



AMALGAMATION FAQ

1. Q. WHAT IS AN AMALGAMATION?

A. An amalgamation is the joining together of two or more clubs either by the dissolution of each of those clubs and the formation of a new club or the continuation of one of those clubs and the dissolution of the other club or clubs. Amalgamations provide a large number of efficiencies for clubs including granting access to better bargaining power, economies of scale, reduced competition and the sharing of key staff and services. It is also commonly used to assist clubs who are in financial distress and at risk of closing to improve their financial situation.

2. Q. WHY DID THE BOARD DECIDE TO AMALGAMATE?

A. Following the Club's AGM in August 2018 the Board looked at the financial outlook for the Club. If the Club continued to perform in the manner it was, it became apparent that the Club may experience solvency issues within a matter of 6 months or so. The board engaged "RT Hospitality Solutions" in Nov 2018 to assist and guide the Club to ameliorate the financial position.

The Club now had a clear direction; however, the financial performance was still not what was expected.

It became clear that the Club would need a cash injection to achieve their objectives.

Selling of assets (the Club's house and land, gaming machine entitlements etc) was discussed, however, it was agreed that these were valuable Club assets that should be preserved for the members and only disposed of as a last resort.

RT Solutions negotiated a loan from Seven Hills Toongabbie RSL Club for approximately 1 million dollars at favourable terms.

This cash injection allowed the Club to retire some of its historical liabilities, as well as pay for new and updated gaming machines, the installation of solar power, minor enhancements and replacement and/or repair of plant and equipment that had never been replaced even though its "life" was well and truly passed.

These improvements were still not enough to make the Club a profitable entity. Once again, the Board realised that a different strategy would have to be followed if we were to get back into the "black".

Selling of assets was once again raised, however was dismissed for the same reasons as before.

Amalgamation was proposed and discussed and in January 2020 an expression of interest for amalgamation was advertised through Clubs NSW.

Enquiries and offers of amalgamation were received from seven Clubs however only three clubs submitted a formal offer, Wyong Leagues, Ryde-Eastwood Leagues Club and Corrimal RSL.

The board (as duly elected representatives of the members), evaluated all the offers and selected Ryde Eastwood Leagues Club as the Club it would recommend to members for amalgamation.

3. Q. WHY HAS THE BOARD RECOMMENDED RYDE – EASTWOOD LEAGUES CLUB?

A. Ryde – Eastwood Leagues Club has very clear values and corporate vision.

"To create a place at the heart of the community for everyone to enjoy"

They believe that their vision and values align with the core focus of Club Thirroul. Their Board brings a combined 180yrs of experience and wisdom in the club industry. Led by President Jim McClymont 25yrs, Vice Presidents Harry Bell 35yrs and Jack King 56yrs. They also bring a very capable, creative and experienced Executive team led by Carl Pozzato (Chief Executive Officer). Carl also sits as chair to the CMAA Board of studies as well as on the Federal Executive of CMAA. 21yrs experience in the club industry.

The Board and Management work very hard safeguarding the financial success of the club. Last year Ryde-Eastwood Leagues Club achieved an operating profit of just over \$4.6 million with current net assets of over \$129 million including cash and term deposits. This was driven by internal operations Bar/Beverage \$1.7million, Gaming revenue \$18.5 million and Fitness Centre revenue over \$2.3 million.

The level of commitment expressed by Ryde-Eastwood Leagues Club underpins the Board's decision to move forward with an amalgamation.

4. Q. WHAT ARE THE ADVANTAGES FOR CLUB THIRROUL IN AMALGAMATION?

A. A significant commitment is that RELC would endeavour to support a period of 10yrs operation that would include proactively fostering Bowling, Rugby League, soccer as well as other community sports. Their business goal is to continue to operate way beyond this time frame.

5. Q. HOW MANY E.O.I.S WERE RECEIVED?

A. Four written expressions of Interest were received by the Board (Ryde Eastwood L.C., Wyong Leagues Corrimal RSL and a consortium of investors wishing to build a Hotel/motel.)

6. Q. WHAT EFFECT WILL THE AMALGAMATION HAVE ON BOWLS AT THE CLUB?

A. Ryde Eastwood L.C. understands the importance of lawn bowls at the Club and its place in the community and will ensure the sport of lawn bowls is fostered for its current and future membership. RELC would make every effort to maintain bowling as a prime community focus of the club and as a viable business offering. RELC would endeavour to include the ongoing operation of the two bowling greens for a period of 10 years. RELC would ensure and maintain the good management of the bowling operation and use specialised personnel if applicable.

7. Q. WHAT BENEFITS WILL THE AMALGAMATION HAVE FOR THE THIRROUL COMMUNITY AND SPORTING CLUBS?

A. RELC would always look to support the local community at Club Thirroul. This is not only through “Club Grants” but also through additional support of community events and sports. RELC would look to communicate with an advisory panel on these matters to achieve the best exposure and benefit for all parties. RELC would continue a commitment of at least \$50 000 to ensure strong community relationships are formed.

RELC believes that Club Thirroul has the opportunity to be a major club and community partner in the local area and would provide all resources/consultants to complete a program of full feasibility studies and business planning.

