

northscollective

The Bowlo Bangalow
Member Information Sessions
Q AND A

NORTHSCOLLECTIVE.COM.AU

SATURDAY, 2ND APRIL 2022

1. What legal protections are in place for The Bowlo Bangalow Members should an MOU be signed with Norths Collective?

A Memorandum of Understanding (MOU) is essentially a contract between the two Clubs. Once approved by Independent Liquor and Gaming the MOU prescribes the ongoing relationship between the two parties. It is in Norths Collective's interest to operate in line with the MOU to meet both its requirements at law and to avoid reputational damage operating to the contrary.

With a proven track record in successful amalgamations where the child Club continues with a very strong identity, Norths Collective provides the ability to enhance the connection to the community, the outdoors, families, sporting teams and all locals currently engaged. We take a long term view of this relationship and other amalgamations when freehold land is changing hands. We are empathetic and completely understand it is an enormous step to transfer an asset of this kind to another party.

We will be doing everything possible in a transparent manner throughout the planning phase with The Bowlo Bangalow to ensure we are all setting this community hub up for the long term success it deserves from a masterplan point of view.

We have mentioned the fundamental business model is not broken, but we can help improve it and make it sustainable with considerable ongoing community investment, not to take away from other small businesses in the area but to protect the Clubs reputation and continue to nurture Bangalow as a family friendly, warm, welcoming place to visit.

2. To what extent will The Bowlo Bangalow remain connected with its local community should an amalgamation occur?

Norths Collective is committed to achieving an absolute local focus. Whether this be recruitment, contractors and suppliers to name just a few, the focus will be on remaining local. Sponsorships that consider all locally connected affiliated groups will be addressed in the MOU. We can't stress enough how important a local focus is to us. Seagulls connection with its community throughout the recent two-year challenging period is a great example of why this is critical to Club operations.

We are happy for our staff and membership at large to know that The Bowlo Bangalow is locally run with a strong backing by Norths Collective. Local branding, local community, local event engagements, local sponsorships, local supply and local recruitment will all tie back to The Bowlo Bangalow.

3. Will the Clubs trading hours change? Are Norths Collective willing to make commitments in this regard?

We envisage a seven day per week trading environment and yes we are happy to make such commitments in an MOU. Increases in permanent full time and part-time roles as a result of this variation in operational approach coupled with the amalgamation with Norths Collective itself will see an increase in such roles made available to the existing team of staff.

4. Why are you at Norths Collective excited about partnering with The Bowlo Bangalow?

Why are we passionate about this particular venue?

We have only recently revisited the exploration of amalgamation as a key part of our strategic growth. Our strategic plan reflects a more proactive approach. Both amalgamations with The Lane Cove Business Club in 2016 and The Beecroft Bowling and Recreation Club in 2021 were as a result of these Clubs sending out expressions of interest.

We, more recently, proactively approached Cudgen Leagues Club. The Board at the time decided Twin Towns was the best way forward, however the membership decided otherwise.

Additionally, we put forward an amalgamation offer for The Killara Bowling Club in 2019. The Board at the time decided it was in the best interest to put a proposal to the members that would see their Club land with 2.5 bowling greens sold off and the money earned to be subsequently invested in The Linfield Bowling Club as their new amalgamated entity with significant Board representation. In a similar process to what was experienced at Cudgen Leagues Club the membership voted this proposal down. A newly formed Board is currently considering Norths Collective as a means for them to keep their current Club, with Club house investment, new turf greens and a sustainable future respectful of their over 100 year history.

It is a bowling Club with a celebration of the outdoors which we are passionate about and have celebrated at our other sites with large outdoor spaces. It has a highly connected community with such a diverse demographic. The Club is much loved and is very relevant to its community. We are sure we can provide the investment necessary to enhance that connection and ensure the Club is sustainable into the future with increased support.

5. What commitments can Norths Collective provide the Members of The Bowlo Bangalow in relation to upgrading the Clubhouse?

Capital investment is a necessity from our perspective for compliance, sustainability and keeping the property relevant for the community. Comfort may be taken from the level of investment we have and continue to put into our Clubs post amalgamation which is in the millions of dollars. We are happy to provide financial evidence of this.

Bars, Kitchens, new furniture where necessary and bathroom facilities alone will see investment push past \$1m very quickly to meet our required level of operation and to bring to life many of the ideas the existing Board and management team have that the local community may wish to see in the Club. Whilst future works are to be confirmed and costed at this early stage of the process, there will be a commitment over the next ten years that identifies a strong capital investment of works to be managed under a Complying Development Certificate, not requiring a DA which can be drawn out or difficult to obtain quickly at times. Prior to an MOU, expected costs will be available. We take a long term view of Club investment and the community will be made very aware of the plans we have and how much things would cost before any MOU is considered.

6. Why should the Bangalow community jump at this chance to amalgamate with Norths Collective?

Our involvement is primarily all about creating a more certain future for the community connected to The Bowlo Bangalow. Our shared view for realising the opportunities for this Club underpinned with investment will demonstrate we take a long term view.

- The Bowlo Bangalow will continue to remain relevant to its membership, whilst providing the Bangalow community a considerable social and financial contribution annually.
- The Bowlo Bangalow requires significant capital investment to meet both compliance and operational requirements, capital that Norths Collective can provide.
- The Bowlo Bangalow will be run locally with group support as necessary.
- The Bowlo Bangalow is currently in a good position to shape its future with a partner that sees the same opportunity as opposed to being forced into a relationship of convenience or worse loss of part of the land.
- Both The Bowlo Bangalow and Norths Collective share the opportunity for targeted capital investment that will ensure the Club is fit for purpose well beyond the current decade.
- The Bangalow sporting community will benefit from continued material investment into junior, women and senior teams.
- The property will transfer across to Norths Collective as a core asset that would require membership approval for any material change to the property holding or lease structure.
- The Bowlo Bangalow will continue to have an advisory committee in place to ensure items within the MOU are met unconditionally.
- Norths Collective will employ all current staff and additional in order to move to a seven day trading environment.
- We believe an amalgamation with Norths Collective is the best considered option to ensure the history and heritage of The Bowlo Bangalow remains protected and celebrated.

7. Will the Members of The Bowlo Bangalow remain connected to the leadership team at Norths Collective should any issues arise and require action?

Yes. For example, the Advisory Committee currently in place at The Verandah Beecroft meets fortnightly at a minimum at present. This is a chance to not only check in against the MOU requirements but for licensed Club management to truly collaborate and evaluate what may be working or needs to be adjusted to manage and exceed member expectation.

The meetings are attended by the Norths Collective CEO or delegate. The Norths Collective CEO has attended 90% of meetings with additional executives at The Verandah to date. Executing the MOU comes with a strong legal, moral and ethical responsibility. In our experience the Advisory Committee meetings generally reduce as it becomes evident that in addition to all MOU items being addressed, Norths Collective continues to operate in the spirit of what was agreed both with legal and moral intent.

8. Does Norths Collective Finance Rugby League?

Our organisation supports a myriad of sports and yes one of those is Rugby League. The cash sponsorships Norths Collective provides to numerous sports is well in excess of \$1 million per year and support our elite, junior and women's teams just to name a few areas.

Additionally, our in-kind contributions that sit atop this amount push our total annual support closer to the \$2m mark annually.

9. Will the Club be forced to close during any planned renovation period placing staff wages at risk?

The suggested design concepts provided to date for consideration by the Clubs Board, Members, community and staff still need ongoing consultation but would be staged so as to minimise disruption and maintain business continuity supporting the ongoing ability for the Club to operate through such works. Establishing the outdoor areas would be the priority, so that indoor works could be conducted whilst the Club continues to trade.

10. Is the layout definitive or open to community input?

The purpose of preparing a concept design was to create then subsequently facilitate a process that encouraged discussion from people connected to The Bowlo Bangalow. To date we have received significant feedback on the proposed plans with new versions being updated regularly as we work through this process with the Clubs connected community. We know more adjustments will be made as we consult and collaborate.

11. Is an increase in parking possible as part of the planned renovation project?

Parking is going to remain constrained as it is difficult to achieve more spaces. There may be an increase in marked parking spaces along the entry roadway to the Clubs car-park however it should be noted that during busier periods of trade such off street spaces are already utilised especially over existing grassed areas.

We envisage that as we trade more there may also be more spread across the day so less pressure around peak only trading periods. With so many sporting teams using the grounds we are going to continue facing challenges.

