



HOME OWNERS PARTNERING EQUITY

Home Sooner



INVEST IN HOPE

Information Pack for Investors





Who is **HOPE HOUSING?**

Compelled by its mission to “deliver homeownership help to everyday heroes”, HOPE Housing is a not-for-profit enterprise that believes investors can both contribute to and benefit from the provision of a solution to the homeownership affordability problem in Australia.

By creating a shared equity partnership with essential workers, the HOPE Fund provides returns that are driven by house price appreciation. It also delivers a significant social dividend to the homeowners and the broader community, by enabling these workers to live closer to their place of employment.

HOPE Housing was founded in 2018. Since its establishment, a capable management team has successfully put in place the legal and operational aspects to make the Fund investment-ready. Over the course of the past 12 months, catalytic investments from The Vincent Fairfax Family Foundation, Chatleigh Foundation, The Paramor Family Foundation and other High Net Worth families, have enabled the Fund to house its first 22 essential workers via shared equity arrangements.

The organisation is overseen by a voluntary Advisory Board, comprising highly credentialed people from the investment industry – from private equity, property, superannuation to funds management.

ADVISORY BOARD

The HOPE Advisory Board has supported and guided the management team along the journey. The commitment made by these individuals demonstrates their support for our vision and has been invaluable in its design and execution.



TIM SIMS AM

Founder and Managing Director of Pacific Equity Partners, overseeing over \$8bn of assets under management.



SAM KONG

Managing Director and Chief Operations Officer of Pacific Equity Partners.



MICHAEL DWYER AM

Chair of NSW TCorp and Director of IRESS. Former Chief Executive Officer of Aware Super.



RICHARD BRANDWEINER

Chair of Impact Investing Australia and former Chief Executive Officer of Pental Australia and Chief Investment Officer of Aware Super.



PHILIP LEVINSON

Chief Executive Officer of Penmount Partners, a capital market advisor for global private real estate. Former Chief Executive Officer of Cambridge Industrial Trust and Managing Director of Blackstone.



ALEXIS CHEANG

Head of Investment Stewardship at TCorp and former Partner and Acting Global Business Leader for Sustainable Investment at Mercer Investments Australia.



AMANDA GOODMAN

Co-Founder and Director of Ecotone Partners, and former Head of Capital Raising and Investor Relations at Impact Investment Group.



MARK LENNON

Director of Aware Financial Services and Link Group. Former Unions NSW Secretary.

MANAGEMENT TEAM

A diverse and capable team with deep skills and experience.



TIM BUSKENS

Chief Executive Officer



ALLYSON BAILIE

Head of Marketing & Operations



JIN JIN LEONG

Head of Finance



JESSICA ELLERM

Head of Investor Engagement



RAVIPA ROJASAVACHAI

Quantitative Analyst



TIM MIFSUD

Head of Digital Experience

Making Homeownership Achievable

HOPE Housing believes that the impact of falling home ownership rates is being felt acutely across Australia, especially by younger Australians. For critical segments of our workforce, namely essential workers, the inability to achieve homeownership is now having a significant impact on career choices, productivity and mental health. If left unchecked, we anticipate this will have a dangerous ripple effect on community safety, health outcomes and quality of education for all Australians.

The number of essential workers living within 15kms of Sydney and Melbourne CBDs is in rapid decline, despite a significant proportion of essential worker jobs being located within inner-city areas. This 'spatial divide' is resulting in longer commutes for essential service workers, adding additional pressure to already stressful roles, and increasing workforce attrition rates and harming productivity.¹

By enabling essential workers to own homes closer to where they work, we aim to strengthen the resilience of our social support systems, through greater retention of the essential workers in critical high-need urban areas and by making essential workforce careers attractive to new trainees and graduates.

Buying our own home with HOPE has been a dream come true – without financial strain or having to forgo aspirations to grow our family.

Ashley (School Teacher),
Charles & Family
Mascot, Sydney



HOPE's Homeownership Solution

HOPE Housing's shared equity model makes equity contributions of up to 50 per cent in homes for eligible essential workers, with funding provided by investors looking to access the strong² returns of the Australian residential property market.

