

2016 highlights

**backtrack**

**residence**



BackTrack  
(Photo credit: Paul Matthews)

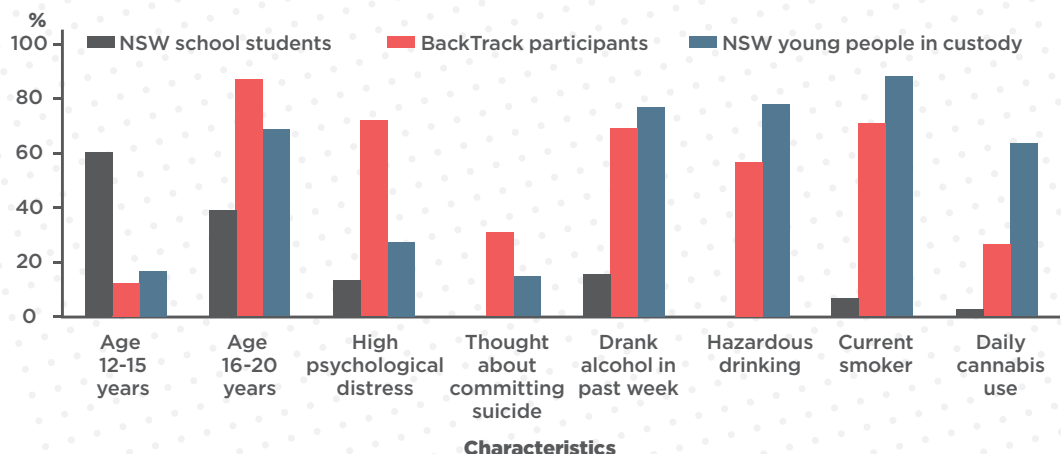


Government House, August 2016

## Working up our first social impact investment

**10 year old BackTrack in Armidale is a leading youth service, supported by VFFF since 2013.**

Research by UNE found the psychological profile of BackTrack participants to be closer to young people in jail than young people in school. However, as the chart below demonstrates, BackTrack participants exhibit even higher levels of psychological stress than children who are incarcerated. BackTrack and the researchers attribute this to the unstable or unsafe home situation of many participants. BackTrack decided that it needed to be able to meet these participants' basic needs of food, shelter and safety through a residential component. VFFF saw this as an impact investment opportunity.



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**We floated the idea of purchasing a property and leasing it to BackTrack in such a way that would meet three conditions determined for VFFF's social impact investments: 1) ability to protect capital 2) an exit strategy and 3) provide a yield.**

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Apart from enabling the residence to start immediately, the structure of the deal is designed to incentivise BackTrack to eventually acquire the asset.

VFFF will purchase an 8 hectare property just outside Armidale to lease to BackTrack at \$400 per week. BackTrack will run a residence for up to 10 young people on the property. They will care for the award-winning Paws Up dogs, also in residence. At any time after five years and before the eighth anniversary of our agreement, BackTrack may acquire the property from VFFF for the original purchase price of \$570,000. At year eight, VFFF will offer BackTrack the first right to purchase the property for \$570,000. If BackTrack do not want to buy the property, VFFF has the option to enter a new agreement with BackTrack or sell the property.



Warrah, Armidale, NSW