

City Tattersalls Club (CTC)
&
Barracks on Barrack (BOB)

Amalgamation

Q&A

Background



1. City Tattersalls Club responded to an Amalgamation Expression on Interest published by BOB on the 24th November 2020 through ClubNSW circular 20-208.
2. CTC's response to that Amalgamation EOI was subject to due-diligence.
3. On the 5th January 2021, the parties agreed to work exclusively on assessing the amalgamation opportunity.
4. In light of a possible amalgamation and given the circumstances surrounding BOB at the time, CTC provided BOB with a cash and in kind facility arrangement capped at \$250K to facilitate some improvements to the Club house and to get through the Post COVID recovery period. This facility has been secured via a specific security deed against the 29 gaming entitlements of BOB.
5. On the 17th February 2021 the Independent Liquor and Gaming Authority approved the appointment of an Administrator as the joint and several administrators of BOB pursuant to section 41 of the Registered Clubs Act.
6. At a meeting held on the 25th March 2021, it was resolved that BOB enter into a Deed of Company Arrangement (DOCA) substantially in accordance with a proposal presented to the creditors and that the Administrators be appointed as the DOCA administrators. The DOCA was signed on the 30th March 2021.

Background



7. Under the terms of the DOCA, (Deed of Company Arrangement) control of BOB (including its assets and liabilities) **reverted back to BOB**.
8. On the 12th April 2021 and after significant previous scrutiny by the Administrators, the Board of BOB appointed City Tattersalls Management to assist manage the affairs of BOB via a Management Agreement. The management agreement and scope remains in place today and is overseen by the Chief Operating Officer of CTC.
9. On the 14th April 2021, the CEO of CTC met with the President of the RSL Sub-Branch (Landlord) and other representatives to discuss a payment plan for rental monies owed by BOB to the Sub-Branch.
10. On the 20th May 2021, CTC executed a Specific Security Deed with BOB to protect the CTC security entitlement.
11. On the 27th of May 2021, the CEO of CTC attended a special meeting of the RSL Sub-branch and delivered a presentation providing an overview of CTC's intentions regarding the management of the RSL Club, the importance of securing a lease on terms similar or better than currently in place and CTC's intentions to put forward an offer to purchase the property from the Sub-branch, develop the building and look at ways of creating income annuities for the Sub-branch.

Background



12. On the 1st of June the CEO of CTC met with two Sub-Branch members interested in understanding CTC's vision for BOB and how this would impact the Sub-branch. These two members don't agree with the existing Club model and questioned whether the current RSL contributes to veteran welfare.
13. On the 1st and the 2nd of June, members of CTC were notified by electronic means and via the Club's Website and Notice board of a special meeting of members to take place on the 2nd of July 2021 to consider and if thought fit approve in principle the amalgamation of CTC with BOB.
Notice Meeting Of Ordinary Members And Notice Of Special General Meeting
14. On the 2nd of June the CEO of CTC attended a Q&A forum for the members of BOB who after asking a considerable number of questions seemed unanimously in favour of supporting the amalgamation when the postal ballot is sent to BOB members for approval.
15. On the 8th of June the COO of CTC was permanently placed at BOB to help improve the overall running of the Club as the process of securing a lease is taking longer than expected and CTC needs to ensure immediate improvements
16. On the 21st of June 2021, the CEO of CTC emailed the President of the Sub-branch with two key items. 1) requesting an update on the status of the lease and 2) an offer to purchase the property and or develop the property jointly under a development management agreement.

Frequently Asked Questions



1) Is BOB still under administration?

Answer

No. management of the Club reverted to the Board of BOB the same day in which a Deed of Company Arrangement was executed.

CTC is currently providing management oversight to help the Board navigate through the difficult post COVID period.

Frequently Asked Questions



2) What are the Assets and Liabilities of BOB?

Answer

The main three assets of BOB are the Barracks on Barrack lease with the Sub-branch (if this renewed for a 5 year period with a possible 5 years extension),

The 29 gaming machine entitlements which if the club was to acquire by means of an amalgamation or by way of enforcing the specific security deed are valued at \$250K and its members.