HOPE Housing partners with approved Lenders, who provide the homeowner with mortgage finance on their 50 per cent share. The mortgage is limited to ensure the debt component can be serviced within 30 per cent of the household income. HOPE also limits the purchase price of the asset, utilising pre-purchase independent valuations and an investment committee review process, to ensure all properties selected by home buyers are investment grade.

A key feature of the solution is the integration of the equity and mortgage components, reducing the debt and enabling progressive buyouts of the HOPE share over time, stepping homeowners into full ownership. Investors benefit from gaining access to a stable and secure asset class with well understood growth characteristics, and the added benefit that all upfront and ongoing property costs are covered by the homeowner in full.

Key Fund Facts³

Net Asset Value of Fund (as of 31 Mar 2024)	AUD \$15,400,000	Inception Date	October 2022
Total Value of Properties (as of 31 Mar 2024)	AUD \$27,500,000	Term	10 Years
Fund Base Currency	AUD	Asset Class	Real Estate: <ul style="list-style-type: none"> • Residential property; • Established houses or units (not 'off the plan' properties); • Limited to owner occupiers; and • Owned by essential services workers.
Management Fee	0.5%	Domicile	Australia
Performance Fee	Nil	Benchmark Index	CoreLogic Capital City Index (annual change in dwelling values)
Distribution Frequency	Quarterly	Fund Type	Unregistered managed investment scheme
Minimum Investment Amount	\$100,000	Investor Type	Wholesale & Sophisticated Investors only

Portfolio Characteristics

Number of holdings (as of 31 Mar 2024)	17	Free Standing Dwellings: Units (ratio)	82:18
Essential Worker Categories (includes partners/spouse)	Teachers: 4 Police: 10 Nurses: 2 Social Workers: 3 Ministers: 7	Actual transaction size of individual assets (i.e. residential homes)	\$1m - \$2m



HOPE's given us a foot on the property ladder, plus I can stay working in a job I love.

Adam (Police Officer), Elif & Family
Blacktown, Sydney

Historical Performance of the Australian Residential Property Market

The long run return from established Sydney house prices – the market ‘beta’ – has been 8-9%, with volatility of 7-8%.

The return and volatility data for Sydney house prices over various periods are shown in the following table, along with those of Australian bonds (total returns) and the stock market (both total returns and the All Ords price index). All periods are up to December 2022.

Risk and Return from housing, shares and bonds (periods up to Sept 2023)

	House prices ⁽¹⁾		Share prices ⁽²⁾		Shares total returns ⁽³⁾		Bonds total returns ⁽⁴⁾	
	Return ⁽⁵⁾	Risk	Return	Risk	Return	Risk	Return	Risk
10 years	7.9%	7.4%	3.3%	14.6%	7.6%	14.4%	1.9%	5.7%
25 years	7.7%	7.2%	4.4%	14.8%	8.7%	14.9%	4.4%	4.5%
Since Dec-79	7.8%	8.4%	6.8%	16.6%	10.7%	17.3%	7.9%	5.6%
Since Jun-65	9.0%	8.5%	6.5%	16.7%	na	na	na	na

(1) Source: from BIS Oxford Economics

(2) Source: splice from OECD and S&P All Ordinaries (These columns are based only on share price movements).

(3) Source: S&P All Ordinaries Accumulation (These columns are based on share market total returns, from prices and dividends, reinvested.)

(4) Source: Commonwealth Bank bond indices, spliced with the S&P Australian Government Bond index and its various antecedents (DBSM, SBC)

(5) The HOPE Fund return may not correlate to the historical returns of the Australian residential property market

Not surprisingly, the share market accumulation index (price and dividends) provides the highest returning and highest risk asset class over every time period analysed above. The contribution of dividends to the stock market’s excess return needs to be noted. When dividends are stripped out, while volatility remains at almost identical levels, the share price contribution is below the performance of house prices over all time periods. That is, house prices provide a higher return with lower volatility than the price component of shares.

