

SUPPLEMENTARY INFORMATION TO MEMBERS REGARDING ORDINARY RESOLUTION I

Correction to Ordinary Resolution I and its explanatory notes

1. Ordinary Resolution I and its explanatory notes refer to section 4IJ of the Registered Clubs Act (**the Act**).
2. However, due to amendments to the Act, section 4IJ of the Act has been renumbered as section 4IE of the Act.
3. Accordingly, the references to section 4IJ of the Act should be treated as being references to section 4IE of the Act.
4. For the avoidance of doubt, the requirements for the disposal of core property remain unchanged.

What does Ordinary Resolution I propose?

5. Ordinary Resolution I proposes to declare the land outlined in red in the below plan as non-core property of the Club for the purposes of the Registered Clubs Act.



What does the Club propose to do in respect of the proposed non core property land?

6. The Club proposes to enter into a joint venture arrangement with Lincoln Place Pty Ltd or a related entity of Lincoln Place Pty Ltd (**Lincoln Place**) for the establishment and operation of a multi staged lifestyle living development (**Development**) on the parcel of land marked in yellow on the below plan (**Development Land**); and
7. The Club does not have any immediate plans for the remaining land which is to be declared as non core property of the Club (being the land which falls within the red outline in the below plan but not marked in yellow).



Information regarding the Development

1. The Development will take place on the Development Land (being the area marked in yellow on the above plan).
2. The Development Land is located between the first and third holes of the golf course and it is approximately 4.5 hectares in size.
3. The Development Land is surplus land (that is, it has no current or future intended use) and it does not form part of the actual golf course.
4. The Club has not entered into any legally binding agreements with Lincoln Place regarding the Development.
5. However, subject to Ordinary Resolution I being passed, the Club proposes to enter into the necessary agreements with Lincoln Place for the purposes of the Development.
6. The principal features of the Development are as follows:
 - (a) **Parties** – The Club and Lincoln Place. Lincoln Place is a reputable company with expertise and experience in lifestyle living community developments and it has experience in dealing with registered clubs.
 - (b) **Development** – A multi-staged lifestyle living community development on the Development Land which will comprise of approximately 100 hundred dwellings and a small private community facility. The Special Purpose Vehicle (referred to below) will sub lease lots of the Development Land to residents of the lifestyle living community.
 - (c) **Special Purpose Vehicle** – The Club and Lincoln Place will create a Unit Trust for the purpose of creating and managing the Development (being the Special Purpose Vehicle). The Club and Lincoln Place will be equal partners in the Special Purposes Vehicle, be responsible for 50% of its operational costs and be entitled to 50% of its rent revenue and asset value.
 - (d) **Development Site** – The Development will occur on the Development Land.
 - (e) **Subdivision of Development Land** - The Development Land will be subdivided from the general golf course to separate the golf course land from the Development Land.
 - (f) **Ownership of Development Land** - The Club will retain ownership of the Development Land at all times.

- (g) **Lease and Sub-Leases of Development Land** - The Club will grant the Special Purpose Vehicle a long term lease (a term of 99 years with a 99 year option) of the Development Land for the purposes of developing and operating the lifestyle living community on the Development Land. The Special Purpose Vehicle will then sub-lease lots of the Development Land to residents of the lifestyle living community.
- (h) **Contracts** - The Special Purpose Vehicle and the Development will be delivered and managed by a number of legally binding agreements between the Club and Lincoln Place. Those agreements will be negotiated and executed after this ordinary resolution is passed.
- (i) **List of Contracts** - It is anticipated that the following contracts will be entered into by the Club and Lincoln Place (including its related entities):
 - (i) Implementation Agreement (high level umbrella agreement);
 - (ii) Development management agreement (for home purchase and installation);
 - (iii) Development management agreement (for subleasing);
 - (iv) Operations agreement for day-to-day operation of the community;
 - (v) 99 year ground lease, which includes a 99 year option;
 - (vi) Unit trust deed and unit holders agreement;
 - (vii) Subleases with residents;
 - (viii) Manufactured homes supply agreements;
 - (ix) Home sale agreements;
 - (x) Financier loan and security documents.
- (j) **Project Control Group** – A Project Control Group will be established for the Development comprising three (3) members of the Club and three (3) members of Lincoln Place. Each member of the Project Control Group will have equal voting rights.
- (k) **Roles of the Parties** – Lincoln Place will be the Development Manager for the Development and the Club will be the Operational Manager for the Development.
- (l) **Development Costs** – The initial development costs of the Project will be provided by Lincoln Place, through a mixture of Lincoln Place equity and debt finance. After the Development is completed, the Special Purpose Vehicle will be responsible for the on-going costs of managing the Development.
- (m) **Lincoln Place Fees** – Lincoln Place is entitled to receive a development approval management fee (being the costs of the development approval process plus 10% plus GST), a development management fee (being 3.75% plus GST of the costs of the Development, commencing from construction) and a sales and marketing fee (being 1.75% plus GST of the sale process from each leased/sold lot of land). These fees form part of the abovementioned Development Costs.
- (n) **Club Priority Profit** - Before calculating profit on the Development (which will be shared 50/50 between the Club and Lincoln Place), the Club is entitled to a payment of \$7,500 for each home sold/sublease granted.
- (o) **Funding** – The parties will need to obtain external finance for the Development from a third party lender. Lincoln Place is responsible for arranging the necessary funding for the Project Costs.
- (p) **Security** – The Development Land will be used as security for the Development with the senior lender to be given a first ranking mortgage over that land.

