

Confidential**Email**

15 June 2022

Mr Curt Schatz and Ms Annabelle Efstathis
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Dear Curt and Annabelle

**Logan City Council lease to Australian Golf Management Corporation Pty Limited
Meadowbrook Golf Course
Consents**

We refer to your email dated 1 June 2022, which was in response to our client's request for further information issued on 25 March 2022.

Test for Subleasing

We note your comments in relation to clause 12.2 and 12.3 of the Headlease referring to proposed assignees only. We draw your attention to the defined term "assign" which clearly includes subleases and accordingly, the test for assignment in clause 12.2 and 12.3 will apply to subleasing.

Accordingly, in order for Council to consent to the proposed Sublease, AGMC must demonstrate to the reasonable satisfaction of Council that Meadowbrook Country Golf Club Inc has adequate financial standing, is responsible, respectable and competent to use the premises for the purposes set out in the Headlease (public recreation, sporting and accommodation facilities).

The information that Council has requested to date is the same information that any commercial landlord would request in order to satisfy itself that the test in the Headlease has been satisfied.

We note your comment that you have been asked to pass on the Club's purported concern that Council is taking an adversarial approach, and that other unrelated matters in relation to the Site may have a bearing on this process. That is not the case. This application has at all times been, and will continue to be, dealt with solely on the merits of the application itself.

Financial Information

1. We note that no updated financial information has been provided.

Pursuant to clause 12 of the Headlease, AGMC is required to demonstrate that Meadowbrook Country Golf Club Inc has sufficient financial standing. We note that Meadowbrook Country Golf Club Inc will be a new entity, with some significant financial obligations from Day 1 and will only have the loan agreement to rely upon (noting that the loan amount is equivalent to the initial set up costs).

We understand that Meadowbrook Country Golf Club Inc will be obliged to make the following payments:

- Rental in the amount of \$720,000 per annum (with some rent reduction calculation under which Meadowbrook Country Golf Club Inc will only retain \$50,000 profit until such time as the revenue escalates to the point that the Meadowbrook Country Golf Club Inc can meet the full rental payment);

- Management Fees payable to Meadowbrook Golf Club Pty Ltd in the amount of \$250,000 per annum;
- Loan Repayments on the \$1,750,000 loan from AGMC;
- Usual Operating Expenses (wages, utilities, cost of goods sold etc).

Council initially requested the relevant information, given the initial financial reliance upon both AGMC and Meadowbrook Golf Club Pty Ltd.

If AGMC and Meadowbrook Golf Club Pty Ltd are unwilling to provide the financial information to assist in Council's consideration of the financial arrangements supporting the new Sublease, Council will assess the limited information provided and make its decision based on the information at hand.

2. Response noted, thank you.
3. Council no longer presses this information and due to the delays in responding, has itself generated the information required from the pdf version.
4. Response noted, thank you.

Gaming Machine Policy

We note that the initial request from AGMC did ask for Council's consent to gaming machines and accordingly, Council's requests for further information were aligned to that request. AGMC's change in request is noted and Council will continue to assess the application on the information provided, unless further information is offered by AGMC by the date set out below.

Additional Information

Thank you for providing clarification of those issues. Council maintains that this information is relevant to making the assessment of the application for the Sublease pursuant to clause 12 of the Headlease.

Date for Council Meeting

We note that the agenda for the City Governance Committee Meeting closed prior to receipt of your letter. If AGMC do not propose to submit any further documents to assist Council to determine the financial standing, respectability, responsibility or competency of the Meadowbrook Country Golf Club Inc to continue to use the premises for public recreation, sporting and accommodation facilities in accordance with the Headlease, Council will utilise the information it has received to date, supplemented by its own reports and advice and place the request for sublease on the agenda for the following City Governance Committee Meeting on 20 July 2022.

Council requests that the outstanding financial information be provided by no later than 22 June 2022 so that the information can be included in the report to be presented to Committee.

Mr Curt Schatz, Mullins Lawyers

15 June 2022

Yours sincerely



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