



Disclosure Statement

For:

Hopsters Co-operative Brewery Limited

A distributing co-operative

Company ABN:	60 962 465 667
Co-Operative number:	NSWC31923
Website:	https://hopsters.coop

Last update date: 30th Aug 2019



Contents

1	General Australian Federal Government Investment Warning.....	3
2	Disclosure Statement Distribution	3
3	Name and Registered Office	4
4	Officers	4
5	Registration, Licences and Premises	5
6	Membership numbers	6
7	About Hopsters Co-Op.....	6
8	Hopsters Co-op Mission, Vision, Values, Principles	8
9	What membership of Hopsters Co-op means.....	10
10	Current Directors.....	17
11	Previous Directors.....	18
12	Hopsters Co-op Continuing Disclosure	20
13	Appendix: Summary of required information	27



1 General Australian Federal Government Investment Warning

Crowd-sourced funding is risky.

Investing in shares is risky.

Investing in debt is risky.

Issuers or businesses using these facilities often include new or rapidly growing ventures. Investment in these types of ventures is speculative and carries high risks.

You may lose your entire investment and you should be in a position to bear this risk without undue hardship.

Even if the company is successful, the value of your investment and any return on the investment could be reduced if the company issues more shares.

Your investment is unlikely to be liquid. This means you are unlikely to be able to sell your shares quickly or at all if you need the money or decide that this investment is not right for you.

Even though you have remedies for misleading statements in the offer document or misconduct by the company, you may have difficulty recovering your money.

There are rules for handling your money. However, if your money is handled inappropriately or the person operating the platform on which this offer is published becomes insolvent, you may have difficulty recovering your money.

Ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.

2 Disclosure Statement Distribution

This document is intended for issue and distribution in the state of New South Wales, Australia. Any prospective members who do not reside in New South Wales should seek independent advice prior to joining Hopsters Co-Operative Brewery Limited.



3 Name and Registered Office

Name: Hopsters Co-operative Brewery Limited (Hopsters Co-op)

Registered Office: 198 Enmore Rd, Enmore, NSW, 2042

4 Officers

Directors

Maya Engelbrecht Chairperson

Belinda Seers Secretary

Peter Donahue

Carl Harriman

Mitch Hobbs

Byron Lotz

Tony Metcalfe

Treasurer

Michael O'Shea

Vacancies

There are 9 Director's positions available.

There are currently 2 vacancies that may be filled at the next Annual General Meeting scheduled for late October 2019.

In addition, Mitch Hobbs has served for 3 years and is required to retire under rules of the co-operative. A Director who retires may re-nominate for re-election the Board.

Duty of Disclosure of Interests of Directors

Peter Donahue has an interest in Balmain Brewing Company. This organisation commenced winding up activities in 2019.

Byron Lotz has an interest in 12 Taps. This organization signed leases on properties in Marrickville and Glebe. Both venues are undergoing renovations and plan to open during 2019/2020. There are 4 Hopsters Co-op members involved in the venture and it is anticipated that Hopsters Co-op beer will be sold at market rate to these venues.



The following is not required to be disclosed but are listed here in the interest of transparency:

Mitch Hobbs works at Bucket Boys, a brewery, bar and bottle shop group based in Marrickville and Darling Square. As a brewery, Bucket Boys can be viewed as competition. As a bottle store, they are a customer and have stocked Hopsters Co-op beer in cans purchased at market rates. They have also hosted Hopsters Co-op for a “meet the brewer” product tasting session.

5 Registration, Licences and Premises

Registration

Hopsters Co-operative Brewery Limited was officially registered with NSW Fair Trading on 21st October 2016.

It was launched to the public accepting memberships on 9th December 2016.

Licences

On 4th May 2018 the Office of Liquor, Gaming and Racing (OLGR) approved Hopsters Co-op application for a packaged liquor licence.

This licence allows Hopsters Co-Op to sell beer to:

Sell beer on-line to the public via the Hopsters Co-op Website, by telephone, mail order or facsimile.

Produce liquor and/or sell liquor to other liquor licensees (wholesale sales). This includes sales of kegs and packaged beer to other licensees.

On 29 April 2019 Hopsters Co-op was granted a licence of type:

Liquor – Small Bar licence

Premise: 198 Enmore Rd, Enmore, NSW 2042

Manager: Mr. Mitch Hobbs

This license allows Hopsters Co-op to sell alcohol for consumption on premise.

It is Hopsters Co-op’s intention to apply for a manufacturing licence to be able to brew beer in the rear part of 198 Enmore Rd, Enmore, NSW, 2042.

Leased Premises



On 23 August 2018, Hopsters Co-op entered into a 5 year lease at 198 Enmore Rd, Enmore, NSW, 2042. This lease has an option to extend for a further 5 years.

6 Membership numbers

As at 23 Aug 2019 542 members

7 About Hopsters Co-Op

In January 2016, a group of professionals began talking about their love of craft beer and discussing how they might start a craft brewing enterprise that was owned by the community and provided mutual support within its community in line with successful international models.

It was decided that the co-operative model was the most appropriate legal model for this enterprise because it was capable of bringing in investment across a whole community and engaging the same community in its activities through active membership.

The name Hopsters Co-op embodies the idea of a young, vibrant and enterprising business that looked to the origins of craft brewing.

In the last 10 years there have been many new enterprises focused upon brewing small lots of different craft beers and these have appealed to many people who like beer and appreciate the different styles of beer that are now available in Australia. The success of these small craft breweries has meant that they are either replicated or bought by larger commercial interests and they lose the essence of small-scale craft brewing. The difference between these new enterprises and Hopsters Co-operative Brewery is that under the co-operative model the members own the brewery and support its operations.

The business model for Hopsters Co-op is one that provides multiple avenues for engagement between members, the community and the co-operative. We aim to establish a brewery that has true engagement between beer makers, drinkers and enthusiasts as well as with the wider community.

Hopsters Co-op strives to make its events and activities welcoming and accessible to all members of our community. The products that Hopsters Co-op make, as well as our business practices, will reflect the values and needs of our owner-members with a specific emphasis placed on building a supportive and educational environment and engaging with our local community.



