

Tura Beach Country Club

Site Development Strategy – Member Forum

28th November 2022



Warranties and disclaimer

The statements, opinions and projections contained within this report are given in good faith. We have not conducted an audit of the information provided by others, but have accepted it in good faith, we do not give any warranty with this information. No reliance should be placed by any party on additional oral remarks provided during the presentation of this information, unless confirmed in writing by Tully Heard.

The preparation of this report has necessitated making projections of the future which are inherently uncertain, and our opinion is formed based on the underlying representations, assumptions and projections detailed in our financial modelling. Typically, there will be differences between projected and actual results, because events and circumstances may not occur as expected. We do not express an opinion as to whether projected results will approximate actual results, nor can we confirm, underwrite or guarantee the achievability of the projections as it is not possible to substantiate assumptions which are based on future events. The assumptions are based upon current legislation and regulatory requirements. Potential future changes have not been incorporated into the assumptions or variables, due to the material uncertainty at this time in relation to what any future changes may ultimately be. Tully Heard are not registered valuation experts and our report is not investment advice. Impacts of COVID-19 and related issues have not been incorporated into any designs, forecasts or financial modelling for this engagement. We make no warranty to any third party in regard to the contents of this report. The report is provided solely for the purposes of assessing the relevant market environment and potential market opportunities for the venue. Accordingly, this analysis is not to be used for any other purposes, nor is it to be made available to any other party, without the prior written consent of Tully Heard.

About Tully Heard

Tully Heard is a boutique consulting and advisory firm which specialises in hospitality and its associated industries. It was founded and is operated by John Tully and Luke Heard. John and Luke have technical (business, accounting and law) and first-hand experience as owners & operators in the establishment and operation of hospitality and related businesses (hotels, restaurants, bars, pubs and wholesale) on a single operation, medium-format and group basis. John and Luke are supported by a group of dedicated consultants including Vaughn Campbell, Peter McLean, Margaret Carew and Norrelle Goldring.

Our mission is to drive a professional and data-driven approach to the establishment, development and operation of hospitality and hospitality-related assets to derive high levels of economic value for our clients wrapped in a dedication to customer centricity.

Key deliverable

An independent and professionally developed long term site development strategy that is market focused (current and emerging), financially responsible and provides robust assumptions for any commercial investment thesis.



Tully Heard Site Development Strategy Outline

Research

Quantitative

Core Fundamentals

- Demographics & Spending Power
- Gaming & Hospitality Market
- Infrastructure & Development
- Club Data and Financial Insights

Qualitative

Specific Opportunities

- Workshop with Board & Mgmt
- Focus Group Insights
- Competitive Assessment
- Market trends, consumer behaviour
- Building/Site physical constraints

Strategy Development

Target Market Identification

Site Positioning and Product

Site Development Options

Financial Assessment

Strategic Recommendation

Board & Management Workshop - Club Vision

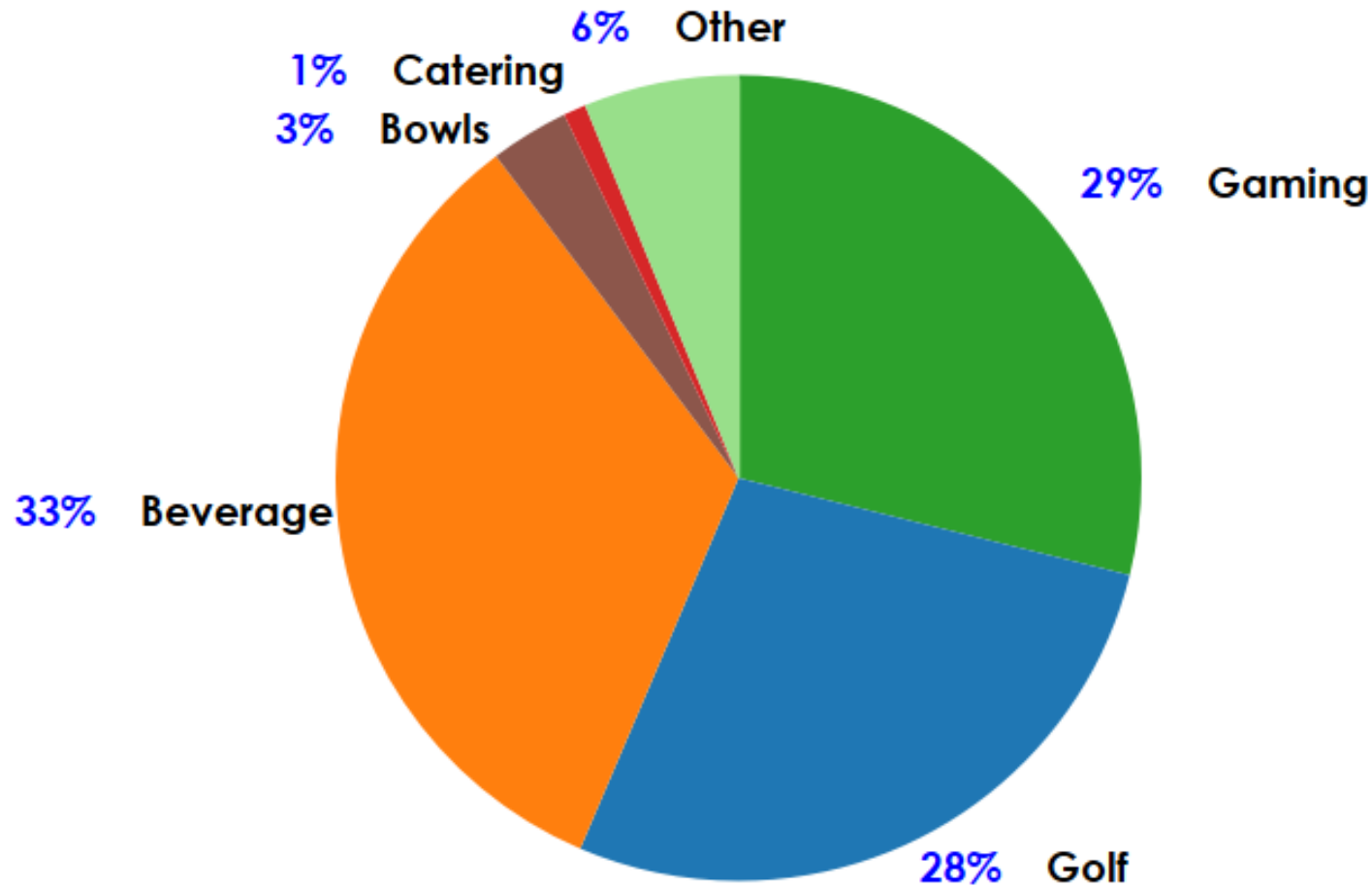
All opportunities must support the Club to achieve its vision to be:

“The Focal Point for Any Occasion”

Key constraints and opportunities for effective master planning

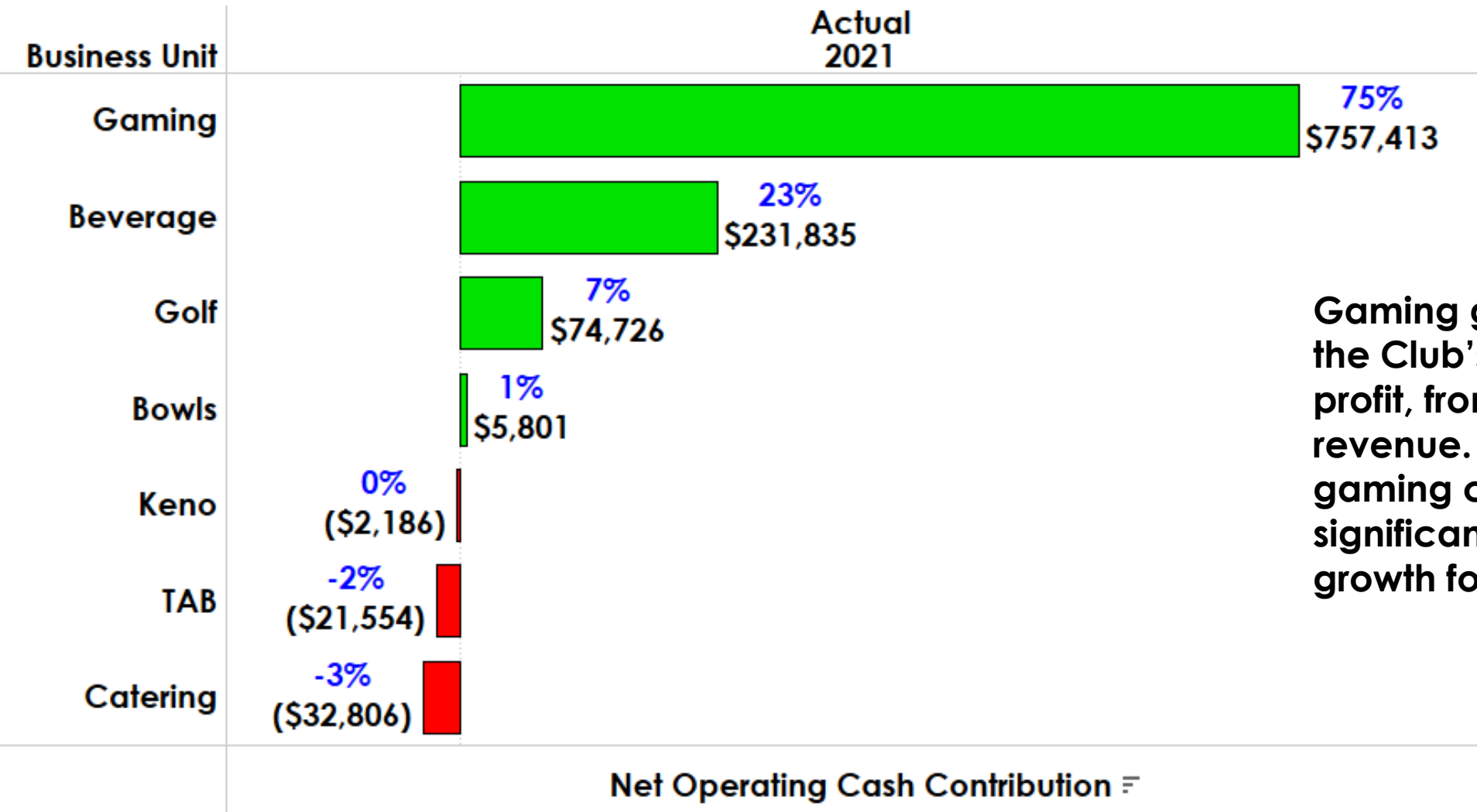


TBCC - Revenue Mix



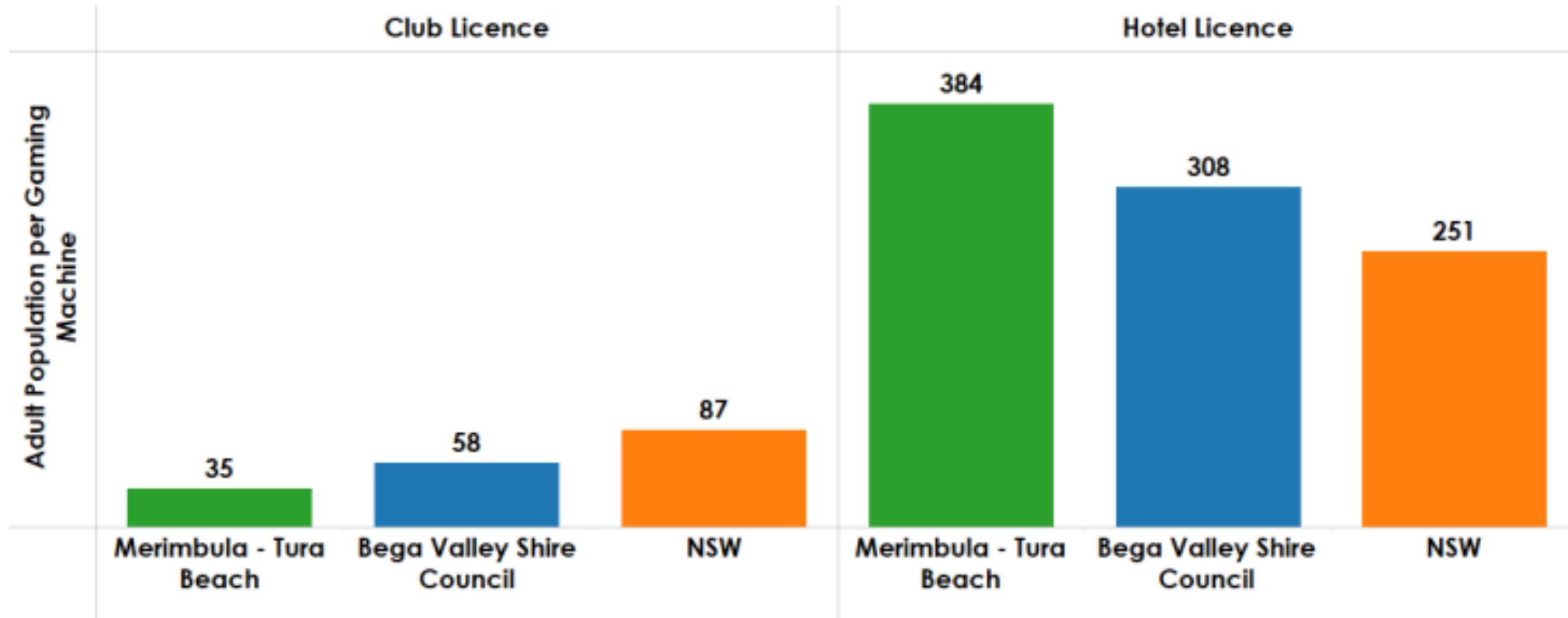
Gaming is a relatively low share of total revenue – focusing on gaming will drive superior cashflow returns as the marginal costs are minimal. Requires capital investment.

TBCC – Business Unit Cash Operating Profit



Gaming generates 75% of the Club's cash operating profit, from only 29% of revenue. Growth in gaming can provide significant operating profit growth for the Club.

Gaming Competition Assessment



The two large local Merimbula clubs mean that there is intense competition in the club segment, but there is far less competition – and therefore a significant opportunity – in the pub segment of the gaming market with only the Lakeview Hotel. Opportunity for TBCC to position as boutique pub-style offering to capture market share in gaming.

