

PIGOTTSTINSON

LAWYERS SINCE 1863

OVER **150** YEARS OF SERVICE

MEMORANDUM OF UNDERSTANDING

DATED: 12/11/2023.

PARTIES:

**NORTH SYDNEY LEAGUES' CLUB LIMITED
(ACN 000 147 544)**

AND

**CHATSWOOD CLUB LTD
(ACN 000 148 354)**

PIGOTT STINSON


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ABN 82 680 297 642

Associated Firm - Melbourne McKean Park



This Memorandum of Understanding is made on. *SUNDAY, 12 NOVEMBER 2023* .

BETWEEN

NORTH SYDNEY LEAGUES' CLUB LIMITED (ACN 000 147 544) of Abbott Street, Cammeray, NSW, 2062 (Norths).

and

CHATSWOOD CLUB LTD (ACN 000 148 354) of 11 Help Street, Chatswood NSW 2067 (Chatswood Club).

BACKGROUND

- (A) Norths and the Chatswood Club operate as registered clubs in New South Wales.
- (B) Norths called for expressions of interest in amalgamation from clubs interested in amalgamating with Norths.
- (C) Chatswood Club submitted an expression of interest to Norths.
- (D) Norths accepted the expression of interest from Chatswood Club and, following further negotiation, Norths and Chatswood Club have agreed to the terms set out in this Memorandum.
- (E) Norths and Chatswood Club propose to amalgamate the two clubs (subject to the approval of the Authority and subject to the terms of this Memorandum) in accordance with the provisions of this Memorandum, the RCA, the Regulations, the Liquor Act and the Corporations Act.
- (F) The Regulations require clubs which are proposing to amalgamate to enter into a Memorandum of Understanding.
- (G) The Regulations require the Memorandum of Understanding to deal with or include the matters contained in clauses 2 to 10.1 inclusive below. However, there are other matters of importance to the clubs that are included in this Memorandum.

1. DEFINITIONS AND INTERPRETATIONS

1.1 In this Memorandum unless the context otherwise requires:

- (a) **"Amalgamated Club"** mean the registered club from the amalgamation of Norths and the Chatswood Club, the corporate vehicle of which will be Norths.
- (b) **"Amalgamation"** means the amalgamation of the Clubs in accordance with this Memorandum.
- (c) **"Amalgamation Application"** means the application by the Clubs for the transfer of the Chatswood Club's Liquor Licence to Norths pursuant to Sections 60(6) and (7) of the Liquor Act.
- (d) **"Assets"** means all of the goodwill, Land, buildings, personal property, equipment, stock, intellectual property, gaming machine entitlements, gaming machines, contracts, agreements and all other property, tangible or intangible belonging to the Chatswood Club as at the Completion of the Amalgamation.
- (e) **"Authority"** means the Independent Liquor and Gaming Authority.

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- (f) **“Auditor’s Letter”** means the letter to Chatswood from Chatswood’s Auditor dated 30 May 2023 and signed by the Auditor and the President of Chatswood.
- (g) **“Chatswood Club’s CEO”** means the individual who fulfils the Secretary or Secretary Manager’s role at the Chatswood Club.
- (h) **“Chatswood Club Premises”** means the Chatswood Club’s premises located at 11 Help Street, Chatswood NSW 2067.
- (i) **“Chatswood’s Auditor”** means Harley, Russell & Day Chartered Accountants.
- (j) **“Claim”** means any claim, notice, demand, debt, account, action, expense, cost, lien, liability proceeding, litigation, investigation or judgement of any nature, whether known or unknown.
- (k) **“Clubs”** means Norths and the Chatswood Club.
- (l) **“Completion of the Amalgamation”** means the day on which the Final Order is granted.
- (m) **“Confidential Information”** means all information relating to a party, its business, employees or suppliers which is or might reasonably be considered by the other party to be confidential and which is not in the public domain, including all financial data and information relating to a party, business plans, unpublished financial accounts, data and reports, supply lists and information relating to the business of a party’s suppliers.
- (n) **“Corporations Act”** means the Corporations Act 2001 and its associated regulations.
- (o) **“Debts”** means the accumulated debts of the Chatswood Club at the time of Completion of the Amalgamation excluding the Loan.
- (p) **“EBITDARD”** means Earnings Before Interest, Taxes, Depreciation, Amortisation, Rent and Donations.
- (q) **“Final Order”** means the final order pursuant to Section 60(8) of the Liquor Act by the Authority whereby the Chatswood Club’s Liquor Licence is transferred to Norths.
- (r) **“Force majeure event”** means an event which is beyond the reasonable control of a party and includes but is not limited to:
- (i) an act of God;
 - (ii) a breakdown or destruction of plant and equipment;
 - (iii) a shortage of or inability to secure fuel, power, material or labour;
 - (iv) a flood, earthquake, rockfall or landslide;
 - (v) a government act or regulation including but not limited to, exchange control by government having jurisdiction over the parties effected;
 - (vi) a blockade, riot, civil insurgence, act of terrorism or war;
 - (vii) lightning, fire or explosion; or
 - (viii) epidemic or quarantine restriction;



