

ANNUAL REVIEW 2020-2021



ANNUAL REVIEW

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Ngali

We pay our deepest respects to the Traditional Custodians of Country across Australia. We acknowledge the Traditional Custodians of the lands on which Indigenous businesses are founded and operate on.

We acknowledge and thank our Elders who have demonstrated over 60,000 years of sustainable Indigenous business. We ask our Elders to guide us on a path to a more prosperous future.



To fundamentally change outcomes, First Australians Capital believes you must profoundly change the approach. As an Indigenous intermediary, First Australians Capital has the competitive advantage for having trusted relationships with communities; we have different networks, different investments, and a diverse portfolio. Further, First Australians Capital plays a vital role in de-risking investments by ensuring support networks for the Indigenous businesses.

Along with providing the much-needed wrap-around support, and catalytic patient capital to Indigenous businesses, First Australians Capital recognises the important role in building investor advocacy on impact investing.

As highlighted in a recent Bridgespan report (Back to the Frontier: Investing that Puts Impact First, April 2021), many in the impact investment market are primarily based on finance first. The release of the Position Paper - Brave action for a more just, impact-led economy, identifies the critical actions needed to grow Indigenous Australians engagement in the economy, enable generational change, and build a just, impact first approach to drive a new economy led by First Australians.

This year we took a significant step in creating our Indigenous Impact Fund (Phase 1 – Concept Fund). Since commencing November 2020 to 30 June, 2021, we have approved 21 investments valued at \$5.01M.

This fund demonstrates the potential of the Indigenous business sector, a strong pipeline of investible businesses, the rigour in FAC's due diligence process and that FAC has a track record of building investment readiness.

As we look back on the year that was, we would like to sincerely thank the First Australians Capital Team for their resilience, tireless work, enthusiasm, and dedication. You have gone above and beyond in supporting our business partners while also dealing with the uncertainty of COVID-19 in your own lives. Your efforts are greatly appreciated.

Acknowledgement and thanks to the Indigenous businesses we partnered with to deliver the COVID-19 Response program, The Cultural Intelligence Project, Indigenous Impact Pty and Violet Co, in providing governance and strategy development support.

We want to acknowledge our financial and pro bono partners for your ongoing support. Without you, we would not achieve the level of impact for Indigenous businesses and communities.

This year, FAC welcomed Shane Hamilton and Carly Mohamed as new FAC Directors, and Shane accepted the role as Co-Chairperson. FAC is governed by a majority Indigenous Board.

Looking forward to 2022, we will be celebrating our 5th anniversary and releasing a new 10-year strategic plan. Although there will continue to be uncertainty as we emerge from the pandemic, Indigenous participation and equity in the economic recovery will be paramount. Therefore, FAC's role will be vital as a catalyst for radical change and building a new economy created by First Australians. On behalf of the Board and staff of FAC, we invite all our partners to join us in this exciting new phase.

**Leah Armstrong and
Shane Hamilton**



Our principles are woven through all that we do. They guide how we work, who we partner with, what we focus on and the type of legacy we want to create. Our work is driven by a commitment to our core principles:

INDIGENOUS SELF-DETERMINATION:

Indigenous Peoples have a right to self-determination. To freely determine their economic, cultural, political and social development. Self-determination as described by the UNDRIP, includes the right to make decisions about the direction of, and strategies to develop, health, housing, economic and social programs, with Indigenous peoples having the right to administer these through their own institutions.

INDIGENOUS CONTROLLED AND LED:

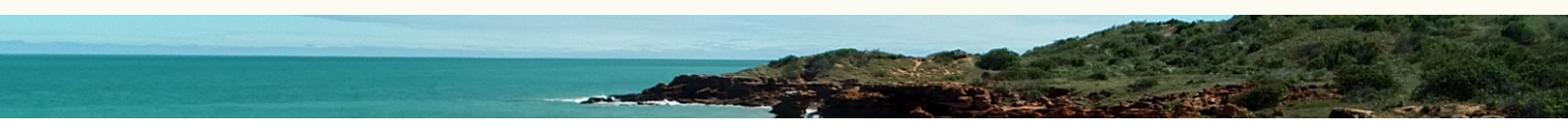
Indigenous agency is empowered through majority-owned, controlled and managed enterprises and organisations. First Australians Capital is proudly founded and run by experienced Aboriginal and Torres Strait Islander leaders and advisors. We have deep ties into our communities and understand the challenges and opportunities that exist.

