

EDEN FISHERMEN'S RECREATION CLUB LIMITED
ACN 000 071 125
NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Eden Fishermen's Recreation Club Limited (**Club**) will be held at the main premises of the Club, 217 Imlay Street, Eden, New South Wales 2551 on Wednesday 12 June 2019 at 6pm.

Business

The business of the General Meeting shall be:

1. To consider and if thought fit, pass the Ordinary Resolution (outlined below).

Ordinary Resolution

*That for the purposes of Rule 30.3(j) of the Constitution of Eden Fishermen's Recreation Club Limited ("**the Club**") and for all other purposes, the members of the Club authorise the Board of the Club to:*

- *sell, lease, exchange or otherwise dispose of the land described as part of Lots 1 and 2 in Deposited Plan 1126141 being part of the Club's golf course and additional land situated at the Club's premises known as Eden Gardens Country Club at 79 Princes Highway, Eden, being the total land shaded on the plan attached to this Notice of General Meeting (**Land**); and*
- *enter into formal contractual arrangements to appoint Lincoln Place Pty Ltd (or its nominee) to undertake a development project on the Land;*
- *enter into formal contractual arrangements with Lincoln Place Pty Ltd (or its nominee) to form a joint venture company which will own and manage the completed project; and*
- *enter into formal contractual arrangements with Programmed Turnpoint Pty Ltd to conduct golf course upgrade works.*

Explanatory Message to Members regarding the proposed Ordinary Resolution

Explanatory Notes

Background

- 1 In 2017 the Board decided to consider development options available for the Club's land. At a General Meeting held on 28 June 2017, the Club's members passed an ordinary resolution in accordance with the *Registered Clubs Act 1976 (NSW) (Registered Clubs Act)* to declare the Land marked on the plan attached to this Notice as "non-core" property. This enabled the Board to properly investigate the best and most feasible uses for the Land to embark on a redevelopment project.
- 2 The Board is pleased to advise that it has now concluded those investigations after a long and comprehensive due diligence process. Accordingly, the Board recommends to the members that Lincoln Place Pty Ltd (**Developer**) be appointed as the developer to undertake the proposed development of the site.
- 3 The Developer is a real estate fund manager, specialising in the creation, development, management and operation of active retirement communities. The two directors of Lincoln Place are Nick Collishaw, a former CEO of Mirvac Group, and Ben Hindmarsh, also a former senior executive with Mirvac Group. Both are highly experienced in property development and established Lincoln Place to focus on developing affordable accommodation for residents and retirees.

The Project

- 4 The redevelopment project proposal for the Land proposes the following:
- (a) To create a 16-lot sub division house and land packages for commercial sale;
 - (b) To create a 116-lot Lifestyle Living Community estate on an ongoing land rental basis;
 - (c) To relocate existing portions of the Club's golf course to accommodate the residential development whilst maintaining the integrity of an 18-hole golf course; and
 - (d) To refurbish and upgrade the existing clubhouse and surrounds located at the Club's Eden Gardens Country Club site,
- (together, the Project).
- 5 16-Lot Subdivision with House and Land Package (House & Land Subdivision)
- (a) The portion of Land shaded in green and approximated at 6,052.1 sq m will be subdivided into 16 lots with a fixed amount (currently proposed as \$50,000 per lot) being paid to the Club by the Developer.
 - (b) After the subdivision of the identified lots, the lots will then be sold to third party purchasers, as either house and land, or land packages, with 25% of the net profit to be paid to the Club.
- 6 Lifestyle Living Community (LLC)
- (a) The portion of the Land shaded in yellow and approximated at 52,850 sq m will be subdivided in stages into a proposed 116 lots for a lifestyle living community estate.
 - (b) The LLC estate will also comprise a communal facility plus covered external areas for uses such as BBQ, resident lounge, community room, covered decks, amenities, kitchen and storage.
 - (c) After the construction of each stage of the LLC development, the Club will receive 45% of the profit for that stage.
 - (d) The land lots on the LLC estate will continue to be owned by the Club with each of the new residents paying a land rent under a lease.
 - (e) A joint venture entity owned by the Club and the Developer will appoint an entity nominated by the Developer as the manager of the LLC estate, and the Club will receive a 50% share of annual rent (or such other proportion if the Club has disposed of a portion of its holding), thereby generating an annualised income for the Club from its land asset with increased value.
- 7 Golf course redevelopment
- a) The Club proposes to enter an eight year Maintenance Agreement with Programmed Turnpoint to provide maintenance, design and construction services throughout the term of the agreement.
 - b) Programmed Turnpoint is a provider of operations and maintenance services. As professional golf specialists in construction and maintenance, they have worked with clubs and developers to build and reconfigure golf courses.
 - c) Under the proposed agreement, Programmed Turnpoint will provide capital funding, labour, materials and equipment to construct new golf holes and re-position the Club's existing golf course as required to accommodate the development of identified land areas in accordance with the Project Delivery Scheme.
 - d) The Club will enter a separate legal agreement with Programmed Turnpoint on suitable commercial terms to repay works deemed "Capital Outlays" over an agreed period throughout the term of the Agreement, in addition to other works as mutually agreed between the parties.
- 8 Clubhouse upgrade
- (a) The clubhouse situated at the Eden Gardens Country Club premises is old and in need of refurbishment to remain a viable facility for members.
 - (b) As part of the Project, the Developer proposes a budget of \$380,000 to spend on a clubhouse and surrounding land refresh.