- (s) **"GST"** means Goods and Services Tax under A New Tax System (Goods and Services Tax) Act 1999.
- (t) **"Interest Rate"** means the interest rate specified in the Auditor's Letter.
- (u) **"Land"** means the real property comprised of Lot 2 in Strata Plan 37395 (Folio: 2/SP37395).
- (v) **"Lender"** means Philip Sale of [REDACTED]
- (w) **"Liabilities"** means all liabilities, losses, damages, outgoing, costs and expenses of the Chatswood Club (whatever description) as at Completion of the Amalgamation.
- (x) **"Liquor Act"** means the Liquor Act 2007 (NSW) and its associated regulations.
- (y) **"Liquor Licence"** means the club licence issued to a registered club under the Liquor Act.
- (z) **"Loan"** means the unsecured loan from the Lender to the Chatswood Club.
- (aa) **"Loan Amount"** means the amount of the Loan specified in the Auditor's Letter.
- (bb) **"Memorandum"** means this Memorandum of Understanding.
- (cc) **"Norths' CEO"** means the individual who fulfils the Secretary or Secretary Manager's role at Norths.
- (dd) **"Norths Premises"** means the various premises operated by Norths.
- (ee) **"Order"** means the provisional approval of the Amalgamation Application by the Authority pursuant to Section 60(7) of the Liquor Act.
- (ff) **"Party"** includes the management and Board of Directors of the Chatswood Club and Norths respectively.
- (gg) **"Records"** means all originals and copies of documents, records, sales brochures and catalogues, lists of clients, books, files, accounts, plans and correspondence belonging to or used by the Chatswood Club in the conduct of the Chatswood Club's business including but not limited to corporate, accounting and statutory records.
- (hh) **"Regulations"** mean the Regulations to the RCA.
- (ii) **"RCA"** means the Registered Clubs Act 1976 and its associated regulations.

1.2 In this Memorandum unless the context otherwise requires:

- (a) headings are for convenience only and do not affect interpretation;
- (b) the singular includes the plural and vice versa;
- (c) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) a reference to a person, trust, partnership, joint venture, association, corporation, organisation, society, firm, authority or other entity includes any of them;
- (e) a reference to any legislation or provision of legislation includes all amendments, consolidations or replacements and all regulations or instruments issued under it;

- (f) a reference to a Party to a document includes that Party's successors, permitted assigns, administrators and substitutes;
- (g) an agreement on the part of two (2) or more persons bind them jointly and severally;
- (h) a reference to a notice from, consent or approval of a Party and agreement between the Parties for the purposes of this Deed means a written notice, consent, approval or agreement;
- (i) mentioning anything after 'include,' 'includes' or 'including' does not limit what else might be included; and
- (j) a reference to "dollars" or "\$" is to Australian currency.

2. EACH CLUB'S POSITION REGARDING THE PROPOSED AMALGAMATION

- 2.1 Norths and the Chatswood Club agree to amalgamate in accordance with this Memorandum, the RCA, the Regulations, the Liquor Act and the Corporations Act.
- 2.2 The Amalgamation is intended to preserve and where possible enhance the existing facilities and amenities of both Clubs.
- 2.3 The amalgamation will be effected by the continuation of Norths and the dissolution of the Chatswood Club.

Process for Amalgamation

- 2.4 The process for the amalgamation will be as follows:
 - (a) The Clubs will enter into this Memorandum.
 - (b) The members of the Chatswood Club and Norths will be asked to approve the amalgamation at separate general meetings of the ordinary members of each club. These meetings will be called and held in the manner referred to in clause 13 below.
 - (c) The members of Norths will be asked to approve (by special resolution) amendments to Norths' Constitution in the manner provided for in clause 13.5 below.
 - (d) Once the approvals in paragraphs (b) to (c) inclusive have been obtained, the Amalgamation Application will then be made to the Authority. The Amalgamation Application will be made in the manner referred to in clause 14 below.
 - (e) After the Amalgamation Application is granted and on the date of the Final Order:
 - (i) the Assets, Debts and Liabilities of the Chatswood Club will be transferred to Norths in the manner referred to in clause 16 below;
 - (ii) all eligible members of the Chatswood Club will, with their consent, be admitted as members of Norths and will be identified as a separate class of ordinary membership called "Chatswood Club members." This will occur in accordance with the procedure set out in clause 13.5 below (that is, the category of membership will be inserted into Norths' Constitution pursuant to the Special Resolution referred to in that clause);
 - (iii) employees of the Chatswood Club who have accepted an offer of employment from Norths will become employees of the Amalgamated Club.
 - (f) After Completion of the Amalgamation, Norths will continue as the body corporate of

the Amalgamated Club.

- (g) From Completion of the Amalgamation, the Chatswood Club Premises will become additional licensed premises of Norths and will be available to all members of the Amalgamated Club. The Chatswood Club Premises will be operated in the manner set out in clause 3, clause 4 and clause 5 below.
- (h) After Completion of the Amalgamation, the Chatswood Club will be wound up or otherwise voluntarily deregistered in the manner referred to in clause 16 below.

Due Diligence

- 2.5 The Chatswood Club may, at its own expense, undertake a due diligence review of Norths' financial position and operations.
- 2.6 Norths may, at its own expense, undertake a due diligence review of the Chatswood Club's financial position and operations.
- 2.7 Each Club will, if required by the other, provide a list of information (including, but not limited to, details of its Assets, Debts and Liabilities) and assistance to the other Club in order for the other Club to properly carry out and complete the due diligence review.