IMPACT LEGACY:

Impact Legacy recognises our duty of care to ensure intergenerational equity. We are custodians with obligations to create a fairer and sustainable social, environmental, and economic future for generations to come. Our impact management and measurement is driven, designed and determined by Indigenous businesses and communities. Measuring what matters from an Indigenous standpoint on how community, cultural values underpin investment decision making.

CARING FOR COUNTRY AND COMMUNITY:

Caring for country and community is centred around the diversity of our cultures, histories and aspirations and recognises our connectedness to place, kinship and story. Indigenous cultural knowledge and innovation are woven throughout our work and decision making. We respect Indigenous intellectual property and data sovereignty when working with Indigenous businesses, enterprises, and investment partners.



OUR IMPACT

52% of business in our pipeline are women owned or co-owned



166 jobs created or sustained



8 Indigenous business transferred to mainstream finance



53% of the businesses in our support pipelines are located in regional areas



28 Social Impact assessments



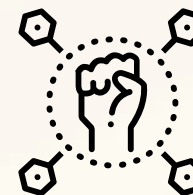
80 Indigenous members in FAC Business Owners Group



60% success rate of deals that go to Impact Capital for Concept Fund funding



87% of portfolio businesses are on target to meet their 2-year growth forecast



80% of businesses improved confidence and capability as a result of Business Relationship Manager (BRM) support



33% of our investment capital has been directed to female led business



Average deal size for loan drawdowns is \$190,000K



BRM Team has supported 182 companies, with an average of 3.5 FTE BRM's employed across the whole year



