

Partnership Heads of Agreement to Build a new Community Club

This agreement outlines the collaboration between Jervis Bay Community and Sports Club (JBCSC) and BY Group Pty Ltd to support the acquisition by JBCSC of Country Club Vincentia from the St Georges Basin Country Club, and to work together to help the Vincentia community build a vibrant and diverse new community club serving Vincentia and the broader Jervis Bay region.

BY Group is an experienced Shoalhaven based Indigenous commercial construction contractor delivering projects across the education, health, sports, community and Government sectors. BY Group has a proven track record in building, refurbishment, sustainability, solar installations, ecological projects, training and empowering communities.

JBCSC + BY Group

Collaboration with BY Group will enable JBCSC to deliver better and more immediate outcomes for the Vincentia and Jervis Bay communities.

The foundation of the new club rests on JBCSC's ability to pay the purchase price for CCV. BY Group will provide those funds as a fully repayable loan.

Substantial working capital is needed to get JBCSC up and running. The BY Group loan will augment the significant donations and pledges contributed by individuals and companies, providing a more secure funding base for the new venture.

BY Group's financial contributions will help JBCSC to demonstrate strong financial viability, an essential precondition to de-amalgamation and regulatory approval.

The transition from a closed clubhouse to an attractive venue will require a careful, modest, but essential refurbishment of the premises. BY Group will be contracted to project manage the required work.

BY Group brings critical links and established relationships with local businesses and contractors.

Training is a core part of the JBCSC mission. BY Group has a deep understanding of the importance of training and work opportunities for our youth, particularly indigenous youth. BY Group has extensive experience in training - secondary, vocational and tertiary. BY Group have a strong record in apprenticeship and on the job training. Collaborating with BY Group, JBCSC will seek funding from Federal and State authorities to enable early commencement of the training component of the JBCSC mandate.

Broadening the sporting and community facilities at Vincentia will involve a cost beyond JBCSC's capacity to fully fund itself in the early years. Collaboration with BY Group will open

for JBCSC access to other sources of funding to enable earlier fulfilment of these wider community facilities at the Vincentia precinct.

As a local company, BY Group shares the vision of JBCSC for a vibrant sporting and community hub at Vincentia. BY Group brings financial and human resources, links to local, State and Federal bodies, and experience with community development. BY Group's support will enable JBCSC to purchase the Vincentia assets and will accelerate our ability to achieve a genuinely community based new Club.

An Evolving Partnership

De-amalgamation

JBCSC will enter into a Loan Agreement with BY Group to fund its acquisition of Country Club Vincentia from SGBCC. The terms of the loan will be set out in a separate confidential agreement, as is normal commercial practice. Recognising the importance of transparency, however, the parties state that the loan will:

- enable JBCSC to pay the \$2 million acquisition cost and meet some start-up costs.
- carry a rate of interest in line with BY Group's cost of borrowing, which will be less than a commercial rate available to JBCSC.
- be for a term which provides a stable platform for the launch and growth of the new club, including a period of interest only payments.
- be secured by a mortgage against the title for 49 Murray Street, Lot 1 DP545282 (clubhouse and carpark).
- allow JBCSC to refinance with another lender at any time without penalty.

Start up and the first years

JBCSC's business plan recognises the opportunities but also the challenges for the new club and the community in restarting operations in a Clubhouse that will have been closed and unoccupied for almost two years.

Part of that challenge arises from the risk and uncertainty around the condition of the building and the scope of remedial work needed.

To address that uncertainty and drawing on BY Group's experience in construction and remediation and their links with local suppliers, JBCSC will appoint BY Group to manage rectification, repairs and improvements during this transitional period of startup and consolidation.

BY Group will undertake the work themselves or project manage the work required.

Work that BY Group undertakes will be on a cost-plus basis (with costs independently verified). Where it acts as project manager, BY Group will receive an agreed management fee. This arrangement will be in place for two years.

Having an experienced partner committed to managing these critical remediation tasks will enable JBCSC to focus on providing sporting and hospitality services to members and the community from the reopened venue.

Building and Growing as a Community Club

Once operational, JBCSC will look for all opportunities to deliver services and facilities to members and the community as quickly as possible, consistent always with the prudent management of the club, particularly as it finds its feet and earns community support in the initial period.

Some of those opportunities will come from grant funding from State, Federal, sporting and other bodies for activities aligned with JBCSC's mandate. Such grants may be directed to activities such as developing training programs and related facilities; broadening the sporting offering; or enhancing the community facilities available in Vincentia.

Collaboration with a local, and indigenous, construction company, with a track record of working effectively with the bodies administering grants, will provide an opportunity for JBCSC to access the potential provided through additional grant funds. Availability of such additional funds would enable JBCSC to deliver more activities and do it faster than would be possible if it was funding solely from club-generated revenue.

In addition, as the JBCSC matures, recognising the age and condition of the premises, and the potential of the Vincentia site, JBCSC will have to replace or redevelop the Clubhouse and, in time, and in consultation with Members, consider other facilities on the site.

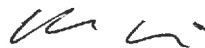
As our partner, JBCSC will give BY Group first right of refusal on such activities. Were work to be commissioned, appropriate transparency and value for money safeguards would be in place, including sign off on costings by an independent quantity surveyor.

And as partnership evolves, other yet unforeseen opportunities will arise.

JBCSC and BY Group are committed to exploring all avenues for strengthening and building a partnership to support a vibrant community-based club in Vincentia.



Craig Hatton
Chair
JBCSC



Malcolm Devin
Managing Director
BY Group