed institutional, wholesale and retail investors the opportunity to participate in an emerging market of disability housing. Its impact objective is to achieve positive, quantifiable social outcomes for people living with disabilities as measured by the number of people with disabilities that are able to move from less suitable accommodation settings, and/or enjoy independent living for the first time as a result of investments made by the Fund. Further details regarding the SDA and the Fund are provided below.

Investment and Asset Management Agreements

As the Fund's investment manager Spring FG Funds Management will be responsible for managing and administering the Fund's investments and for marketing of the Fund. It has also been appointed as the manager of the investments of the Fund's sub-trust/s. Under its investment management agreement, it is entitled to receive a management fee, calculated as of 1.5% of the net assets of the Fund, and is also entitled to a performance fee, calculated as 20% of the amount by which the accumulated investment return of the Fund exceeds the accumulated return of the Fund's benchmark (being 6% p.a.) each year.

As the Fund's asset manager Spring FG Realty is responsible for real property asset due diligence and acquisitions; developing and overseeing asset management plans; and implementing any real property asset disposals. Under its asset management agreement, it is entitled to an acquisition fee of 2.75% of the value of acquired real property assets, and a disposal fee of 2.75% of the gross sales proceeds of any real property assets sold.

As a registered SDA provider, it is also responsible for enrolling properties held by the Fund or its sub-trust/s in the SDA scheme, maintaining that registration, and collecting SDA related rental payments. It is entitled to an SDA scheme fee of 2% of the actual gross rental income. It may also provide property management services to the Fund and/or its sub-trust/s and in such circumstances, it will receive a property management fee of 5% of the market rent attributable to those properties.

The Company said that as previously advised to the market it has acted to redefine the property aspects of its business with its role in the Fund reflective of that strategy. It said, with the Group having acted for and/or advised buyers and vendors on more than 1,000 property transactions that it is well placed to leverage this expertise and is exploring further property funds management opportunities through direct, joint-venture and investment management mandates.

It added that the strategic move to real property focussed investment and asset management was targeted at leveraging its existing intellectual property and operations in broader institutional, wholesale and retail-direct markets, and should not be considered as a move towards vertical integration for its retail advice businesses, with a non-aligned philosophy to remain for its salaried adviser and dealer group operations.

Investment and asset management fees from the Fund are expected to make a relatively modest contribution to Group revenue across the remainder of this calendar year, increasing to a more meaningful contribution from calendar year 2020 and beyond.

Fund Design and Target Market

The Company said that the design objective of the Fund is to:

- deliver quantifiable social impacts, as measured by the number of people with disabilities able to move from less suitable accommodation settings, and/or enjoy independent living for the first time as a result of the Fund's investments; and
- provide stable long-term yield and the opportunity for long-range capital growth.

The Fund's target market is wholesale and institutional investors that share the Fund's impact objectives; and extends to retail investors that also share those objectives and that have a risk profile that suits that of the Fund.

The Company said that its mandated goal is to acquire an initial property portfolio of circa \$100M of around 150 properties for inclusion in the SDA scheme over the first two years of operation. It said that with the Government having legislated 20-year funding lines to support the SDA scheme that the Fund had been established as an open-ended fund to enable it to further grow its portfolio, with the objective of emerging as a leader in the provision of SDA property.



ASX Release

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About the SDA scheme

The accommodation market for the estimated 28,000 of the more than 400,000 participants in the NDIS who are likely to qualify for SDA is chronically undersupplied, with around 12,000 of those participants in most immediate need of more suitable accommodation.

This includes around 6,000 younger people with disabilities living in aged care facilities, and a further 6,000 or so living at home in unsuitable and burdensome situations (with aging parents for example, or in properties with unsafe or inappropriate design characteristics).

The SDA scheme has been designed to address this chronic undersupply. To achieve this, the federal Government has committed circa \$700M per annum in SDA scheme funding from the overall NDIS budget of circa \$20Bn per annum.

The goal of the SDA scheme (and the Fund) is to see SDA-registered properties broadly distributed throughout Australian suburban and city locations, close to amenities, services and entertainment to enable people with disabilities to maximise independent lifestyles and inclusion in the community.

Further information

Further details regarding the impact objectives of the Fund, its structure and the SDA scheme are available by visiting the Fund's website at srpfund.com. Full details of the NDIS and the SDA scheme are available from the NDIS website at ndis.gov.au.

About Spring FG Limited – springFG.com – ASX: SFL

Spring Financial Group (Spring FG) is a diversified financial services group offering financial planning and investment advice; wealth management; insurance and superannuation; finance; and tax & accounting services. Its advice and product offerings are delivered both directly to clients through its Spring FG Wealth Pty Ltd subsidiary and through a group of independent financial advisers through its Wealth Today Pty Ltd subsidiary.

Its Spring FG Funds Management Pty Ltd and Spring FG Realty Pty Ltd subsidiaries are the investment and asset managers of the Specialist Residential Impact Fund.

The Group also operates a range of "fintech" services including its spring247 and mymoney247 personal financial management platforms and offers financial education and market information services through regular seminar programs, the publication of its Wealthadviser library of more than 100 eBooks, and the operation of content-rich website sharecafé.com.au.

The key companies in the group are Spring FG Wealth Pty Ltd, Wealth Today Pty Ltd, Spring FG Funds Management Pty Ltd, Spring FG Realty Pty Ltd, Spring FG Accounting Pty Ltd and Spring FG Finance Pty Ltd.

Further information:

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