12. Should the Club Members wish to amalgamate with Norths Collective, who will own the property and what happens to the Clubs assets?

An amalgamation will see all property, assets and liabilities transferred to Norths Collective, a process identical to all amalgamations that occur industry wide. The members always retain ownership. We are a not for profit Club group that is for the benefit of members, their guests and the general community.

FAQs

13. Will an amalgamation with Norths Collective lead to an increase in food and beverage pricing to a level that is unaffordable for the local community?

NO. We have been very clear in our proposal presentation about the way we approach amalgamations. We invest the time necessary to fully understand the differences that exist in the diverse communities that we are privileged to operate within. This does include target market analysis which assists us with sale pricing. We do not envisage a change from current pricing or historic pricing trends adopted at The Bowlo

Bangalow over recent years. We are comfortable including a reference of sorts in an MOU supporting this position. We hope the comparison table below provides some further insights into existing pricing across our venues so as to demonstrate that differences do exist, that we do not take a one size fits all approach to product pricing and that we do provide great value food and beverage.

	NORTH BYRON HOTEL	THE BOWLO BANGALOW	THE BANGALOW HOTEL	SEAGULLS	THE ALCOTT	THE GREENS	NORTHS	THE VERANDAH
DRINKS		m/nm		m				
Classic Schooner	\$9.00	\$6.70/\$7.30	\$7.60	\$6.20	\$7.00	\$9.90 (pints)	\$8.00	\$9.8 (pints)
Stone & Wood/Craft Schooner	\$9.00	\$9.20/\$9.80	\$8-\$13	\$7.80	\$9.00	\$10.9 (pints)	\$10.40	\$10.00 (pints)
Sparkling Glass	\$10.00	\$8/\$8.5	\$7-\$10	\$10.00	\$10.00	\$15.00	\$7.50	\$7.00
White Wine Glass	\$9.00	\$8/\$9	\$6-\$9	\$6.50	\$11.00	\$13.00	\$7.80	\$9.00
Red Wine Glass	\$9.00	\$8.50/\$9.50	\$6-\$9	\$6.50	\$11.00	\$13.00	\$7.80	\$7.00
Cocktails	\$18.00	\$17/\$17	\$15-\$20	\$15.00	\$18.00	\$18.00	\$18.00	\$19.00
French Rose	\$48 (bottle)	\$8/\$9	\$10.00	\$35 (bottle)	\$72 (bottle)	\$52 (bottle)	\$40 (bottle)	\$42 (bottle)
FOOD				m/nm			m/nm	
Margherita Pizza	\$23.00	NA	NA	16/18			\$14/\$16	
Salami Pizza	\$25.00	NA	NA	18/20			\$21/\$23	
Burger	\$23.00	\$20/\$22	\$20.00	18.90/20.90	\$22.00	\$25.00	\$22/\$24	\$21.00
Fish & Chips	\$25.00	\$23/\$25	\$24.00	19.90/21.90			\$19/\$22	
Chicken Schnitty	\$24.00	\$22/\$24	\$20.00	21/23			\$19/\$22	
Parmi	\$27.00	\$25/\$27	\$24.00	23/25			\$23/\$25	
Kids Meals	\$13.00	\$10/\$12	\$10.00	\$11.00	\$11.00	\$12.00	\$11/\$13	\$12.00

* m – Member pricing / nm – Non-member pricing

14. Has The Bowlo Bangalow property been valued? If so who completed the valuation?

We encourage the The Bowlo Bangalow to seek an independent valuation. We are doing our own as part of our due diligence which we will happily share with the Board. Early indications are the site has limitations that may indicate a lower value than what people would expect for land of this size. The assets are already valued and sit on the balance sheet of The Bowlo Bangalow, however a more up to date value will need to be sought.

It is important to note that Club property is valued very differently from that of residential zoned land which can lead to reduced valuations. That said, we at Norths Collective share the general feel the Members of The Bowlo Bangalow have in relation to their property believing that the value is worth significantly more than the early desktop review has shown. The key items that are provided to us in the near future as part of a more thorough valuation will be shared with the Board of The Bowlo Bangalow for communication to Members.

Further insights from our project manager note the following:

- The existing zoning of any land is determined by the State Government and they have an absolute reluctance to change zoning unless it aligns with their own strategic direction.
- It is not our intention to rezone any of the land as we intend to continue and enhance the going concern. We understand the members concerns to protect the future interest should any future person or company intent be subject to change. Norths Collective would demonstrate over the first ten years that we are serious about the Clubs future as a Club and investment will back that up.
- Any zoning change requires a development application to be lodged with the local Council and that application can only be submitted with owners consent. Since future Board of Directors would have to approve any application there is no opportunity for a rezoning development application to be lodged without their approval.
- Any application for rezoning is an extremely time consuming exercise with reports and reviews to be provided by many engineers and legal teams. The time and cost for review and consideration is prohibitive and even then the Council may still reject the application.

15. Will an MOU between The Bowlo Bangalow and Norths Collective include an exit clause for The Bowlo Bangalow Members should Norths Collective not provide all offer items as they are prescribed in the contract?

The MOU deals with all these aspects.

16. What level of investment will Norths Collective provide The Bowlo Bangalow membership to enhance the existing building?

Recent refurbishments at both The Alcott Lane Cove and The Verandah Beecroft properties totalled over \$5 million and over \$2 million respectively. Once we have a final property design, which we expect will be completed once we have gathered all necessary feedback as a result of hosting further affiliated sports Club and general membership sessions, we will move to a costing phase engaging the services of a quantity surveyor so we can confirm our estimate provided above is accurate.

17. What are Norths Collective plans for poker machines on the site and how will these be positioned with the core target markets of the Club in mind?

The Bowlo Bangalow has four poker machine entitlements at present. The Bowlo Bangalow in recent years has owned and operated up to fifteen entitlements. The Bangalow Hotel less than 1km away has the provision to operate over twenty poker machines as part of their offer and they do have eighteen poker machines on their trading floor at this time.

Our concept designs for The Bowlo Bangalow provides space for a small gaming floor which is less than 5% of the total space available. The gaming space is very separate, as is the case at all Norths Collective venues, from the remainder of the trading floor which is focussed more on family food and beverage experiences.

18. Is Norths Collective open to a lease of the property rather than seeking a transfer of assets under an amalgamation?

Our proposal, in particular the offer items we will provide all affiliated sporting Clubs, becomes easier by a freehold model that supports our organisation balance sheet asset value. Basically, if we own it we invest more in it. Should The Bowlo Bangalow Membership advance an amalgamation with us at Norths Collective, significant support will be provided to the community all of which will be detailed in an MOU that Members will ultimately have the opportunity to reject or approve.

19. Have you ever presided over a failed amalgamation?

NO. Amalgamations do not always proceed to agreement for a multitude of reasons. There is on average one amalgamation expression of interest issued each fortnight from Clubs seeking partnership with other Clubs largely due to them attempting to achieve a certain future for their members and community.

We have amalgamated with a total of four Clubs over the past thirty years, all of which have been successful in that they remain operational and in growth to this day.

Whilst there were many questions and a lot of discussion held at the meeting, the lengthy Norths Collective A3 document available online seeks to address them in addition to this list. Please let us know if any question has not been answered or if further information is required.

SUNDAY, 10TH APRIL 2022

20. One of the biggest concerns I have (and the majority I have spoken to) is related to gambling revenue. It would be great to have transparency to the extent this is underpinning revenue. Could Norths Collective please provide a % breakdown of gambling revenue (existing p&l does not separate this) and could The Bowlo Bangalow please give a comparison %.

Norths Collective is proactively seeking to reduce its revenue reliance on gaming. Part of that strategy is by way of amalgamation with Club's that have strong alternate revenue streams. The Bowlo Bangalow is an example of this. Gaming does however remain a key part of a sustainable community club model. Valuable feedback shared by Club Members since our first meeting held Saturday, 2nd April, from The Bowlo Board and also The Bowlo Working Group has provided us with great insight into community views.

We continue to review the numbers as we refine both the long-term renovation plans and the financial contributions we may sustainably make to support the many sporting and connected community clubs. Early projections have been based on gaming machine numbers returning to the early machine numbers The Bowlo held in 2012. The Bowlo had in place ten machines at the time and gaming regularly made up between 12 & 14% of the Club's revenue before entitlements were sold to alleviate cash flow issues the Club was experiencing. At the time, the Club noted they may have the option to buy back the entitlements at a later date if the Club was more financial.