To become a member of Hopsters Co-op each person contributes a minimum, once off contribution of \$250 for 5 x \$50 shares in the co-operative (a “membership fee”).

Members may also purchase additional shares in the co-operative. Under the Co-operatives National Law (CNL) no single member can own more than 20% of the co-operative.



8 Hopsters Co-op Mission, Vision, Values, Principles

Hopsters Co-op's Mission

"To brew exceptional quality craft beer leveraging the principles of the co-operative business structure".

Hopsters Co-op's Vision

"To foster a community to connect, learn, create and have fun through beer".

Hopsters Co-op's Values

Collaboration – Hopsters Co-op will be the birthplace for great beer. Our members will have an integral part in designing and voting on what we brew. The beer will not simply be the Brewery's beers. It will be a true reflection of our members and belong to them.

Education – We believe that beer education will foster a deeper appreciation for beer. We will promote beer education through a range of on-site activities that will develop according to the wishes of our members and size of the brewery.

Community – Hopsters Co-op plans to be a viable member in the local community and across Australia. We look forward to building relationships with craft brewers, other Co-ops and local businesses.

The co-operative principles from Co-operatives National Law (Act 2012 no 29)

1. Voluntary and open membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic member control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have



equal voting rights (1 member, 1 vote) and co-operatives at other levels are organised in a democratic way.

3. Member economic participation

Members contribute equitably to, and democratically control, the capital of their co-operative.

At least part of the capital is usually the common property of the co-operative. They usually receive limited compensation (if any) on capital subscribed as a condition of membership.

Members allocate surpluses for any or all of the following purposes:

- (a) developing the co-operative, possibly by setting up reserves, part of which at least would be indivisible;
- (b) benefiting members in proportion to their transactions with the co-operative;
- (c) supporting other activities approved by the membership.

4. Autonomy and independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, training and information

Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives.

They inform the general public, particularly young people and opinion leaders, about the nature and benefits of co-operation.

6. Co-operation among co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7. Concern for the community

While focusing on member needs, co-operatives work for the sustainable development of their communities through policies accepted by their members.



Hopsters Co-op guiding principles

The guiding principles of our business model will be:

- Production and operations must be economically sustainable and environmentally responsible.
- Consumption of alcoholic beverages will take place in a community accessible venue and will comply with responsible service of alcohol requirements.
- Promoting an appreciation of beer through education about beer, its ingredients, styles and brewing methods as well as the culture surrounding beer brewing.
- Provide an avenue for home brewers to learn more about the craft of brewing.
- Recognise the value of community by supporting our local community through employment opportunities and participation, engagement in appropriate local events.

The co-operative model of democratic governance and member focus combined with the 7 co-operative principles aligns closely with our Mission.

9 What membership of Hopsters Co-op means

You should read the co-operative's rules for a full explanation of the costs, benefits and responsibilities of membership.

9.1 Who can be a member

Anyone can be a member, provided the person is over 18 years of age.

9.2 Membership and additional shares

Hopsters Co-op is a distributing co-operative and it has a share capital. Each share has a fixed nominal value of \$50.

Each member is required to buy a minimum of 5 shares, that is a total share capital contribution of \$250. Hopsters Co-op reserves the right to update the value of the share price based on the value of the business and/or current economic conditions such as inflation.



Members may buy more than 5 shares if they wish. A member who has more than the minimum number of shares does not obtain any extra voting rights but may receive greater dividends if and when the co-operative makes a sufficient surplus to declare a dividend in a financial year.

Shares do not carry a vote. Voting is attached to membership, and each member has one vote regardless of the number of shares the member holds.

No single member can own more than 20% of the share capital in Hopsters Co-op.

9.3 Administration Fee

Hopsters Co-op reserves the right to charge a \$10 application administrative fee for new members. To date since commencement this fee has been waived.

9.4 Returns to Members

Hopsters Co-op does not expect to be able to pay any returns to members within the first few years of operation. Hopsters Co-op will consider paying dividends to members in the event there is a sufficient surplus in a financial year, while still allowing enough free cash to support the ongoing operation of the business.

9.5 Ongoing obligations and active membership requirement

Co-operatives are based on mutual arrangements between members and their co-operative whereby members support their co-operative's main or primary activities through an active membership requirement. The Hopsters Co-op rules (Rule 4) identify two primary activities and require members to support those primary activities in particular ways. Rule 4 is set out below:

(1) Primary activity

For the purposes of Part 2.6 of the Law, the primary activities of the co-operative are:

Brewing, distributing and selling craft beer, and
Conducting beer brewing classes and events

(2) Active membership requirements

To establish and maintain active membership of the co-operative a member must

Purchase a minimum value of \$100 worth of goods or services from the co-operative each financial year, or



Participate in a beer brewing class or event at least once each financial year.

Joining a committee also shows active membership

9.6 Risk

Hopsters Co-op is embarking on a new business enterprise. All new businesses face the risk of failure. Initial financial information is contained in section 10 of this document.

Hopsters Co-op is incorporated as a co-operative under the Co-operatives National Law will be a separate legal entity with limited liability. This means that as a member, the most that you may lose if the Hopsters Co-op enterprise fails is the share capital that you have invested in the co-operative. If you have only purchased the minimum share capital of \$250, then this is the amount you may lose if Hopsters Co-op fails as an enterprise. Likewise, if you choose to invest more than the minimum \$250, you may lose the sum of any additional investment in its entirety.

Even though Hopsters Co-op is a co-operative the Board of Directors are required to perform their duties in full accordance with the Corporations Law. The Board of Directors is also required to abide by the Director's Code of Conduct, a copy of which is available on the website.

There are some preconditions to the enterprise starting up, such as obtaining development approval, Australian Tax Office registrations and licences, liquor licences and obtaining sufficient start-up capital. If these preconditions are not met, then the Directors of Hopsters Co-op may call a meeting to decide what to do and this may involve returning any capital that has not been used in the start-up period back to members, or if the money can continue to be used to serve the purpose of the co-operative (i.e. to obtain a venue for beer production).

9.7 Can I lose my membership or stop being a member?

Yes, you will lose it if you don't use it – active membership is key!