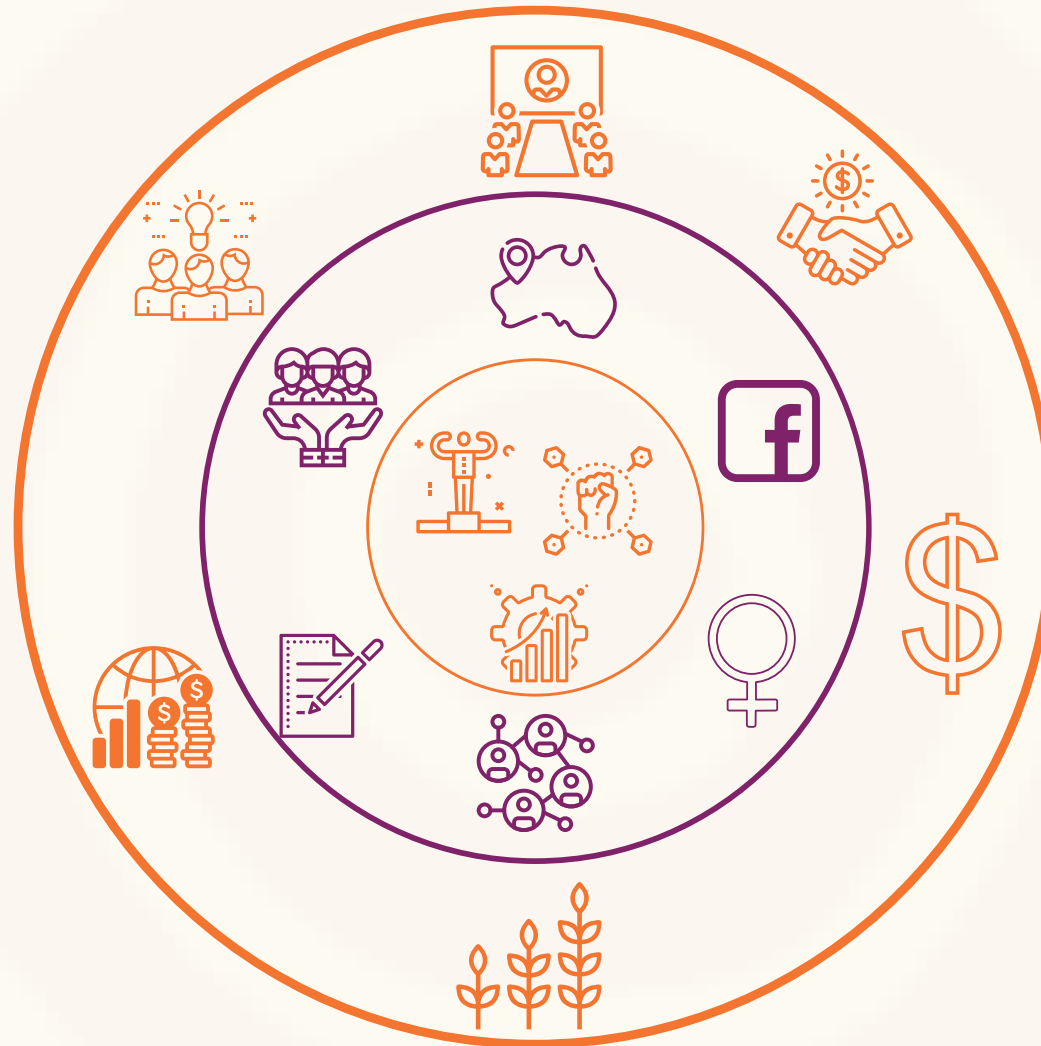
\$60M cumulative capital



57% women representation on the Board



\$5.01M approved financing for 22 Indigenous businesses



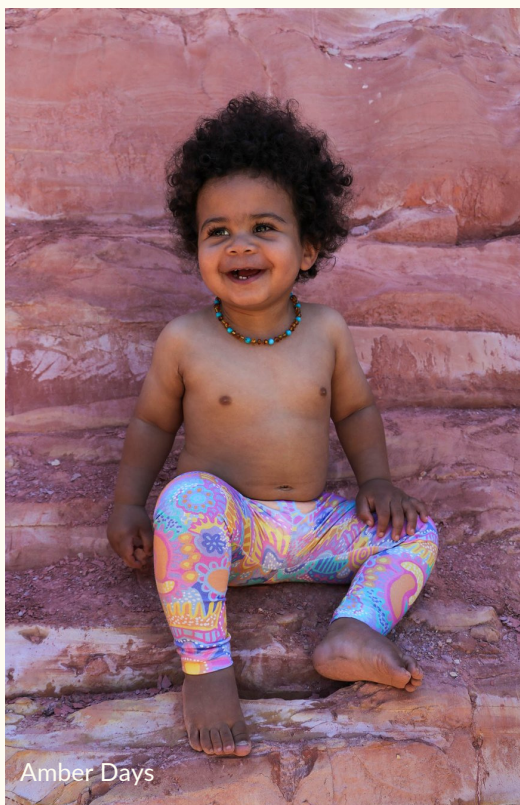
PROGRAM SPOTLIGHT: BUSINESS DEVELOPMENT

Over the past year, the BRM role has been critical in supporting businesses through the uncertainty of COVID-19 and adopting new systems and processes internally to ensure the experience of the community we serve feels supported and gains knowledge and understands why not just how.

Throughout the FY21, we have reviewed our support model in the context of the changing Indigenous business sector and refined our ideal customer profile to reflect this.

We have determined that our priority is working with businesses at the start-up, early-stage, trading and growth stages.

Since we first developed this model, governments have funded business hubs at a state and federal level to support businesses at the dreaming/early concept stage. However, there is limited government investment for Indigenous start-ups (concessional finance) or early-stage businesses (early-stage capital).



Amber Days

FAC has dedicated a new BRM role to work with enterprises/entrepreneurs who are in the pre-startup phase of their business cycle. This BRM will connect businesses to other organisations that are purposed to support dreaming phase businesses.

NATIVE FOODS REPORT

FAC and Indigenous Impact completed a report identifying how to best support the growth of an Indigenous-led bush-foods sector. The bush-foods industry creates an opportunity for achieving long-term positive economic, social and cultural impact for Indigenous enterprises, landowners and communities.

The recommendations included supporting the development of a peak body, protecting IP, ensuring economic benefits flow to Indigenous people, providing industry-specific capacity building services, investigating a co-op business model and advocating for policy changes at a Government level.

Due to significant demand from the community to support women in bush-foods, FAC secured funding from the ECSTRA foundation to pilot an industry segment development project, Yinaa Murrnong Ngurrumpaa (women's murrnong place). The project will support six women to grow murrnong at a commercial scale in their communities over 12 months. This program will assist participants in developing a business plan, setting up infrastructure, mentoring through the growing season and supporting them to sell co-operatively.

FAC delivered holistic support to over 250 SME Indigenous businesses impacted by COVID-19 restrictions and focused on the cultural well-being of Indigenous entrepreneurs – their mental health, their connections to family/mob/country, and their sense of belonging.

The program was designed to support Indigenous businesses over three cycles during the COVID-19 economic recession:

- Where are we now (Survival) - Businesses are in crisis, isolated, uncertain, lost in complexity.
- Moving forward (Stabilise) – Businesses are supported, able to make sense of information, comfortable with complexity, on the road to sound decision making.
- Where do I want to be (Future view) – Businesses are thriving, self-empowered, resilient, and able to deal with and plan for future uncertainty.

Key outcomes:

Eighty-five companies received funds to assist in leveraging opportunities for growth and access to capital.