The preliminary floor design ensures gaming machines would not be visible outside the room they are to be positioned in. In the draft masterplan, the gaming room will be positioned in a corner location adjacent to the loading dock and behind the new public bar which is marked on the plan in the Norths Collective A3 concept presentation. This space makes up approximately 5% of the total venue floor space. Prior to the renovation, gaming would remain in the general location it is presently but would be screened so machines are not visible to anyone outside of the room.

Norths Collective takes both the Responsible Conduct of Gaming and Responsible Service of Alcohol very seriously. We understand there are enormous social challenges that come from both these revenue lines, particularly the service of alcohol both from in-venue service and from takeaways consumed at home which may be said to pose a higher risk based in our experience having dealt with the police and other key stakeholders regularly. We estimate beverage will make up close to 40% of revenue. We have a great responsibility to work with the community to ensure issues are addressed proactively and in a meaningful way. As a business, Norths Collective has in place a robust framework to ensure the venues operate ethically and responsibly. The framework includes the Norths Collective Risk Management Framework & Policy, Responsible & Sustainable Gaming Policy, Betsafe Policy & Procedures, Anti-Money Laundering & Counter Terrorism Financing manual, Plans of Management, Internal procedure manuals, relevant training processes, as well as an internal audit process and Board oversight.

To date, gaming revenue has been forecasted to make up less than 15% of total Club revenue and lessen to 10% over the short term before further reducing from year five onward as other revenue streams build.

For example, with a similar venue within Norths Collective where food, beverage and events are the primary focus eight years on from its renovation, The Greens North Sydney, which operates sixteen EGMs, the Club sees gaming revenue sit between 1-2% of total revenue. Both of the above scenarios with reference to Liquor & Gaming information, is far less than what The Bangalow Hotel earns with their twenty-four entitlements and eighteen machines on the floor. The Bowlo Bangalow is also at 1-2% of total revenue at present.

We are committed to revenue streams other than gaming, whilst establishing a strong Club model that is able to sustainably give back to its community year on year. We will work with The Bowlo working group and Board on the metrics within the MOU (Memorandum of Understanding) that will address a small gaming operation in order to provide the community some comfort the risks are well managed and will address the understandable broader concerns.

TUESDAY, 19TH APRIL 2022

21. Following his address, Club accountant Greg Clark was asked why are the projections for the The Bowlo's current financial situation not more positive?

Greg has been the Club accountant over the past decade and reflected that he had been concerned for the last couple of years for the Clubs long term sustainability and it was necessary to consider options for the long-term future whilst the Club is in the position to do so. Cash reserves continue to deplete as repairs and maintenance are required. The trading environment is unstable and the expenses will continue to put pressure on The Bowlo to be able to reinvest in the Club.

The Club's high level of debt adds to the current financial insecurity. This debt comprises of:

- Approximately \$200k borrowed in 2019 to repay the community for funds raised in 2012 to pay out the liquidator and the club's debt.
- Approximately \$155k for kitchen and other club upgrades
- Approximately \$90k to the ATO which sits within a structured repayment plan.
- A high level of debt will remain outstanding over the next decade.

22. What went wrong financially? What has put the Club in the same situation financially before?

In the years since 2012 (when the Club was in administration and the community contributed near \$200k) the Club has managed to trade on and renovate the kitchen with \$155k. However, the Club needed to take out a loan with ANZ to fund the above. That loan amongst other debts, will remain outstanding well into the future and place pressure on the cash flow on a monthly basis until it is paid back.

Trade remains inconsistent as the Club emerges from the Covid slumber. However, with increasing cost of goods and services there will continue to be great difficulty in doing more than just covering the base costs month in month out. Whilst there are some great days in trade, the club has to cover the costs across the week where there may be little revenue.

23. Have Norths disclosed their Business Model fully? What will they expect for their investment? How do we get a full understanding of what they are proposing? Where will they get the population numbers from to satisfy their investment return? Will it be an RSL style set up?

Norths Collective continues to workshop plans for the future with The Bowlo Bangalow Board and in future, the working group. The many information sessions that will continue to be made available to the membership are designed for members to ask questions directly and for information to be represented in print transparently thereafter. Any minimum financial commitment agreed upon within a future MOU would need both Boards and Membership approval. It will not have adverse changes to the current Bowlo Club business model. There is a great community asset operating already which Norths Collective would be proud to bring into the portfolio and support well into the future. With a long-term view, it is important that each Norths Collective venue is well capitalised, upgrading to building code and accessibility requirements where possible and generally fit for purpose when it comes to infrastructure needs across the bar, kitchen and bathroom facilities. Member satisfaction and growth is a key part of the business model that enables financial and in-kind support to flow through to community groups. Norths Collective will continue to attend information sessions and provide written documentation to assist in articulating how it currently operates and would seek to add value to Bangalow.

The Bowlo is a unique club and it will be important for it to remain that way with respectful upgrades and sensitivity to community sentiment. Its assets will not be stripped and it won't be turned into a traditional Club that may have been referenced at the time of the question being asked nor will it be a re-created version of an existing venue within our portfolio. Question 33 further answers this question.

24. Why is there no MOU at the moment?

It would be premature to commence drafting an MOU given the very early stage of community and membership consultation. Much of the detail that will be within the MOU will come from the feedback provided from members at information sessions and meetings with stakeholder groups such as community sports and cultural organisations.

25. What is the ROI (Return on Investment) for Norths? What are they seeking?

The return is not strictly a financial one. Our constitutions are similar in that both Clubs don't just exist to make profit. Connecting to our Community and making a difference is an essential part of why both the Bangalow Bowlo and Norths Collective exists. Hence, there is a very long-term view taken and no minimum period of return when considering investment within the Norths Collective portfolio. As a not for profit club group owned by the membership, the importance is strong community engagement and its critical for each Club to be given the reinvestment it needs to remain relevant to the community it operates within well into the future. Naturally, there will strong governance around money being well spent on the Club as it is members money.

Norths Collective commitment to sport and community is enshrined in our constitution

The objects that sit within the constitution of Norths Collective outline why the Club was established:

Clause 10 of Norths Collective Constitution (Full Constitution on Norths Collective website under the Legal & Governance Tab)

(a) To promote, encourage and assist in the playing of sport or athletics by financial assistance or otherwise and in particular the sport of Rugby League and to foster and encourage social intercourse and good fellowship amongst persons interested in sports and athletics.

(b) To foster and encourage social intercourse and good fellowship amongst persons interested in athletics and the playing of sport generally.

(c) To establish a club and other premises and conveniences for the accommodation of members of the Club and their guests and other persons and to furnish and maintain the same and to afford to its members all the usual privileges, advantages and conveniences of a club including, physical and social recreational facilities, and to permit the same to be used by members and their guests and other persons upon such terms as the Club thinks fit and for such purpose to purchase, supply, sell and deal in all kinds of goods and services required or used by members and their guests and other persons entitled to use the premises of the Club.

(d) To apply for and obtain and hold a club licence or any other licence or licences under the Liquor Act or any other Act or law for the time being operative and for such purpose or purposes to appoint, if necessary or desirable, a manager or other officer to act as licensee and hold the club licence or other licence or licences on behalf of the Club.

(e) To promote all or any games of Rugby League football, bowls, tennis, squash, golf, billiards and other sports, athletics, recreations and pastimes and to acquire, prepare and maintain football fields, gymnasium, tennis and squash courts, bowling greens and any other grounds, buildings, structures or equipment necessary or desirable for any such recreations, athletics, sports or pastimes.

(f) To purchase, hire, lease or otherwise acquire for the purpose of the Club any real or personal property and in particular any lands, buildings, furniture, club and household effects, utensils, books, newspapers, periodicals, musical instruments, fittings, apparatus, appliances, sporting material and equipment, conveniences and accommodation and to acquire by subscription, purchase or otherwise and to hold shares, stock, units or securities in or of any other company or co-operative society owning land suitable for the purposes of the Club.

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(g) To procure the delivery of lectures and the reading of papers to its members and to form and maintain a library of sporting, artistic, historical and other literature for the use of its members.

(h) To promote, conduct and carry out any games, sports, tournaments, entertainments and amusements or to co-operate with any other body of persons corporate or incorporate in promoting, conducting or carrying out the same and to provide trophies and prizes in connection therewith.

(i) To render financial aid either by gifts or loans to any organisation concerned in the control of sport or athletics or any social club in the North Sydney Rugby League Football district or elsewhere.