Cash at bank as at 9/06/2021 \$35K plus floats Circa: \$30K

Liabilities are:

CTC: \$146K

Rent owed: \$150K likely to be deferred for 2 years.

Staff entitlements: \$80K

Frequently Asked Questions



3) What are the short, mid and long term benefit of amalgamation with BOB?

Answer

Short Term

- The Club will be restructured to ensure members benefit from a more efficient and centralised run Club.
- A community asset and its ethos are preserved, members of the community retain their employment and suppliers and service providers get to continue to benefit from trading with the Club.
- If a lease is secured, members of BOB and City Tatts will have access to another great dining facility in the basement of BOB.

Mid Term

- If welcomed by the Sub-Branch we can jointly use our resources to help create programs supporting veterans young and older in their careers post service.

Long Term

- If a Development Opportunity is realised, CTC help the Sub-Branch create a master plan for the site that ensures the continuation of the RSL Sub-branch and the Club in that location for many more years to come, albeit in a very different model.

Frequently Asked Questions



4) Why would City Tatts amalgamate with a RSL Club?

Answer

- BOB has great bones!. Its performance prior to COVID was profitable enabling the Club to build some cash reserves prior to COVID eroded their surplus funds.
- Its proximity to CTC is a significant benefit for our members and for us to be able to manage a third site without having to increase the size of our administration.
- From a growth perspective, it enables to capture a greater share of the market and it also allows us to segment our offerings more effectively. It also helps us protect our existing market share from competitors entering the CBD.
- Both Clubs are Community based organisations with similar ethos.
- We are both City Clubs needing to protect their existence and relevance into the future.

Frequently Asked Questions



5) If the amalgamation is approved what happens to the Board of both Clubs?

Answer

- The Board of CTC remains the Board across both venues.
- An Advisory Committee will be formed to oversee BOB operations
- The Advisory Committee will have 3 CTC nominees and 2 BOB nominees (from the BOB board before the amalgamation completion)
- Advisory Committee will be in force and effect for no less than 2 years

Frequently Asked Questions



6) If the amalgamation is approved what happens to the members of both Clubs?

Answer

- All BOB members will be given the opportunity to become Gold Members of CTC. Upon acceptance of such offer a new type of membership will be added to the City Tatts Rules.
- CTC members get to use the BOB Facilities as part of their current membership
- CTC members who have served in the armed forces will be encouraged to join The combined Services RSL Sub-Branch to help them grow their membership and fundraising capacity.
- Members of the Sub-Branch will have access to use City Tatts and the Castlereagh facilities for meetings and fundraising activities with NIL room hire charges.

Frequently Asked Questions



7) Is there a plan that CTC can share with members regarding the next three years at BOB if the amalgamation is approved?

Answer

- 1) Secure a 5 year + 5 year (option) lease with the Sub-branch on terms similar or better than currently.
- 2) CTC will present the RSL Sub-Branch with an option to purchase the property on commercial terms or to jointly develop the site under a Development Management Agreement. That will see a better use of that site and will ensure the Sub-Branch retains ownership of certain floors creating an annuity for them.
- 3) Once CTC has certainty of a lease, the club will commit to upgrading the Ground Floor and the Basement immediately to be able to provide members with a more sophisticated offering and capture a younger group set into the Club.
- 4) CTC will also work with Jason (the caterer) on the 1st floor restaurant in developing strategies to grow their business. This is a great traditional dining facility that compliments BOB well.
- 5) We will seek to activate Barracks Street during AZAC Day Celebrations giving that end of the City a real party feel during ANZAC day.
- 6) We aim to make BOB and The Sub-Branch relevant and great again!!