Contractual arrangements

- 9 The Club proposes to enter into contractual arrangements with the Developer under which:
- (a) The Club will receive funding of \$150,000 from Lincoln Place upon execution of Project documents primarily to assist with payment of development preparation costs and external consulting fees to date; and
 - (b) the Club will engage the Developer to procure the dwellings on the 16-lot subdivision and co-ordinate the marketing and sales of these lots; and
 - (c) a joint venture entity owned by the Club and the Developer will engage the Developer to procure the dwellings on the LLC estate and co-ordinate the sale of the dwellings and leasing of those land lots, with the annual rent to be shared between the Club and the Developer and the Club remaining landowner.
- 10 Based on the financial projections at the time this Notice was prepared (which are not final amounts and may vary), the Club stands to gain:
- (a) \$800,000 as a fixed cost payment from the sales of all 16 lots in the House & Land Subdivision;
 - (b) \$180,000 as the Club's share of the profit earned from the House & Land Subdivision;
 - (c) \$1,100,000 as the Club's share of the profit from the LLC development (after interest) which will be derived over the course of the Project;
 - (d) net rent of approximately \$415,000 during the term of the Project;
 - (e) \$380,000 to spend on a clubhouse refresh;
 - (f) \$120,000 refund of project-related costs incurred by the Club to date;
 - (g) on completion of the Project, based on an ongoing rent of \$335,888 per annum (for the Club's 50% share) the Club's land asset will have a projected value of over \$4,400,000 (being the portion of the Land on which the LLC will be located); and
 - (h) during the first three years of the Project, the Club may receive a fixed payment of \$250,000 per annum in exchange for the Club exercising an option in that year to transfer to the Developer 6% of the total shares or securities in the SPV.

Further comments

- 11 The Board has conducted its own reviews of the Developer's financial projections and has obtained external professional advice. At the date of this notice, the figures are the best estimates available. However, they may vary over the course of the Project.
- 12 The Board is of the view that the financial proceeds from the development of the Land are required by the Club to create long-term income streams to meet future capital requirements of the main Club and Country Club sites. It is intended that surplus funds would provide future funding for the Club's core requirements and business, and be invested into long-term cash and commercial property projects.
- 13 The Club has undertaken extensive due diligence in efforts to date to bring this proposal forward to the membership including the following:
- (a) The Club and the Developer have undertaken independent market research to verify market demand data to support the development (including an analysis and making determinations on feasible uses of the Land);
 - (b) The Club engaged independent accounting firm and Clubs industry specialist Russell Corporate Advisory to undertake a financial review of the Project feasibility returns in support of the Club's own internal financial modelling;
 - (c) The Club has engaged Thomson Geer, expert lawyers in the areas of registered clubs law and club property development projects to provide ongoing assistance with legal aspects of the Project including negotiating and drafting future contractual arrangements with the Developer; and
 - (d) The Club has conducted extensive consultation with Local and State Government officials to ensure project planning specifications meet planning requirements and legislative and community expectations.

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| 14 | Based on their assessment of the Club's financial position, increasing costs and industry trends, the Board and management believe that without a development of the Club's land, the Club will continue to struggle financially and may not survive as it cannot produce sufficient income to maintain the existing clubhouse and golf course capital requirements. |
| 15 | The Club's members approved the Land to be declared as "non-core" property at the 2017 Annual General Meeting which enabled the Board to deal with the Land to determine the best use. As promised at that meeting, the Board has returned to the members for the approval to proceed with the proposed Project with the Developer. Furthermore, the Club's Constitution which was adopted at the same 2017 Annual General Meeting requires the sanction of a general meeting to empower the Board to sell, lease, exchange or otherwise dispose of any land belonging to the Club. Accordingly, the Board seeks that the members endorse the Project and empower the Board to undertake all necessary further steps to proceed with the Project. |

Notes to Members

1. All Life members and financial Ordinary members are entitled to attend the General Meeting. Junior Sporting Members are not allowed to vote on the resolution.
2. To be passed, the Ordinary Resolution must receive votes in its favour from not less than a majority (50% + 1) of those members who are entitled to vote and are present and vote in person at the meeting.
3. In accordance with the Club's Articles of Association, all Life Members and financial Ordinary members are entitled to vote on the Ordinary Resolution.
4. A copy of the proposed Constitution is available for inspection at the Club's office and members are encouraged to review a copy of the proposed Constitution.
5. Members of the Club, who are employees of the Club, cannot vote at the Meeting.
6. Members should read the proposed Ordinary Resolution and Special Resolution and the Explanatory Message to Members following each resolution, which explains the nature and effect of the resolutions.
7. Proxy Votes are not allowed under the *Registered Clubs Act 1976* (NSW).
8. The Board recommends that members vote in favour of the Ordinary Resolution.
9. Members are requested to direct any questions on matters to be considered at the General Meeting to the Chief Executive Officer in writing at least 7 days before the General Meeting, so that they can be addressed and drawn to the attention of the meeting as appropriate.

Signed at the direction of the Board



Andrew Terry
Chief Executive Officer

Date: 14 May 2019