You can lose your membership if you don't support the co-operative under the requirements for active membership in Rule 4. Co-operatives only work by serving the needs or wants of their members who, in turn, satisfy those needs or wants by acquiring them from the co-operative. If you do not buy goods or services or attend the required number of events for a period of three years, your membership will be considered inactive and the Board of the co-operative will be required under the law to cancel your membership.

You can resign.

A member who finds that they no longer wish to participate in the co-operative can give one month notice of his or her resignation. On resignation, Hopsters Co-op will repurchase your



share capital from you in compliance with Rule 11, taking into account any losses in value of share capital, and as long as it is financially viable for the brewery. The Board reserves the right to withhold any refund should the co-operative not be in a financial position to do so.

You can have your membership cancelled.

Hopsters Co-op will work best with members who understand and support its mission and values and who abide by the rules. As a community-based enterprise that needs to comply with development approval conditions and liquor licensing laws, members who breach the Hopsters Co-op rules or behave in a manner detrimental to the co-operative may find that they will risk suspension and / or expulsion by a vote from the other members (Rules 9 & 12).

9.8 Can I get my money back?

Any administration fee charged at the time of joining (if applicable) is not refundable.

Generally, share capital is not refundable, however, shares in a co-operative are a little different from shares in a company. If your membership is cancelled because you are inactive, expelled or you resign, then the co-operative is required to repay your share capital, considering any loss in value, less any money that you might owe the co-operative and possibly at less than the fixed price of the shares, for example if there is a deficiency. The co-operative can delay repaying this capital in circumstances where repayment might compromise the financial viability of the co-operative (Rule 11).

You cannot ask the co-operative to repurchase the shares that you have invested in the co-operative, unless you have held those shares for at least 2 years. If after such time you wish to request a repurchase, the co-operative will consider such a request, but may refuse to repurchase if it would breach the Co-operatives National Law or compromise the financial stability of the co-operative.

You can sell your shares to another member or to another person who wants to become a member subject to approval by the Hopsters Co-op Board.

It is important to note that once you purchase shares in Hopsters Co-op, the Board of the Co-Operative will consider this as your commitment to fund a brewery and tap room in addition to securing membership. Should a particular initiative not be successful, the Co-operative may use the funds raised through the sale of shares to undertake a separate initiative provided that it continues to meet the goals set out in this document and our Business Plan.



9.9 Any other potential costs?

The co-operative is a business enterprise and will sell products such as beer and may sell home brew supplies and brewery related merchandise. We will sell tickets in our beer-related events, such as 'Learn to Brew' education classes.

9.10 Benefits of membership

Become an owner of Australia's first co-operative Brewery

A co-operative is an organisation owned by its members. Members of Hopsters Co-operative Brewery Limited will own their co-operative and its enterprise. Shares in the co-operative can only be owned by people who agree to the Rules and are actively involved.

Members of Hopsters Co-op will receive promotional benefits relating to purchases of products and services, as well as admission to selected events at member prices. Additionally, if the co-operative is successful and makes a sufficient trading surplus, they may also receive a dividend on their share capital, subject to the Board declaring any dividends.

Finally, Hopsters Co-op is built on a business model which encourages collaboration, both within the craft beer-drinking and wider local communities. By investing, you will be supporting other like-minded individuals in establishing a unique business which will actively working to engage with and be shaped by people like you.

9.11 Voting

Co-operatives are democratically run, member focused organisations

Each member has one vote in how the co-operative is managed, and in making the big decisions for the co-operative.

The day to day management of the co-operative is covered by the Board of Directors. The majority of the Directors of Hopsters Co-op must also be members, so their interests will be the same as the interests of all members.

Members vote at the Annual General Meeting and at any other general meeting of the co-operative called to make important decisions such as electing Directors or changing the Rules.

Some important decisions must be made by all members, and the Co-operatives National Law requires these to be made by a special postal ballot. This requirement is designed to ensure that all members have the best opportunity to cast a vote on important decisions affecting their co-operative.



9.12 How to apply for membership and shares

Your application needs to be completed online and must be accompanied by any additional fees, such as an administration fee or postage fees, and the amount of money to be paid in respect of the number of shares that you wish to buy (minimum of \$250 for 5 shares).

You may also purchase additional shares.

The application form and payment form are located on our website, <http://hopsters.coop>.

9.13 Election of Directors

In accordance with the Rules (Rule 47) the initial Director's term of office is to be not more than three years ending on the day of the third annual general meeting (AGM) after the formation meeting. After the initial three year period is served Directors are required to retire. A retiring Director may nominate to stand for re-election at the next AGM.

The three year term of office of Directors elected thereafter, is to commence from the annual general meeting at which they are elected and ends on the day of the third annual general meeting thereafter. After the three year period is served Directors are required to retire. A retiring Director may nominate to stand for re-election at the next AGM.

All terms of office for Directors elected at an annual general meeting will be for three years. In the event that there is a casual vacancy on the Board the remaining Directors may appoint a person to fill the casual vacancy until the end of the retiring Directors term.

The majority of Directors on the Board must be members of the co-operative. Non-member Directors may be elected to the Board where they have special qualifications and experience that will be of benefit to the co-operative.

The nomination procedure is set out in Rule 47.

There is no restriction on a Director who has already served his or her term of office from nominating to stand for election to the Board for a subsequent term.

9.14 Remuneration of Directors

For the first three years of the operation of the co-operative, Directors will not receive any remuneration for their services, unless the Director is a non-member Director elected to provide specialist skills to the co-operative.



Directors will be entitled to recover expenses for attending co-operative meetings and may be entitled to receive payments for additional services rendered as a contractor, provided that these matters are declared at Board meetings and recorded in any register maintained to record interests of Directors.

After the first three years of the operation of the co-operative, any remuneration or fees paid to Directors must be approved by the members at the annual general meeting.

9.15 Day to day management

The Board may appoint a person or persons to be responsible for the day to day management of the co-operative activities. These persons may be a member of the co-operative or some other person.

Roles could include brewery manager, taproom manager etc.

The conditions and the period of appointment including termination must be decided by the Board.

9.16 Financial Management

The Treasurer has a watchdog role over all aspects of financial management, working closely with other members of the Board of Directors to safeguard the co-operative's finances.