80% of businesses supported through the program felt more confident about their businesses survival after receiving the assistance provided by the COVID-19 program. The most significant contributor to that impact was the one-on-one advice and guidance provided by FAC's BRM's by listening to the needs of Indigenous businesses and providing guidance and flexible solutions to their immediate needs.

The support from FAC has led to improved access to capital for Indigenous businesses. 20% of the businesses supported through the COVID-19 program remain active and continue to work with FAC's BRM's on their strategies for business prosperity. Most of these businesses have received or are on the path to accessing capital or grant funding.

80%

**BUSINESSES INDICATED IMPROVED
CONFIDENCE AND CAPABILITY**

As a result of support from the capacity building program.

Minjungbal Aboriginal Museum

Before the COVID-19 program support, Minjungbal had no financial management software system in place. FAC provided a grant for Accounting services and software as well as Marketing and Digital storytelling.

Photos sourced from Minjungbal Museum website





Founders of Deadly ED
Kane Wright and Joshua Brown

CASE STUDY: DEADLY ED



Deadly Ed is an Indigenous education provider run by two Indigenous teachers who found resources lacking in schools for educators to provide cultural education to students of all ages.

Deadly Ed came to FAC through the COVID-19 program and received funding to begin branding their start-up enterprise. In March 2021, FAC provided a working capital loan of \$10,000k to assist with the start-up costs for their website and Indigenous education resources.

In 2021, Deadly Ed has begun diversifying their income within corporate services, providing cultural workshops and murals. In May 2021, they made their first \$10,000k providing mural and art workshops to Canva and Barnados.

Deadly Ed is a business that has significant social impact potential. Its founders, Kane and Joshua, are educated and enthusiastic about their work and are well-positioned to create opportunities for cultural transmission through their education resources, with support from Indigenous educators and artists backing their enterprise.



MAINIE

BUSINESS FEEDBACK



"The fact that there was an organisation that had a range of support that could help was invaluable. I wouldn't have been able to survive setting up Xero but having FAC to advise was great."

Tina Pidock, Minjungbal Aboriginal Museum

"I'm excited! I feel really seen and supported."

Jasmine Lee, YNG Training

"Having support by FAC has been great, working with someone closely in our business who can hear our needs and offer support to a range of avenues has been a blessing for our team. It's allowed us to focus on the business more and forward plan better than we ever had before."

Sara Stuart, Printing with Purpose

"The amount we've learned in the last 6 months would have taken us years of mistake and trial and error and we are truly grateful for the help we've received and are still receiving."

Amy Jimenez, La Perouse Construction



In November 2020, First Australians Capital established our Impact Enterprise Concept Fund. During the period to June 2021 our investment pipeline multiplied:

- The average deal size for loan drawdowns was \$190,000K.
- The average deal size in the pipeline was nearly three times the size of previous investments at \$525,000K per transaction (in active due diligence), and in the pipeline is up to 4 or 5 times the current average)
- Our pipeline has more than doubled (115%) in the six months:
 - January 2021 \$9M
 - June 2021 \$19.330M

The total cumulative capital needs of Indigenous businesses that FAC has supported has reached \$33.2M.

Support from our BRM team was and will continue to be critical to building our pipeline, successful deals, and our investments. FY2021 revealed a 60% success rate of deals that go to Impact Capital for Concept Fund funding (in terms of current loans approvals and loan drawdowns).

This high success rate was due to our BRM's, who provided support and built investment readiness with businesses put forward to Impact Capital.

166

JOBS CREATED OR SUSTAINED
THROUGH INVESTMENT IN
INDIGENOUS ENTERPRISES

We have also successfully transitioned eight Indigenous businesses into mainstream finance, leveraging nearly \$5M in capital:

- Seven businesses securing finance from Westpac (\$4.37M)
- One business into other mainstream finance (\$0.45M).

Our FY2021 results demonstrate the emerging success of:

- the potential of the Indigenous business sector
- FAC's robust pipeline of investible businesses
- the rigour in FAC's due diligence process
- that FAC has a track record of building investment readiness
- the FAC model also has success in transitioning businesses into mainstream finance
- increasing deal size to support our main fund.


Several Indigenous business owners have indicated their preference to take investment from FAC over other loan offers on the basis that it is Indigenous capital and that their repayments will contribute to creating a legacy for another Indigenous business.

Our wrap-around support strategy and capital ensure that our fund will be presented with robust, high-impact potential investment opportunities.