(j) To build, erect and construct houses, shops, offices, factories, stores, Clubhouses, garages and other buildings or improvements of any nature or kind upon any land of or under the control or management of the Club and to enlarge, maintain, improve or remove the same or any existing building thereon.

(k) To acquire, establish, print and publish a newspaper or periodical.

(l) To give, sell, exchange, hire, lease or otherwise dispose of the property of the Club or any part or parts thereof. Provided that if the Club takes or holds any property which may be subject to any trusts, the Club must only deal with the same in such manner as allowed by law having regard to such trusts.

(m) To hire and employ and dismiss secretaries, managers, employees and workers and to pay to them and to other persons in return for services rendered to the Club salaries, wages, gratuities and pensions.

(n) To subscribe to funds for charitable, philanthropic or patriotic purposes and to give assistance financial and otherwise to persons or the dependants of such persons who are injured or who die as a result of practising at or playing sport or who are otherwise engaged in activity relating to sport.

(o) To invest and deal with any of the moneys of the Club not immediately required for the purpose thereof upon such securities and in such manner as may be deemed fit and from time to time to vary and realise such investments.

(p) To make, draw, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.

(q) To borrow money from time to time and for such purposes to give debentures, liens, mortgages, charges or other securities over the whole or any part of the property real or personal of the Club.

(r) To amalgamate or affiliate with any other company or association having objects altogether or in part similar to those of the Club, and to take over the assets and liabilities of any such company or association by purchase, gift, amalgamation with or succession thereto or otherwise.

(s) To do all or any of the abovementioned things either alone or in conjunction with any other company, firm, association, club or person and either as principals, agents, contractors, trustees or otherwise.

(t) To do all such acts, deeds, matters and things and to enter into and make such agreements as are incidental or conducive to the attainment of the above objects or any of them.

And it is hereby declared that in the interpretation of this Rule the meaning and effect of any object is not restricted by any other object and that each object is to be construed and have effect as an independent power and that this Rule is to be construed so as to widen and not restrict the powers of the Club.

26 How is the information for Amalgamation being sent out to get people here, for meetings?

There will be numerous channels enabled for ongoing communication. This includes but is not limited to:

Email, SMS, flyers, website, facebook, signage in and around the Club, outside the Club and around the community.

27. What is the timeframe for Amalgamation Decision? Is there a material difference between a decision in 3 months, 6 months etc?

Consideration for an amalgamation is not a rushed process and may take 6-9 months as information sessions are held as both Clubs work through the legal complexities and planning for a successful club and sustainable future. Part of the due diligence from both sporting clubs and Board. This takes time during which the membership will be provided many opportunities to engage through the process before any decision is proposed. For example, at present there is no draft MOU prepared as there is still a lot of due diligence currently being undertaken and membership feedback needed before drafting would commence.

28. Why hasn't the Bowlo gone elsewhere for EOI? Why Norths Collective?

The Bangalow Bowlo approached Norths Collective following discussions with ClubsNSW about what sort of amalgamation partnership would suit the Bowlo. An alignment of values was one of the strong reasons that the Bowlo then responded to the Expression of Interest Norths Collective put out to the Club industry seeking partners. Their values and structure align closely to The Bangalow Bowlo – community engagement, promoting the game of bowls and the sponsorship of local sports. Norths Collective presentation (see the NC website) highlights this alignment and their long and successful history with amalgamation as a not for profit organisation.

Norths Collective:

- comprises five clubs, including two bowling clubs.
- have a thirty-year track record as an amalgamation partner including The Greens North Sydney (1991) and Seagulls in Tweed Heads (1998), The Alcott Lane Cove (2016) & The Verandah Beecroft (2021).
- their focus is creating contemporary and innovative entertainment, food and beverage precincts, underwritten by a grass roots connection to community and sport. A charter we both share and that is outlined in both Clubs constitutions.

- has never ceased trading at any of the clubs in its group post-amalgamation, nor has it sold any land of amalgamated clubs.
- having amalgamated with Seagulls in Tweed Heads in 1998, Norths Collective has recently reached out to local clubs on the North Coast of NSW to support during the past two years of Covid-19 and floods.
- Over 99% of the revenue from their two bowling clubs is non-gaming.

OTHER AMALGAMATIONS ACROSS THE INDUSTRY

Many of the larger club groups pursuing amalgamations at this time are based in Western Sydney and have a business model that does prioritise gaming. This does not align with the values of the Bangalow Bowlo and our community.

Summary of some recent amalgamations:

- Many larger club groups have sold land and/or pursued major, multi-storey, residential or commercial property redevelopments at amalgamated club sites.
 - o Mounties at Harbor Diggers
 - o Easts at Waverley Bowling Club
 - o Twin Towns at Club Banora
- Others have sold the amalgamated club to developers, with the funds returning to the parent club:
 - o Petersham RSL at Newtown RSL
 - o Goulburn Soldiers Club at Goulburn Bowling Club
- While some have sold the amalgamated club to developers, with a view to relocate to another location:
 - o Dooleys at Waterview
- Others have amalgamated with a smaller club then on sold the amalgamated venue to other clubs, developers and/or ceased operations of the amalgamated club altogether:
 - o Various clubs that amalgamated with Panthers

For the Bangalow Bowlo, selecting the right partnership should extend well beyond financial positioning. It must consider the way a potential partner interacts with its local community and sports clubs, supports its employees and focusses on the long-term welfare of the club members it is looking to partner with.

Norths Collective has a track record of honouring its commitments to their amalgamating members and their connected communities, rather than seeking a property play or exit strategy if trade becomes challenging.

29. Do our debts go away (ANZ, ARO) etc? Where does all the Bowlo liabilities go?

Yes, under an amalgamation, all assets and liabilities would transfer to Norths Collective.

30. What percentage of income from the club will be pokies?

In 2012, prior to the sale of some of its entitlements, The Bowlo Bangalow had trading revenues of gaming in the 12-14% range. Initially, Norths Collective is forecasting a return to similar % numbers. With future planned works, there is less than 5% of the floor space that would be gaming and Norths Collective estimates the revenue % will continue to reduce below the 12-14% range as other revenue streams become more consistent.

31. Question on what is happening with the oversight of expenses? Why hasn't the Clubs position been called out earlier?

The Bowlo has strong governance in place with Board oversight on the financial situation. Prior to Covid-19 impacting, the Club put a finance facility in place to pay back the people that provided financial contribution to the Club in the past. The club has done its best to trade through a very difficult period whilst cash reserves have continued to decline. Numerous clubs have closed around the state over the past two years and The Bowlo is considering its options whilst in a strong position to do so.

32. How is Norths structured? How will it be structured here? How will the community have an influence on Norths?

Norths Collective is a not for profit and is North Sydney Leagues Club Ltd trading as:

- Norths Cammeray
- Seagulls Tweed Heads
- The Alcott Lane Cove
- The Greens North Sydney
- The Verandah Beecroft

Under an amalgamation the continued not for profit structure would continue with the additional club under the same structure

- The Bowlo Bangalow

Under the local trading operation of Bangalow there would also sit the same sporting team structures that have been in the past. There will be an advisory committee established that would meet regularly to address planning and operational needs. The Committee would be critically involved in ensuring the MOU is carried out.

The property would transfer across from The Bowlo Bangalow to Norths Collective as core property and would remain as core property. Any proposal to change it to Non-core property in the future would require a greater than 75% vote in favour.

33. "If Norths are pumping money into it and they are not for profit, what is in it for them? Why are they doing this? What is their objective?"

In some respects, this requires a complicated answer due to the many considerations that go into each amalgamation opportunity reviewed. Whilst there is no magic minimum figure of investment over the decade at this stage, that will be costed as further due diligence is completed. Norths Collective at a high-level can provide a few bullet points.

Growth of Norths Collective asset base - Often amalgamation comes with the opportunity to assist the child club to enhance engagement within the community. Additionally, with some much-needed capital investment and the land holding transferred, our balance sheet is improved by millions of dollars. This provides the back drop for a sustainable not for profit operation which can reinvest in its community. Norths Collective already has a long-term presence within Northern NSW and is looking to expand in the region.

More growth = more community support - With more growth there is more to give back in financial and in-kind support. Norths Collective members will benefit from the facilities and services the Club is able to provide within the community.