It is important to note that although the Treasurer ensures that these responsibilities are met, much of the work may be delegated to a finance sub-committee (or other Hopsters Co-op sub-committee), paid staff and or third-party companies or individuals.

In summary, the Treasurer's responsibilities include:

1. General financial oversight
3. Financial planning and budgeting
4. Financial reporting
5. Banking, bookkeeping and financial record keeping

9.17 Auditing

Hopsters Co-op expects to be a small co-operative for at least the first three years. Under the Co-operatives National Law, a small co-operative is not required to have its financial statements audited, and members must be provided with basic unaudited financial statements at the Annual General Meeting. Members have a right to require the co-operative to have accounts audited under s271 of the Co-operatives National Law.



To balance the interest of members in the start-up process and to maintain costs during this period at a minimum, the Rules provide that there will be no auditor appointed, however, members will consider and vote on the question of whether to appoint an auditor at each Annual General Meeting. If an auditor is appointed at an Annual General Meeting the terms of that appointment, including whether it will be a continuing appointment, will also be voted upon by members.

10 Current Directors

Maya Engelbrecht – *appointed to the Board 4 Jun 2018 – present*

Current Chairperson

Maya is a business professional focused on solution design and delivery of complex projects, having worked across a wide range of industries and sectors. She has a thorough understanding of business processes and possesses exceptional resource planning skills to provide Hopsters Co-op a solid foundation for growth. She also heads the Hopsters Co-op's Marketing and Communications Committee, she is a pillar of our co-operative and community and has transformed the approach Hopsters Co-op has taken regarding member engagement.

Belinda Seers – *appointed to the Board 24 Nov 2018 - present*

Current Company Secretary

Belinda comes to Hopsters Co-op as a well-accomplished and knowledgeable business leader, with expertise in relationship building, marketing, and driving complex projects. She exemplifies the community spirit and culture for which Hopsters Co-op, and its home of Sydney's inner west, is renowned for, and is excited to be fostering these values from her position on the Board.

Peter Donahue – *appointed to the Board 24 Nov 2018 - present*

Peter brings a wealth of brewing industry knowledge to the co-operative, having sat as a shareholder and Director of Balmain Brewing Company for over 5 years. He's a true champion for high quality and independently produced craft beer, dedicating countless hours to both Balmain, and of course Hopsters Co-op's, brewing operations. Incredibly, he does this all on top of his career as a self-employed medical specialist.

Carl Harriman – *appointed to the Board 24 Nov 2018 - present*

A seasoned teacher of Business and Marketing, Carl is a passionate advocate of a customer-centric approach in building the Hopsters Co-op brand. Having owned and managed his own business, he brings valuable first-hand experience in brand building and is focused on developing a trusted and well-respected brewery.



Carl is on the Marketing committee and leads our online presence.

Mitchell Hobbs – *appointed to the Board 26 Nov 2016 - present*

Mitchell Hobbs has held a variety of roles in the beer and alcohol industry for more than 7 years. He has experience in retail management and craft beer sales having been a representative for some of Australia's best known craft beer brands.

Mitch has thrown himself into Hopsters Co-op with absolute commitment and had made a significant impact into the growth of the business, particularly with his strong sales focus.

Byron Lotz – *appointed to the Board 24 Nov 2018 - present*

Byron is an extremely eager beer enthusiast (Level 4 beer nerd); Homebrewer, member of most inner west and western Sydney homebrew clubs, and active on several Hopsters Co-op committees. By day he's a small animal veterinarian dealing with stressful and sensitive matters while maintaining a smooth-running clinic.

Byron heads the Brewing and Sales and Distribution committees.

Tony Metcalfe – *appointed to the Board 24 Nov 2018 - present*

Currently Head of Continuous Improvement for Unipart Group, a worldwide 4PL logistics company, Tony has held many positions including compliance manager, lead auditor, and head of risk management. He has extensive experience of strategic management and is responsible for delivering the annual corporate plan.

Tony is on the Finance and Admin committee.

11 Previous Directors

We wish to thank the following past Directors for their service. These are their biographies published when they were in office.

Marco Vargas *21 Oct 2016 – 12 Aug 2019*

Marco was elected Chairman of the Hopsters Co-op Board when it came into being on 21st October 2016. Marco is a serial entrepreneur with a focus on hospitality projects mostly on the serviced apartment and short-term stays markets.

Marco is a craft beer aficionado and the initiator of the Hopsters project. Marco has a burning ambition for Hopsters Co-operative Brewery to become the most dynamic and enterprising Co-operative Brewery in the world.

Marco's favourite part of being a part of Hopsters Co-op is the people. All walks of life can come together and connect to exchange great ideas over a glass of beer



Mick Harrigan *24 Nov 2018 – 8 Aug 2019*

Mick is our finance superstar, currently Chief Financial Officer for one of Australia's largest privately owned telecommunications companies. His extensive experience has seen him work with many small and medium sized businesses, planning and executing corporate growth strategies. Not just a "boring accountant" (his words), outside of the office he's an enthusiastic brewer of both fine beer, and artisan coffee.

Peter Knock *16 Sept 2017 – 22 Oct 2018*

Peter is an awarded and applauded CEO and senior retailer, specialising in digital transformation within disrupted markets. From creating and developing start-up's to working with some of Australia's largest public and privately-owned companies, including Myer, Dymocks, Thrifty and the Co-op. He is recognised by Inside Retail and Deloitte as one of Australia's top 50 people in E-Commerce in 2015 and 2016. Peter is now with St Vincent de Paul Society NSW as Executive Director of Central Councils and Commercial Operations which operates 250 Vinnies Shops, recycling and export businesses.

Peter also ran Australia's largest Co-op (by members) for nearly 4 years. Peter was also a Director of the Business Council of Co-operatives & Mutuals, BCCM.

Ross Howden *21 Oct 2016 – 22 Oct 2018*

Ross Howden is a senior executive with deep management expertise, working in senior operational, project management & leadership roles within the entertainment/digital technology space for almost twenty years.

