

Media Release

Federation shores up its presence in social infrastructure sector



October 18, 2023: Federation Asset Management Pty Ltd (Federation), an Australian private equity investment manager, notes there is an estimated \$10 billion of investment opportunity in the social infrastructure space with over 20,000 or 70% of estimated eligible National Disability Insurance Scheme (NDIS) participants currently living in low quality, inadequate, or inappropriate housing.

Cameron Brownjohn, chief executive officer of Federation says “Every person living with disability in Australia should have access to high quality, safe, stable and appropriate housing. With this vision in mind, three years ago we launched the Synergis Fund in collaboration with Social Ventures Australia Limited (SVA) to set the standard for disability housing in Australia.”

“Synergis is an unlisted wholesale investment trust designed to provide investors with the opportunity to gain exposure to this growing social infrastructure asset class with a dual focus on attractive risk-adjusted financial returns and provide tangible and far reaching positive social impact,” adds Brownjohn.

The investment model is centred around partnering with best-in-class Specialist Disability Accommodation (SDA) Providers to ensure that investments are made in desirable properties that best suit the long-term care requirements of the occupants.

“Our SDA Providers work with reputable Supported Independent Living (SIL) Providers to ensure that NDIS participants receive the best possible care in their homes. SDA drives development of new and refurbished housing for people with a disability to improve wellbeing and efficiently manage long-term cost of care,” says Brownjohn.

“We know that the lack of purpose-built housing has resulted in many participants living in hospitals, aged-care, and other forms of inappropriate housing including legacy state government stock,” he adds.

Of the \$700 million of annual funding forecast by the NDIS for SDA payments only \$200 million was utilised in 2020, \$230 million in 2021 and \$306 million in the LTM to September 2022.

“That means over 20,000 individuals are still in need of homes which equates to approximately \$10 billion of required investment.

“This year has been pivotal for this fund and the industry with the completion of the first full SDA regulatory price review by the NDIS. We were pleased that the review was conducted in accordance with the SDA Framework and with genuine consultation with the industry.

“The review was an opportunity to reset several factors that influence SDA pricing, including the cost of acquisition of land and build costs which have run significantly ahead of CPI.



“We believe that our investment strategy was vindicated by the outcome of the pricing review, particularly our focus on house and villa SDA property in desirable areas,” Brownjohn says.

“Synergis is now housing hundreds of Australians living with disability, with a diligenced pipeline for multiples thereof. Recently securing additional commitment of institutional capital from a global investment company gives us significant confidence that we can meet the fund’s scale objectives over the next few years,” notes Brownjohn.

Synergis is accessible to all investors via the Federation Alternative Investments II fund or directly for wholesale investors.

Ends

About Federation

Federation invests in businesses that meet economic and social needs. We aim to become Asia-Pacific’s leading investor in renewable energy, health and education real estate and operating companies with strong growth potential. Our team has a strong track record of working together over a number of years and offers unrivalled investment experience across these sectors.

The firm manages capital commitments of A\$1.7 billion for clients across the Asia Pacific region, including in Australia. Federation is a signatory to the United Nations Principles for Responsible Investing (UNPRI) and is certified by the Responsible Investment Association of Australasia (RIAA).

For more information please visit: <https://www.federationam.com/>

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