

Dear Member,

I write to you on behalf of Board of Directors and Management. As you know, Sporties amalgamated with Kareela Golf and Social Club in 2017. Since then, we have made considerable gains at the venue, turning Kareela around from a position of negative cash flow, into a viable, cash positive business.

In July Cronulla Sharks announced their Club was closing for construction and they were seeking interest from local clubs for a place to relocate their Members during construction. On learning of this Sporties indicated our interest for Sporties@Kareela to become the official home of the Sharks.

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. As a part of our governance, Sporties constantly assesses all available opportunities. When this matter arose, Sporties considered our position and the opportunity this presented for the Sporties Group, Sporties@Kareela, and Sharks. Since amalgamating with Kareela in 2017, new opportunities have crystallised for the 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 we must plan strategically.

Given these issues and the opportunity presented by Sharks, Sporties lodged an 'Expression of Interest' to amalgamate the Kareela venue with Cronulla Sharks, freeing up resources to pursue other projects. Sharks have now indicated their 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, whom we believe are an ideal partner to take Kareela forward.

The benefits of amalgamating Kareela with Sharks are extensive and include:

- Raising Kareela's profile once it becomes the "home" of Sharks for 2020 and 2021;
- More than 27,000 Sharks Members will immediately call Kareela home;
- 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;
- Growth in golf membership as Sharks raise the awareness of golf in the local area; and
- A greater management presence with the relocation of the Sharks' Management team.

We believe 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.

Both Kareela and Moorebank Members will have the opportunity to vote on this potential amalgamation in the weeks ahead. Your Board welcomes any feedback or questions you might have and in the first instance we would ask you to direct your communication to our Chief Executive, Mr Jeff Gibbs via jeff@sportiesgroup.com.au. We thank you for your ongoing support of the Sporties Group and will keep you informed as this matter progresses.

For and on behalf of your Board of Directors

Alby Taylor
Chairman
Sporties Group