Overview of Club Owned Land

Key Site considerations



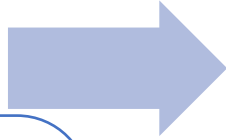
Summary Strategy Recommendations – Initial Phasing

Phase 1

- Relocate Gaming
- Relocate TAB/Sports Bar Area

Optional

- Relocate Offices Downstairs
- Relocate TAB/Sports Bar Area into Office Area

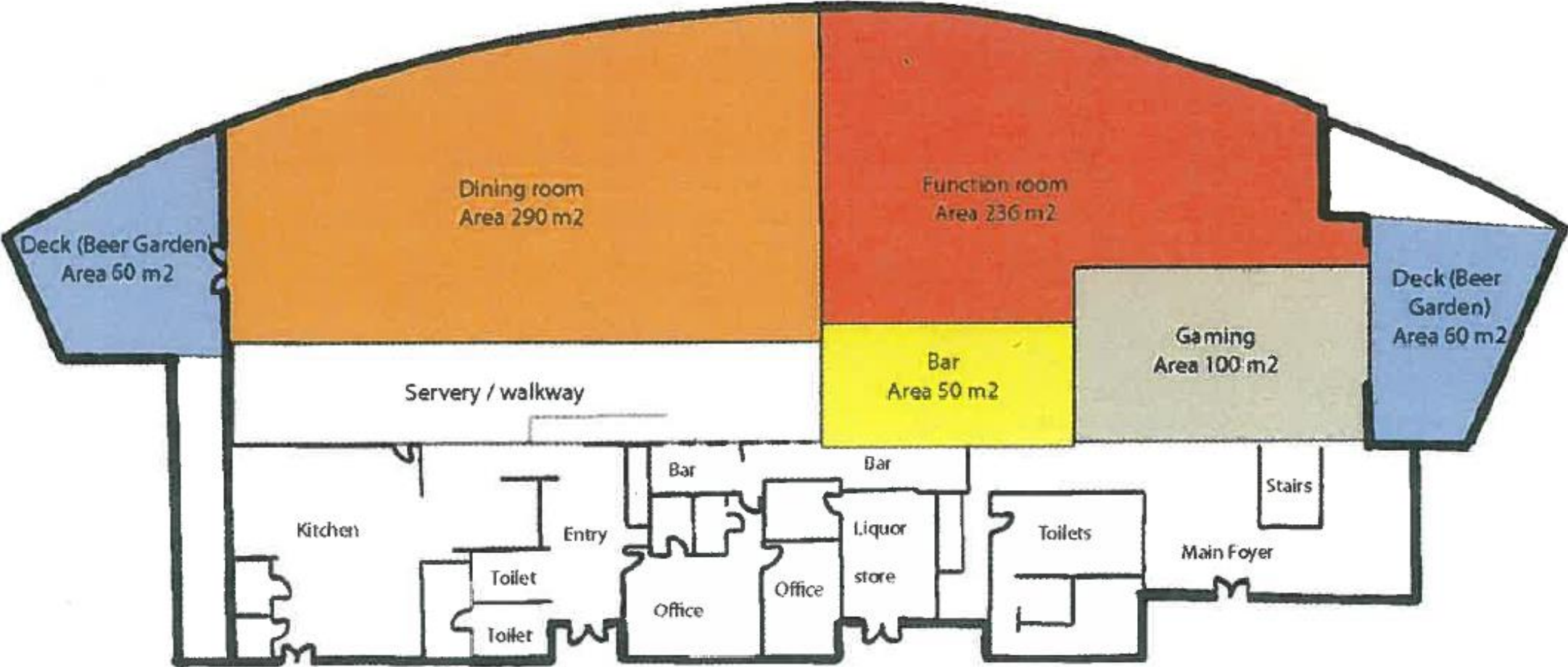


Phase 2

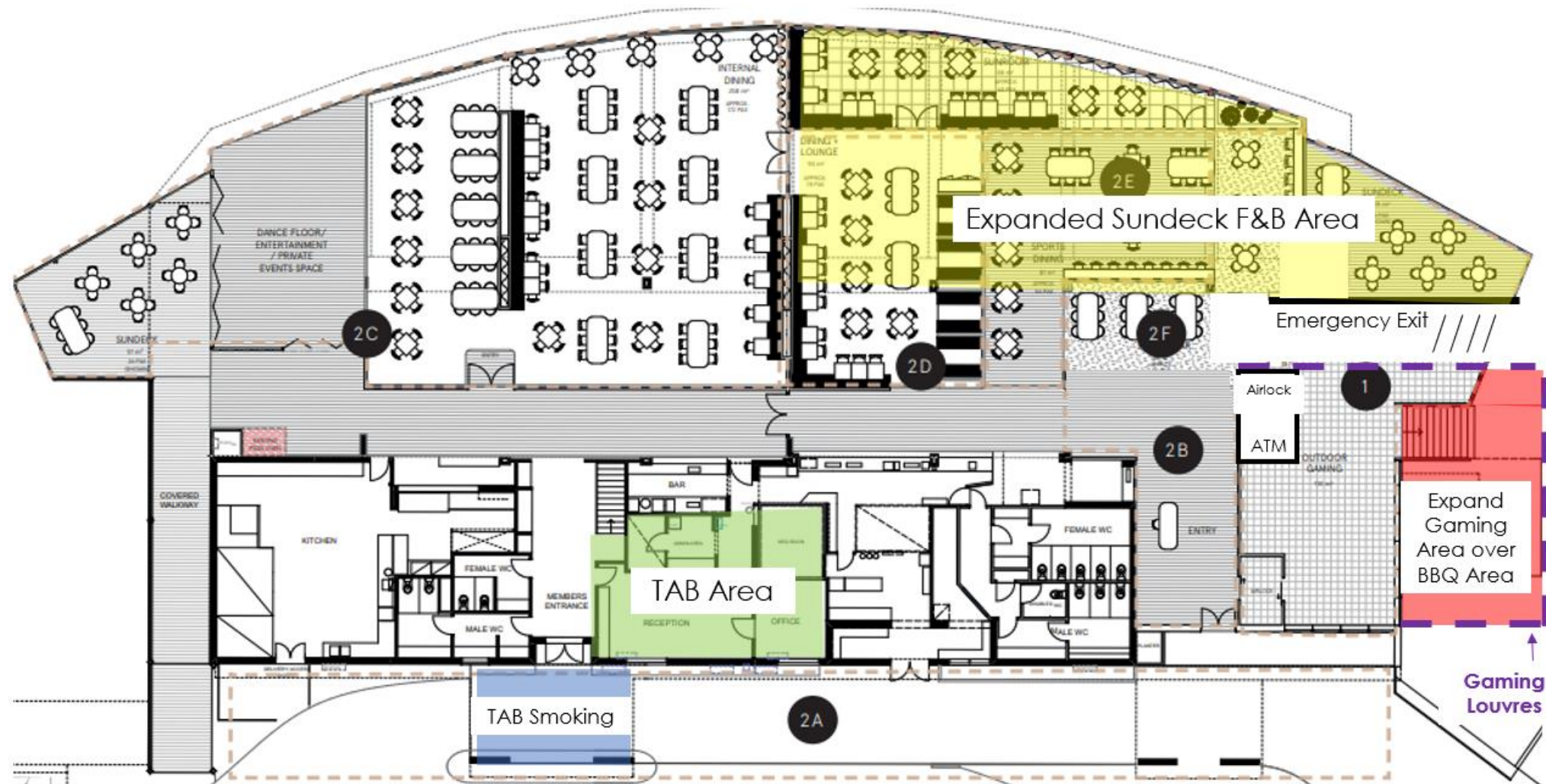
- Full Food & Beverage Redevelopment & Repositioning
- Creating a contemporary hospitality experience for members and visitors.

