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Mr Julian Murray
Chief Executive Officer
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Mr Eddie Warfield
Finance and Administration Manager
Sandhurst Club

Dear Julian and Eddie

CONSTITUTIONS OF SANDHURST CLUB LIMITED (CLUB) AND SANDHURST HOLDINGS (AUSTRALIA) LIMITED (SHAL)

We refer to our discussions on 24 October 2019 and our email to Eddie Warfield on 18 September 2019 in relation to our interpretation of the Constitutions of Club and SHAL. Specifically, you have asked us to advise on the following matters:

- Question 1: Is every Member entitled to one vote on a show of hands or on a poll regardless of how many Shares or Memberships the Member has?
- Question 2: If the answer to Question 1 is 'yes', how should voting be managed at the upcoming AGM of Club and SHAL given that the companies have previously interpreted Member voting entitlement differently?

1 Question 1: Is every Member entitled to one vote on a show of hands or on a poll regardless of how many Shares or Memberships the Member has?

In our view, the answer to this question is yes.

Clause 19.7.1 of the Club Constitution (the SHAL Constitution has a clause to the same effect for Interest Holders) provides that:

"Subject to any requirements under the Act, each Member entitled to vote, as detailed in clause 13, is entitled to one vote in respect of a show of hands or on a poll"

[emphasis added]

We interpret the meaning of this clause to be that every Member is entitled to one vote on a show of hands or on a poll (regardless of how many Shares or Memberships the Member has). We expect that the Constitutions were prepared on the assumption that no Member would hold more than one Membership or Share in the company.

We note that this is consistent with the 'default position' for a company without share capital set out in section 250E(2) of the *Corporations Act 2001* (Cth) (this default position does not apply to Club or SHAL as the default 'replaceable rules' set out in the Corporations Act have been displaced by the Constitution of each Company).

For a company limited by shares, the 'default position' under section 250E(1) of the Corporations Act (again, this default position does not apply to Club or SHAL as the default 'replaceable rules' have been displaced by the Constitution of each Company) is that:

- on a show of hands, each shareholder has 1 vote; and
- on a poll, each member has 1 vote for each share they hold.

As such, even the 'default position' under sections 250E(1) and (2) of the Corporations Act does not necessarily entitle a Member/Interest Holder to more than one vote where that person has more than one Membership or Share.

We note that clause 18.3.4.4 of the Club Constitution (the SHAL Constitution has a clause to the same effect in relation to Interest Holders) provides that in relation to a notice of a General Meeting:

“where a Member is entitled to appoint a proxy, contain a statement that the Member has a right to appoint a proxy, that the proxy does not have to be a Member, and where the Member is entitled to cast two or more votes, that Member may appoint two or more proxies but must specify the proportion or number of votes each proxy is appointed to exercise”.

This provision contemplates a situation where a Member is entitled to cast more than one vote; however, does not grant an entitlement to Members to cast more than one vote even where multiple Shares or Memberships are held.

As such, we remain of the view that each Member is entitled to one vote (regardless of how many Shares or Memberships the Member has).

2 **Question 2: If the answer to Question 1 is 'yes', how should voting be managed at the upcoming AGM of Club and SHAL given that the companies have previously interpreted Member voting entitlement differently?**

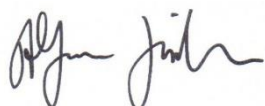
If Club and SHAL agree with our assessment in relation to Question 1, we recommend that each Member/Interest Holder of companies has one vote (regardless of how many Shares or Memberships the Member/Interest Holder has) at future general meetings, despite previous practices.

This variation can be explained on the basis that complexities arise from the unusual corporate structures of the companies: each being a public company limited by shares and guarantee. Due to this and to ensure the companies' governance practices accord with best practice, legal advice has been obtained in relation to these matters.

It can also be explained that if Members are dissatisfied with these arrangements, the companies could investigate the possibility of altering Members' voting entitlements and the associated process and approval requirements.

Please contact me if there are any queries.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alfonso Grillo', written in a cursive style.

Alfonso Grillo

Partner