\$5.01M


APPROVED FINANCING FOR 22
INDIGENOUS BUSINESSES

Aboriginal Sustainable Homes, CEO Brad Draper,
Linkedin Post



Brad Draper • 2nd

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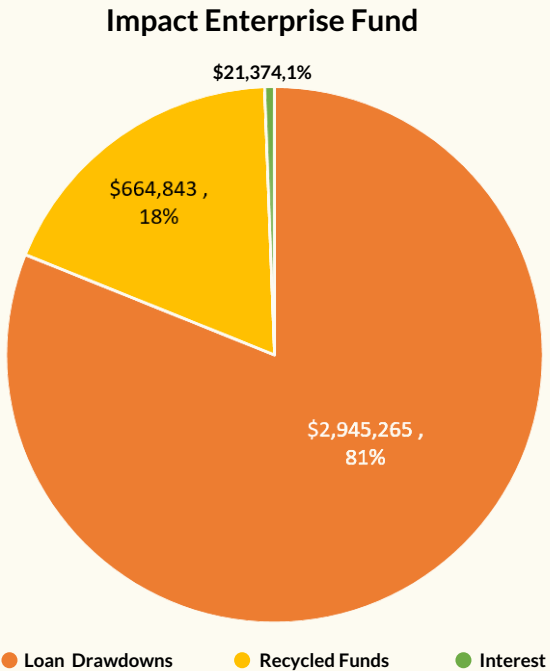
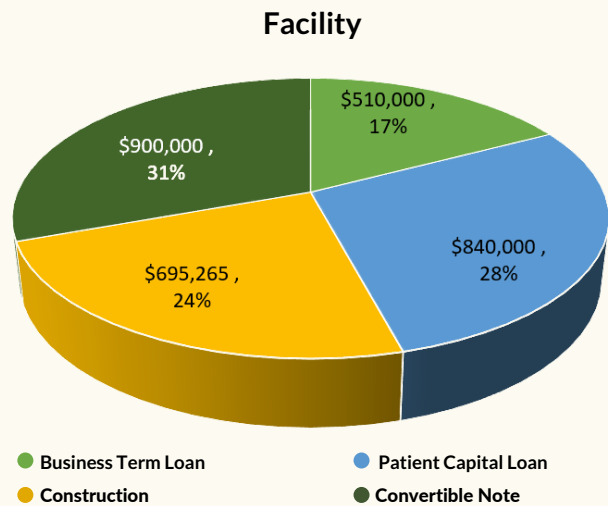
3mo • 

Aboriginal Sustainable Homes have handed over 3 houses in Moree. 17 Indigenous people employed, trained in Painting, Plastering, Plumbing, Carpentry and Roofing Skills, 2 Indigenous Owned Contracting Teams engaged for Plastering and Painting.

This project could never have been achieved if not for the Aboriginal Housing Office and their Construction Managers who have true foresight, and our Partners First Australians Capital. This is what can be achieved when Indigenous organisations truly collaborate. Its not hard to employ locals to build there own homes.



FAC has created tailored finance solutions for businesses, including business term loans, patient capital, construction facilities, property and equipment finance and equity-like instruments, with innovative products in development such as revenue share lending.



Year to date Portfolio management as at 30 June is \$2,945, 265M total drawn down with recycled payments of \$664,843K and interest earned \$21,374 K.



WESTPAC PARTNERSHIP AND GUARANTEE

In Partnership with Westpac, we have established a unique shared security structure to support growing Indigenous businesses to become more successful and sustainable. Indigenous businesses have the opportunity to apply for business lending up to \$500,000K. These loans can be utilised to fund growing businesses' expansion through working capital and equipment finance solutions.

We have referred deals through the Partnership, valued at \$694K being approved.

The Guarantee utilisation at June is \$294,516K.



\$60M

CUMULATIVE CAPITAL LEVERAGED
OVER 5 YEARS

EIGHT

INDIGENOUS BUSINESSES
TRANSITIONED TO MAINSTREAM
FINANCE



SevGen Farm



CASE STUDY: SevGen

In May 2021, the founder of SevGen, Terri Waller, contacted FAC. SevGen had raised over \$650K towards purchasing 11.5 acres of established bush-tucker orchard, including the homestead, in the Noosa Hinterland.

SevGen had support from the Deloittes, pro-bono support of Minter Ellison, and investment from Cages Foundation.

With a commitment from Creative Native to purchase annual harvest from the property (values at \$160K per annum) and additional revenue streams identified in the business plan, FAC provided an investment loan of \$500K to enable the property to be purchased and settled in mid-June.

SevGen's bushtucker farm will employ 5 FTE Indigneous people once established and will train many more. The house will also train and employ additional people as part of its phase 2 agritourism rollout.