3. THE MANNER IN WHICH THE PREMISES AND OTHER FACILITIES OF THE CHATSWOOD CLUB WILL BE MANAGED AND THE DEGREE OF AUTONOMY THAT WILL BE PERMITTED IN THE MANAGEMENT OF THE CHATSWOOD CLUB PREMISES AND FACILITIES
[Regulations – Clause 7(2)(a)]

- 3.1 The Chatswood Club Premises will become additional premises of Norths.
- 3.2 The Amalgamated Club will operate and trade from Norths Premises and the Chatswood Club Premises.
- 3.3 Norths will take over responsibility and control of the Chatswood Club Premises with effect from Completion of the Amalgamation.
- 3.4 The Board of Norths will be the Board of the Amalgamated Club.
- 3.5 Norths' CEO will be the Secretary and Chief Executive Officer of the Amalgamated Club.

4. A LIST OF THE TRADITIONS, AMENITIES AND COMMUNITY SUPPORT THAT WILL BE PRESERVED OR CONTINUED BY THE AMALGAMATED CLUB
[Regulations – Clause 7(2)(b)]

- 4.1 The traditions, amenities, culture and memorabilia of the Chatswood Club will be maintained by the Amalgamated Club at the Chatswood Club Premises. For the avoidance of doubt, the honour boards at the Chatswood Club Premises may be displayed in their present form or electronically (or a combination of both).
- 4.2 The Amalgamated Club will continue to support the community organisations that were supported by the Chatswood Club (as at the date of this Memorandum), and it will explore opportunities to expand community support.

5. INTENTIONS REGARDING THE FUTURE DIRECTION OF THE AMALGAMATED CLUB
[Regulations – Clause 7(2)(c)]

- 5.1 The future direction of the Amalgamated Club will be subject to the overall strategic plan of

the Amalgamated Club and its finances. However, Norths will operate the Amalgamated Club and the Chatswood Club Premises in accordance with this clause 5.

Amalgamated Club Premises

5.2 The Amalgamated Club will operate and trade from Norths Premises and the Chatswood Club Premises.

Chatswood Club Premises

5.3 The Chatswood Club Premises will trade and be promoted under a rebrand of the Club as being part of Norths corporate brand. The Chatswood Club Premises rebrand would retain the word 'Chatswood'.

5.4 Subject to clauses 10 and 11, Norths:

- (a) will maintain the Chatswood Club Premises and carry on the business of a licensed registered club under the RCA and the Liquor Act at the Chatswood Club Premises with the usual facilities and amenities of a registered club;
- (b) intends to operate the Chatswood Club Premises as a successful and well supported local based social, sporting and community club;
- (c) will undertake improvements to the Chatswood Club Premises and facilities as and when deemed necessary by the Board of the Amalgamated Club in its absolute discretion. The timeframe, nature and budget for those improvements will be determined by the Board of the Amalgamated Club in its absolute discretion;
- (d) intends to improve trading at the Chatswood Club Premises; and
- (e) will maintain and where possible enhance, the social facilities, services, amenities and activities at the Chatswood Club Premises.

6. THE EXTENT TO WHICH THE EMPLOYEES OF THE AMALGAMATED CLUB WILL BE PROTECTED **[Regulations – Clause 7(2) (d)]**

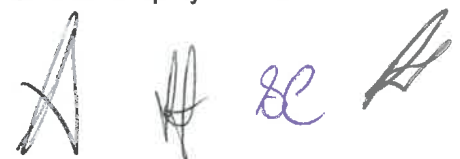
6.1 As part of the Amalgamation, the Chatswood Club will be wound up. As part of the winding up of the Chatswood Club and but for the following paragraphs of this clause 6, the employment of all the Chatswood Club's employees by the Chatswood Club would otherwise come to an end.

6.2 Prior to the Completion of the Amalgamation, Norths will offer employment to each of the Chatswood Club's employees which is similar to the employment of each employee by the Chatswood Club.

6.3 Each offer of employment, if accepted, will be effective from the Completion of the Amalgamation and they will be on the same terms and conditions presently offered by Norths to employees of Norths in the same role provided that it does not result in any employee of the Chatswood Club receiving lesser benefits than they presently receive from the Chatswood Club.

6.4 Any employee of the Chatswood Club who accepts an offer of employment with Norths will receive continuity of employment and their accrued entitlements as employees of the Chatswood Club will be carried over and be honoured by Norths.

6.5 Any employee of the Chatswood Club who does not accept an offer of employment with Norths will be paid their full entitlements by the Chatswood Club when their employment with



the Chatswood Club comes to an end.

- 6.6 Each employee of Norths will continue to be employed by the Amalgamated Club after the Completion of the Amalgamation, subject to the terms and conditions of employment between each of those employees and Norths.

7. INTENTIONS REGARDING THE FOLLOWING ASSETS OF THE CHATSWOOD CLUB:

- 1. ANY CORE PROPERTY;**
 - 2. ANY CASH OR INVESTMENTS;**
 - 3. ANY GAMING MACHINE ENTITLEMENTS**
- [Regulations – Clause 7(2)(e)]**
-

Core Property

- 7.1 For the purposes of the RCA, the Chatswood Club Premises is the “core property” of the Chatswood Club.
- 7.2 Subject to this Memorandum, Norths will retain the core property of the Chatswood Club and operate the Amalgamated Club in the manner referred to in clause 5.

Cash and Investments

- 7.3 The cash and investments (if any) of the Chatswood Club will be transferred (in accordance with clause 16) to the general reserves of the Amalgamated Club.