Ross has worked in strategic planning and operational roles within Foxtel and senior digital project management roles within the BBC and the Australian Broadcasting Corporation. He also has significant experience in film and television finance and distribution and was a founding player in the video streaming area.

Michael O'Shea *21 Oct 2016 – 16 Aug 2018*

Michael is passionate about craft beer and is a home brewer. As a founding member of he has consistently contributed many hours and skills to help establish the co-op. He wants to see Hopsters Co-op become a vibrant and welcoming new community space for Inner West.

Michael is a senior finance professional and a CPA with many years' experience in leadership, people management, financial control, product management, equipment finance, credit and lending. He brings these valuable skills to the Board. Michael also has had experience being part of other cooperative committees in the areas of sport and leisure.

Ben Dunn *29 Nov 2017 – 10 Oct 2018*



Ben is a Superannuation professional and has worked in the Superannuation industry for 15 years. He has extensive knowledge of fund operations and Trusteeship. Ben's involvement in the superannuation industry has given him a member first philosophy that he intends to bring to Hopsters Co-op.

Ben's has held senior roles in client services and project management offices at various financial institutions. In addition, Ben is an avid home brewer and is passionate about craft beer.

Scott O'Brien *15 Apr 2017 – 6 Aug 2018*

Scott is a professional brewer working with an Australian independent brewery. He also has 15 years experience as a mechanical engineer specialising in filtration and pressure vessel equipment design. With over 20 years of brewing knowledge his focus is to ensure Hopsters Co-op produced world class beers and have the best value for money brewery equipment possible.

James Nugent *21 Oct 2016 – 26 Nov 2016*

Mary Lancuba *21 Oct 2016 – 26 Nov 2016*

Rob Lancuba *21 Oct 2016 – 26 Nov 2016*

12 Hopsters Co-op Continuing Disclosure

The following is a living section of this disclosure statement and contains descriptions of current strategic objectives, activities, exposures and changes to the co-operative. History from previous disclosure statements is included for completeness. Most recent updates are presented first.

12.1 Update August 2019

Mick Harrigan and Marco Vargas have stepped down from the Board of Directors. Maya Engelbrecht was voted the Chairperson until the next AGM.

Marco Vargas and Byron Lotz have declared an interest in 12 Taps, an enterprise that will have 2 venues in Marrickville and Glebe with a small bar and restaurant licence respectively. The Board has voted that Byron should remain on the Board as Byron serves a fundamental role in heading the Sales and Brewing committees. The Board has determined that in their opinion there is no conflict of interest in Byron's interest in Hopsters Co-op and 12 Taps, and that the association offers the benefit of having an outlet for Hopsters Co-op's beer.



It should be noted that this vote was not unanimous, and some Board members have raised concerns over the timeliness of the disclosure. One Board member has raised an objection that a conflict of interest exists.

Members will be informed of these events and an updated disclosure statement will be made available on the Hopsters Co-op website.

12.2 Update June 2019

Hopsters Co-op has entered into a contract with Tim Samuel Designs to do initial construction work at 198 Enmore Rd, Enmore, NSW, 2042. The contract is for Stage 1 only and includes site preparation, electrical, plumbing and bathrooms.

12.3 Update December 2018

Belinda Seers was voted Secretary at the first Board Meeting following the AGM in Nov 2018.

12.4 Update Nov 2018

The following Directors were appointed at the AGM held on 24 Nov 2018: Belinda Seers, Byron Lotz, Peter Donahue, Carl Harriman, Mick Harrigan, Tony Metcalfe.

12.5 Update October 2018

Ben Dunn, Peter Knock and Ross Howden have stepped down from the Board of Directors. Peter Knock and Ross Howden were required to vacate positions under Section 179 2(b) of Co-operative National Law 2012 No 29. In this section "A Director vacates office" ... "if the Director absents himself or herself for 3 consecutive ordinary meetings of the Board without its leave".

12.6 Update April 2019

Hopsters Co-op has been granted an on-premise consumption of alcohol licence at 198 Enmore Rd, Enmore, NSW, 2042.

12.7 Update August 2018

Hopsters Co-op has entered into a 5-year lease of premises at 198 Enmore Rd, Enmore, NSW, 2042.



Scott O'Brien and Michael O'Shea have stepped down from the Board of Directors. It should be noted that Michael's resignation letter states the reason for his resignation is due to the unacceptable and unprofessional behaviour by another Board member.

12.8 Update Jul 2018

Hopsters Co-Operative Brewery is the first brewery in Australia established under the Co-Operative Principles. It is a place to meet like-minded craft beer lovers who share a similar commitment to sustainability, community, education and above all, member driven beer.

Hopsters Co-op has been pleased with the membership take up rates since the launch of the Co-Operative, however, the rate of take up is below the initial target set by the Board of 250 members by 31st March 2017.

It is evident by the rate of take up that membership fees alone will not generate sufficient capital to achieve our ultimate goal of building Hopsters Co-op own commercial brewery and tap room.

The Board of Hopsters Co-op has never anticipated that membership fees alone would provide all the required capital to achieve our end goal. While some members have purchased additional shares, ongoing efforts to raise membership and capital are required to continue to pursue the goals of the co-operative.

We intend to develop supportive relationships and partnerships with other local, Australian and international Co-Operatives (particularly those Co-Ops in related industries such as Co-Operative bottle shops).

Funding the Brewery and Tap Room

The current goals of our Co-Operative over the coming months leading up to the end of 2018 are to:

- Produce and distribute packaged and kegged beer for members (on our own equipment or via a "gypsy" or contract brewing arrangements)
- Raise additional share capital to fund the brewery through additional member investment or other external financing sources or a combination of these funding sources
- Secure a venue suitable for a tap room and the brewery
- Build and open a brewery and tap room before summer 2018
- Establishing a brewing environment that allows for ongoing education for our members
- Provide the equipment and tools for our Head Brewer to produce the best quality craft beers using our members' recipes



We believe that a small microbrewery arrangement combined with a 50 to 60 person capacity tap room is the ideal initial environment to service these goals.

The proposed initial brewery configuration includes Hopsters Co-op existing 200L system as well as an additional 3 x 200L and 2 x 400L fermenters.