Contemporising the Core Club Facilities – Phase 1 & 2

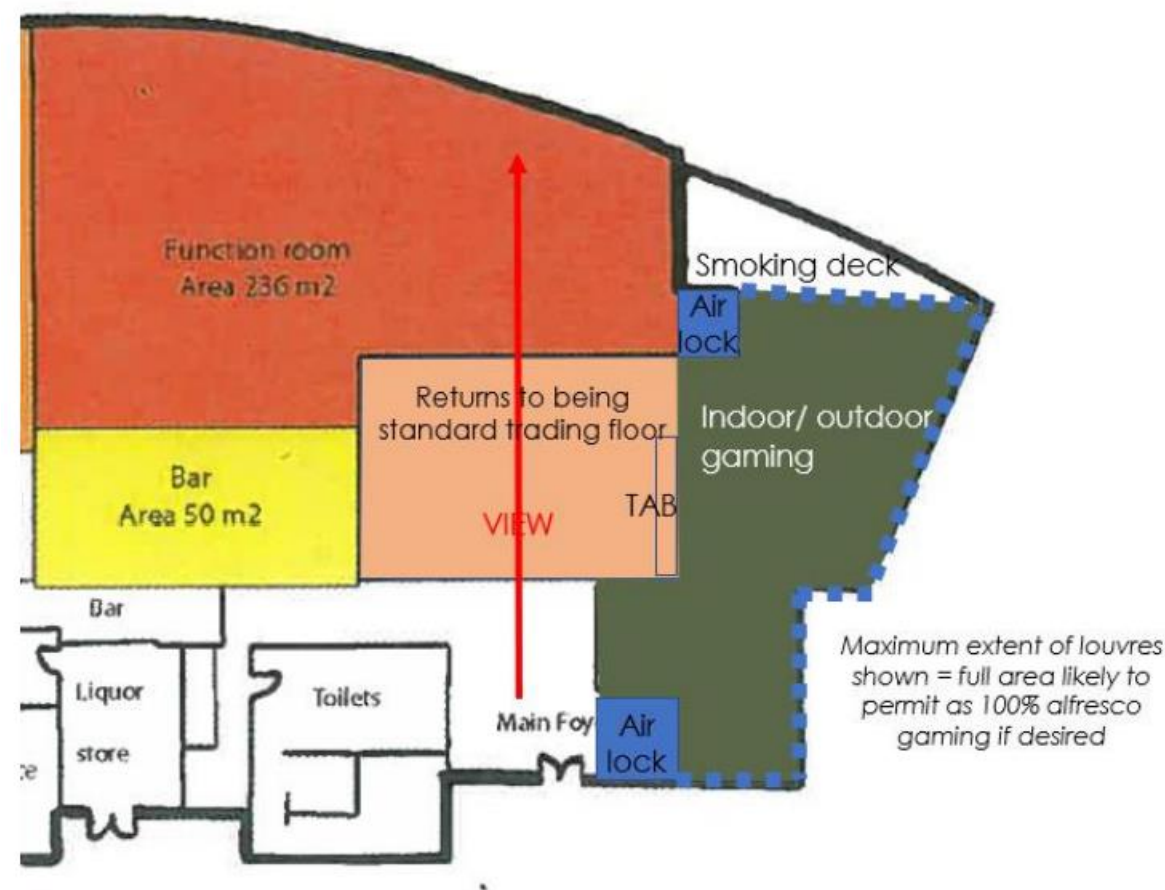
Existing Club Internal Layout



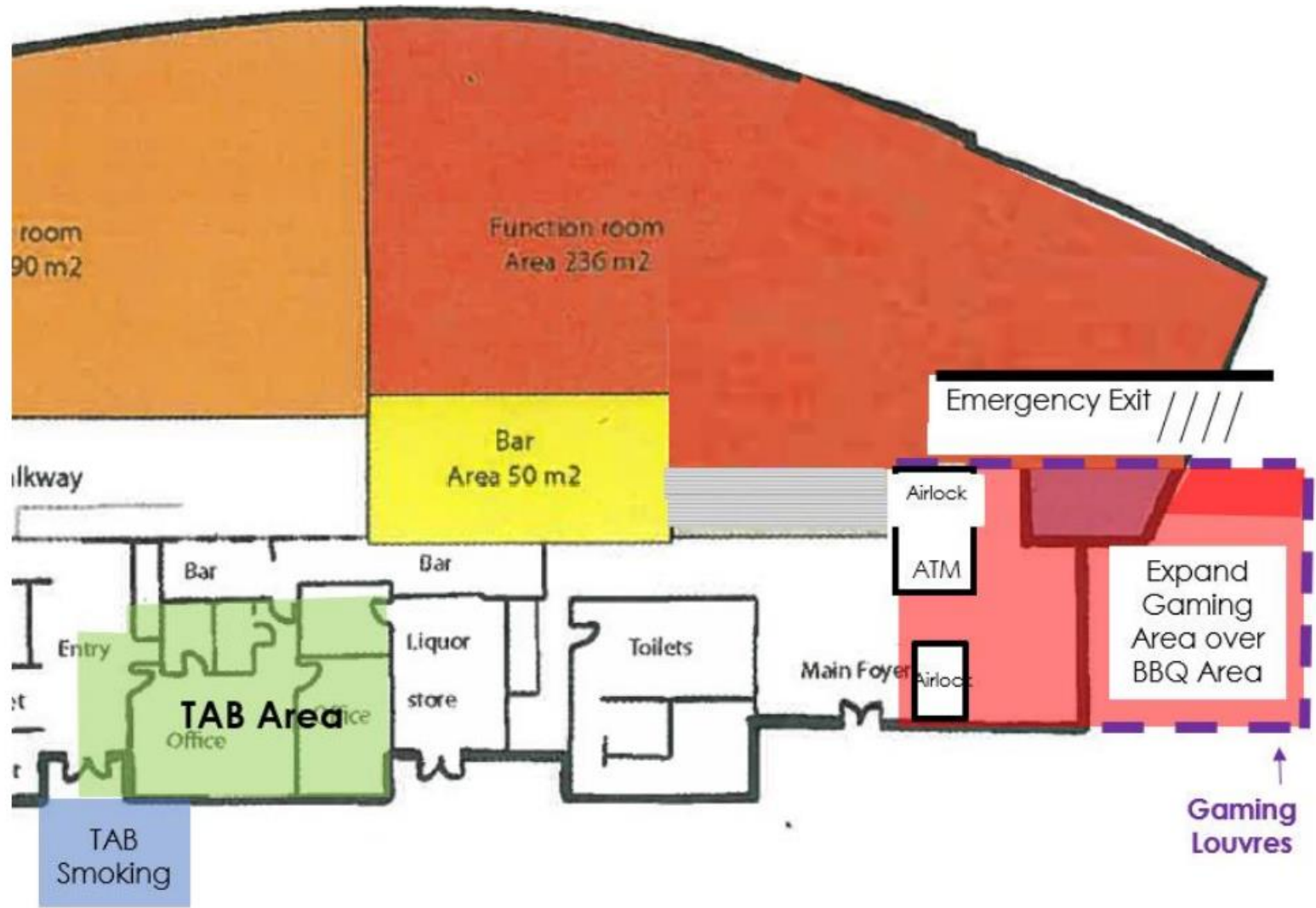
Proposed Ultimate Club Internal Layout – Phase 1 & 2 Strategy



