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Executive summary

Concepts Paper
for
South Sydney Leagues Club Ltd

Date 22 FEBRUARY 2007

South Sydney Leagues Club Ltd is entering into a multi party deed with the Football Club and the entities which are developing the club building. (the developers)

1. The intention of the deed is to document and put in place a mechanism for the carrying out of the Football Club's proposal. The mechanics of the proposal and the form of the security have been subject to a series of different arrangements and have been subject to extensive negotiation.
2. This proposal was approved by the creditors and the members of the Leagues Club.
3. The deed provides for the Leagues Club t sell the Club building and the units it owns to the developers. The terms of the sale are referred to in contracts for sale of land annexed to the Deed.
4. Basically, the building is being sold for $7 million and the units are being sold for $3.2 million yielding a total sale price of $10.2 million and the Leagues club will later receive 1500sqm of floor space in the building fitted out to the value of $3M.
5. The Football Club is paying the purchase price in the following manner:
   - The sum of $2.3 million in cash.
   - Paying out the Piggens debt ($3.2 Million)
   - Paying out the Adlen debt ($3.1 million)
   - Paying out the remaining creditors and administrators fees ($1.6 million)
   - Obligation to provide 1500 sq metres floor space in the redeveloped building
   - Obligation to provide a fit out of that floor space to the value of $3 million
6. The Obligations of the Football Club are being secured by the following documents:
   - A second mortgage over the units. The value of the units is $3.8 million. The first mortgage will secure $2.3 million.
   - A guarantee from the Footbal Club of the developers' obligations under the deed
   - A debenture charge over the assets of the Football Club. We note there is no current debenture charge over the Football Club assets.
7. Gells lawyers has prepared the legal documents based upon the instructions given to it by Board members. The Board members and Gells have negotiated the security. Gells is not qualified to comment on the value, worth or adequacy of the security.

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8. The Board must assess the proposal in the context of the alternative options. The alternative options consist of liquidation of the Leagues Club and the other proposals which were offered by third parties (if they be approved by creditors and members). The Board may come to the view that the proposal offered by the Football Club, despite some risks which are always inherent in commercial transactions of this nature, is the best option available.

9. In determining whether there is adequate security for the Obligations, the Board must assess value of the Obligations and therefore the value of the 1500sqm of floor space in the building.

10. Attached are the following documents for the transaction and securing the Obligations, for approval by the Board and for the Board to give authority to Frank Vrachas to instruct Gells on any necessary variations to the documents:

- Deed
- Mortgage and Memorandum E402290
- Guarantee
- Debenture
- Notification of Charge

11. The Board should keep detailed minutes of the matters considered and decisions made at the meeting.

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This executive summary should be read and construed in conjunction with comprehensive legal advice provided to you by Peter Gell who can be contacted on 02 9235 5918 or peterg@gells.com.au for more information, clarification, and support for decisionmaking.