Frequently Asked Questions



8) What is the concept for the Basement of BOB?



by tassnidge
 TATTERSALS CLUB
 B.O.B. Burgers & Sports

<p>SNACK & STARTERS</p> <ul style="list-style-type: none"> Fries Poutine Wings Cauliflower Popcorn Mac N Cheese 	<p>BURGERS & SANDWICHES</p> <ul style="list-style-type: none"> Cheeseburger Lobster Roll Fried Chicken Sandwich The Reuben Grilled Cheese
<p>SIDES</p> <ul style="list-style-type: none"> Pickles Slaw Cos Lettuce Salad 	<p>DESSERT</p> <ul style="list-style-type: none"> Pecan Pie Brownie Baked Cheesecake

A new dining and bar destination for a younger segment through possible collaboration with the Social Colin Group. An experienced catering group looking to turn BOB's Basement into American style Sports Bar and restaurant, with Live Music and Dj's.

Frequently Asked Questions

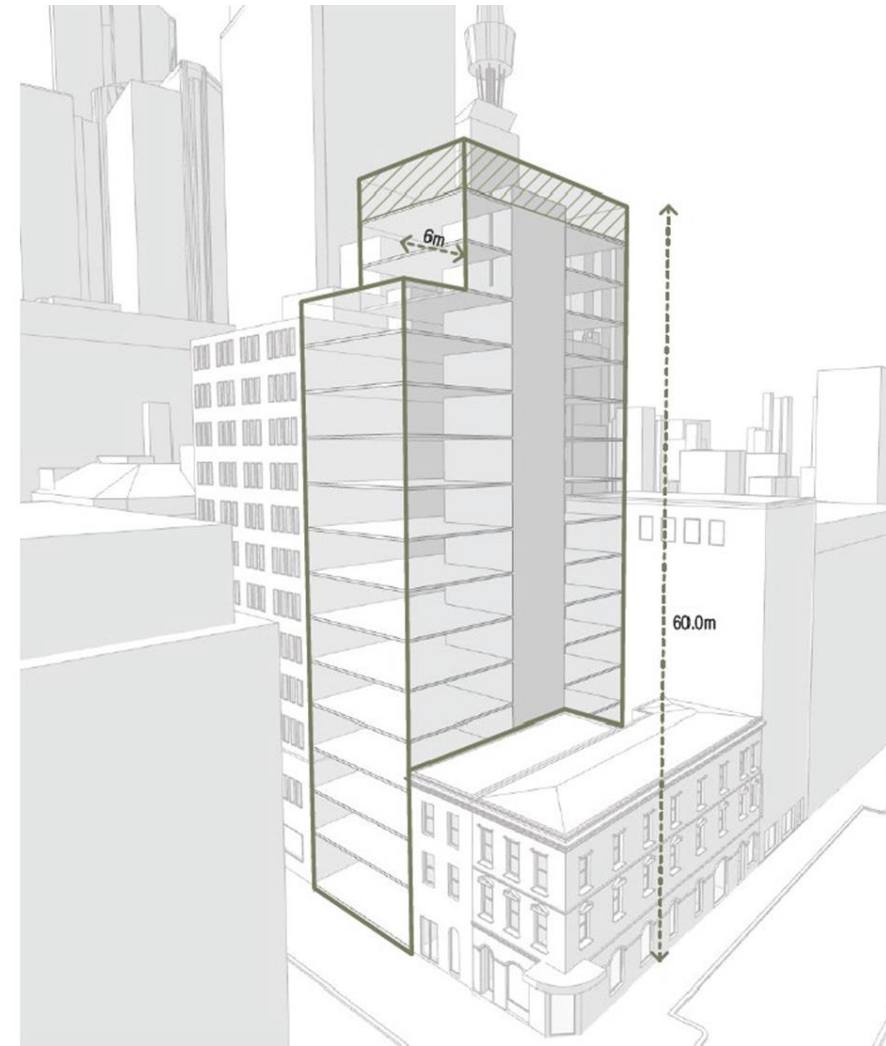


9) Is there a long term plan for the Club and the Property?

Answer

Yes, we are finalising a property strategy and due diligence studies that will be presented in principle to the Sub-Branch Board for consideration and discussion.

The aim is to redevelop the site to its maximum potential as noted on the right hand side.



Frequently Asked Questions



8) If there was an opportunity to purchase the property does CTC need to seek approval from members and where would the funds come from?

Answer

Yes, City Tattersalls will be required to seek approval from members to enter into any property purchase with the Sub-Branch.