Phase 1 – Option A



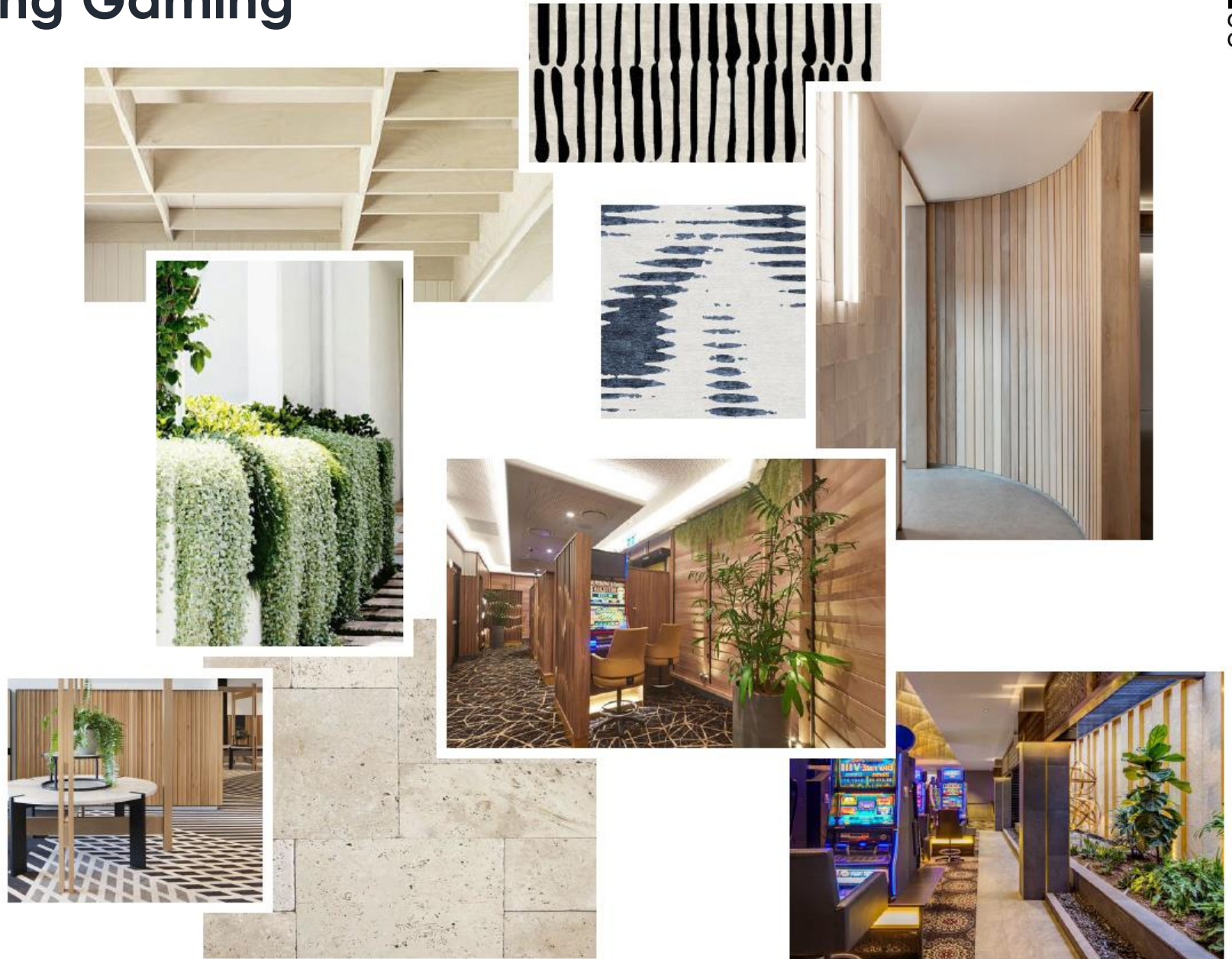
Phase 1 – Option B



Relocating & Improving Gaming

Designed with tranquillity in mind, this space focuses on brining the outside in, with an abundance of greenery, natural light and soft timbers throughout.