8. Q. WHAT FUTURE PLANS ARE OUTLINED FOR CLUB THIRROUL?

A. The Board of Ryde-Eastwood Leagues Club would undertake a commitment to ensure the long- term success of Club Thirroul in the community. RELC believe the core demographic and customer base is not only sufficient but also creates opportunity for the club to successfully prosper into the future.

IMMEDIATE CASH INJECTION AND SUPPORT

RELC has approved and supplied a \$1 million + loan which has provided a cash injection in order to mitigate any present concerns with cash flow. This has allowed Club Thirroul to settle the liability with Seven Hills-Toongabbie RSL and outstanding creditors. This has demonstrated immediate commitment to the security of Club Thirroul by RELC. Upon amalgamation this loan would be absorbed by the amalgamated club.

PROPERTY AND PLANT INJECTION – SHORT TERM

In the initial stages it would be important to ensure that the club offering is meeting market expectations in terms of competitiveness. RELC would look to invest funds into the purchases of assets such as gaming machines as well as plant, material, furniture, fittings, marketing and promotions etc. The investment would be a minimum of \$500,000. If selected RELC would commit to provide this during the preliminary amalgamation period to show their commitment to the board and members.

RENOVATION AND REDEVELOPMENT – MEDIUM TERM

Following feasibility studies, RELC would be able to finance the refurbishment and redevelopment where required of the club’s footprint in order to ensure facilities and offerings meet customer and industry expectations. Based on the initial inspection process this would be a minimum of \$1 million. Examples may include new alfresco dining and changes to the building overlooking the greens. Revitalise the current gaming offering and new alfresco gaming. Other options would be reviewed including the use of the property holdings to generate additional revenue for the club. Going forward RELC would always look at the best and most beneficial outcomes for the club and its members.



10. Q. WHO DECIDES IF THERE WILL BE AN AMALGAMATION?

A. The decision will be made from Club Thirroul members who are present at the meeting. The decision must be fifty per cent plus 1 of members present. Approval by the members of RELC is also required by a similar majority and then regulatory approval is sought for the Amalgamation.

11. Q WILL I BE ABLE TO HAVE A POSTAL VOTE OR PROXY VOTE FOR THE AMALGAMATION?

A. No. You must be present at the meeting; no postal votes nor proxy votes will be accepted.

12. Q. WHAT WILL HAPPEN TO CURRENT MANAGEMENT AND STAFF?

A. Ryde-Eastwood Leagues Club have an experienced and skilled management structure that would be focused on putting in place clear business and departmental plans to achieve desired financial and community-focused outcomes. The current Manager (Michelle Lipscombe) would be retained as the venue manager to drive and achieve key business outcomes. RELC would dedicate departmental management resources to attend Club Thirroul as required to monitor and support the activities and offerings at the club to maintain its strategic focus and deliver success. Where possible and viable RELC would continue to employ current staff to meet the business needs as detailed above. The board perceives the importance of nurturing its primary asset staff to build loyalty and long-term commitment in achieving the best outcome for members and the community.

13. Q. WHAT WILL HAPPEN TO MY MEMBERSHIP?

A. RELC would look to protect member benefits, where feasible, in relation to pricing (e.g. food and beverage) and promotional benefits in order to remain competitive in the local market. RELC would also look to add benefits from RELC to Club Thirroul members to ensure a competitive edge and benefit at Club Thirroul. RELC would also integrate benefits from RELC member benefits program to provide a better and more member focused offering for the membership base.

All current Club Thirroul members would be eligible to hold membership of the Amalgamated Club. Life members who hold Life membership of Club Thirroul will remain a life member of Club Thirroul and benefits awarded under this would replicate those of RELC Life members, as per the RELC constitution.

14. Q. HOW DOES THE RYDE EASTWOOD LC BENEFIT FROM THE AMALGAMATION?

A. The amalgamation enables RELC to acquire an entity and asset that has similar ideals and attitudes as its own. RELC's vision and culture is community based with values encapsulated in harmonious relationships, exceptional standards and actions to achieve respect and trust for all members.

15. Q. HAS RELC BEEN INVOLVED IN ANY PREVIOUS AMALGAMATIONS?

A. In 1999 RELC was approached to negotiate an amalgamation with Eastwood Bowling Club. Following member approvals from both clubs a partnership was approved in 2002. RELC was committed to ensure that bowlers, members and community needs were met, and embarked in a \$4.5 million rebuild of the club which was eventually completed in 2003. The bowling club continued to trade with the main club's financial support and dedication for many years, however with an average deficit of \$200,000 per annum from 2012 to 2016, it was forced to close its doors in July 2016. The club showed its ongoing support and commitment following an agreed 5 years amalgamation commitment of almost \$6 million over 14 years into the amalgamation to ensure that all efforts were made to benefit the community.

16. Q. WILL CLUB THIRROUL STILL HAVE A BOARD?

A. No. There will be an Advisory Committee set up which will consist of 2 or 3 current Board members. This committee will work with the Venue Manager and act in an advisory capacity reporting to Board and Management of Ryde-Eastwood Leagues Club when required.

