

**SPORTIES @ KAREELA GOLF
STATEMENT TO MEMBERS PURSUANT TO SECTION 17AL OF THE REGISTERED CLUBS ACT 1976 AS
GUIDED BY REGULATION 11(1) OF THE REGISTERED CLUBS REGULATIONS**

- (a) Moorebank Sports Club Limited (**Sporties**) amalgamated with Kareela Golf and Social Club (**Kareela**) in 2017. Since then, Sporties has made considerable gains at the venue, turning Kareela around from a position of negative cash flow, into a viable, cash positive business.
- (b) In July 2019, Cronulla-Sutherland Leagues Club Limited (**Sharks**) announced that it was closing for construction and it was seeking interest from local clubs for a place to relocate its members during the period of construction. On learning of this, Sporties indicated its interest for Sporties@Kareela to become the official home of the Sharks during its construction period.
- (c) On 6 September 2019, Sharks called for 'Expressions of Interest' from clubs interested in amalgamating, with a particular emphasis on clubs located in the Sutherland Shire.
- (d) As a part of our governance, Sporties constantly assesses all available opportunities. Since amalgamating with Kareela in 2017, new opportunities have crystallised for Sporties Group including an ability to commence building at our Gregory Hills site and a possibility to purchase land adjoining our Hammondville home. Naturally, Sporties is unable to pursue every opportunity and it is bound to plan strategically.
- (e) When the Expression of Interest was advertised, Sporties considered its position and the opportunity that potentially existed for the Sporties Group, Sporties @Kareela, and Sharks.
- (f) Given these issues and the opportunity presented by Sharks, Sporties lodged an 'Expression of Interest' to amalgamate the Kareela venue with Sharks, freeing up resources to pursue other projects.
- (g) Sharks formally indicated its willingness to begin proceedings to formalise such an amalgamation. If the process is successful it will require a de-amalgamation of the Kareela venue from the Sporties Group and an amalgamation of the venue with Sharks. Sporties believes Sharks are an ideal partner to take Kareela forward.
- (h) The benefits of amalgamating Kareela with Sharks are extensive and include:
 - i. Raising Kareela's profile once it becomes the "home" of Sharks for 2020 and 2021;
 - ii. More than 27,000 Sharks Members will immediately call Kareela home;
 - iii. Increasing patronage with Sharks holding their home game celebrations at Kareela, with Sharks playing their home games in 2020-21 at Jubilee Stadium less than 10km away;
 - iv. Growth in golf membership as Sharks raise the awareness of golf in the local area; and
 - v. A greater management presence with the relocation of the Sharks' Management Team.
- (i) Sporties believes an amalgamation with a partner like Sharks will herald in a new era for the Members of Kareela, and this is a decision in their best interest, both long and short term.
- (j) As one step in the process of formalising an amalgamation of the Kareela premises with Sharks, Sporties is required to de-amalgamate the Kareela Premises to another company. For this purpose, Sporties Kareela Temporary Company Limited (**TCL**) has been incorporated. The de-amalgamation is effective for a very short time (often no more than 10 minutes) prior to the final amalgamation of TCL and Sharks being granted.

- (k) However, a de-amalgamation of Kareela Premises from Sporties is the first step in the process.
- (l) As part of the de-amalgamation process, Sporties is required to publish a statement to members pursuant to section 17AL of the Registered Clubs Act 1976 as guided by Clause 11(1) of the Registered Clubs Regulation 2015. This document is the statement required.
- (m) Sporties @ Kareela Golf is situated at 1 Bates Drive, Kareela NSW and occupies Lot 1159 DP 752064, (**Premises**).
- (n) Upon de-amalgamation, the club licence currently held by Sporties in respect of the Sporties @ Kareela Golf premises, will be transferred to TCL.
- (o) Sporties will, in consideration of \$1.00 from TCL, also transfer the real property of the Premises to TCL for the purposes of running a registered club. The real property will, however, ultimately be transferred to Sharks in the event the amalgamation is approved.
- (p) All property, plant and equipment agreed between Sporties and TCL will be transferred to TCL in consideration of TCL paying to Sporties \$1.00. Details and estimated values of all property, plant and equipment that will be transferred to TCL is set out in the Kareela Asset Listing attached to this Notice. The property, plant and equipment specified as Excluded Assets, will not be transferred to TCL. It is intended that 80 gaming machine entitlements will also be transferred to the premises of TCL as part of the assets.
- (q) The Constitution of TCL can be inspected at www.moorebanksports.com.au/our-story/important-information.
- (r) If the de-amalgamation and amalgamation are both approved, all of Sporties' full time and part time employees at the Premises will be made offers of employment with Sharks, and if they accept the offers, will be employed by Sharks. Their existing employee entitlements will be preserved.
- (s) The governing body of TCL will be as follows:
- i. Director – Brenton Taylor
 - ii. Director – Dennis Errington
 - iii. Director – Laurence Willoughby
 - iv. Director – Robert Fleeton
 - v. Director – Philip Sampson
 - vi. Director – Francis Griffin
 - vii. Secretary – Jeff Gibbs

Members should note that because the de-amalgamation and amalgamation are to be simultaneous if granted, the board which will ultimately govern the de- amalgamated/amalgamated club will be that of Sharks, and the current board members can be found at www.sharkies.com.au.

- (t) The anticipated effect of the de-amalgamation of Sporties @ Kareela Golf on the financial viability of Sporties will be positive, based on the following key points:
- a. Sporties will not be required to invest further funds in the maintenance of the Kareela Premises.
 - b. The net effect of the savings on the business of Sporties following the de-amalgamation would be positive, and would allow the Club to be more financially viable going forward and to concentrate its resources on the business opportunities available to it at its Hammondville premises and at its Gregory Hills site.

(u) TCL will be underwritten by Sporties and will have the assets, staff and right to occupy the Premises to allow it to operate as a Registered Club for the period that TCL will be required to operate. Members should note that because the de-amalgamation and amalgamation are to be simultaneous and the future financial viability of the de-amalgamated club will essentially be governed by the viability of Sharks, and a copy of a report on the future financial viability of the de-amalgamated club, as prepared by an independent accountant, can be inspected at www.moorebanksports.com.au/our-story/important-information.

(v) The steps to be taken to give effect to the de-amalgamation are as follows:

- a. The incorporation of TCL as the proposed de-amalgamated club;
- b. A notice regarding the proposed de-amalgamation is available for inspection of members on the Club notice board and website at www.moorebanksports.com.au/our-story/important-information;
- c. Issuing this Statement to Members;
- d. Calling of the following General Meetings to obtain member approval for the proposed de-amalgamation:
 - i. Sporties; and
 - ii. Sporties – Kareela Golf Club Members.
- e. Applying to the Independent Liquor & Gaming Authority for the transfer of club licence LIQC300231704 (Sporties @ Kareela Golf) to TCL, with such transfer being conditional upon the subsequent amalgamation of TCL with Sharks;
- f. If the de-amalgamation is approved, transfer of the relevant assets, service contracts and club licence to TCL will take place.

Members are reminded that the proposed de-amalgamation is conditional on approval of a subsequent amalgamation of TCL and Sharks. Therefore, separate General Meetings of TCL and Sharks will be held to consider the proposed amalgamation. If the proposed amalgamation is not approved by the members of TCL and Sharks or the Independent Liquor & Gaming Authority, then neither the proposed de-amalgamation nor the amalgamation will take place.

Please note that all documents referred to above will be posted at www.moorebanksports.com.au/our-story/important-information and on the notice boards at Sporties and Sporties @ Kareela twenty one (21) days before the proposed General Meeting(s).