



Briefing Memorandum to Members
29 April 2011
Purpose

The purpose of this Memorandum is to provide a brief update for Club Members in relation to the recent Expression of Interest (EOI) process and subsequent discussions with interested developers.

Background

The Club's Committee of Management invited expressions of interest from the market for the redevelopment of the Club's Queen Street premises in September 2010. The Committee received expressions of interest from a large number of candidates.

The Committee and its advisors short-listed four highly qualified developers to participate in further discussions with the Committee.

Following an initial evaluation process in November-December 2010, two parties withdrew separately from the EOI process to pursue more immediate opportunities. Both parties noted continued strong CBD residential demand and robust owner-occupier and investor interest.

The Committee subsequently invited the remaining two developers to participate in further discussions during February-April. The purpose of these discussions was to assist the Committee to define the terms of an Exclusivity Agreement between the Club and a preferred developer.

Exclusivity Agreement Discussions

The intention of an Exclusivity Agreement is to provide the opportunity for a developer to work with the Club - on an exclusive basis - to help the Committee and its advisors complete the following steps:

Step 1 - Viability Phase - to define the most viable redevelopment option for the Club's premises ensuring the Club gets the best outcome (at least 6 months from date of signing).

Step 2 - Approvals Phase - to negotiate timely planning and development approvals supporting the redevelopment with appropriate authorities (3 months - ongoing).

Step 3 - Market Phase - to secure project funding to the satisfaction of the Club (at least 6 months).

Under the Exclusivity Agreement the preferred developer will pay the Club a non-refundable exclusivity fee at the commencement of each phase. The phases identified may overlap.

The preferred developer will pay for its own planning, legal and design consultants during all phases of the EIA process. Most importantly the preferred developer will work closely with the Committee and its advisors to ensure an effective and timely outcome for the Club.

The preferred developer will be the party that demonstrates the strongest potential to partner with the Club and will have outstanding experience undertaking similar projects and evidence of substantial funding capacity to achieve an effective outcome for the Club.

The Club reserves the right to hold discussions with the parties identified and other parties at its discretion. The Club is under no obligation to enter any form of agreement with any party/ies should this be deemed appropriate and in the best interests of the Club.

The Exclusivity Agreement does not give legal rights to other parties over the Club's premises nor does it in any way constitute an agreement of sale.

Celtic Club Inc.
320 Queen Street
Melbourne Vic 3000
Registered Number: A0028474N



Phone: (03) 9670 6472
Fax: (03) 9670 5153
email: info@celticclub.com.au
web: www.celticclub.com.au

Next Steps

The Committee expects to select a preferred developer in May 2011.

Members will be updated in relation to the outcomes of the selection process and a briefing memorandum will be provided containing further information about the preferred developer and the Exclusivity Agreement at this time.

Yours Sincerely

A handwritten signature in black ink, appearing to read "Seamus Moloughney".

Seamus Moloughney

President