

Term Sheet

Giant Steps – Loan Notes

This term sheet sets out the key terms and conditions, and structure, by which investors will make an equity commitment of \$4.15 million to the Trust, with such amounts to be subsequently lent to Giant Steps as borrower.

Term	Description
Structuring	
Parties	<ul style="list-style-type: none"> (a) Giant Steps Australia Ltd ABN 51 087 759 984 (Giant Steps); and (b) Wentworth Capital Foundations TC Pty Ltd ACN 681 880 553 (Trustee) in its capacity as trustee of Giant Steps Social Note Trust (Trust).
Relevant Documents	<ul style="list-style-type: none"> (a) trust deed constituting the Trust; (b) subscription agreement pursuant to which investors commit \$4.15 million to the Trust; (c) loan note subscription deed pursuant to which the Trust subscribes for loan notes with Giant Steps; (d) loan note deed poll which governs the issuance of loan notes by Giant Steps; and (e) mortgage deed which documents the first ranking mortgage over the underlying property.
Investment Structure	<p>Investors will commit \$4.15 million to the Trust and will receive fully-paid units in the Trust as consideration.</p> <p>The Trust will then subscribe for \$4.15 million worth of loan notes with Giant Steps (Loan Note Subscription) as described below.</p> <p>Refer to the structure diagram set out in Schedule 1.</p>
Loan Note Subscription	The Loan Note Subscription will be fully drawn on day one.
Key loan note terms	
Purpose	To fund a portion of the purchase price of the property known as 19A Wesley Street, Elanora Heights (Property).
Interest rate	5% per annum 'pay if you can' interest, meaning interest payment obligations may be deferred (up to a maximum of 50% of each interest payment obligation) where the board of directors of Giant Steps (based on projected cash flows) believe on a 6 month look forward basis that Giant Steps cannot meet its upcoming interest payment obligations in full after operating costs (see Deferral Event below). Interest will accrue on any deferred interest amounts (see Interest below). The

Term	Description
	<p>non-deferred balance of each interest payment obligation must be paid (see Payments below).</p> <p>There is an overarching requirement that the loan to value ratio (LVR) does not exceed 60% (see Financial Covenant below).</p>
Interest	<p>Interest will accrue on (i) the Face Value of a loan note, and (ii) the amount of any Deferred Interest.</p> <p>Deferred Interest means at any time in relation to a loan note, the amount of any interest that the Trust has been obliged to defer (capped at 50% of the relevant interest payment due) under the loan note deed poll (including any capitalised interest amounts) and has not paid on the relevant interest payment date.</p>
Payments	<p>Subject to a Deferral Event (see below), interest accrues daily and is payable annually.</p>
Repayment	<p>Giant Steps must repay the principal outstanding under the loan note deed poll in full (i) if it sells the Property before the end of the term, (ii) (subject to the process below) at the end of the term, or (iii) as otherwise required under the loan note deed poll.</p> <p>If at the end of year 5 (Expiry Date), Giant Steps is unable to repay the principal outstanding (including any accrued but unpaid Interest) under the loan note deed poll in full, the parties will use their best efforts to refinance the Loan Notes, provided:</p> <ul style="list-style-type: none"> (a) Giant Steps has provided to the Trustee at least 3 months notice prior to the Expiry Date that it is unable to repay the principal outstanding (including any accrued but unpaid Interest); (b) the LVR on refinancing does not exceed 60%; and (c) the Trust retains, after the refinancing, a first ranking mortgage registered on title to the Property. <p>If the parties are unable to agree terms to refinance the Property within 3 months of the Expiry Date, the existing arrangements will continue for a period of 1 year after the Expiry Date, at which time (unless an alternative arrangement has been agreed between the parties) the principal outstanding (including any accrued but unpaid Interest) under the loan note deed poll must be repaid in full by Giant Steps.</p>
Prepayment	<p>Giant Steps may, at any time after the fourth anniversary of completion of the sale of the Property, prepay any of the principal outstanding (together with all unpaid interest accrued) under the loan notes by giving the Trustee at least 10 business days' notice specifying the prepayment date and the relevant loan notes which are to be prepaid (in whole or in part).</p> <p>For the avoidance of doubt, the four year lock-up does not restrict the ability to enforce a mandatory repayment obligation under the loan note deed poll.</p>

Term	Description
Reporting	Giant Steps to provide the Trustee with annual financials no later than 60 days after the end of each calendar year and audited financial statements no later than 150 days after the end of each financial year. Giant Steps will provide unaudited quarterly management updates.
Deferral Event	A deferral event can be declared when the board of directors of Giant Steps (based on projected cash flows) believe on a 6 month look forward basis that Giant Steps cannot meet its upcoming interest payment obligations after operating costs (Deferral Event). Where a Deferral Event occurs in respect of any interest payable, the amount of the interest deferred is added to, and deemed to form part of, the Deferred Interest balance. Interest accrues on Deferred Interest in the same manner as it does on the Face Value of the loan notes.
Financial Covenant	Giant Steps will ensure that at all times the LVR does not exceed 60%.
Negative Pledge	Customary undertakings and negative pledges, including that Giant Steps must not, without the prior written consent of the Trustee: (a) use or permit the use of the Property for any activities or purposes that do not align with Giant Steps charitable mission statement (as provided to the Trustee); (b) create or permit to subsist any security over the Property; (c) complete any construction, development or refurbishment works in relation to the Property (excluding any scheduled maintenance) where: a. the relevant works package has an estimated cost exceeding \$100,000 or b. the aggregate cost of all works packages in that year will exceed \$300,000; or (d) sell, transfer, sub-divide, part with possession or otherwise dispose of any interest in the Property, excluding any leasing arrangements (subject to paragraph (a) above).
Face Value	\$1.00 per loan note, to be issued fully paid.
Term	5 years.
Security	Secured by a first-ranking mortgage over the Property registered on completion of the sale.
Other considerations	
Restructure	The parties agree to use all reasonable endeavours to facilitate a restructure of the arrangements contemplated by this term sheet to the extent such is required by Wentworth for a genuine purpose.

Term	Description
	Wentworth agrees to work with Giant Steps on any restructure to minimise the impact on Giant Steps and its existing operations.
Right of first refusal	Wentworth will be the preferred capital provider and will have a right of first refusal in respect of all future impact investments undertaken by Giant Steps (or its affiliates).

Schedule 1 – Structure Diagram