Some of the funds will be raised via equity contribution from our existing partners and the balance will be debt funding.

Frequently Asked Questions



9) How much has CTC spent to date at BOB?

Answer

The table on the right summarises our Cash and in Kind expenditure to date.

BARRACKS ON BARRACK				
CODE	KEY ITEM	SPECIFIC NOTES	PRICE Ex GST	Inv N
1	Design Tiles -	Ground Floor and 1st level Toilets \$16,000 in tiles donated	\$ 21,367.00	398
2	Magic Glass - Framed Glass	Installation of framed glass above new giprock door	\$ 14,200.00	63177
3	Magic Glass - Removal of feature window	Removal of glass and installation of louvers	\$ 9,900.00	Pending
4	Giprock		\$ 10,499.50	381
5	Pinda Painting		\$ 9,607.72	383
6	Intrend Joinery	Poker machine bases	\$ 16,551.95	940
7	Intrend Joinery	Removal of waste	\$ 1,150.00	941
8	Gaming Technicians		\$ 3,000.00	
9	CTC Machines	9 egm's at \$3,500 each	\$ 31,500.00	
10	Engineers Advice Steve Watson & Partners	Alfresco gaming - Provision	\$ 9,000.00	
11	Jazz right	AV Work	\$ 3,990.00	00009344
12	Jazz Right New Screen	86" Commercial Pannel & Install	\$ 6,248.00	00009343
13	Quick Change 23 Feb 2021	Quick change cost - Transfer or EGM	\$ 1,774.85	
14	Plumbing	Bathroom Renovations & Water Leak	\$ 4,694.00	1304
15	IT	Provision for works required	\$ 3,500.00	Pending
16	Southern Cross	3 days worth of cleaning	\$ 1,079.00	10721
17				
			\$ 146,983.02	
Facility			\$ 250,000.00	
Balance			\$ 103,016.98	

General Information on BOB



- January 1943: The Combined Services RSL Sub-Branch was established at 5-7 Barrack Street, Sydney
- In 1945: the Sub-Branch formed the Combined Services RSL Club at its inaugural Annual General Meeting
- The Club and the Sub-Branch are still operating together in the same building
- The Club has a long standing history with RSL, Legacy, TPI and other welfare services for the veterans community
- The survival of the Club, its traditions and membership is at risk

General Information on BOB - 2020



- Due to Covid-19 restrictions the Club was closed from 23 March 2020 – 5 June 2020
- Upon re-opening on 5 June 2020 the Club operated with capacity limits and additional Covid-19 compliance costs
- The Club ran a GoFundMe campaign upon closure to raise money for staff
- Not all staff qualified for Job-Keeper
- Revenue dropped by \$811K, loss of \$301K, cash funds down \$261K
- Significant reduction in costs were made across the business
- In November 2020 the Club called for expressions of interest from other registered clubs to Amalgamate
- In late 2020 we commenced formal conversations with Voluntary Administrators

DOCA Requirements

(Deed of Company Arrangement)



- BOB to Amalgamate with CTC;
- BOB and CTC execute a Memorandum of Understanding;
- BOB and CTC execute a Deed of Amalgamation;
- BOB and CTC execute a Management Agreement with CTC;
- BOB/CTC and Sub-Branch negotiate a reduction in the Landlord's claim for outstanding rent;
- BOB/CTC and Sub-Branch negotiate a new lease for the Club's premises; and
- BOB/CTC and Sub-Branch obtain consent from Sub-Branch for the assignment of the lease to CTC upon successful amalgamation.

Year to date - 2021



- Loss to April 2021 \$175K
- Negative assets \$92K
- Cash funds as at 31 May 2021 \$95K
- Weekly expenses \$30K
- Financial facility from CTC \$250K, drawn \$146K
- Sub-Branch Rent & Council rates owing over \$150K – (Break up the two as the council rates must be paid)



CITY TATTERSALLS
GROUP



CITY TATTERSALLS GROUP
THE CASTLEREAGH



CITY TATTERSALLS GROUP
THE BARRACKS



CITY TATTERSALLS
CLUB