The Board is continuing to work on the business planning, membership drive and securing funding sources with a plan to set up Hopsters Co-op own venue in late 2018 / 2019.

We have estimated how much money it will take to build the Brewery and Tap Room. We now need demonstrate how we can obtain the necessary capital to achieve our goals.

Hopsters Co-op will need to spend funds on expenses that will not be recoverable if the tap room does not proceed. If the tap room is not able to proceed at the Enmore Road location, for example, Hopsters Co-op could potentially lose \$3,300 in a rent holding deposit and up to \$6,000 or more in development and licence applications, plus any other professional services fees associated with preparing to lodge the development application. These are real financial considerations and potential risks associated with activities to try and secure a commercial venue for Hopsters Co-op.

Preconditions for a Tap Room & Brewery

- Available premises for brewery and tap room located.
- The Landlord of the building has given in-principle support to its development as a craft brewery and tap room
- A signed lease
- Engagement of a town planner
- The town planner will also coordinate with a PCA (private certifier) to assess the likelihood of an approval of a complying development application
- Development approval from the Inner West Council will be required
- All required ATO licences to produce alcohol excise will need to be obtained
- All NSW Office of Liquor, Gaming and Racing (OLGR) liquor licences for on-premise and on-line sales will be required
- An amount of \$250,000 is required to cover the cost of initial setup of the brewery, tap room and the cost of the DA and liquor licence applications
- The amount of capital is an estimate based on the initial brewery proposal plan and is subject to a more detailed assessment during the design phase of the project and will take into considerations negotiations with the Landlord in relation to scale of building improvements that are completed prior to taking leasehold possession

If any of the preconditions listed above are not able to be satisfied in the first instance, the co-operative will use any funds obtained to continue looking for a suitable site that is able to meet our goals. The co-operative may also consider winding up and a returning of any capital not used in achieving any DA, licence or other preconditions to members.



Memberships

Hopsters Co-op current assets and cash balances have been built on the sale of memberships and membership in the Hopsters Co-Operative will always play an integral part in our fund-raising efforts.

Additional Member Shares

Existing Hopsters Co-op members will be provided with a facility and this disclosure documentation that will allow for the purchase of additional shares.

Many existing members are expressing an interest in having the option to purchase additional shares and it is a Board priority to implement a system that allows for this.

Hopsters Co-Operative Brewery Limited is a distributing Co-Op which allows the Board to declare dividends if the business is sufficiently profitable and has the cash flow to support payment without detriment to the financial position of the business.

Hopsters Co-op will use the funds raised from any additional shares sold to meet the goals set out in this document and our Business Plan.

Pre-Purchased Beer Sales

Initial packaged beer sales to members will be managed through pre-sales campaigns. This will be done to help manage the demand and cash flow in order to commit to larger contract brew costs to fulfil the orders.

Crowdfunding campaigns

Hopsters Co-op intends to run selective crowdfunding campaigns to support the purchase of specific equipment from time to time. This has been a successful strategy for a number of craft brewers who have garnered support from their customers and community.

Brewing

Hopsters Co-Operative Brewery currently owns a 200 litre brewing system that is being used to pilot and test demand for beer sales amongst our members. This system will also be used to enable a limited amount of beer in kegs to be sold to Sydney craft beer venues.

In addition to the core “Founders” range of beers, our purpose is to allow members to directly participate in the beers that carry the “Hopsters Co-op” name by voting on styles, submitting recipes, and through participation in our homebrew competitions.



12.9 Update Jun 2018

Maya Engelbrecht has joined the Board after serving on the Marketing committee since Feb 2018. She is responsible for welcoming new members and produces the monthly newsletter.

12.10 Update Nov 2017

Hopsters Co-op is working toward raising the capital and locating a place to construct a small-scale brewery in a leased premise. The brewery will also contain a tap room where members and non-members may purchase beer and other beverages for consumption in those premises or take away.

It is intended that the premises will also be used to conduct brewing and other education classes for Hopsters Co-op members and other members of the community.

The brewing will be done by a brewer employed or contracted by the co-operative and assisted by volunteer members until such time as there is sufficient cash flow to employ other staff.

Hopsters Co-op will also make use of other established breweries to do contract brews for packaged beer and kegs until such time as there are sufficient capital and other resources to establish our own venue.

There will be a General Manager employed by the co-operative whose responsibilities will include the purchase of equipment, materials and other resources needed to brew, and the general maintenance and operation of the brewery and taproom facility.

Members and the community will be able to purchase products and services from Hopsters Co-op either at the brewery or online.

Members will receive regular newsletter updates outlining available products, events, promotions and other information relevant to craft brewing from time to time.

Hopsters Co-op has also been engaging members to begin developing the core beer range, and this has resulted in the first 3 core beers (IPA, Saison and Pale Ale).

Members are invited to submit entries into the Hopsters Co-op home brew competitions. The beers are professionally judged against the Beer Judge Certification Program (BJCP) style guidelines. The first three winning beer recipes have then form part of the proposed core range of Hopsters Co beers – Founders Range. These are a Pale Ale, an IPA and a Saison.



To celebrate the winning beers these Founders Range beer recipes, along with some of the other winning beers, have been brewed and put in small kegs then placed on tap at a few local supportive venues. The kegs have been made available at exclusive member only Hopsters Co-op tasting events.



13 Appendix: Summary of required information

Points a - f in this section are directly taken from the cooperative national law and are the minimum amount of information required for the Disclosure Statement.

13.1 (a) Costs of formation

Line Item	Cost
ASIC Registration fees	\$469
Business Name Registration	\$80
Legal fees	\$1200
Estimated formation costs	\$1749

13.2 (b) the active membership provisions of the proposed co-operative

To establish and maintain active membership of the co-operative a member must

Purchase a minimum value of \$100 worth of goods or services from the co-operative each financial year, or

Participate in a beer brewing class or event at least once each financial year.

13.3 (c) the rights and liabilities attaching to shares in the proposed co-operative;

Shares in Hopsters Co-op gives owners the following rights and liabilities: these should be read in conjunction with the Rules of the Co-operative which are available on the Hopsters Co-op website and are attached to the Disclosure Statement.

