



Information Night

An Opportunity to Discuss the Options for the long term future of the Club

Prepared by Castle Hill Bowling Club Board of Directors | Information Night

Proprietary and Confidential | May 2016



Welcome and Agenda

Agenda Item	Who
Welcome	Ken Sherwood
Finance Overview	Clarrie White
Options available for the long term future of the Club	Ken Sherwood
General Discussion	All
Close	9.00 PM



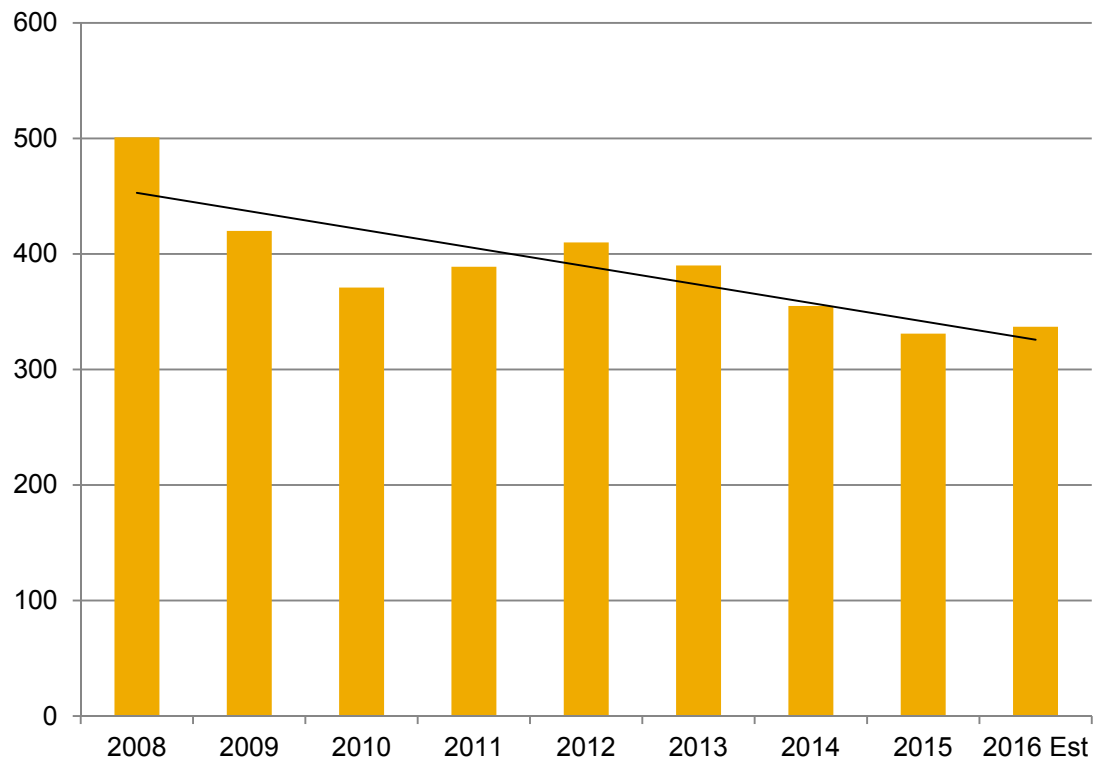
Current Operating Strategy

- The Board of Directors over recent years have embarked on a strategy of undertaking improvements to ensure the ongoing viability of the club within the limited financial capacity of the club. These have included:-
 - Appointment of Peter Bingham bringing vast experience in hospitality management
 - New Bar and Beer Reticulation System
 - Improved VIP Lounge (Pokies) and Sports TAB area
 - Improved Bar Trading and Stock Management System
 - Improvements to Club Lighting
 - Outsourced Bistro with broader trading operation
- These changes have resulted in: -
 - Increase in Bar Trade and Profitability
 - Increased function bookings including barefoot bowls
 - Bistro adding profit not an expense
 - General improvement to Club operations and atmosphere

