



Sorrento Sailing Couta Boat Club (“SSCBC”) Incorporated Registration Number A0010032B A\$ Unsecured Notes/Loan – Indicative Term Sheet dated 13 December 2021

This indicative term sheet is for discussion purposes only in relation to our appointment as Lead Managers of a potential issue of Australian Dollar Notes/Loan (“Notes/Loan”) and is not a commitment or undertaking of any kind on the part of IAM Capital Markets Limited and Trustees Australia Ltd (“IAM”) to manage, underwrite or participate in all or any portion of the potential Notes/Loan issue and should not be relied on as such. The information contained in this indicative term sheet is strictly confidential and is intended for review by the principals, their advisors and legal counsel only and may not be disclosed to any other person or entity unless consented to in writing by IAM. The indicative terms expressed herein are based on prevailing market conditions as of the date indicated above.

Neither this Term Sheet nor any prospectus or other disclosure document in connection with the Notes/Loan has been, or will be, lodged with the Australian Securities and Investments Commission (ASIC). Accordingly, the Notes/Loan may only be issued and offered for sale where such offer does not require disclosure to investors under either Part 6D.2 or Chapter 7 of the Corporations Act 2001 of Australia (Cwlth).

Summary Indicative Structure and Terms

The provisions in this term sheet are not intended to be exhaustive but do reflect the key commercial principles of the proposed transaction. Capitalised terms not defined herein will be negotiated and defined as part of full documentation.

All figures are in Australian dollar **millions** unless stated otherwise.

Parties	
Issuer	Sorrento Sailing Couta Boat Club (“SSCBC”) Incorporated Registration Number A0010032B
Obligor / Guarantor	SSCBC to comprise at least 90% of the aggregate consolidated total assets of the Issuer Group, if any and at least 90% of the EBITDA of the Group, if any. There are no directors guarantee of the obligations of the Notes/Loan.
Group	The Issuer/Borrower.
Subsidiaries (to be subsidiaries of SSCBC)	Not Applicable
Arranger and Distributor	Trustees Australia Limited (ABN 63 010 579 058; AFSL 260038) and IAM Capital Markets Ltd (ABN 86 111 273 048; AFSL 283119) (individually or together, “IAM”).
Note Trustee	IAM.
Agent	IAM.
Issue format	Australian Medium Term Unsecured Note
Maximum issue amount	\$3,500,000 or as otherwise approved by the SSCBC Committee having management of the business of the Club
Purpose	General corporate purposes (including property development costs) of the Issuer, its Subsidiaries or the Group (defined above).
Maturity Date	5 years after Issue Date.
Change of Control / Sale put option	Not applicable
Optional redemption (Issuer call right) and Purchase	The Issuer may redeem all or some of the Notes/Loan prior to their scheduled Maturity Date, together with accrued interest, if any, at any time prior to the Maturity Date at par by giving the Lender at least 10 Business Days prior written notice. In its absolute discretion, the Issuer may at any time purchase Notes/Loans in the open market or otherwise and at any price. Notes/Loans purchased under this term may be held, resold or cancelled at the discretion of the purchaser and (if the Notes/Loans are to be cancelled, the Issuer), subject to compliance with any applicable law or directive.



Interest & Fees	
Distribution Fee	Nil, each Noteholder/Loanholder will be required to complete an application to open and maintain an IAM Omnibus Income Account at IAM, in accordance to the terms and conditions as determined by IAM from time to time, prior to subscribing for, purchasing or otherwise having and continuing to hold any interest in the Notes/Loans.
Interest Rate and Interest Payment Dates	1.50% margin above the 6 month BBSW rate, payable ½ yearly as a floating rate on [●] September and [●] March in each year, commencing on [●] September 2022 up to, and including, the Maturity Date or, if redeemed earlier, an early redemption date.
Security & Documentation	
Status and ranking of the Notes/Loan	The Notes/Loan will be direct, unsecured and unconditional obligations of the Issuer. The Notes/Loan will rank equally among themselves and at least equally with all other direct, unsecured and unconditional obligations of the Issuer except for any obligations mandatorily preferred by law.
Any secured obligations of SSCBC	The Notes/Loan will be subordinated in right of payment to any secured financial indebtedness (either currently existing or to occur in the future).
Conditions Precedent	
Conditions Precedent to initial drawdown	Conditions Precedents usual for issuances of this type but to include the following: <ul style="list-style-type: none"> - Each Lender will be required to complete an application, open and maintain an IAM Omnibus Income Account at IAM; - Pricing Supplement and Issue Notice or Contract Note from IAM; - Each lender entering into a Loan Agreement with SSCBC as the borrower; - SSCBC Structure Chart (to be made available); - KYC and AML of SSCBC; and - Any fees and expenses paid, or will be paid, as part of the initial issuance.
Undertakings	
Information Undertakings	<ul style="list-style-type: none"> - Annual audited accounts within 120 days of financial year end; - Notice of any material events or other matter reasonably requested by Lenders.
General Undertakings	Usual for issuances of this nature including but not limited to: <ul style="list-style-type: none"> - No acquisitions, disposals, distributions.
Financial Covenants	
Calculation Dates	The Financial Covenants will be tested on 30 th June and 31 st December (each a "Calculation Date").
Restrictions on incurrence of Financial Indebtedness / Group Loan to Value Ratio ("LVR") / Covenant Gearing Ratio	Not applicable
Events of Default	
Events of Default	Customary for these types of Notes/Loan, including (amongst others) non-payment, breach of representation or undertaking, breach of Financial Undertakings, insolvency, repudiation, cross default, Material Adverse Change. <ul style="list-style-type: none"> ▪ the Issuer fails to pay within 10 Business Days after the due date any amount payable by it under any Note/Loan; ▪ an Insolvency Event occurs in respect of the Issuer;
Consequences of Event of Default	If an Event of Default is continuing, the Lender may declare at any time by notice in writing to the Borrower that all amounts outstanding under this agreement are immediately due and payable.
Definitions	
Permitted Financial Indebtedness	Not Applicable
Permitted Security Interest	Permitted business as usual for any security interest over an asset to secure any Financial Indebtedness.
Other	



Issue Restriction	Notes/Loan may only be issued if the minimum aggregate consideration payable by each offeree is at least A\$500,000 (disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Chapter 7 of the Corporations Act 2001 (Cwlth) of Australia and such action complies with all applicable laws and regulations.
Ratings	Unrated
Denomination	The Notes/Loan will be issued in the single denomination of A\$1,000, with a minimum on Initial Subscription of \$25,000.00
Listing	Unlisted
Australian interest withholding tax	It is intended that the Notes/Loan will be issued in manner that satisfies the public offer test set out in section 128F of the Income Tax Assessment Act 1936 (Cth). Standard interest withholding tax gross-up clause with customary exceptions.
Governing Law	Victoria