Gaming Machine Entitlements

- 7.4 The Chatswood Club has twenty four (24) gaming machine entitlements at the Chatswood Club Premises and they must be retained at the Chatswood Club Premises for as long as the Amalgamated Club trades from those premises.
- 7.5 The ownership of those gaming machine entitlements will be transferred to Norths with effect from the Completion of the Amalgamation.
- 7.6 The Amalgamated Club must operate at least twenty four (24) gaming machines at the Chatswood Club Premises for as long as the Amalgamated Club trades from those premises.

8. RISKS OF NOT PRESERVING THE CHATSWOOD CLUB’S CORE PROPERTY AND HOW THOSE RISKS ARE TO BE ADDRESSED
[Regulations – Clause 7(2) (E1)]

- 8.1 Subject to clauses 9, 10 and 11 and the RCA, the Amalgamated Club will not dispose of the core property of the Chatswood Club during the first ten (10) years after Completion of the Amalgamation.
- 8.2 The risks of the Amalgamated Club not meeting the intentions of the parties in preserving the core property of the Chatswood Club are those set out in clause 10.5.
- 8.3 If the risks (or any of them) in clause 10.5 are realised during the first ten (10) years after the Completion of the Amalgamation, clause 8.1 and section 17A1 of the RCA will prevent the Amalgamated Club from disposing the core property.
- 8.4 If the risks (or any of them) in clause 10.5 are realised after the first ten (10) years after Completion of the Amalgamation, the Amalgamated Club will use its best endeavours to find ways to address those risks so that the disposal of core property will be considered only after all reasonable alternatives have been exhausted and provided the disposal is in accordance with the RCA.



9. **DISPOSAL OF THE CHATSWOOD CLUB'S MAJOR ASSETS**
[Regulations – Clause 7(2) (E2)]

- 9.1 For the purposes of the RCA, the Chatswood Club Premises is the “core property” and “major assets” of the Chatswood Club.
- 9.2 Subject to clauses 9, 10 and 11 of this Memorandum, the Amalgamated Club will not dispose of the major assets of the Chatswood Club during the first ten (10) years after Completion of the Amalgamation.

10. **THE CIRCUMSTANCES THAT WOULD PERMIT THE AMALGAMATED CLUB TO CEASE TRADING ON THE PREMISES OF THE CHATSWOOD CLUB OR TO SUBSTANTIALLY CHANGE THE OBJECTS OF THE CHATSWOOD CLUB**
[Regulations – Clause 7(2)(F)]

- 10.1 Norths does not intend to cease trading from the Chatswood Club Premises.
- 10.2 However, the objects of the Chatswood Club will, with effect from Completion of the Amalgamation, be subsumed by and will become objects of Norths.
- 10.3 Norths intends to operate the Amalgamated Club in the manner referred to in clause 5.
- 10.4 However, for the purposes of clause 7(2)(f) of the Regulations, Norths and the Chatswood Club are required to agree to the matters set out in clause 10.5.
- 10.5 For the purposes of clause 7(2)(f) of the Regulations, Norths and the Chatswood Club have agreed that the Amalgamated Club would either cease trading from the Chatswood Club Premises in the following circumstances:
- (a) if, after the first ten (10) years after Completion of the Amalgamation, it is not financially viable (as set out in clause 10.5) for the Amalgamated Club to continue to trade from the Chatswood Club Premises; or
 - (b) upon the order of any Court or body with jurisdiction to administer the laws in relation to liquor, gaming and registered clubs which orders the permanent closure of the Chatswood Club Premises;
 - (c) upon the lawful order of any government authority to permanently cease trading from the Chatswood Club Premises, or revoking any licence, approval or consent necessary for the Amalgamated Club to continue trading from the Chatswood Club Premises and it is not possible for the relevant licences, approvals or consents to be re-instated or new/replacement licences, approvals or consents to be obtained;
 - (d) if the premises were destroyed or partially destroyed by fire, floods, storms or Force Majeure event, except where appropriate insurance cover is available to reinstate the Chatswood Club Premises or where it is otherwise economically viable to do so.
- 10.6 For the purposes of clauses 10 and 11 and subject to clause 10.7 below, the Chatswood Club Premises will not be financially viable if, in any year (commencing after the ten (10) year period referred to in clause 10.4), the EBITDARD percentage for the Chatswood Club Premises is less than ten per cent (10%) in that year with such EBITDARD percentage to be determined by an independent company auditor (**the Minimum EBITDARD**).
- 10.7 For the purposes of clauses 10.4(a), Norths must not knowingly or wilfully do anything or omit doing anything which adversely impacts upon the ability of the Chatswood Club Premises to achieve the Minimum EBITDARD.
- 10.8 For the purposes of clause 10.4(d), the Amalgamated Club must take out and maintain



appropriate building insurance for the Chatswood Club Premises which is sufficient to cover reinstatement of the Chatswood Club Premises to the same or better standard that they were in as at Completion of the Amalgamation

11. AN AGREED PERIOD OF TIME BEFORE THE AMALGAMATED CLUB WILL CEASE TRADING FROM THE CHATSWOOD CLUB PREMISES OR SUBSTANTIALLY CHANGE THE OBJECTS OF THE CHATSWOOD CLUB PREMISES
[Regulations – Clause 7(2)(G)]

- 11.1 Norths does not intend to cease trading from the Chatswood Club Premises, and intends to operate the Amalgamated Club in the manner referred to in clause 5 and would only cease to do so in the circumstances referred to in clause 10.
- 11.2 The objects of Norths will become the objects of the Chatswood Club with effect from Completion of the Amalgamation.
- 11.3 However, for the purposes of clause 7(2)(g) of the Regulations, Norths and the Chatswood Club are required to agree to the matters set out in clause 11.4.
- 11.4 For the purposes of clause 7(2)(g) of the Regulations, Norths and the Chatswood Club have agreed that the Amalgamated Club will continue to trade from the Chatswood Club Premises for at least ten (10) years, (except in the circumstances referred to in clauses 10.5(b) to (d) inclusive).