Most of the rights and obligations that members will have access to pertain to membership, rather than shareholdings. In order to be a member, you must own at least 5 shares. If you choose to own more than 5 shares, you do not obtain any additional votes or membership rights. A share in the co-operative does not carry a vote. The right to vote in the co-operative is attached to membership and governed by section 228 of the Law.



Rights and Obligations of Members and Shareholders

- A member is entitled to a copy of the Rules
- Members are obliged to fulfil the active membership requirements set out in section 6 of this Disclosure Statement.
- The right to attend and vote at each annual general meeting on all resolutions presented, including the appointment of Directors to the Board of Hopsters Co-op. Voting powers and the different methods of voting are covered in sections 32-46 of the Rules.
- The right to stand as or nominate potential Directors in accordance with section 47 of the Rules
- The right to require the Board to call a general meeting of the co-operative on the requisition in writing by members who together are able to cast at least 20% of the total number of votes able to be cast at a meeting of the co-operative.
- The right to distributions determined by the Board at a time when it is financially viable for Hopsters Co-op to make such distributions.
- Members of the co-operative have free access rights to the records and registers referred to in section 214 (1) of the Law and they may make a copy of any entry in the registers. Members do not have access to the minutes of Board or committee meetings but may request access to any such minutes in writing addressed to the Board.
- Rights to basic minimum financial statements as set out in the National Regulations. The financial reports or statements required by the Law to be given to members vary according to the size of a co-operative in a given year.
- Rights to any property after the satisfaction of all the co-operative's debts and liabilities (including the refund of the amounts paid up on the shares), on winding up of the co-operative in proportion to the member's shareholdings*.
- Shares can be transferred to other parties, including via a member's estate, subject to Board approval and the transferee's active membership*. A member who has sold or transferred, or disposed of the beneficial interest in, all the member's shares, or has agreed to do any of those things, is not entitled to vote at any meeting of the co-operative.
- Members' have the right to request that their shares may be repurchased by the co-operative in accordance with the Law and only if the shares have been held for a minimum of 2 years*.
- A person's membership ceases upon bankruptcy and that person's shares may be transferred to the Official Trustee in Bankruptcy and dealt with under the provisions of section 95 of the Law. The liabilities attaching to the shares of a person under bankruptcy or mental incapacity continue in accordance with section 96 of the Law*.
- A person whose shares have been forfeited or cancelled under the rules stops being a member as membership is conditional on the holding of the shares. The co-operative has set-off rights against share capital as specified in section 127 of the Law.
- A member is liable to the co-operative for the amount, if any, unpaid on the shares held by the member, together with any charges, including entry fees and regular subscriptions, payable by the member to the co-operative under the rules. Hopsters Co-op intends to require payment for all shares upfront and for all goods and services as incurred.



**Rights pertaining to the shares rather than membership*

13.4 (d) the capital required for the co-operative

Estimated brewery and tap room establishment costs of \$250,000. This is in relation to the current goals and strategy for co-operative

The capital will be used to establish the commercial brewery, contract brew, community brew-on-premise, tap room bar and cool rooms. The budget includes an allowance to contribute to building improvements that are not covered as part of the lease agreement.

13.5 (e) current financial position

The current financial statements are as follows:



**HOPSTERS CO-OPERATIVE BREWERY LIMITED INCOME
STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2018**

		30 Jun 17	30 Jun 18
Income from ordinary activities			
Sales	3	0	4,294
Other Revenue	3	858	1,477
Interest		65	296
Total Income		<u>923</u>	<u>6,067</u>
Cost of Sales		0	2,953
Gross Profit		<u>923</u>	<u>3,115</u>
Other Expenses			
Advertising		885	339
Bank & transaction fees	4	867	1,163
Consulting & Accounting	5	4,290	7,365
Depreciation	6	1,378	17,597
Freight & courier		484	219
General expenses	7	5,543	6,371
Insurance	8	0	367
Legal expenses	9	1,929	2,740
Printing & stationery		95	421
Subscriptions		50	0
Rent	10	0	967
Total Other Expenses		<u>15,521</u>	<u>37,558</u>
Profit/(Loss) from ordinary activities before Income Tax		<u>(14,599)</u>	<u>(34,443)</u>
Income tax expense from ordinary activities		0	0
Profit/(Loss) from ordinary activities after related income tax		<u>(14,599)</u>	<u>(34,443)</u>
Net profit / (loss) at the end of financial year		<u>(14,599)</u>	<u>(34,443)</u>
Total changes in equity other than those from transactions with owners as owners		<u>(14,599)</u>	<u>(34,443)</u>



HOPSTERS CO-OPERATIVE BREWERY LIMITED
BALANCE SHEET AS AT 30TH JUNE 2018

		2017	2018
CURRENT ASSETS			
Cash	11	20,151	19,858
Accounts Receivables	12	0.00	2,045
Prepayments	13	0.00	1,833
Work in progress	14	0.00	3,472
Total Current Assets		20,151	27,208
NON-CURRENT ASSETS			
Plant & Equipment	15	0	0
Intangible Assets	16	0	0
Total Non-Current Assets		0	0
TOTAL ASSETS		20,151	27,208
CURRENT LIABILITIES			
Accounts Payables	17	0	0
Total Current Liabilities		0	0
NON-CURRENT LIABILITIES			
Borrowings		0	0
Total Non-Current Liabilities		0	0
TOTAL LIABILITIES		0	0
NET ASSETS		20,151	27,208
EQUITY			
Current year earnings / (loss)	18	0	(34,443)
Retained profits / (accumulated losses)		(14,559)	(14,559)
Members Capital	19	34,750	76,250
Total Equity		20,151	27,208



HOPSTERS CO-OPERATIVE BREWERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30th JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a special purpose financial report that has been prepared in accordance with Accounting Standards of the Australian Accounting Standards Board and the NSW Co-operatives Act 1992 and the relevant regulations.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The following is a summary of the material accounting policies adopted by the Co-operative in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

AASB102: Inventories

AASB116: Property, Plant & Equipment

AASB101: Presentation of Financial Statement

AASB110: Events After the Reporting Period

AASB108: Accounting Policies, Changes in Accounting Estimate and Errors

No other statements of accounting concepts or accounting standards have been intentionally applied.

