

RUGBY CLUB LIMITED

2013 ANNUAL REPORT

Members are hereby advised that Note 22 - Post Balance Date Event - Sale of Club's Non-Core Property is an additional notation to the Financial Statements which form part of the 2013 Annual Report.

Note 22. Post Balance Date Event – Sale of Club's Non-Core Property

On 8 November 2011 a general meeting of the Members of the Club passed an ordinary resolution declaring the Club's property to be "non-core" property within the meaning of section 41J of the *Registered Clubs Act* 1976. This resolution empowered the Board to enter into discussions with landowners and developers in respect of their development plans and the benefits that might flow to the Club by being a part of those plans. During the ensuing years a property consultant was engaged and Property Advisory Panels were appointed. Offers in respect of the Club's site were received by the Board and negotiations did occur with the relevant parties. However, these discussions did not result in an outcome satisfactory to the Board.

In late March 2014 the Club received a formal offer to acquire the whole of the Club's site from AXF Group Pty Limited (later substituted for 31 Pitt St Pty Limited). Shortly afterwards a second offer was received from Lend Lease Developments Pty Limited and the Board undertook negotiations with both parties.

As the Club's Annual General Meeting ("AGM") is normally scheduled to be held prior to 31 May the Board took advice from the Club's solicitors [Pigott Stinson] and the Club's auditor [Garry Day of Harley Russell & Day] that the Club should seek ASIC's approval to extend the date of the AGM beyond 31 May 2014. There were two principal reasons for seeking this extension of time, namely:

1. The Board recognises that it would still be engaged in confidential negotiations regarding specific property issues that were commercial in confidence. It was anticipated that questions surrounding ongoing property

matters were likely to be raised at an AGM and that this could subsequently hinder the conduct of the AGM and the negotiation process due to the confidentiality attaching to those negotiations.

2. The Board took the view that if the negotiations were successful and had reached a point where a General Meeting was to be called, then the AGM should be held after that General Meeting. This would allow the membership to fully evaluate and then determine whether to accept or reject the offer received by the Club. Depending on the outcome of the General Meeting the members would then have the opportunity to determine the future composition of the Board at the subsequent AGM.

ASIC granted the extensions of time to hold the AGM.

At a General Meeting held on 16 September 2014 the Members passed:

- (a) a Special Resolution approving the sale of the Club's property to 31 Pitt Street Pty Limited ("the Purchaser") for the sum of \$21,000,000.00 (exclusive of GST, if any); and
- (b) an Ordinary Resolution empowering the Board of Directors to establish a Foundation.

Contracts for the sale of the Club's property were exchanged with the Purchaser on 17 September 2014. The 10% deposit of \$2,100,000.00 was released to the Club on the exchange of contracts. The deposit has been immediately applied to paying off the Club's loan facility of \$1,200,000.00 with the National Australia Bank.

The Contract provides that completion will occur no later than 12 months after the date of the Contract. The Club has the option to continue leasing the property at a market rental up until 30 September 2016.