Diversity of Norths Collective asset holding - We don't put all your eggs in one basket. There are so many pressures that impact the trading patterns across each Club site, that often some are up, some down. Even as recent as this pandemic, there has been Sydney supporting the Tweed and very much the Tweed supporting Sydney as Norths Collective faced different challenges at different times with government closures. Weather also is another big impact across the group. Some shine better with the sun and others step up when the rain comes through!

Increase revenue outside of gaming - Large clubs are often between 70 - 85 reliant on their gaming revenue. Whilst Norths Collective still has a need for a responsible and sustainable gaming model it is progressively reducing its revenue reliance on it. As a group Norths Collective provide well over a \$1m more than any legislated requirement, back into the community year on year. Diversification and reliance away from one source of revenue such as gaming, must take time for the sustainable success of our company supporting our 450 employees. Norths Collective takes a long-term view of its Club holdings and investment does not meet any one simple financial metric. As a not for profit that exists primarily for its membership, it is with great responsibility the assets are adequately capitalised and each business unit is sustainable in its own right.

Maintaining focus on Club History & Heritage - Each of Norths Collective's venues has a very unique presence that dates back between 50 - 110 years. In respectfully bringing these unique elements to the surface, there has been the opportunity to ensure they not only remain relevant to the community today but articulate why the Clubs presence remains so important in to the future as it did when each Club was first formed.

**34. "Why can't The Bowlo look at other revenue streams?
What are other options being discussed?"**

As a Club, The Bowlo has over its long history had the core operations of Food, Beverage, Gaming & Events as key revenue streams. It has seen strong support from Bowls and many other members of sporting organisations that have called The Bowlo their club house. With the increasing cost of compliance, repairs, maintenance, cost of goods and wages the pressures on existing and other revenue streams is tough. The Club continues to review any opportunity to improve its position, however to date, those improvements are only marginal that will likely take decades to achieve the same outcomes that amalgamation brings in the immediate term. Norths Collective can bring great financial support through its pricing model with its supplier partnerships. Ironically a small Club will normally pay three times more for its beverage products. This strength takes the pressure off gaming being the focus and why Norths Collective continues to be less revenue reliant on its gaming operations when compared to the top 100 clubs in NSW.

The Bowlo is exploring the benefit of continuing to own its own property. This strategy will mean it will remain difficult to contribute to club reinvestment while at the same time provide community sponsorship over the next 10 years and beyond versus the benefits an amalgamation could bring which would see considerable reinvestment and community support flowing immediately upon the authority approving the amalgamation. It would provide a far more certain future and position The Bowlo as a very strong sustainable Club for decades to come.

SATURDAY, 23rd APRIL 2022

35. How much of an increase in revenue is needed to address the existing building issues?

Norths Collective is in the process of assessing the required works in detail at present. Whilst there are estimates obtained by existing Bowlo Bangalow Club Management, further information will be available to the Board as part of Norths Collectives ongoing due diligence. Norths Collective will include, in any MOU presented to the Members of The Bowlo, a clear indication of the works that will need to be completed to ensure the property is compliant and is satisfactory for insurance policy renewal. Should an amalgamation take place, all necessary building works would be scheduled by Norths Collective regardless of revenue. Such capital investment is a necessity from for compliance, sustainability and keeping the property relevant for the community.

Recent refurbishments at both The Alcott Lane Cove and The Verandah Beecroft properties totalled over \$5 million and over \$2 million respectively post amalgamation.

36. What does the Norths Collective Business Plan look like? What level of increased revenue is required so the club can operate more profitably?

Clubs are expensive to run and maintain. There continues to be extreme pressure on small to medium clubs to navigate the complexity of the legal and governance framework of today without spending a lot of money. The Bowlo pays significantly more for its beverage simply due to its lower sales volumes and competition for the discretionary dollar is ever increasing.

Norths Collective is very clear about its operational focus across food, beverage and events. We are happy to go into more detail on areas of interest. As we have seen in our other venues over recent years particularly, stronger connections with all affiliated sporting and other community clubs does lead to increases in visitation and hence revenue growth. It is about supporting those that support The Bowlo.

37. What is the timeframe between any injection of funds and recouping of any Norths Collective capital investment? What is the financial metric used by Norths Collective when considering a return on investment from amalgamations?

Norths Collective is a not for profit group of Clubs. Money earned is reinvested for the greater good of all Clubs and the communities in which we operate. Whilst we do have stringent financial modelling and oversight that underpins the operation of each of our Clubs it is our focus on the longer-term benefits of each amalgamation that we use as a guide for our decision-making surrounding capital investment. We do not use a magic minimum measure of investment return in any of our amalgamation proposals which is very attractive for child club Members as it provides a level of security in that if performance is not to a level expected, significant deviation from commitments made during MOU negotiations will not occur. There is no race against the clock driving financial decision making. Those key benefits of amalgamation include however are not limited to the following:

Growth of Norths Collective Asset Base - Often amalgamation comes with the opportunity to assist the child club to enhance engagement within the community. Additionally, with some much-needed capital investment and the land holding transferred, our balance sheet is improved by millions of dollars. This provides the back drop for a sustainable not for profit operation which can reinvest in its community both in terms of the Club facilities but also financial support for sporting & cultural pursuits that are important within the community. Norths Collective already has a long-term presence within Northern NSW and is looking to expand in the region.

More Growth = More Community Support - With more growth there is more to give back in financial and in-kind support. Norths Collective Members will benefit from the facilities and services the Club is able to provide within the community.

FAQs

Diversity of Norths Collective Asset Holding - We don't put all our eggs in one basket. There are so many pressures that impact the trading patterns across each Club site. Often some are up, some down. Even as recent as the Covid-19 pandemic, there has been Sydney supporting the Tweed and very much the Tweed supporting Sydney as Norths Collective faced different challenges at different times with government closures and other measures implemented. Weather is another big impact across the group. Some shine better with the sun and others step up when the rain comes through!

Increased Revenue Outside of Gaming - Large clubs are often between 70 - 85 percent reliant on their gaming revenue. Whilst Norths Collective still has a need for a responsible and sustainable gaming model it is progressively reducing its revenue reliance on it. As a group Norths Collective provides more than \$1m above any legislated requirement, back into the community by way of cash and in-kind support each year. Norths Collective takes a long-term view of its Club holdings and investment does not meet any one simple financial metric. As a not for profit that exists primarily for its membership, it is with great responsibility that the assets are adequately capitalised and each business unit is sustainable in its own right.

Maintaining Focus on Club History & Heritage - Each of Norths Collective's venues has a very unique presence that dates back between 50 - 110 years. In respectfully bringing these unique elements to the surface, there has been the opportunity to ensure they not only remain relevant to the community today but articulate why the Clubs presence remains so important in to the future as it did when each Club was first formed.

Norths Collective continues to workshop plans for the future with The Bangalow Bowlo Board and we anticipate, in the coming weeks, to be working in with the working group as well. The many information sessions that will continue to be made available to the membership are designed for members to ask questions directly and for information to be represented in print transparently thereafter. There is a great community asset operating already which Norths Collective would be proud to bring into the portfolio and support well into the future. With a long-term view, it is important that each Norths Collective venue is well capitalised, upgraded to building code with relevant accessibility requirements satisfied where possible and generally fit for purpose when it comes to infrastructure needs.

Member satisfaction and growth is a key part of the business model that enables financial and in-kind support to flow through to community groups. Norths Collective will continue to attend information sessions and provide written documentation to assist in articulating how it currently operates and how it would seek to add value to the Bangalow community. The Bangalow Bowlo is a unique club and it will be important for it to remain that way. Its assets will not be stripped and it won't be turned into a traditional Club with gaming the primary focus.

Post amalgamation, Norths Collective and Bowlo members would remain owners of all Clubs in the group. The return is not strictly a financial one. Our Club constitutions are similar in that both Clubs don't just exist to make profit. Connecting to our Community and making a difference is an essential part of why both The Bangalow Bowlo and Norths Collective exists. As a not for profit club group owned by the membership, the importance is strong community engagement and its critical for each Club to be given the reinvestment it needs to remain relevant to the community it operates within and proudly serves. Naturally, there will be strong governance around money being well spent on the Club as it is members money. Norths Collectives commitment to sport and community is enshrined in our constitution. The objects that sit within the constitution of Norths Collective outline why the Club was established.

Please view the answer to question 25 above for further information on Norths Collectives Constitution in this regard.

38. Will the Club Members see Norths Collectives financial plan and forecasts?

Yes, with some limitations around sensitive commercial in confidence contractual arrangements.