- (q) **Revenue Sharing** - The net revenue from the Development will be paid to the Special Purpose Vehicle. Given the Club and Lincoln Place are equal partners in the Special Purpose Vehicle, each party will receive fifty percent (50%) of the net revenue from the Development. It is anticipated that the Club will receive revenue as part of the Development as follows (approximately):
 - (i) Land access fees - \$765,000 (\$7,500 per dwelling);
 - (ii) Profit (50%) - \$1.475 million (including rent during the term of the project);
 - (iii) Project value on completion - \$5.5 million;
 - (iv) On-going rent income - \$325,000 per annum;
 - (v) Additional club patronage - \$316,455 based on \$35 spend per week per dwelling (assuming 1.7 people per dwelling average).
- (r) **Completion of Development** - The Development must be “practically completed” within three (3) years of the date that the Development Management Agreement is entered into. Assuming the Development Management Agreement is entered into this year, the Development will, subject to any agreed extensions, be “practically completed” in 2025.
- (s) **Taxation and Legal Advice** - Each of the parties must obtain and pay for its own taxation and legal advice.
- (t) **Integration of Existing Club Facilities** – The Development is intended to complement the existing facilities and amenities of the Club (and not compete with the facilities and amenities of the Club). It is anticipated that the residents of the lifestyle living community will regularly attend and use the facilities and amenities of the Club which will benefit the financial position of the Club.
- (u) **Golf Course** – The Development will not result in any changes to the layout of the golf course. In fact, as part of the Development, an additional Par 3 hole will be added to the golf course as a nineteenth hole.

Why does Ordinary Resolution I need to be approved for the Development?

7. As indicated above, the Club must grant a long term lease for the Development Land to the Special Purpose Vehicle as part of the Development.
8. For the purposes of the Act, the proposed lease to the Special Purpose Vehicle constitutes a “disposal” of land.
9. As the Development Land is currently core property of the Club, the Club can not grant the required lease to the Special Purpose Vehicle unless it complies with section 41E of the Act or an exemption contained in the Regulation to the Act.
10. However, if the Development Land is declared to be non-core property of the Club, the Club can grant the lease to the Special Purpose Vehicle without having to comply with the procedure set out in section 41E of the Act (including the need to possibly obtain further members approvals).
11. If the Ordinary Resolution I is passed, the Development Land will be non-core property of the Club and provided the necessary agreements are entered into, the Club can grant a long term lease for the Development Land to the Special Purpose Vehicle without having to comply with the procedure set out in section 41E of the Act.
12. **Please note:** At the Annual General Meeting, the Club will conduct a presentation to provide members with further information about the Development and to provide members with an opportunity to ask questions about the Development.

The remaining “non core property land”

13. The remaining land which is to be declared as non core property of the Club is also surplus land and it also does not form part of the golf course.
 14. As indicated above, the Club does not currently have any immediate plans for that land.
 15. If Ordinary Resolution I is passed, the Board will be able to dispose of that land (for example, by sale or lease) in the future without having to obtain any further members approvals.
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By direction of the Board



**Gregory Roberts
Chief Executive Officer**