12. BINDING EFFECT OF MEMORANDUM

- 12.1 Norths and the Chatswood Club agree that this Memorandum is binding on them and for that purpose is executed as a Deed.

13. CALLING OF MEETINGS AND ADMISSION OF CHATSWOOD CLUB MEMBERS TO MEMBERSHIP OF NORTHS

- 13.1 The Chatswood Club will call a general meeting of the ordinary members of the Chatswood Club for the purposes of considering and if thought fit passing a resolution approving in principle the Amalgamation in accordance with section 17AEB(d) of the RCA.
- 13.2 The meeting referred to in clause 13.1 must be held as soon as reasonably practicable after the date of this Memorandum but in any event within three (3) months of the date.
- 13.3 Norths will call a general meeting of the ordinary members of Norths for the purposes of considering and if thought fit passing a resolution approving in principle the amalgamation in accordance with section 17AEB(d) of the RCA.
- 13.4 The meeting referred to in clause 13.3 will be scheduled at Norths' discretion after the date of the meeting referred to in clause 13.1 provided that the resolution approving in principle the Amalgamation in accordance with section 17AEB(d) of the RCA is approved at that meeting.
- 13.5 In addition to the resolution referred to in clause 13.4, Norths will, at the meeting referred to in clause 13.3, submit to those members eligible to attend and vote on a special resolution to amend the Constitution of Norths to give effect to the following:

- (a) Any member of the Chatswood Club who, at Completion of the Amalgamation, has been:
- (i) refused admission to or been turned out of Chatswood Club; or



(ii) suspended from Norths;

(iii) expelled from Norths,

shall not be eligible to apply for and/or be admitted to membership of Norths.

- (b) All eligible members of the Chatswood Club who apply to become members of Norths will, subject to the Amalgamated Club's Constitution, be admitted to membership of Norths.
- (c) All eligible members of the Chatswood Club will be able to apply for membership of Norths in the manner referred to in paragraphs (d) to (h) inclusive of this clause 13.5.
- (d) A member of the Chatswood Club will not be required to be proposed or seconded for membership of Norths.
- (e) As soon as practicable after the Order, Norths will forward to each member of the Chatswood Club, who is not already a member of Norths, a written invitation to become a member of Norths.
- (f) Any member of the Chatswood Club who accepts the invitation and agrees in writing to be bound by the Constitution of Norths will, subject to the Amalgamated Club's Constitution and the requirements of the RCA being satisfied, be elected by a resolution of the Board of Norths to membership of Norths with effect from the date of Completion of the Amalgamation.
- (g) The Chatswood Club's members who are admitted to membership of Norths will be identified as a separate class called the "Chatswood Club Members" but may transfer to any other class of membership of Norths for which they are eligible to join. Chatswood Club Members will have the same membership rights as Club members under Norths' Constitution. For the avoidance of doubt, Club membership is the main category of membership of Norths and Chatswood Club members will be subject to any qualifying periods contained in Norths' Constitution.
- (h) Any person who, at Completion of the Amalgamation, is a Life member of the Chatswood Club will:
- (i) not become a Life member of the Amalgamated Club; and
 - (ii) continue to be recognised as a Life member of the Chatswood Club but only in respect of the Chatswood Club Premises;
 - (iii) not be required to pay an annual subscription to the Amalgamated Club (unless the RCA requires such a subscription to be paid).

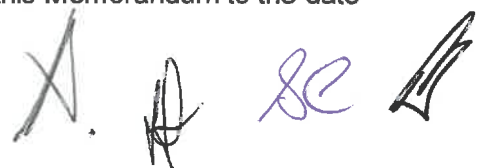
14. AMALGAMATION APPLICATION TO THE INDEPENDENT LIQUOR AND GAMING AUTHORITY

14.1 Norths and its lawyers will prepare and file the Amalgamation Application.

14.2 The Chatswood Club will co-operate with Norths and its lawyers and will provide all documents and information reasonably required for the preparation, lodgement and finalisation of the Amalgamation Application, including the notices of meeting and the minutes of the meetings referred to in clause 13.1.

15. WARRANTIES AND OPERATIONAL ARRANGEMENTS

15.1 The Chatswood Club warrants to Norths that from the date of this Memorandum to the date



of Completion of the Amalgamation, the Chatswood Club will:

- (a) carry on its business in the usual ordinary course and in a diligent manner and unless incurred in the usual and ordinary course of business, will not incur any single debt or liability (including, but not limited to, the purchase of any capital equipment) over the sum of two thousand dollars (\$2,000.00) plus GST without the prior approval of Norths' CEO or his delegate;
- (b) attend to the payment of any existing debts and liabilities using its cash reserves (provided that it will not be in breach of this warranty if its cash reserves are insufficient to pay out all of its existing debts and liabilities);
- (c) maintain the Assets in the same state of repair as they are at the date of the Memorandum subject to reasonable wear and tear and keep the Assets insured in amounts representing their full replacement or reinstatement value against fire and other risks normally insured;
- (d) carry on its operations with normal and prudent practice using best endeavours to reduce losses, increase profitability, and endeavour to maintain and increase the value of the Assets;
- (e) provide Norths' CEO each week (or at such other times as requested) any details or documents relating to the operation and financial position of the Chatswood Club;
- (f) not do anything which may damage the goodwill of its business or that of Norths;
- (g) notify Norths of any of the circumstances referred to clause 15.4 within a reasonable time of becoming aware of the relevant circumstances;
- (h) not without the prior written consent of Norths:
 - (i) enter into, terminate or alter any term of any contract, arrangement or understanding including any lease, licence or easement in relation to its operations or otherwise;
 - (ii) except in the usual and routine conduct of its trading operations in conformity with and in the manner of recent times, incur any actual or contingent liabilities whether in relation to those operations or otherwise;
 - (iii) dispose of, agree to dispose of, encumber or grant an option over, or grant any interest in any of the Assets (including without limitation any gaming machine entitlements);
 - (iv) employ any person;
 - (v) terminate the employment of any employee;
 - (vi) alter the terms of employment (including the terms of remuneration and or superannuation or any other benefit) of any employee;
 - (vii) seek to borrow or borrow money from any third party;
 - (viii) increase the level of debt of the Chatswood Club beyond that existing as at the date of this Memorandum other than any debt incurred in the normal day to day trading of the Chatswood Club; or
 - (ix) engage in discussions or negotiations with anyone other than Norths concerning an amalgamation or the sale or disposal of all or any part of the



Assets,

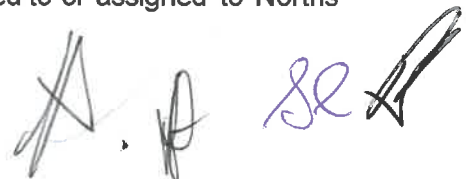
- (i) must advise Norths of any solicitation by any third party to participate in any such discussion or negotiation concerning an amalgamation or the sale or disposal of all or any part of the Assets.
- 15.2 Each of the Chatswood Club's warranties contained in clause 15.1 remains in full force and effect notwithstanding Completion of the Amalgamation.
- 15.3 Norths' CEO and the Chatswood Club's CEO will have regular discussions about the management and operations of the Chatswood Club with the object of:
- (a) providing for an orderly transfer of the management and operations of the Chatswood Club to Norths on the date of Completion of the Amalgamation; and
 - (b) achieving efficiencies and cost savings in the Chatswood Club;
 - (c) implementing operational changes in preparation for Completion of the Amalgamation.
- 15.4 If, before Completion of the Amalgamation, in relation to either of the Clubs (the subject Club):
- (a) an event occurs which has or may have a material effect on the profitability of the premises or value of any of the Assets of the subject Club;
 - (b) an event occurs which makes any warranty, or any of the subject Club's representations or other warranties made or given to the other Club untrue or misleading;
 - (c) any Claim of any nature is threatened or asserted by or against the subject Club; or
 - (d) there is any material adverse change in the condition (financial or otherwise) or prospects of the subject Club or of its operations,

then the subject Club must within a reasonable time on becoming aware of the circumstances, give notice to the other Club fully describing the circumstances.

- 15.5 Title to, property in and risk of the Chatswood Club's Assets remain solely with the Chatswood Club until such time as they are passed to the Amalgamated Club in accordance with clause 16.

16. DISSOLUTION OF THE CHATSWOOD CLUB AND TRANSFER OF ITS ASSETS, DEBTS AND LIABILITIES TO NORTHS

- 16.1 Prior to the Completion of the Amalgamation, the Chatswood Club must do all things necessary to enable Norths to be the bona fide occupier of the Chatswood Club Premises on Completion of Amalgamation.
- 16.2 As soon as practicable after the Order, but subject to the Final Order, the Chatswood Club must ensure the Assets, Debts and Liabilities of the Chatswood Club are transferred to Norths (less an amount sufficient for the purposes of the winding up of the Chatswood Club in the manner referred to in clause 16.5 and for directors' and officers' liability insurance pending deregistration). The parties acknowledge that it is proposed for the transfer of the Assets, Debts and Liabilities referred to in clause 16.1 to occur on the date of the Final Order wherever possible.
- 16.3 For the purposes of clause 16.2, the Chatswood Club must do all things necessary and execute all documents to cause all of the Assets to be transferred to or assigned to Norths



with effect from the date of Final Order wherever possible. Such transfers and assignments will without limitation be in respect of:

- (a) Land and all other real property of the Chatswood Club Premises; and
- (b) all contract rights including without limitation hire purchase agreements and existing service agreements in respect of the Chatswood Club Premises;
- (c) all intellectual property rights (including business names);
- (d) all physical assets, furniture and fittings and stock in trade,
owned or entered into by the Chatswood Club.

16.4 The transfers and assignments referred to in clause 16.3 must be executed by the Chatswood Club before Completion of the Amalgamation and be given to and be held in escrow by Norths pending Completion of the Amalgamation.

16.5 The Chatswood Club must ensure that the Assets are transferred to Norths free of charges, security interests and encumbrances of any other nature (other than as approved by Norths in its absolute discretion) to enable Norths to become the absolute and beneficial owner of those Assets with effect from Completion of the Amalgamation. For the purposes of this clause, Chatswood Club will be deemed to have unencumbered title and ownership of an Asset if the Chatswood Club has obtained a written undertaking from the relevant secured party on or before Completion of the Amalgamation which states that the relevant secured party will release their interest in the Asset after Completion of the Amalgamation.