39. What will the club be like to come to in the future? The Club is currently enjoyed by our local community and families

Extensive consultation on any major renovations would occur in the community before works are commenced. Post amalgamation, the club would not look much different to how it does now, however it will receive cash injections of hundreds of thousands of dollars each year to ensure fridges are working, the roof doesn't leak, the toilets are to a high standard, the kitchen and bar has the necessary service infrastructure, and the list will go on. It is our aim to simply enhance the property so local community members, including families always feel welcome, safe and entertained. The venue concept designs shared at each Member Meeting to date and which is also available on the website sets out the various spaces required in order to ensure the satisfaction levels of all guests remain very high. The concept design plans will not see us provide you with a footprint that already exists within Norths Collective repurposed in Bangalow.

Fun through food, beverage and functions will be the primary focal point of The Bangalow Bowlo for the future. It has been exciting to be able to show you what's possible through our initial venue concept designs. A refurbished, fully equipped kitchen, new servery, brand new bar, renovated bathrooms and new furniture to name just a few enhancements all form part of what the Club will look like in the future. It is important to note that we have received and acted upon valuable feedback to date and we thank you for sharing with us your thoughts on the type of Club you wish to see in Bangalow for decades to come.

Our experience tells us that the more unique spaces we can provide for the diverse groups of people we have residing in our local communities the higher the satisfaction levels and hence the more reasons there are to visit. This is why we have included a small, private space for gaming away from children, a sports bar, sunny deck and lounge overlooking the playing fields, a private meeting room, refurbished function hall, undercover outdoor eating options, fantastic kids play and a large grassed outdoor event space complete with its own food and beverage service points.

40. Are you prepared to include in any MOU presented a cap on gambling revenue?

The Bangalow Bowlo has 4 poker machine entitlements at present. The Bangalow Bowlo in recent years has owned and operated up to 15 entitlements. The Bangalow Hotel, less than 1km away has the provision to operate over 20 poker machines as part of their offer and they do have 18 poker machines on their trading floor at this time. The profits earned go to the pub owner to be reinvested as they see fit. Our concept designs for The Bangalow Bowlo provides space for a small gaming floor which is less than 5% of the total space available for hospitality. The gaming space is separate, as is the case at all Norths Collective venues, from the remainder of the trading floor which is focussed more on family food and beverage experiences.

Norths Collective is proactively seeking to reduce its revenue reliance on gaming. Part of that strategy is by way of amalgamation with Club's that have strong alternate revenue streams. The Bangalow Bowlo is an example of this. Gaming does however remain a key part of a sustainable community club model. Valuable feedback shared by Club Members since our first meeting held Saturday, 2nd April from The Bangalow Bowlo Board and also The Bangalow Bowlo Working Group has provided us with great insight into community views. We continue to review the numbers as we refine both the long-term renovation plans and the financial contributions we may sustainably make to support the many sporting and connected community Clubs.

FAQs

Early projections have been based on gaming machine numbers returning to the numbers The Bangalow Bowlo held in 2012. The Bangalow Bowlo had in place 10 machines at the time and gaming regularly made up between 12% to 14% of the Club's overall revenue before entitlements were sold to alleviate cash flow issues the Club was experiencing. At the time, the Club noted they may have the option to buy back the entitlements at a later date if the Club was more financial. The preliminary floor design ensures gaming machines would not be visible outside the room they are to be positioned in. In the draft masterplan, the gaming room will be positioned in a corner location adjacent to the loading dock and behind the new public bar which is marked on the plan in the Norths Collective A3 concept presentation available on the website. Prior to a renovation, gaming would remain in the general location it is presently but would be screened so machines are not visible to anyone outside of the room.

Norths Collective takes both the Responsible Conduct of Gaming and Responsible Service of Alcohol very seriously. We understand there are enormous social challenges that come from both these revenue lines, particularly the service of alcohol both from in-venue service and from takeaways consumed at home which may be said to pose a higher risk based in our experience having dealt with the police and other key stakeholders regularly in recent years. We estimate beverage will make up close to 40% of revenue. We have a great responsibility to work with the community to manage issues such as poor health and domestic violence whilst ensuring a strong future for our youth when it comes to responsible service of alcohol. As a business, Norths Collective has in place a robust framework to ensure the venues operate ethically and responsibly and to be proactive in a meaningful way.

To date, gaming revenue has been forecasted to make up less than 15% of total Club revenue and lessen to 10% over the short term before further reducing from year five onward as other revenue streams build. For example, with a similar venue within Norths Collective where food, beverage and events are the primary focus 8 years on from its renovation, The Greens North Sydney, which operates 16 poker machines, the Club sees gaming revenue sit between 1%-2% of total revenue. Both of the above scenarios with reference to Liquor & Gaming information, is far less than what The Bangalow Hotel earns with their 18 machines on the floor. The Bangalow Bowlo is also at 1%-2% of total revenue at present. We are committed to revenue streams other than gaming, whilst establishing a strong Club model that is able to sustainably give back to its community year on year. We will work with The Bangalow Bowlo Working Group and Board on the metrics within the MOU that will address a small gaming operation in order to provide the community some comfort the risks are well managed and will address the understandable broader concerns. As the actual revenue split cannot be controlled by the club a cap cannot be in place, however wording within the MOU can reference the intent for balancing the revenue split in favour of streams other than gaming.

41. *Parking can be an issue at The Bangalow Bowlo, what do Norths Collective propose doing to alleviate some of the issues experienced?*

Parking is going to remain constrained however there may be an increase in defined, marked parking spaces along the entry roadway to the Clubs car-park. It should be noted that during busier periods of trade such off street spaces are already utilised especially over existing grassed areas. We envisage that as we trade across more of the week there may be further spread across each day so less pressure is subsequently placed on peak periods. With so many sporting teams using the grounds we are going to continue to face challenges.

Should an amalgamation proceed with Norths Collective, we will seek to open up healthy dialogue with Byron Shire Council and the NSW Government with the expectation we can collaboratively maximise the spaces available for parking as has been outlined above. We have already reached out through the Club and have begun reviewing the Sporting Precinct masterplan, its future development and how parking will be addressed over the long term.

42. *What guarantees can Norths Collective provide The Bangalow Bowlo Members that their Club will not be re-developed in year 11 of an amalgamation? Have any of our other amalgamated clubs asked for a clause of this kind during previous partnership negotiations?*

We encourage all Members to look back at our history of amalgamations to gain a real sense of security in that the track record we have demonstrates we take a long-term view of these partnerships and we do not seek to re-develop assets in a way that deviates away from what was always intended by founding Members.

We will ensure the Club is well capitalised in its current form to ensure its future is far more secure than what will be possible without amalgamation. We have a strong active desire to have everyone look back favourably in ten years' time, pleased with the capital injection as well as the financial and in-kind support invested within the Bangalow community over that period. This could then be measured against what the alternative may have looked like by continuing as is.

43. *Please explain the difference between core and non-core assets and how this relates to what the Club is currently and whether it will change after an amalgamation process is complete?*

All assets and liabilities do transfer to Norths Collective upon receipt of amalgamation approval by Liquor and Gaming. This will see The Bangalow Bowlo property transfer as core property under amalgamation. The process by which Members of the Club seek to transfer property from core to non-core is very complex and requires a 75% majority of Members present at a General Meeting to be in favour of such a motion.

To be clear, our intent is not to transfer property from core to non-core. All Clubs operate as core with only a small section of our Tweed Heads Club the exception which has some areas under lease arrangements. We are in the business of operating Clubs and will continue doing so for decades to come.

Our constitution details our reason for being which has been shared above in the answer to question 25.

44. *Who owns the club and land physically now? Who owns the club and land after an amalgamation? Who owns the club and land in the longer term?*

The Bangalow Bowlo Members own the property at present.

An amalgamation will see all property, assets and liabilities transferred to Norths Collective, a process identical to all amalgamations that occur industry wide. An amalgamation with Norths Collective will see all The Bangalow Bowlo Members transfer across to Norths Collective hence gaining ownership of all Clubs and assets that currently sit within our organisation. To be clear, The Members always retain ownership as we are a not for profit Club group that is for the benefit of Members, their guests and the general community.

Should Norths Collective continue to grow, partnering with other Clubs under amalgamation over the next 10 years and beyond, all Norths Collective Members, including those from The Bangalow Bowlo, automatically enjoy ownership and membership of those future assets.

45. What sort of events do you envisage hosting? What style of music will you permit? Would you consider disco style entertainment?

