

Notice of Extraordinary General Meeting

Notice is given that the Extraordinary General Meeting (EGM) of the Polish Club Limited ABN 49 000 469 385 (the "Club") will be held in the Club's premises at 73 Norton Street Ashfield New South Wales at 3.00pm on Sunday 1st March 2020.

Business

- A) Meeting opened
- B) Apologies
- C) Appointment of scrutineers
- D) Question and answer session
- E) To consider and if thought fit to pass the proposed Ordinary Resolution
- F) To consider and if thought fit to pass the proposed Special Resolution

Ordinary Resolution

That for the purposes of section 41J of the Registered Clubs Act the members hereby declare the land and facilities at 73 Norton Street, Ashfield (existing Club) to be non-core property of the Club.

Extraordinary Resolution

That in accordance with Rule 49 of the Polish Club Limited's constitution the members hereby declare approval for the Board of Directors to proceed with the proposed agreement with Deicorp to develop both 73 and 75 Norton Street Ashfield.

Notes to Members

Core and non-core property

1. Under section 41J of the Registered Clubs Act, land owned by a Registered Club is divided into core and non-core property.
2. Core property is any real property (land) owned or occupied by the Club that comprises:
 - (a) The licensed premises of the Club;
 - (b) Any facility provided by the Club for its members and their guests; and
 - (c) Any other property declared by a resolution passed by members at a general meeting to be core property of the Club
3. Non-core property is any land owned or occupied by the Club that is not core property.
4. The difference between core property and non-core property is that core property cannot be sold or disposed of by the Club (except for limited purposes set out in the Regulations) without the approval of the members in a general meeting. On the other hand, non-core property can be disposed of by the Club pursuant to a resolution of the Committee of the Club without the necessity of obtaining the approval of the members in a general meeting.
5. However, section 41J of the *Registered Clubs Act* also gives members the power by resolution passed at a general meeting to declare core property to be non-core property. The resolution

above, if passed, will convert the Club's premises at 73 Norton Street, Ashfield from being core property to being non-core property but only for the purposes of the development of the Club's site.

6. The members have already declared the property at 75 Norton Street as non-core (Annual General Meeting on 17 March 2017). This was declared valid by the Supreme Court of NSW in 2019 by His Honour Justice Black.
7. However, if the members do not declare the property at 73 Norton Street as non-core property of the Club, then the Committee will not be proceeding to the next stage for the proposed development of the land as described in the following paragraphs.

Members will first have to approve the development

8. Should members approve the property at 73 Norton Street Ashfield as non-core then the Committee will further seek member approval as per Rule 49 of the Club's Constitution which states that a Special Resolution is required for the "alienation of any interest of the land which the Club may acquire" and the development will involve the alienation of the Club's interest in the land in question, to an extent.
9. An Ordinary Resolution is a resolution that is considered at a general meeting of members of which 21 days' notice of the date and the resolution has been given. The resolution is proposed as an Ordinary Resolution and at the duly convened meeting it receives votes in its favour from not less than half of those members who, being eligible to do so, vote on the Ordinary Resolution at the meeting.
10. A Special Resolution is a resolution that is considered at a general meeting of members of which 21 days' notice of the date and the resolution has been given. The resolution is proposed as a Special Resolution and at the duly convened meeting it receives votes in its favour from not less than three-quarters of those members who, being eligible to do so, vote on the Special Resolution at the meeting.
11. No voting by proxy is allowed under the Clubs constitution for either the Ordinary Resolution or the Special Resolution.
12. Ordinary Members (Full and Associate Members) that are currently financial are eligible to vote for the Ordinary Resolution. Only Full Members are eligible to vote for the Special Resolution.

Why does the Club need to develop the site (73 and 75 Norton Street Ashfield)?

13. The Club is not in a strong financial position as it has had to weather years of litigation against it. This has accrued a significant economic burden on the Club in legal fees, interest charges, refinance charges, and increased insurance premiums to name just a few.
14. The development proposed by the Board of Directors will provide much needed funds to pay off all debts, provide working capital and deliver a new, modern and stylish Polish Club that will be able to generate significantly more revenue and ultimately be profitable due to its enhanced attractiveness and larger scale and diversity of operations.