16.6 After Norths has advised the Chatswood Club that it is satisfied that all matters related to the Amalgamation have been completed, the Chatswood Club must, as soon as reasonably practicable, ensure the Chatswood Club is either voluntarily deregistered or wound up and any surplus Assets (if any) are transferred to Norths after such deregistration or wound up.

16.7 Each of the parties warrants to the other it will co-operate with the other and their respective advisors, and provide all documents and information reasonably required, for the preparation, lodgement and finalisation of the matters referred to in this clause 16.

17. REPAYMENT OF THE LOAN

17.1 Norths acknowledges the Loan by the Lender to the Chatswood Club, the Loan Amount and the Interest Rate.

17.2 Subject to Completion of the Amalgamation, Norths will repay the balance of the Loan within eighteen (18) months of Completion at such intervals as agreed between the Lender and Norths, by electronic funds transfer to the Lender's nominated account.

18. ACCESS TO RECORDS

18.1 From the date of this Memorandum, the Chatswood Club will provide to Norths at all reasonable times access to the Chatswood Club Premises, Records and other information and material reasonably required by Norths (including for the purpose of any due diligence referred to in clause 2.6).

18.2 From the date of this Memorandum, Norths will provide to the Chatswood Club at all reasonable times access to Records and other information and material reasonably required by the Chatswood Club for the purposes of the due diligence referred to in clause 2.5).

19. CONFIDENTIALITY



- 19.1 A party must not without the prior written approval of the other disclose the other party's Confidential Information.
- 19.2 Each party must take all reasonable steps to ensure its employees and agents, subcontractors and consultants do not disclose or make public the other parties Confidential Information.
- 19.3 A party must on demand return to the other any documents supplied by the other in connection with this Memorandum.
- 19.4 This clause 19 survives completion of this Memorandum.

20. RESOLUTION OF DISPUTES ARISING UNDER THIS MEMORANDUM

- 20.1 A party must not commence any Court or arbitration proceedings relating to a dispute unless it complies with this clause.
- 20.2 A party claiming a dispute has arisen under or in relation to this Memorandum or the amalgamation process must give written notice to the other party specifying the nature of the dispute.
- 20.3 On receipt of that notice by the other party the parties must endeavour in good faith to resolve the dispute expeditiously using informal dispute resolution techniques, such as mediation, expert evaluation or expert determination or other techniques as may be agreed by them.
- 20.4 If the parties do not within seven (7) days of the receipt of the notice referred to in clause 20.2 or any extended period agreed in writing between the parties as to:
- (a) the dispute resolution technique or procedures to be adopted;
 - (b) the timetable for steps in those procedures; and
 - (c) the selection and compensation of an independent person required for such dispute resolution technique or procedures,

The parties must mediate the dispute in accordance with the mediation rules of the Law Society of New South Wales. The parties must request the President of the Law Society of New South Wales or the President's nominee to select the mediator and determine the mediator's remuneration.

- 20.5 If the dispute is not resolved within twenty eight (28) days after notice is given under clause 20.2 a party which has complied with the provisions of this clause 20 may by written notice to the other terminate any dispute resolution process undertaken pursuant to this clause and may then refer the dispute to arbitration or commence Court proceedings in relation to the dispute.
- 20.6 The parties acknowledge the purpose of any exchange of information or documents or the making of any offer of settlement pursuant to this clause 20 is to settle the dispute concerned. Neither party may use any information or documents obtained through any dispute resolution process undertaken pursuant to this clause for any purpose other than in an attempt to settle the dispute.

21. COSTS

- 21.1 Each party shall pay its own costs of and in relation to the preparation, execution and completion of this Memorandum.



22. STAMP DUTY

- 22.1 The parties acknowledge that section 65(3) of the *Duties Act (NSW)* provides no duty is chargeable on a transfer of dutiable property to give effect to an amalgamation of two registered clubs provided such information and documents as the Chief Commissioner of the Office of State Revenue requires are provided.
- 22.2 Despite the exemption from duty referred to in clause 22.1 the parties agree that any duty payable by either party to bring into effect the provisions of this Memorandum shall be paid by Norths.

23. GENERAL

- 23.1 This Memorandum constitutes the whole and entire agreement between the parties and any warranty, representation, guarantee or other term or condition of any nature not contained or recorded in this Memorandum is of no force or effect.
- 23.2 No provision of this Memorandum is in any way modified, discharged or prejudiced by reason of any investigation made, or information acquired, by or on behalf of either Club respectively, whether prior to or after the date of this Memorandum.
- 23.3 The rights, powers, remedies and privileges provided in this Memorandum are cumulative, and are not exhaustive of any other rights, powers, remedies and privileges provided by law, except as may be expressly stated otherwise in this Memorandum.
- 23.4 If any provision of this Memorandum is invalid and not enforceable in accordance with its terms, other provisions which are self-sustaining and capable of enforcement continue to be valid and enforceable in accordance with their terms.
- 23.5 Neither party may assign this Memorandum or any benefit under it without the prior written consent of the other which it may refuse in its absolute discretion.
- 23.6 Each party must do, sign and deliver all acts and documents reasonably required of it by notice from the other to effectively carry out and give full effect to this Memorandum.
- 23.7 This Memorandum is governed by and is to be construed in accordance with the law of New South Wales.

