

Name of club: City of Bankstown R & SL Community Club Limited

IMPORTANT INFORMATION FOR MEMBERS
PROPOSED LOAN CONTRACT/MANAGEMENT CONTRACT
Section 410(3)-Registered Clubs Act 1976

This club is required by law to inform its members of a proposed loan or management contract (within the meaning of section 410 of the Registered Clubs Act).
Members are advised that the club intends to enter into a:

loan contract

management contract

1. Start date of proposed contract:

(Insert date proposed contract is to be entered into)

30/07/2015 or such earlier date the Club nominates in writing to the Trustees.

2. Names of all parties to the contract:

(insert details of the names of the parties to the proposed contract)

City of Bankstown R & SL Community Club Limited (ACN 001 084 591), John William Woodley,
Thomas Arthur Hure, Ian James Morrison as Trustees and RSL Custodian Pty Ltd.

3. Purpose of the contract, including how it will assist the club:

(Insert details of the purpose)

See Annexure "A".

4. Duration of proposed contract, including any option to renew:

(Insert date of termination of proposed contract)

10 years and 2 months, expiring 31 August 2025.

5. Amount of proposed contract, and any periodic, or other, fees:

(insert amounts where applicable)

See Annexure "A".

Members are advised that the club is required to lodge a report with the Director General, NSW Department of Trade & Investment, Regional Infrastructure & Services, so that the Director General can review the proposed contract.

Following that review, the Director General may issue a direction to amend, not enter into, or terminate, the contract if the Director General is of the opinion that it does not comply with the Registered Clubs Act or it is not in the interests of the club or its members.

Should any members require further information about the proposed contract, they should contact the club on:

Club telephone number: (02) 8713 0700

Date: 10/10/2014

Signed: 

City of Bankstown R & SL Community Club Ltd
Secretary, (name of club)

ANNEXURE "A"

3. Purpose of the contract, including how it will assist the club:

The Purpose of the relevant contracts is to enable the Trustees of the Bankstown RSL Sub-Branch as the vendors of the Club Premises (**Trustees**) to provide the Club with interest free vendor finance in the amount of \$2,400,000.00 (**Vendor Loan**), secured by a second ranking mortgage and repayable over 10 years and 2 months, to allow the Club to purchase on commercially advantageous terms the Club's Premises at 32 Kitchener Parade, Bankstown, NSW 2200 (**Premises**) from the Trustees for a total consideration of \$13,400,000.00 (**Purchase Price**) plus GST. The remainder of the Purchase Price is to be funded by a facility with the Club's bank, Westpac Banking Corporation (**Westpac**), on commercial terms secured by a first ranking mortgage over the Premises.

The loan contracts with the Vendors are commercially advantageous for the Club because:

- without owning the Premises, the Club is not in a commercial position to develop or improve the Premises for the benefit of its members.
- The loan contracts will allow the Club to purchase the Premises without exceeding the credit requirements for commercial lending of its primary lender, Westpac.
- the loan contracts facilitate the purchase of the Premises and thus facilitate security of tenure for the Club. Without the purchase proceeding the Club has no security of tenure after 30 June 2019 when its current lease from the Trustees ends.
- the Vendor Loan the subject of the loan contracts is for 10 years and 2 months (a very significant term compared to what banks generally will offer registered clubs for such financing, and, subject to any standard events of default, is interest free. The loan contracts therefore save the Club in the order of \$1,200,000.00 in interest (assuming a 5% simple interest rate) alone over the 10 year 2 month term of the Vendor Loan. This saving can be used for other purposes such as reducing the Club's debt or broadening member services.
- Without the loan contracts being put into effect, it would be difficult if not impossible for the Club to obtain commercially acceptable finance to purchase the Premises.

In return, the Trustees obtain a second ranking mortgage over the Premises securing the Vendor Loan which will be discharged when the Vendor Loan is repaid.

5. Amount of proposed contract, and any periodic, or other, fees:

Completion of the sale and purchase of the Premises is to take place on or before 30 July 2015.

The Vendor Loan is for a principal sum of \$2,400,000 to be provided to the Club and used on and from Completion of the sale and purchase of the Premises to part pay the Purchase Price for the Premises of \$13,400,000.00 plus GST.

The terms of the Vendor Loan are as follows:

- (a) the parties acknowledge that the GST on the Vendor Loan component of the purchase price of the property (namely \$240,000.00) must have been paid by the Club on the Completion Date;
- (b) the Vendor Loan will be secured by a second ranking all monies mortgage security over the Premises and a Deed of Priority between the Club, the Club's primary lender (Westpac), the Trustees and RSL Custodian Pty Limited.

- (c) repayments will commence on 30 September 2015 in the amount of \$10,000.00 per month for 10 years (being 120 monthly repayments payable on the last day of each calendar months during the 10 year period expiring 31 August 2025); and
- (d) there will be one final repayment of \$1,200,000.00 on or before 30 September 2025;
- (e) the Club can, at any time, pay any one, more or all of these repayments early without penalty provided such early repayments of principal are in multiples of at least \$20,000.00;
- (f) If an Event of Default (as defined in the second ranking mortgage) occurs the outstanding amount of the principal sum then becomes immediately due and payable by the Club and the Club will also be obliged to pay the Trustees interest on the then outstanding amount of the principal sum starting from the date of the Event of Default at the rate of 8% per annum by equal monthly payments in arrears;
- (g) The second ranking mortgage also secures all costs, charges and expenses which the Trustees or any receiver or attorney appointed by the Trustees under the second ranking mortgage pays or is liable to pay in connection with the exercise or the attempted exercise of any right, power, authority or remedy conferred under or by virtue of the second ranking mortgage or by statute.
- (h) The Club agrees to pay or reimburse the Trustees on demand for:
 - (i) The Trustees's reasonable costs, charges and expenses in connection with the negotiation, preparation, execution, stamping, registration and completion of the second ranking mortgage, in the amount of \$5,000.00;
 - (ii) The Trustees's reasonable costs, charges and expenses in connection with any consent, approval, exercise or non-exercise of rights waiver, variation, release or discharge in connection with the second ranking mortgage or the Premises;
 - (iii) Taxes and fees (including, without limitation, stamp duty and registration fees) which may be payable or determined to be payable on the second ranking mortgage;
 - (iv) Any payment of insurance premiums paid by the Trustees in respect of the full insurable value of the Premises should the Club fail to make the payments to the insurer in contravention of its obligations under the second ranking mortgage;
 - (v) The costs incurred by the Trustees in paying to keep the Premises in good and tenantable repair order and condition if the Club has failed to do so in contravention of its obligations under the second ranking mortgage;
 - (vi) The costs incurred by the Trustees in paying all taxes, rates charges and outgoings and assessments on the Premises if the Club has failed to do so in contravention of its obligations under the second ranking mortgage;
 - (vii) The costs incurred by the Trustees in paying for the Club to comply with acts, statutes, ordinances, regulations and by-laws and related notices and orders in respect of the Premises if the Club fails to do so in contravention of its obligations under the second ranking mortgage.
- (i) as soon as repayments totalling \$2,400,000.00 have been repaid by the Club then the Vendor Loan will have been repaid and the second ranking mortgage security

over the Premises must be released by the Trustees (or their successors in title) and the Deed of Priority discharged.