We are in the business of creating fun, unique guest experiences and understand there is a multitude of entertainments tastes that exist within the communities we serve. It is our aim to enhance the Club in such a way whereby existing guests are made to feel welcome.

We workshop all our prospective events sending them through our risk matrix to ensure they are suitable. We do have the good order of the neighbourhood in the forefront of mind especially in our planning leading up to busier functions, events and patterns in trade.

We have strong relationships with our local police commands that we are eager to protect and continue to nurture.

46. Do we have connections with other community groups aside from sporting clubs?

Yes. We are proud of the relationships we have fostered over the years with numerous not for profit charitable community groups. The North Sydney RSL Sub Branch, Memphis Mayhem Community Radio and our latest connection that has seen us partner with The Preston Campbell Foundation are those key relationships that exist outside our sporting club connections. We also have longstanding relationships and host events for the Cancer Council NSW and Qantas Pathfinders where we host their annual revue at Norths Cammeray.

47. What is the club and land presently valued at? If Norths Collective end up with the asset as a result of an approved amalgamation what will be invested into the club and community as a result?

We encourage the The Bangalow Bowlo Board and Members to seek an independent valuation. We are refining our own as part of our due diligence process which we will happily share with the Board when it is complete. As we have shared in an earlier Members Meeting, with transparency in mind, early indications are the site has limitations that may indicate a lower value than what people would expect for land of this size. The assets are already valued and sit on the balance sheet of The Bangalow Bowlo, however a more up to date value will be of benefit to all.

It is important to note that Club property is valued very differently from that of residential zoned land which can lead to reduced valuations. Norths Collective will ensure investment in the Club and community with respect for the value of land that will transfer as a result of amalgamation.

The key items that are provided to us in the near future as part of a more thorough valuation will be shared with the Board of The Bangalow Bowlo for communication to Members. Further insights from our Project Manager note the following:

- The existing zoning of any land is determined by the State Government and they have an absolute reluctance to change zoning unless it aligns with their own strategic direction.
- It is not our intention to rezone any of the land as we intend to continue to enhance the going concern. We understand the Members concerns to protect the future interest should any person or company intent be subject to change. Norths Collective would demonstrate over the first 10 years that we are serious about the Clubs future as a Club and investment will back that up.
- Any zoning change requires a development application to be lodged with the local Council and that application can only be submitted with owners' consent. Since future Board of Directors would have to approve any application there is no opportunity for a rezoning development application to be lodged without their approval.
- Any application for rezoning is an extremely time-consuming exercise with reports and reviews to be provided by many engineers and legal teams. The time and cost for review and consideration is prohibitive and even then, the local Byron Shire Council may still reject an application. We support the current zoning remaining in place.

48. What are the alternatives, apart from the Norths Collective amalgamation proposal before us? There has been no mention of any other amalgamation proposals being considered?

The Bangalow Bowlo approached Norths Collective following discussions with ClubsNSW about its options. Reviewing amalgamation and considering a partnership with Norths Collective was suggested. An alignment of values was one of the strong reasons that The Bangalow Bowlo then responded to the Expression of Interest Norths Collective put out to the Club industry seeking partners. Norths Collective values and structure align closely to The Bangalow Bowlo being in summary; community engagement, promoting the game of bowls and the sponsorship of local sports.

The initial Norths Collective presentation, which can be viewed on The Bangalow Bowlo website, highlights this alignment and a long and successful history with amalgamation as a not for profit organisation presented. Norths Collective comprises 5 Clubs, including 2 bowling Clubs. They have a 30-year track record as an amalgamation partner including The Greens North Sydney (1991), Seagulls in Tweed Heads (1998), The Alcott Lane Cove (2016) and The Verandah Beecroft (2021). Their focus is on creating contemporary and innovative entertainment, food & beverage precincts, underwritten by a grass roots connection to community and sport. A charter we both share and that is outlined in both Clubs constitutions. Norths Collective has never ceased trading at any of the Clubs in its group post-amalgamation, nor has it sold any land of amalgamated clubs. Having amalgamated with Seagulls in Tweed Heads in 1998, Norths Collective has recently reached out to local clubs on the North Coast of NSW looking to provide support by way of amalgamation during the past two years of Covid-19 and the devastating floods experienced earlier this year. Over 99% of the revenue from both Norths Collective Bowling Clubs is non-gaming.

OTHER AMALGAMATIONS ACROSS THE INDUSTRY

Many of the larger Club groups pursuing amalgamations at this time are based in Western Sydney and have a business model that does prioritise gaming. This does not align with the values of The Bangalow Bowlo and the community.

A Summary of some recent amalgamations:

- Many larger club groups have sold land and/or pursued major, multi-storey, residential or commercial property redevelopments at amalgamated club sites.

Mounties at Harbord Diggers and Waverley Bowling Club.

Correction: Twins Towns at Club Banora was listed in an earlier publication, however Club Banora is not an amalgamated premises. It was built by Twin Towns and has always been owned by Twin Towns.

- Others have sold the amalgamated club to developers, with the funds returning to the parent club.

Petersham RSL at Newtown RSL, Goulburn Soldiers Club at Goulburn Bowling Club

- While some have sold the amalgamated club to developers, with a view to relocate to another location.

Dooleys at Waterview

- Others have amalgamated with a smaller club then on sold the amalgamated venue to other clubs, developers and/or ceased operations of the amalgamated club altogether.

Various clubs that amalgamated with Panthers
For the Bangalow Bowlo, selecting the right partnership should extend well beyond financial positioning. It must consider the way a potential partner interacts with its local community and sports clubs, supports its employees and focusses on the long-term welfare of the club Members it is looking to partner with. Norths Collective has a track record of honouring its commitments to their amalgamating Members and their connected communities, rather than seeking a property play or exit strategy if trade becomes challenging.

49. How many small clubs have closed in the past 10-15 years? Is this a common occurrence?

One Club has closed, every fortnight, on average since 2007. The Clubs most vulnerable to closure are bowling clubs.

There are many reasons why over recent years this has become a common occurrence. Broadly those key reasons are listed below:

- Unprecedented disruption to Club activities and finances
- Ongoing uncertainty in the trading environment
- Banks have been reluctant to refinance loans of small Clubs, which are far more susceptible than larger Clubs to volatility in trade or cashflow
- Small Clubs face a greater challenge to recruit, retain and develop employees
- Increased compliance burden associated with venue safety and sporting activities
- Acceleration of the longer-term decline in volunteerism in Australia
- Inflation squeezing margins of smaller Clubs that do not have the buying power of large Club or pub groups that can find it easier to withstand such fluctuations in markets
- Alternative revenue streams requires investment. Changes to planning laws in the future may require significant investment from older Club Boards upgrading their buildings to comply with revised building, accessibility and fire safety codes

In NSW alone, a total of 100 Clubs facing closure or searching for a pathway to growth have survived through amalgamation.

Norths Collective amalgamated with the second oldest Bowling Club in NSW being the North Sydney Bowling Club in 1991. This venue was re-launched with a renovation as The Greens North Sydney in 2014 at a cost of just over \$1 million. In the most recent normalised year of 2019, The Greens North Sydney achieved a total of \$9 million in food and beverage revenue alone. This Club is now Australia's leading Club in corporate and social bowls with a well-connected traditional bowls Club also engaged.

50. How many voting members does Norths Collective currently have?

We have a total of 60,569 Members as at the end of March 2022 all with voting rights.

51. Why are Lane Cove Club and Beecroft Bowling Club Members identified separately in the Norths Collective Constitution? How did their Members become Members of Norths Collective? What is this through a transfer process or re-application?

The separate listing of both Memberships forms part of the Norths Collective Constitution. This was due to recent changes in legislative requirements that now sees Clubs record such information in an itemised fashion.

Amalgamating Members are required to complete a form as at the time of amalgamation. This document covers off on the required consent with Membership transfer taking place once Liquor and Gaming approval is confirmed.

This is therefore a transfer process provided Members are financial at the time amalgamation occurs.

52. How have the previous Members of North Sydney Bowls Club and Seagulls Tweed Heads become members of Norths Collective?

Both these amalgamations occurred many years ago and as a result we are not clear on the formal process required at the time or how this was undertaken. That said, all financial Members of the two Clubs listed above share the same rights as those Members associated with the Lane Cove Club and The Beecroft Bowling Club.