The orchard is a significant asset for Indigneous owners, it was previously owned by a non-Indigneous owner. The orchard is mature and produces a number of natives including fruit & aromatics, and native rainforest.



FAC LEADERSHIP AND TEAM

First Australians Capital has implemented a shared leadership model which includes a Managing Director, Executive Director – Impact Capital and Executive Director – Business Development. The shared leadership model has been successful and de-risks the organisation from leadership changes.



Our staffing has grown from 4.0 FTE's 1 July 2020 to 9.5 FTE as of 30 June 2021. 50% of FAC staff are Indigenous.



ORGANISATIONAL CULTURE

FAC is building a culture that is not just about doing good but making a difference. We are building a learning and collaborative team culture that disrupts the current situation, challenging Indigenous Australians' contemporary dominant culture and perceptions—focusing on decolonising mindsets, challenging system racism, addressing power dynamics and acknowledging privilege. We have implemented cross-team learning through shadowing and partnering on investment deals.



FAC 2021 Strategy day

ENGAGEMENT AND ORGANISATIONAL SPOTLIGHT

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STRATEGIC ENGAGEMENT

We believe strongly in working collaboratively with values-aligned partners. We also engage with discussion and program reviews to help build the sector knowledge and support for Indigenous-led impact investing.

In FY2021, FAC engaged external Indigenous partners who share our values and vision and bring additional skills and experiences to FAC's work. These partners are:

- Craig North, Indigenous Impact
- Karen Iles, Violet Co
- Shane Hamilton, Inside Policy and FAC Director

FAC recognises our role in driving and influencing system change for the growth of the Indigenous economy. This year, FAC released our first Position Paper: **Brave action for a more just, impact-led economy**. This paper outlines four steps required to enable a catalytic change of the Indigenous economy.

1. Supply of appropriately structured funding
2. Support for capacity building
3. Centring and valuing of Indigenous perspectives in measuring impact
4. Build long-term power for creating transformative change

We are excited and ready to continue our system-changing advocacy in 2022 and beyond.



8 Partner Engagements



6 Panels and Network Engagements



3 Policy/Program Submissions

One year on: what the destruction of Juukan Gorge means for responsible investors



Alan Dayeh
Managing Principal at Point
Advisory Pty Ltd



Leah Armstrong
Managing Director at First
Australians Capital



Kado Muir
Chair of First Nations
Heritage Protection Alliance



Mary Delahunty
Head of Impact at
HESTA Super



Danielle Welsh-Rose
ESG Investment Director
- Asia Pacific at Aberdeen
Standard Investments



Responsible Investment
Association Australasia

responsibleinvestment.org/ri-australia-2021

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CASE STUDY: RIAA

The Responsible Investment Association of Australasia (RIAA) is the primary industry body for responsible investors in Australia and New Zealand, collaborating with the UN Principle of Responsible Investment.

In 2018, RIAA and industry leaders in the Investment, Insurance and Banking sectors in Australia launched a project to develop a roadmap for sustainable finance - the Australian Sustainable Finance Initiative (ASFI).

In November 2020, ASFI launched its Roadmap recommendations and action plan, including proposals to align with the UN Declaration on the Rights of Indigenous Peoples and establish a First Peoples Financial Services Office.

As part of this action plan, RIAA's Human Rights working group has created a First Nations workstream, inviting First Australians Capital to assist the finance industry.

The working group is currently pursuing seven objectives, and the first is to 'Collaborate to support First Nations Peoples' investment markets and economic empowerment.' FAC's participation has also allowed Leah to present at the RIAA Conference on the role of Indigenous Intermediaries in accessing finance for First Nations peoples.

FAC has been provided with complimentary membership to RIAA and is also working with the organisation to develop its RAP.

FAC partnered with Indigenous Impact expert, Bidjara man - Craig North, Managing Director of Indigenous Impact, to deliver a framework that shapes and communicates our thinking, decision-making and approaches to Indigenous impact investment.

THE FRAMEWORK HIGHLIGHTS OUR COMMITMENT TO:

- Indigenous-led and designed impact investment
- Using customised approaches to performance monitoring and evaluation for Indigenous businesses
- Indigenous determined indicators; measuring what matters, simplicity in approach and 'metrics' with meaning
- More effectively connecting investors with Indigenous impact investment

Driving an Indigenous-First Impact approach encourages Indigenous impact to be at the forefront for investment decision-making and capital deployment.

Further, adopting an Indigenous-First approach has Indigenous businesses leading the design and implementation of their impact strategies.