15. The Club's current licensed premises at 73 Norton Street are now almost 53 years old. These facilities are in need of significant upgrade to be able to compete with larger Clubs as well as hotels, restaurants, function centres and cafes in the area.
16. Over and above the market conditions, the situation for many small registered Clubs in NSW – particularly small ethnic Clubs – is dire. Our traditional customer base is shrinking and dispersing. There is generally no ability, financial capacity or scale to compete in the open market for patronage. In recent years there has been the demise of the Hubertus Country Club (German) and the Spanish Club in the city as examples of this.
17. Unless the Club takes immediate and significant action and proceeds with the proposed development the future is bleak for our Club, and the Board of Directors may be forced to appoint an Administrator. If this were to happen, the Board and Members would have no further say in the running of the Club. And in accordance with our current mortgage terms this will lead to a breach of the agreement and a technical default, thereby forcing an immediate sale of the Club's assets.

Application of the income and capital from the proposed development

18. The proposed agreement with Deicorp provides for a repayment of the existing debt of \$4,657,027. Furthermore, there are additional funds being paid to the Club over and above this payment. These are:
 - (a) \$2,000,000 for fit-out and working capital.
 - (b) From the exchange of contracts till the completion/handover of the new club the developer will pay for all council rates. This is valued at \$113,000.
 - (c) The developer will pay a sum of \$200,000 for Club consultants including tax advisers, lawyers, real estate agents and valuers. The developer has agreed to service the Clubs' current debt for a period of up to 12 months and this is valued to the Club at \$513,805
 - (d) The developer will be responsible for the cost of the development application, for all approvals, for construction of the project; and satisfactory handover of a finished club to the satisfaction of the Board of Directors and its advisers as it may appoint from time to time. The Directors estimate is \$1,500,000 for the club fit out by the developer.
 - (e) The expected end result for the Polish Club Limited is the repayment of all current debt and the delivery of a brand new fitted out club premises, free of any mortgage debt with the potential of residual funds being available for the purchase of stock, furniture and general operating equipment.
 - (f) The developer agrees that Club members will have a first right to purchase (with no marketing costs) a residential apartment for a limited time prior to marketing. Notice of anticipated sales dates will be provided at a later stage.

Change in the nature and composition of the Club's development

19. The original proposal was to only pursue a development of 75 Norton Street. This was reflected in the Notice of Meeting issued in February 2017 and the Supplementary Letter issued on 1 March 2017. This is no longer being proposed as the Clubs' debts are that much greater and the need to do a full modernisation (rather than a partial one) became evident to the Board and the Advisory Group.

20. The Board of Directors as well as the appointed Advisory Group has gone through a thorough and transparent process where members have been kept informed of progress through various letters to members and Member Information Meetings. During the second half of 2019 there were member meetings in August, October, November and December. The Clubs' website also contains copies of communiques sent to members.

Information Meeting

21. To answer any questions regarding this Notice of Meeting and any of the attached information we will hold a further Member Information Meeting on Sunday 23 February 2020 (1 week prior to the EGM). It will be in the Club's auditorium at 3.00pm.
22. In the meantime, if members have any questions, they are requested to put them in writing addressed to the Board of Directors, Polish Club Limited, 73 Norton Street, NSW 2131 (marking it "Proposed Development"). Alternatively send your enquiry via email to manager@polishclubsydney.com.au

Procedural Matters

23. All Board Members and Advisory Group Members have acted in an honorary capacity without any benefit or remuneration whatsoever.
 24. To be passed, the Ordinary Resolution requires votes from a simple majority of those members who, being eligible to do so, vote at the meeting.
 25. To be passed, the Special Resolution requires votes from three quarters of those members who, being eligible to do so, vote at the meeting.
 26. The Board of Directors and Development Advisory Group met on Thursday 30 January 2020. Having reviewed the development proposal details they supported this proposal and recommend both resolutions to be adopted by members.
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Dated 1 February 2020

R. Borysiewicz
President-Polish Club Limited
(for and on behalf of the Board of Directors)