

NZX Release

6 June 2019

Extension of the Nomura acquisition facility

Veritas Investments Limited (NZX:VIL) is pleased to announce that it has conditionally secured a \$7 million extension to its existing acquisition and capital expenditure facility from Pacific Dawn Limited, a wholly-owned subsidiary of Nomura Asia Holding N.V (“Nomura”). The acquisition and capital expenditure facility provides an increased line of credit to enable the execution of the group’s growth strategy, as demonstrated by the acquisition of the ‘Citizen Park’ and ‘Union Post’ businesses during the current financial year. Each drawdown under the extended facility is subject to Nomura approval and Listing Rule requirements (to the extent applicable). The extension will become effective on satisfaction of customary financing conditions, including payment of a \$140,000 fee to Nomura in connection with the extension.

Under the facility extension, some of the key covenants in the group’s term loan will be amended as follows:

- The group’s total net debt to EBITDA gearing ratio for FY20 and FY21 will be changed to 3.75x and 3.35x respectively (from 3.25x and 2.5x respectively).
- The EBITDA for the 12 months ending on each financial quarter during the term of the Loan Agreement (including the pro-forma EBITDA from acquisitions) is to be more than \$5 million (previously \$4.42 million at 30 June 2019 and increasing thereafter to \$4.69 million on 30 June 2021).
- The minimum cash balance to be maintained reduces from \$500,000 to \$300,000.

The Veritas Board is committed to grow the group through strategic acquisitions and considers that the facility extension will be instrumental in enabling the group to continue its growth trajectory in the near term.

Veritas has obtained a waiver from NZX Main Board Listing Rule 9.2.1 in relation to the facility extension. A copy of the waiver may be viewed at www.veritasinvestments.co.nz.

About Veritas Investments Limited

Veritas Investments Limited is an NZX Main Board-listed investment company focusing in the hospitality sector. The company was formed in 2011 and acquired The Better Bar Company group business in 2014.

Veritas Investments Limited will be changing its name to Good Spirits Hospitality and its ticker code to “GSH” on 7 June 2019. Its website will change to www.goodspirithospitality.co.nz on that date.

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