24. TERMINATION

- 24.1 Norths may terminate this Memorandum at any time:
- (a) without penalty, by giving written notice to the Chatswood Club if:
 - (i) the Chatswood Club breaches any warranty contained in clause 15.1; or
 - (ii) the members of the Chatswood Club have not passed the resolution referred to in clause 13.1 within three (3) months of the date of this Memorandum or such other later date agreed by the parties in writing.
 - (b) at any time up to the date of the meeting of Norths referred to in clause 13.3 by giving written notice to the Chatswood Club if the due diligence review undertaken by it on the Chatswood Club (as referred to in clause 2.6) is not satisfactory to the Board of Norths.
- 24.2 The Chatswood Club may terminate this Memorandum without penalty or liability by giving written notice to Norths if the members of Norths have not passed the resolutions referred to



in clauses 13.3 and 13.5 within twelve (12) months of the members of the Chatswood Club passing the resolution referred to in clause 13.1 or such other later date agreed by the parties.

- 24.3 Notwithstanding anything contained in this Memorandum, if Completion of the Amalgamation has not occurred within twelve (12) months of the date of this Memorandum (or such later date agreed by the parties), then either party by giving written notice to the other may, without penalty, terminate this Memorandum.
- 24.4 Any delay or forbearance in giving or withdrawing a notice pursuant to this clause 24 by a party shall not prejudice its rights to subsequently terminate this Memorandum pursuant to this clause 24.
- 24.5 If this Memorandum is terminated in accordance with this clause 24 the Amalgamation terminates.

25. NOTICES

- 25.1 A notice, approval, consent or other communication to a person relating to this Memorandum must be in writing and executed by duly authorised persons.
- 25.2 If the notice is to Norths, then it must be addressed as follows:
- (a) **Name:** North Sydney Leagues' Club Limited
 - (b) **Attention:** Luke Simmons and Stuart Burrows
 - (c) **Address:** Abbott Street, Cammeray, NSW, 2062
 - (d) **Email:** Luke.Simmons@northscollective.com.au; and
Stuart.Burrows@northscollective.com.au
- 25.3 If the notice is to the Chatswood Club, then it must be addressed as follows:
- (a) **Name:** Chatswood Club Ltd
 - (b) **Attention:** Phil Sale
 - (c) **Address:** 11 Help Street, Chatswood NSW 2067
 - (d) **Email:** admin@chatswoodclub.com.au
- 25.4 Notice is sent by the sender and received by the receiver:
- (a) if the notice is hand delivered, upon delivery to the receiving party; or
 - (b) if the notice is sent by email, upon the successful completion of the relevant transmission;
 - (c) if the notice is sent by post, two (2) business days after the notice is posted.

26. PROCESS FOR THE VARIATION OF THIS MEMORANDUM

No variation or waiver of any provision of this Memorandum is of any force or effect unless it is confirmed in writing and signed by both Parties. The variation or waiver is effective only to the extent for which it is made or given.

27. WAIVER AND THE EXISTENCE OF A POWER OR A RIGHT



No failure, delay, relaxation or indulgence on the part of either Party in exercising any power or right conferred on that Party by this Memorandum operates as a waiver of that power or right. No single or partial exercise of any such power or right will preclude any other or future exercise of it, or the exercise of any other power or right under this Memorandum.

28. NOTES

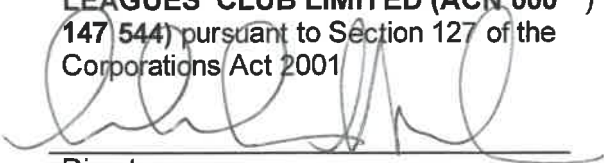
28.1 Before this Memorandum was executed, the Clubs each displayed notices to members which are required under section 17AE of the RCA and clause 4(5) of the Regulations.

28.2 This Memorandum is to be:

- (a) made available to the ordinary members of the Chatswood Club and Norths at least twenty-one (21) days before any meeting of the members of each club for the purpose of voting on whether to approve the proposed amalgamation.
- (b) made available for inspection on the premises of each club and on the website of each club for at least twenty-one (21) days before any meeting as referred to in paragraph (a) of these Notes is held.
- (c) lodged with any application under section 60 of the Liquor Act 2007 to transfer the club licence held by the Chatswood Club to Norths.

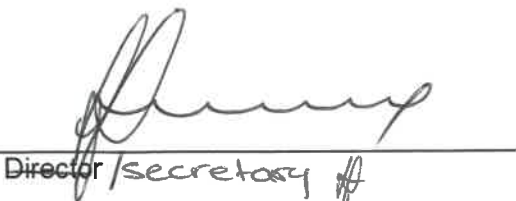


Executed by **NORTH SYDNEY)
LEAGUES' CLUB LIMITED (ACN 000)
147 544** pursuant to Section 127 of the
Corporations Act 2001



Director

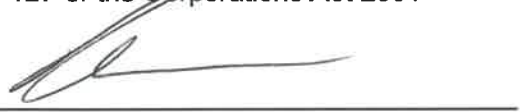
MARK MOLMAN
Name of Director



Director / secretary #

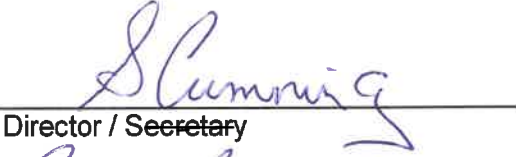
Luke Simmons
Name of Director / secretary #

Executed by **CHATSWOOD CLUB LTD)
(ACN 000 148 354)** pursuant to Section)
127 of the Corporations Act 2001)



Director / Secretary

PHILIP SALE
Name of Director/Secretary



Director / Secretary

SIMON CUMMING
Name of Director/Secretary