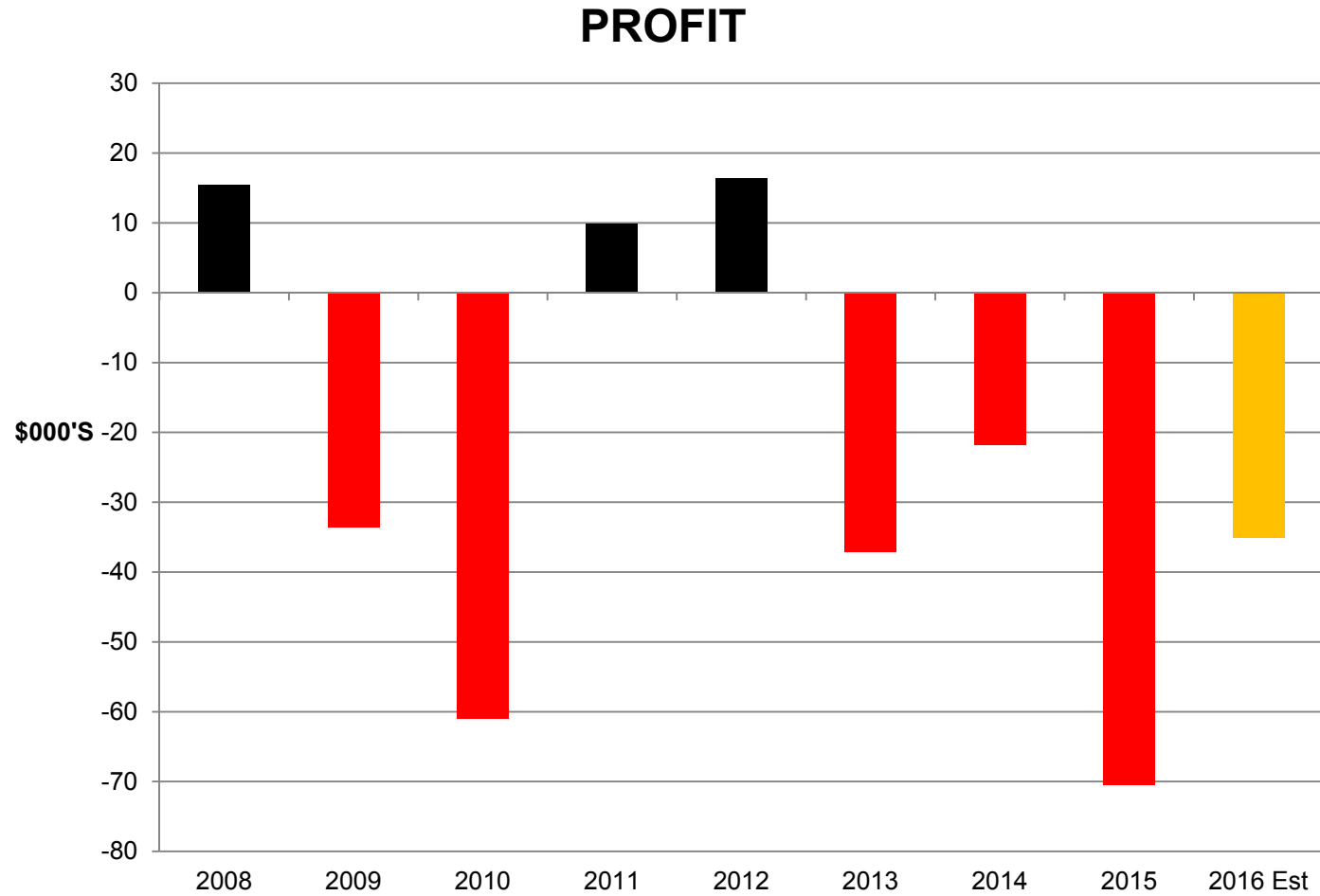


Membership Statistics

BOWLING MEMBERS Full & Social

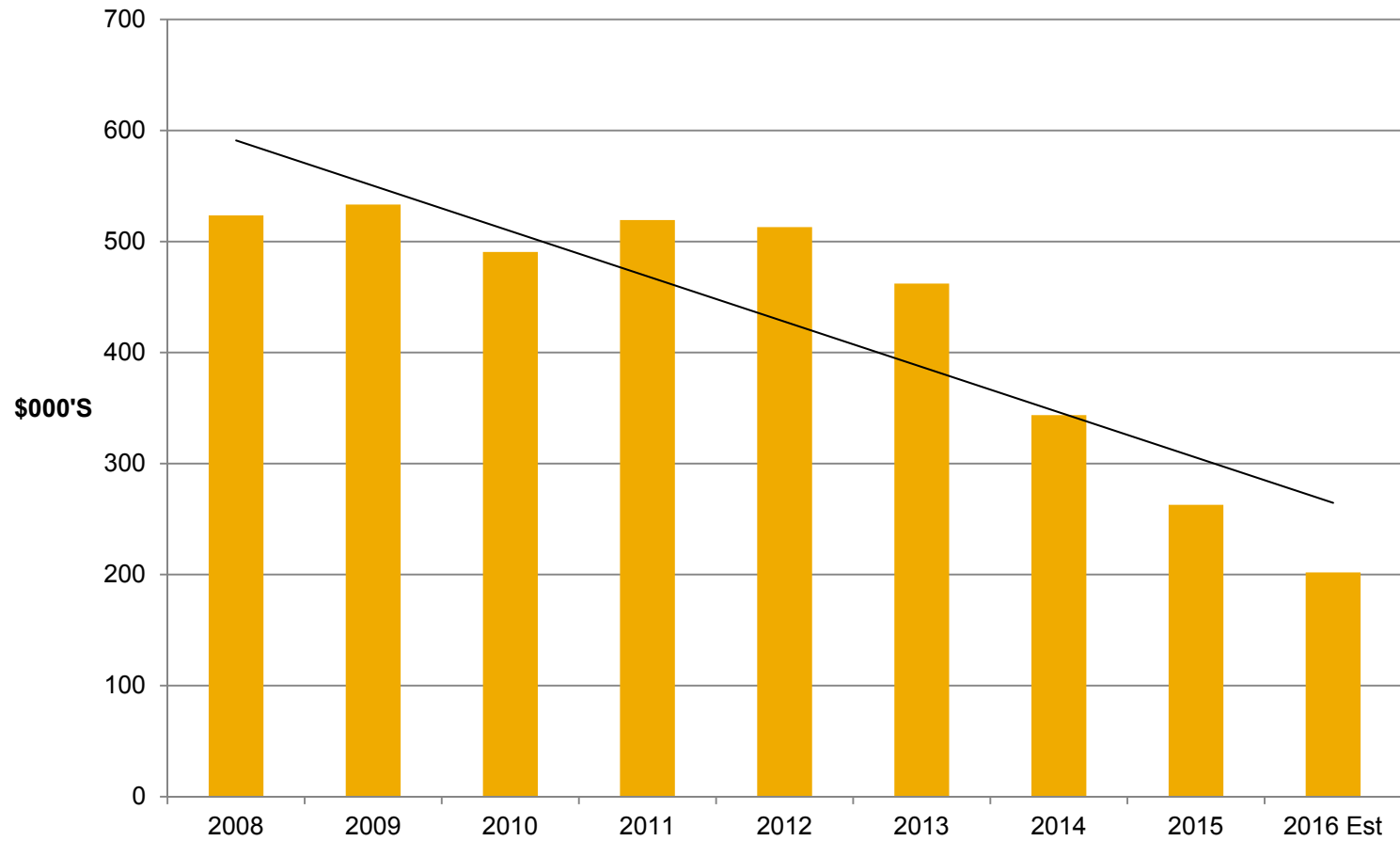


Recent Financial Trending

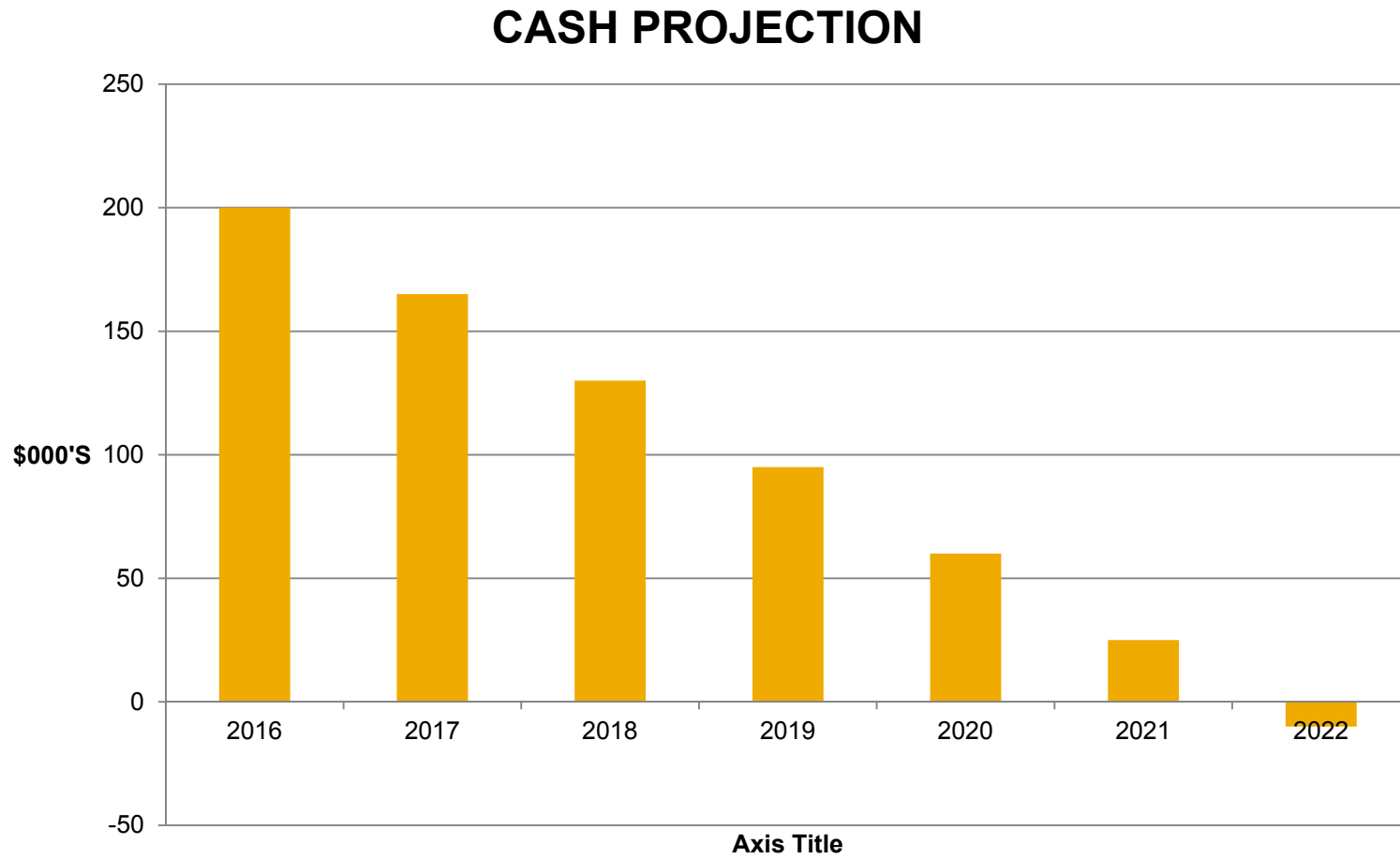


Recent Financial Trending

AVAILABLE CASH



Cash Projection



Considering the Club's long term future

- Sub Committee formed in May 2015 chaired by Roy Potter with Ken Sherwood (Club Ltd Chairman), Paul Bryan (Club Ltd Deputy Chairman), Clarrie White (Club Ltd Treasurer), Michael Howard (immediate past Club Ltd Chairman), Paul D'Arcy (Club Ltd Director) and Rob Jones (Club Bowling Member)
- Expressions of Interest for the development of the site were called from nominated developers and real estate agents in Q3, 2015
- Minimum Criteria Required:-
 - Continuing operation of the bowling club during redevelopment
 - New Club House including Fitout
 - Ongoing Income Stream
 - Minimum of 2 bowling greens
 - Consideration of Residential / Commercial Development combined with the Club operation
 - Underground car parking to satisfy statutory requirements for the entire site



Considering the Club's long term future cont'd

- In Q4 2015, 6 proposals were received and reviewed and further work undertaken by the Sub Committee around the various offers into early 2016
- Discussions have also taken place with some local sporting clubs about the potential for amalgamation
- The Sub Committee have also had discussions with a company called Augusta who specialise in supporting Property Owners involved in developments or amalgamations. The role they play is to ensure the asset owners asset achieves the best possible financial outcome, with the least risk to the owner's (i.e. us as members). They manage the search, qualification and negotiations with the Developers and for amalgamations, the negotiation of terms and conditions, again to ensure the best outcome is achieved for us.
- The Board considers this a mandatory requirement for our Club, as we further progress the most appropriate options.