FAC sees the Indigenous-First impact as an opportunity to become uniquely positioned as a specialised intermediary in Indigenous Impact investment in Australia both by Indigenous businesses and impact investors. This role could extend to greater market advocacy and education.

MEASUREMENT, EVALUATION AND LEARNING (ME&L) APPROACH

FAC has defined our Impact ME&L approach as Indigenous-First Impact. Several factors are driving our Indigenous-First Impact Framework. They include:

'Why' Indigenous businesses do the work they choose is frequently underpinned by aspirations for long-term social, cultural, and environmental outcomes for Country and Community. Because of these objectives, which are broader than financial, the impact investment market could become the option for Indigenous businesses to source different forms of capital to fulfil their impact objectives.

Currently, the impact investment market does not adequately recognise or account for Indigenous perspectives nor the value of Indigenous culture in current frameworks. FAC seeks to change that.



Lynda Maybanks, Founder of Wirrinyah



The Social Impact Assessment (SIA) is a tool used to determine if businesses meet our Impact investment scope.

The SIA is a core component of the Impact Capital due diligence process. Our businesses identify areas of social impact in discussion with BRMs and the Impact Research team. This is built into the company business development plan to be reviewed annually and to monitor how the enterprise's values and mission develop alongside its finances. A total of 28 SIAs have been completed to date, with the areas of impact shown in Table 1.

There are several areas businesses have identified where they see clear alignment with their business goals and creating outcomes for their community through their business. For example, 24 enterprises focus on increased employment, and eight enterprises focus on training and skills development.

28

SOCIAL IMPACT ASSESSMENTS COMPLETED IN FY2021

Table 1. Social Impact Assessment Areas

Social Impact Assessment Area	Total
Employment	24
Training and Development	8
Community Development	4
Cultural transmission - Arts	4
Regenerative Agriculture	4
Traditional knowledge	4
Cultural transmission - Education	3
Environmental sustainability	3
Physical heritage	3
Affordable Housing	2
Traditional Land Use	2



First Australians Capital (FAC) is a national, not-for-profit, Indigenous-led, business advisory and social impact fund. FAC's financial sustainability is supported by funding from philanthropic trust, government grants, corporate partnerships and staff giving.

The result of First Australians Capital's consolidated operations was a financial surplus in FY21 of \$68,301K.

Table 1. Financial Summary

Financial Summary	2020-2021	2019-2020
Total revenue	\$ 2,634,350	\$ 1,603,377
Total expenses	\$ 2,566,049	\$ 950,387
	2020-2021	2019-2020
Surplus/(Deficit)	\$ 68,301	\$ 652,990

The Statement of Surplus or Deficit and Other Comprehensive Income shows a Net Operating Surplus of \$68k compared to a surplus of \$653K in 2019-20.

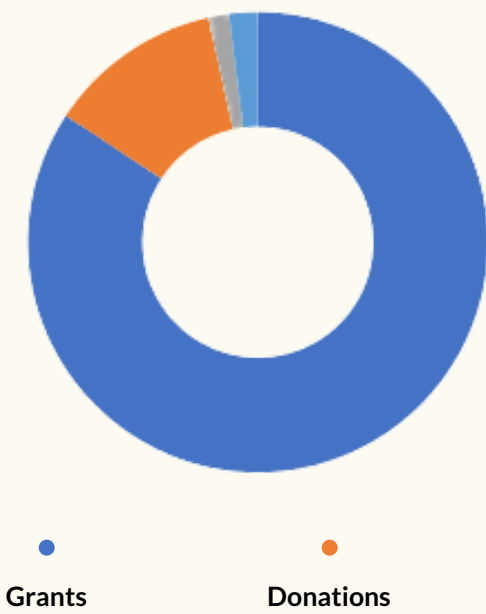
The change in the result from the prior year was attributable to an increase in employee benefits of \$952K; this was due to the planned growth in employees and subcontractors. The COVID program grants offset these costs to cover time spent by FAC employees and subcontractors on the COVID program \$369K.