HOPE’s given us financial certainty – knowing our housing expenses are being invested in a great asset instead of rent.







Eliza (Emergency Nurse), Todd & Family
Cromer, Sydney



An Alternative to Direct Property Investing

The HOPE Fund provides an alternative for property investors to access the returns of the Australian residential property market, with the added benefit of enabling home ownership, rather than locking up stock for rental purposes. The table below compares direct property investment to investing in the HOPE Fund.

HOPE Housing Investment Trust vs Direct Property Investment

	HOPE Fund (Co-Investment model)	Target Return 10% p.a. (net of fees, expenses)	Direct property Investment (Private landlord model)	Average Return 8.0% p.a. ⁴
 <p>Council rates, strata fees, property manager fees, insurance, repairs & maintenance, water rates</p>	<p>No cost to investors Participating homeowners are on title and responsible for all property expenses, to the benefit of HOPE investors.</p>		<p>Investors bear cost Landlords are on-title and responsible for all property expenses and maintenance.</p>	
 <p>Taxes</p>	<p>No cost to investors Participating homeowners are on title and benefit from the principal place of residence exemption in NSW. HOPE investors should have no land tax obligations on NSW based HOPE investments.</p>		<p>Investors bear cost Land tax is payable on land that exceeds the land-value threshold and where no owner-occupier exemption can be accessed.</p>	
 <p>Diversification benefits for investors</p>	<p>Strong diversification benefits The HOPE Fund will have equity interests in hundreds of investment grade residential properties (units and free standing dwellings), across a range of suburbs and areas with strong growth profiles.</p>		<p>Limited diversification for investors Direct investment in one or a handful of residential assets exposes investors to a higher degree of asset and location related risk.</p>	
 <p>Access to capital growth</p>	<p>Distributed over the course of Fund life Equity buyouts, refinance and sale events generate liquidity over the course of the life of the Fund (10Y) and potentially enable investors to access capital growth linked returns sooner.</p>		<p>Limited Access to Capital Growth Capital growth returns are only accessible at a sale event and subject to point-in-time market conditions.</p>	
 <p>Rental income</p>	<p>Equity buyouts replace rental income Homeowners can progressively increase their ownership stake in the property through HOPE's innovative mortgage and equity integration structure, with full ownership achievable in 10Y.</p>		<p>Rental income net of expenses may be minimal to negative 1.3m property investors posted a rental loss in FY20, with losses set to increase as interest rates rise.⁵</p>	
 <p>Leverage costs</p>	<p>Access to lower-cost debt Investors benefit from the Fund's ability to access lower cost debt funding to leverage its equity investments, reducing the unit holder cost base.</p>		<p>Higher retail debt cost Investors subject to higher cost retail rates for investment property loans and lower LVRs, increasing the cost base and reducing the overall return.</p>	



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Want to learn more?

BOOK A MEETING WITH:

Jessica Ellerm
Head of Investor Engagement

 investment@hopehousing.com.au

 [Click here to book a meeting](#)

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¹ Gilbert, C., Nasreen, Z., and Gurrán, N. (2023) Tracking the housing situation, commuting patterns and affordability challenges of essential workers: a report prepared for HOPE Housing, Sydney: The University of Sydney and HOPE Housing.

² HOPE offers an investment opportunity for sophisticated investors to access the Australian residential real estate market which has had 40+ years of historical growth rate of 7.89% according to BIS Oxford Economic property index. The HOPE Fund's return may not correlate to the historical returns of the Australian residential real estate market.

³ This summary is not an offer or solicitation to purchase interests in the Fund. Such interest are only offered pursuant to the terms of the PPM which should be reviewed carefully prior to investing.

⁴ <https://www.asx.com.au/documents/research/russell-asx-long-term-investing-report-2018.pdf>

⁵ <https://www.afr.com/policy/economy/landlord-tax-breaks-to-exceed-100b-20230228-p5co3u>