

Launch of the Australian Business Growth Fund

The Australian Business Growth Fund (BGF) has been formally established, with the Shareholders Agreement now signed by all seven shareholders.

The Government also welcomes the appointment of Mr Anthony Healy as the inaugural Chief Executive Officer of the BGF. Mr Healy has had a senior commercial banking career with a focus on assisting SME customers to grow and succeed. This follows the appointment of the Chairman of the BGF, Will Hodgman, former Premier of Tasmania, earlier this year.

The Morrison Government will work alongside participating banks to ensure that small and medium-sized businesses (SMEs) have access to the equity finance they need as we move into the recovery phase of the COVID-19 pandemic.

The Government is making an investment of \$100 million and partnering with other financial institutions to provide equity funding to SMEs through the BGF. The major banks including ANZ, CBA, NAB, and Westpac have also each committed \$100 million to the BGF. HSBC and Macquarie have also committed \$20 million each in support of the BGF.

This will give the BGF an initial investment capacity of \$540 million, with the ambition to grow the fund to \$1 billion as it matures. The BGF will operate commercially and make investment decisions independently of Government.

Established Australian businesses will be eligible to apply for long-term equity capital investments between \$5 million and \$15 million, where they have generated annual revenue between \$2 million and \$100 million and can demonstrate three years of revenue growth and profitability, allowing for the impact of COVID-19 on recent business performance.

Following the appointment of the CEO, it is anticipated that the BGF will shortly begin engaging with SMEs that are seeking patient equity investment in their business to enable them to grow and expand.

The Government's investment in the BGF is part of its ongoing commitment to support SMEs as they seek to innovate, expand and create new jobs on the other side of the coronavirus crisis.

More information on the BGF's investment guidelines can be found in Attachment A.

Australian Business Growth Fund - Investment Guidelines

The BGF will invest consistent with its objectives, which are to:

- Increase the availability of patient equity capital to Australian SMEs;
- Increase the level of investment in SMEs across Australia;
- Facilitate interstate and overseas trade and commerce; and
- Support job creation and economic growth in response to the current COVID downturn.

The BGF will invest in established SMEs with annual revenue between \$2 million and \$100 million, and a track record of three consecutive years of revenue growth and profitability. The BGF's assessment of an SMEs track record will take into account uncharacteristic trends resulting from the COVID downturn.

The BGF's investment will constitute a minority economic interest of typically between 10-40% of total, fully-diluted, share capital (on an 'as-converted' basis).

Each investment must be commercially viable and make a return appropriate to the underlying risk of the investment.

Over time, there must be an industry and regional spread of investments.