Table 2. Revenue & Expenses

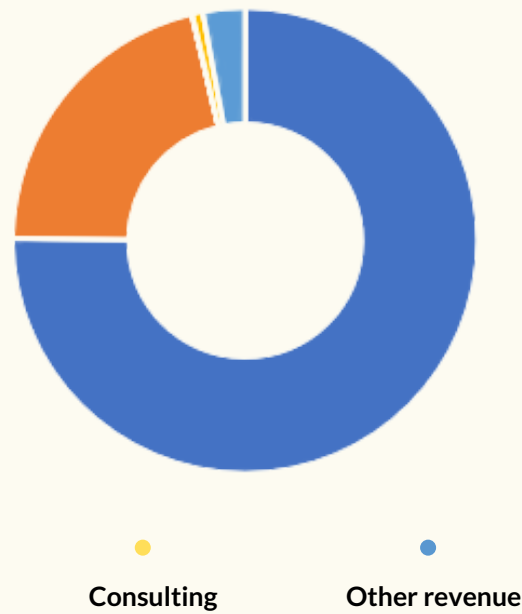
Sub category	Sources of revenue	2020-21 actuals	2019-20 actuals
Revenue	Grants	\$ 2,220,000	\$ 1,204,867
Revenue	Donations	\$ 323,526	\$ 339,256
Revenue	Investment interest/fees	\$ 37,798	\$ 772
Revenue	Consulting	\$ -	\$ 11,508
Revenue	Other revenue	\$ 53,026	\$ 46,974
Revenue	Total revenue	\$ 2,634,350	\$ 1,603,377
Sub category	Sources of expense	2020-21 actuals	2019-20 actuals
Expenses	Project costs	\$ 646,158	\$ 201,445
Expenses	Employee benefits	\$ 1,548,148	\$ 596,310
Expenses	Sponsorship	\$ 27,727	\$ 22,727
Expenses	Deprecation	\$ 8,067	\$ 3,331
Expenses	Other expenses	\$ 335,949	\$ 126,574
Expenses	Total expenses	\$ 2,566,049	\$ 950,387

FY2021 EXPENSES AND REVENUE

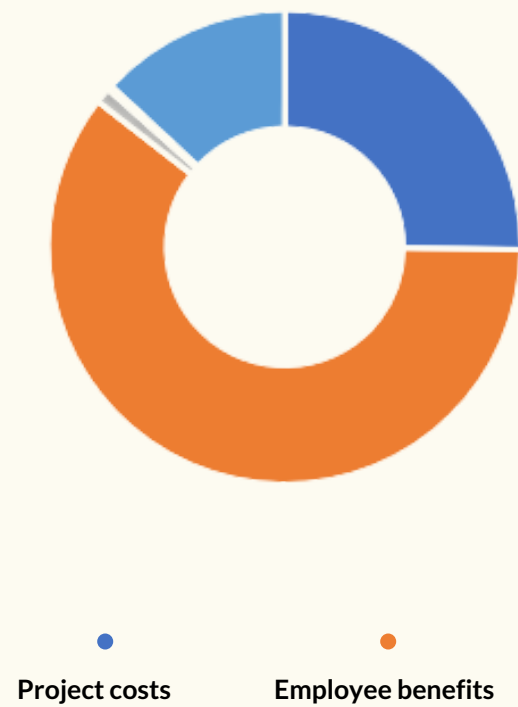
Revenue 2020-21



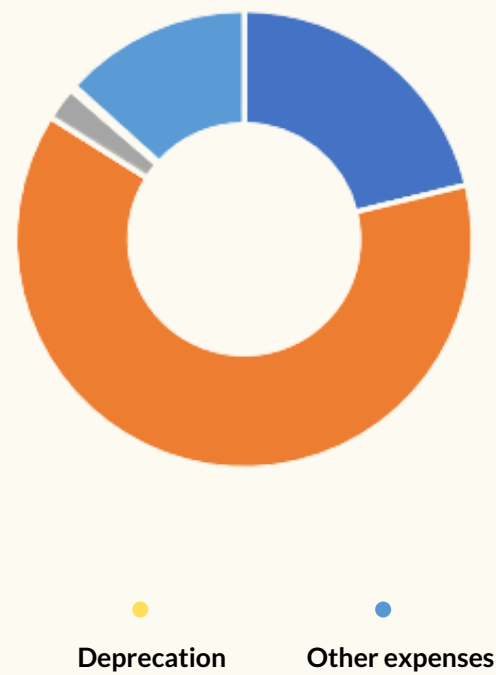
Revenue 2019-20



Expenses 2020-21



Expenses 2019-20



First Australians Capital would like to thank our supporters, funders, and Indigenous business partners for their contributions and commitment towards building a new economy driven by First Australians.

- Anonymous Trust

Paul Ramsay Foundation

Cages Foundation

Mannifera

Equity Trustees

Arnold Block Leibler

Ian Potter Foundation

Westpac
- Baker Foundation Trustee

Ecstra Foundation

The Good Business Foundation

The Wright Family (Equity Trustees)

MinterEllison

Collective Works

Karen Ilse - Violet Co

Craig North - Indigenous Impact

First Australians Capital's accountants are Collective Works and our auditors are Cutcher and Neal Assurances.





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