Options Available to Castle Hill Bowling Club



Key Considerations

- We are primarily a bowling club with social membership which generates limited revenue for the overall club
- We are proud of our heritage (coming up for 60 years) and wish to continue as a Bowling Club providing members with first class facilities to enjoy lawns bowls and a social club operation
- We require capital expenditure to aid in the refurbishment and ongoing operation of the clubhouse and entire site
- We would like to continue to enjoy, as a minimum, two grass greens and potentially a third synthetic surfaced green
- Our greens and grounds need the current high level of maintenance to provide outstanding playing surfaces for members and visitors
- We require ongoing financial support for Men's and Ladies bowls including pennants and other events
- The greater Sydney region (especially Castle Hill) is currently going through rapid development and opportunities are available for property owners with large parcels of land



Option 1 – Continue with Current Direction and Operation (no change)

- Financial Projections indicate on current trading activity as well as taking into account club maintenance, that within 4 to 6 years the club will become economically unviable.
- The Club Premises and Equipment are in need of major refurbishment.
- We are Asset rich, Cash poor. We are sitting on a valuable asset which cannot be realised unless we go into debt for such purposes of improvement to club operations. Our current cash flow does not support such a move.
- Current Membership levels do not support longer term economic viability.
- If the club becomes economically unviable and ceases to trade, under Clubs' NSW Law, the net proceeds would be dispersed to which ever clubs that current financial members have transferred to.

PROS	CONS
<ul style="list-style-type: none">• Easy option, continue as is	<ul style="list-style-type: none">• Club ceases to trade within 5 years
	<ul style="list-style-type: none">• Dispersed membership



Option 2 – Amalgamation with another Club & continue with Lawn Bowls

- Opportunities can be explored to amalgamate with another club within the Hills District to either: -
 - Have the new combined sporting club invest and redevelop 79 Castle Street into a premier lawn bowls facility

or

- Relocate to another club with lawn bowls facilities and redevelop or sell off 79 Castle Street

PROS	CONS
• Continued viability	• Possible loss of identity as CHBC
• Potential for ongoing identity	• Relocation does not suit all members and leads to a loss of 'friends'
• We have solid membership numbers	• Potential for greater travel (distance)
• Valuable Asset	



Option 3 – Redevelopment of 79 Castle Street Castle Hill

- Given the current economic and property development environment within the Greater Sydney basin, (and specifically Castle Hill) opportunities exist to redevelop 79 Castle Street into a mixed use facility which could incorporate residential living combined with commercial operations along with the Club and Bowls facility.
- Current zoning would allow Seniors Living residential construction.
- A rezoning application would be required for other residential / commercial development however would likely take up to 3 years for approval, plus construction period of a further 2 + years.

PROS	CONS
<ul style="list-style-type: none"> • New modern Club House including Fitout 	<ul style="list-style-type: none"> • Disruption during development
<ul style="list-style-type: none"> • Capital Injection and Ongoing Revenue Stream 	<ul style="list-style-type: none"> • Change to Site, bowling and club facilities in conjunction with residential living
<ul style="list-style-type: none"> • Potential for Increased Trading and Membership 	
<ul style="list-style-type: none"> • Longevity 	
<ul style="list-style-type: none"> • No rezoning required for Seniors Living 	

Option 3 Concept



Option 4 – Relocate to Another Site (Own Entity)

- Review opportunities for potential relocation sites within (close) proximity
- Develop a new club location for bowling and social club facilities
- Realise 79 Castle Street as a development site as part of the transition to fund the new club location

PROS	CONS
<ul style="list-style-type: none"> • Potential for new modern Club House including Fitout 	<ul style="list-style-type: none"> • Access to suitable land within close proximity to satisfy club needs
<ul style="list-style-type: none"> • Potential for state of art bowling and club facilities 	<ul style="list-style-type: none"> • Need to borrow funds to purchase land and improvements
<ul style="list-style-type: none"> • Potential for Increased Trading and Membership 	<ul style="list-style-type: none"> • Current cash flow does not support borrowings
	<ul style="list-style-type: none"> • Relocation does not suit all members and leads to a loss of 'friends'



General Discussions

We now welcome comment about the information we have shared with you tonight.



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