53. How would The Bangalow Bowlo Members become members of Norths collective?

All Members that sign the consent form highlighted in question 19 simply transfer across as full financial Members of Norths Collective as at the time Liquor and Gaming approve the amalgamation.

54. Do the Members of amalgamated clubs have equal voting right within Norths Collective?

Yes, provided they are financial Members.

55. What is the relationship between Norths Collective and the Sporting Clubs associated with the Clubs that have amalgamated under Norths Collective? Are they simply tenants of Norths Collective where they use the facilities?

All our affiliated Sporting Clubs have different relationships with Norths Collective venues. There are a range of frequent Club users and there are others that participate in their selected activities away from the home Club sites. There are also differences in the way grant funds are distributed. Communication however with each affiliated Club remains frequent and sees Members of the Senior Executive team present at Club meetings regularly.

56. Under what conditions would Norths Collective de-amalgamate a club and how would that be done?

De-amalgamations are a complex area to navigate. Please be advised that a de-amalgamation does not form part of any Norths Strategic plan. There is a legal framework that requires the existing Members to vote on any such motion placing the decision to take such steps in the hands of the Membership. The MOU will address this.

57. Would the Board consider a display for the master plan design concept proposal so this be viewed by all Members?

Yes. The Bangalow Bowlo Board in connection with The Bangalow Bowlo Working Group is working on creating an amalgamation display within the property for the information of Members and the local community.

58. Has the Board considered an independant financial review of the Clubs current situation?

The Board has engaged a Working Party made up of a number of independent persons with further consultants to be engaged as necessary.

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59. What happens after the initial 10-year commitments, that are expected to be included in an MOU, have ended?

Norths Collective has a strong track record in successful amalgamations dating back to 1991 when The North Sydney Bowling Club was amalgamated with Norths which we are very proud of. We ask Members to review our history of amalgamations which show long-term commitment. We do not actively seek to re-develop assets in a way that deviates away from what was always intended by founding Club Members.

We will see to it that The Bangalow Bowlo upon amalgamating with Norths Collective is well capitalised as is the case with all the clubs that form part of our portfolio. We are eager to see the Club continue to operate in its current form with additional funding to ensure the property remains relevant to the community and equally importantly compliant for decades to come. It is our aim to have all Bowlo Members look back favourably in ten years' time, pleased with the capital injection that has been provided as well as thrilled with the financial and in-kind support invested back in to the Bangalow community over that period.

It is important that Members consider the Norths Collective proposal against what may happen should operations remain the way they are at present.

60. What is the general feel around the Club at present?

The numerous opportunities provided for the benefit of Members, affiliated Sporting Clubs and other local community groups to ask questions of The Bangalow Bowlo Board and Norths Collective has been very well received. We are encouraged by consistent feedback that states Members feel they have been offered ample opportunity for input, discussion and most importantly time to reflect.

Whilst there has been no decision made at this time and the process of exploration of a potential amalgamation continues, the Board remains focussed on providing Members with information all the while ensuring a transparent review process for amalgamation and other options is undertaken.

61. What rights do we have when it comes to voting under an approved amalgamation? To what extent do we maintain our individuality? What control will we have, if any, on the way the Club looks, feels and operates?

The Bangalow Bowlo Members will enjoy the same voting rights as all Members that exist currently across all Norths Collective properties provided they are financial as at the time General Meetings are held.

Celebrating the unique history that exists at each of our Clubs is an aspect of our approach to operations we are very proud of. As an example, in order for us to ensure a Clubs uniqueness is protected we, at our most recent partner Club The Verandah Beecroft formed an Advisory Committee. The Verandah Beecroft Advisory Committee meets fortnightly at a minimum at present. This is a chance to not only check in against the MOU requirements but for licensed Club management to truly collaborate and evaluate what may be working or needs to be adjusted to manage and exceed member expectation. The meetings are attended by the Norths Collective CEO or delegate. The Norths Collective CEO has attended 90% of meetings with additional executives at The Verandah to date. Executing the MOU comes with a strong legal, moral and ethical responsibility. In our experience the Advisory Committee meetings generally reduce as it becomes evident that in addition to all MOU items being addressed, Norths Collective continues to operate in the spirit of what was agreed both with legal and moral intent.

Extensive consultation on any major renovations would occur in the community before works are commenced. Post amalgamation, the club would not look much different to how it does now, however it will receive cash injections of hundreds of thousands of dollars each year to ensure fridges are working, the roof doesn't leak, the toilets are to a high standard, the kitchen and bar has the necessary service infrastructure, and the list will go on. It is our aim to simply enhance the property so local community members, including families always feel welcome, safe and entertained. The venue concept designs shared at each Member Meeting to date and which is also available on the website sets out the various spaces required in order to ensure the satisfaction levels of all guests remain very high. The concept design plans will not see us provide you with a footprint that already exists within Norths Collective repurposed in Bangalow.

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Fun through food, beverage and functions will be the primary focal point of The Bangalow Bowlo for the future. It has been exciting to be able to show you what's possible through our initial venue concept designs. A refurbished, fully equipped kitchen, new servery, brand new bar, renovated bathrooms and new furniture to name just a few enhancements all form part of what the Club will look like in the future. It is important to note that we have received and acted upon valuable feedback to date and we thank the community for sharing their thoughts on the type of Club they wish to see in Bangalow for decades to come.

Our experience tells us that the more unique spaces we can provide for the diverse groups of people we have residing in our local communities the higher the satisfaction levels and hence the more reasons there are to visit. This is why we have included a small, private space for gaming away from children, a sports bar, sunny deck and lounge overlooking the playing fields, a private meeting room, refurbished function hall, undercover outdoor eating options, fantastic kids play and a large grassed outdoor event space complete with its own food and beverage service points.

62. If I'm a Member of Bangalow am I an equal Member across the Norths Collective?

Yes, provided you are a financial Member and the proposed amalgamation is approved by Liquor and Gaming.

63. Why is an MOU the vehicle that forms the basis of an amalgamation agreement?

The use of an MOU is prescribed in the Registered Clubs Act.

64. What, if any, exit clauses or pathways to de-amalgamate are available to The Bangalow Bowlo once an amalgamation has been approved and therefore commenced?

De-amalgamations are a multifaceted, complex process to follow. As has been highlighted above it is important for Bowlo members to note that a de-amalgamation does not form part of any Norths Strategic plan. There is a legal framework that requires the existing Members to vote on any such motion placing the decision to take steps of this kind in the hands of the Membership. Any MOU presented to Bowlo members for consideration will address this in greater detail.

There is also Brand and reputational damage to consider on our part. It is in our interests to exceed Member expectations.

65. What happens to The Bangalow Bowlo constitution, are there any specific references or tailoring for The Bowlo that will be contained within an MOU?

The Bangalow Bowlo Constitution will cease to exist once amalgamation occurs. That said, the drafting of the MOU between The Bangalow Bowlo and Norths Collective is focussed on achieving approval from the Members of The Bangalow Bowlo and therefore is very much tailored accordingly. Whilst there must be consideration for all existing Norths Collective Members, as they too must approve any proposed document for an amalgamation to proceed, a scenario that sees all Members benefit becomes the ultimate aim.

66. Norths Collective have shared a percentage floor space guide and contribution percentages for Bangalow however no dollar values have been shared against the Bangalow Hotel. Can Norths Collective provide some further detail on how gaming sits within The Bangalow Bowlo in terms of like for like?

It is hard to provide comparisons against a privately-run hotel, however with the information made available through Liquor & Gaming, it has been estimated The Bowlo may put some pressure on the pub's gaming revenue as opposed to drawing all new revenue.

67. Would Renovations in future be staged??

Yes. Given the level of community engagement with the Club presently, we believe it will be important to stage renovation works. There is a considerable level of works that could be completed outside the Club as an example to prepare the Club for service whilst the internal works are undertaken.

Honour Boards, the history and heritage, front gates etc would all be maintained as part of any renovation proposal.

68. What is the position on gaming for the future?

Norths Collective is aware of the gaming operations that existed at the Bangalow Bowlo in the past and there will be a modest level of gaming maintained in a responsible and sustainable manner.

69. How much revenue does The Greens make?

Whilst the past couple of years has seen significant disruption, The Greens typically maintains a level of annual income of at least \$6 - \$7m.

70. Are we possibly outnumbered by other voting members across Norths Collective?

Members of The Bangalow Bowlo will maintain ownership and it stands to reason that should the local representation of membership ever wish to heighten their involvement with the direction of the Club, there will likely be very strong representation at meetings.

Thank You

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