Phase 1



Creating a New Sports Bar & TAB Area in its own Space

A space for all guests to watch a game and soak up the casual atmosphere of the typical sports bar offering. Take a seat by the window to enjoy the vista or park up in front of the big screen for a game or two.

Phase 1



Improving the Club Façade and Entry Experience

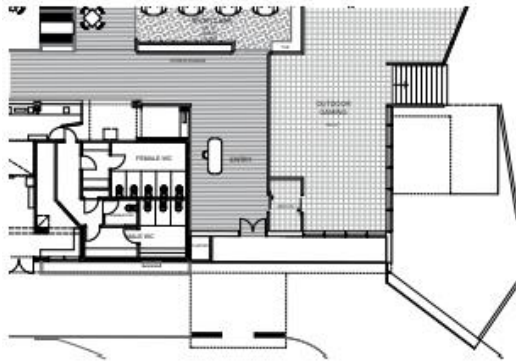
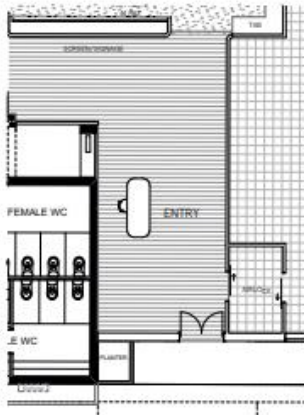
Phase 2



Improving the Club Façade and Entry Experience

An easy-breezy welcome to the Tura Beach Country Club. Clad in white panelling and natural timber accents. The entry welcomes guests with a friendly and approachable facade.

Phase 2



Creating New F&B Spaces

Wine and dine amongst visitors from near and far whilst admiring the panoramic views of Tura Beach. Warm timbers accented with pops of pattern and colour, this space makes for a relaxed + ambient dining experience.

Phase 2



Contemporising Food Offering



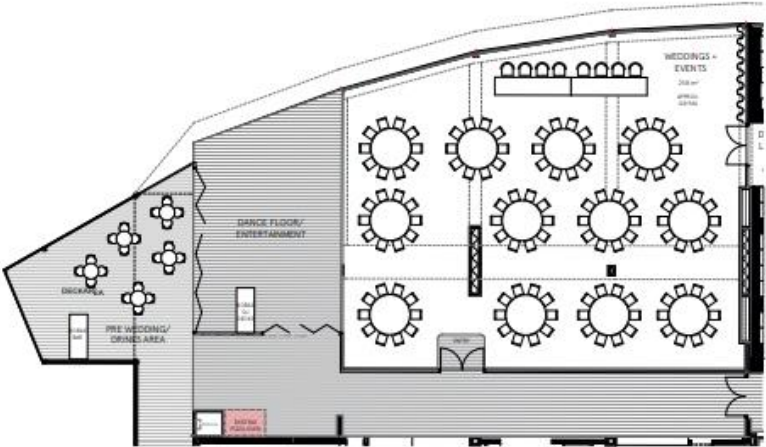
Contemporising Beverage Offering



Creating New Private Event Spaces

This space is the perfect fit for any special occasion. With white walls, timber floors and a neutral base palette, the function room is perfect for guests to style + decorate for any occasion.

Phase 2



Strategy Summary

Strategy Summary

Short-term

Phase 1 – Gaming Room & Sports Bar / TAB Relocation

- **Relocate gaming room and Sports Bar / TAB** to improve core of Club internal layout (for future F&B opportunities) and drive the foundation of Club's future financial performance.
- Opens up critical 'prime' seating areas with best water views and entry experience into the Club
- Driving strong financial performance from the core business – build cash
- Revalue land to deliver balance sheet uplift and higher debt capacity

Potential Option B to:

- Relocate offices downstairs and move Sports Bar/TAB into the existing office space. (This is optional, subject to funding capacity).

Strategy Summary

Short-term

Phase 1 – Gaming & Sports Bar / TAB Relocation

- Estimated Capital Investment of \$1.6m, funded primarily with borrowings
- Forecast financial performance improvement allows borrowings to be fully repaid within 5 years from completion
- Once completed, the additional earning capacity provides for the funding capacity required to execute Phase 2 Food and Beverage Repositioning.

Strategy Summary

Medium term

Phase 2 – Food & Beverage Repositioning

- Generating strong operating cashflows for investment and minimal debt after accelerated repayment from Phase 1 implementation
- Finalise planning and execution of **F&B and club repositioning**
- Has become “the Focal Point for Any Occasion”
- Continue to revalue land to uplift balance sheet capacity
- Estimated Capital Investment of \$4.3m, funded by borrowings and cashflows (improved based on Phase 1)
- Forecast financial performance improvements (Phase 1 + Phase 2) enable borrowings to be repaid over 7 years from completion of Phase 2.



Tully Heard Consulting Pty Limited
Email: info@tullyheard.com.au
Web: www.tullyheard.com.au

Address: Level 3, 36 Carrington Street
Sydney NSW 2000
Phone: +61 418 267 029