Property, Plant and Equipment

Assets purchased with value under \$20,000 have been depreciated upon acquisition. Other depreciable fixed assets excluding freehold land and buildings (nil) are depreciated on a straight-line basis. There were no assets purchased in the year that were greater than \$20,000. It is considered the rates of depreciation applied are adequate to write off the cost over the estimated useful lives of the assets commencing from the time the asset is held ready for use. Any gain or loss on disposal of fixed assets is determined as the difference between the carrying value of the asset at the time of disposal and the proceeds from disposal and is included in the results of the Co-operative in the year of disposal. There were no gains or losses on disposal during the year.

As at the balance date there were \$16,905 equipment assets mainly comprising the 200L brewing system and steel kegs. These have been fully depreciated.



NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash

Cash includes cash at bank.

Goods and Services Tax (GST)

The co-operative is currently not registered for GST.

Revenues, expenses and assets are recognised including the amount of GST.

NOTE 2: CAPITAL

Capital consists of shares @ \$50.00 each.

Members of the co-operative hold a minimum of 5 shares each.

NOTE 3: REVENUE

Operating activities

Sales revenue of \$4,294 relates to kegged beer sales. Other revenue of \$1,477 relates to 'Learn To Brew' classes. These are available to co-operative members and are subsidised in the interests of educating members on all grain brewing and covering the costs of ingredients and materials.

NOTE 4: BANK AND TRANSACTION FEES

Bank and credit card processing fees incurred on memberships payments received and other transactions.

NOTE 5: CONSULTING AND ACCOUNTING

The co-operative has incurred consulting professional service fees associated with establishing Hopsters Co-operative branding and website. Accounting fees are a monthly subscription to an online accounting platform (\$50 per month).

NOTE 6: DEPRECIATION

Depreciation relates to plant and equipment assets, mainly brewing asset and kegs as well as trademarks. Assets under \$20,000 have been depreciated upon acquisition.

NOTE 7: GENERAL EXPENSES

General expenses include purchases of Hopsters member t-shirts, caps, venue hire, 'learn to brew' ingredients & bottling costs and catering for members events.



NOTE 8: INSURANCE

Hopsters Co-operative has insurance policies covering public liability, goods in transit, insurance covering some volunteer's activities and contents insurance. The policies expire in April 2019.

NOTE 9: LEGAL EXPENSES

Legal expenses in the year relate to liquor licence application fees.

NOTE 10: RENT

Rental expense relates to external storage costs where kegs were stored before signing a lease for 198 Enmore Road, Enmore.

NOTE 11: CASH

Cash at bank as at the report date was \$19,858.

NOTE 12: ACCOUNTS RECIEVABLE

Unpaid customer sales invoices as at the report date.

NOTE 13: PREPAYMENTS

Prepayments represents prepaid insurance policies, the cost for insurance is recognised in the profit and loss report monthly.

NOTE 14: WORK IN PROGRESS

The work in progress account includes ingredients for beer yet to be produced and beer that is unsold pending sale.

NOTE 15: PLANT AND EQUIPMENT

	2017	2018
Opening balance	0	0
Additions	628	16,905
Accumulated depreciation	(628)	(16,905)
Closing balance	0	0



NOTE 16: INTANGIBLE ASSETS

	2017	2018
Opening balance	0	0
Additions – trademarks	750	2,070
Accumulated amortisation	(750)	(2,070)
Closing balance	0	0

NOTE 17: ACCOUNTS PAYABLE

As at the report date there were no accounts due or payable.

NOTE 18: RETAINED LOSSES

Accumulated Losses at Beginning of the financial year - \$14,599

Net loss attributable to the members for the financial year– \$34,443

The co-operative has carried forward losses for the operation of \$49,042.

NOTE 19: MEMBERS CAPITAL

As at the report date members had contributed \$76,250 in share capital.

NOTE 20: RELATED PARTY TRANSACTIONS

There were no related party transactions in the financial year.

NOTE 21: CO-OPERATIVE DETAILS

The registered office of the Co-operative is: 8 Douglas Avenue, Chatswood NSW.



13.6 (e) 5 year forecast

The following table represents an indicative forecast from the time that the Enmore Taproom opens.

HOPSTERS CO-OPERATIVE BREWERY LIMITED	Y1	Y2	Y3	Y4	Y5
Total Revenue	\$318,720	\$843,404	\$1,100,138	\$1,115,964	\$1,222,375
Cost of Goods Sold (includes excise)	\$136,716	\$290,842	\$374,845	\$387,556	\$433,321
Gross Profit After Excise	\$182,004	\$552,562	\$725,293	\$728,408	\$789,055
Total Operating Expenses	\$249,854	\$374,799	\$405,772	\$413,887	\$422,073
GST Payments	\$663	(\$38,466)	(\$54,418)	(\$58,694)	(\$63,039)
Operating Cash flow <u>before</u> Finance / Funding	(\$67,187)	\$139,297	\$265,103	\$255,826	\$303,942
Funding costs					
Bank fees, repayments and interest	\$9,990	\$13,320	\$13,320	\$13,320	\$13,320
Operating Cash flow (excluding capital raised)	(\$77,177)	\$125,977	\$251,783	\$242,506	\$290,622



13.7 (f) information about any contracts that may be required to be entered into by the co-operative

Contract	Details
Lease of the premises	5 year lease signed for 198 Enmore Rd, Enmore, NSW, 2042
Building contract	Tim Samuel Designs. Phase 1 to complete site preparation, electrical, plumbing and bathrooms.
Lease and / or purchase of equipment	Subject to funding requirements
Contract with brewery consultants	Subject to future venue selection
Contract with town planners	Subject to future venue selection
Funding agreements	Subject to funding requirements
Insurance agreements	QBE Insurance
Employment contracts	Subject cash flow available to support having employees
License to produce alcohol	ATO (not to be established until we have own premises)
Small Bar license	Office of Liquor, Gaming and Racing – granted 29 Apr 2019
Packaged Liquor License (online)	Office of Liquor, Gaming and Racing – granted 4 May 2018
Banker	Bendigo Bank
Contract Brewing	Contract brewing sales agreements & terms