



CITY TATTERSALLS
GROUP

2022

**City Tattersalls Group
CEO & CFO
Report**

CEO's Report

1. Opening – Patrick Campion – Chairman

2. Apologies – Laurie Coy # 1577, Kevin Smith # 6528, Charles Anscombe #6528, Dianne Anscombe # 48107, William Hurley # 7389, Bob Little # 10934.

3. Minutes

- A. For Members to receive, review and confirm the minutes of the Annual General Meeting held on 25/05/2021

<https://citytatts.com.au/wp-content/uploads/2022/04/Minutes-of-2021-AGM.pdf>

- B. The Special General Meeting held on 03/08/2021

<https://citytatts.com.au/wp-content/uploads/2022/04/Members-030821.pdf>

- C. The Special General Meeting of Ordinary Members held on 03/08/2021

<https://citytatts.com.au/wp-content/uploads/2022/04/Ordinary-Members-030821.pdf>

- D. The Special General Meeting held on 21/09/2021

<https://citytatts.com.au/wp-content/uploads/2022/04/Members-230921.pdf>

- E. The Special General Meeting held on 22/11/2021

<https://citytatts.com.au/wp-content/uploads/2022/04/Members-221121.pdf>

- F. The Special Meeting of Ordinary Members held on 22/11/2021

<https://citytatts.com.au/wp-content/uploads/2022/04/Ordinary-Members-221121.pdf>

4. Election Results

At the close of nominations at 5pm, Wednesday 13 April 2022 only the required number of nominations has been received and accepted and a ballot was not necessary. The following candidates were therefore elected unopposed:

Group 1 (3 Year Term)

Martyn Berry

Kumar Kalyanakumar

Annette Niven

From the conclusion of the 2022 Annual General meeting the full Board of Directors of the Club will be:

| | | |
|-----------|---------|--------------------|
| Elected | Group 1 | Martyn BERRY |
| Elected | Group 1 | Kumar KALYANAKUMAR |
| Elected | Group 1 | Annette NIVEN |
| Elected | Group 2 | Roderick FAULKNER |
| Elected | Group 2 | John MOGAN |
| Elected | Group 3 | Patrick CAMPION |
| Elected | Group 3 | Paul CAVALLARO |
| Appointed | | Christopher FOYE |
| Appointed | | Brian PATTERSON |

5. Financial Report and Auditors Report

<https://citytatts.com.au/wp-content/uploads/2022/05/CTC-Financial-Statement-FY21-Final-23.5.pdf>

6. Proposed Resolutions (As per notice)

<https://citytatts.com.au/wp-content/uploads/2022/04/Notice-of-Annual-General-Meeting-2022.pdf>

7. Financial Questions - John McCreanor

Breakdown of Income and Expenses for Restaurant Facilities 2021

| | TOTAL | Dining Room | Zest / Bistro | Legends | Castlereagh Bistro |
|-----------------|-------------|-------------|---------------|------------|--------------------|
| Revenue | \$1,480,896 | \$2,551 | \$1,233,561 | \$34,037 | \$210,747 |
| Expenses | \$1,858,312 | \$26,455 | \$1,519,502 | \$47,351 | \$265,004 |
| Profit / (LOSS) | (\$377,416) | (\$23,904) | (\$285,941) | (\$13,314) | (\$54,257) |

Breakdown of Income and Expenses for Function Facilities 2021

| | TOTAL | Omega | Gadigal | Nangamay | Lower Bar Functions | Dining Room Functions | Bowls | Functions |
|--------------------|-----------|----------|-----------|-----------|---------------------|-----------------------|-------|------------|
| Revenue (inc Room) | \$61,229 | \$28,873 | - | \$473 | \$28,392 | - | - | \$3,491 |
| Expenses | \$70,601 | \$17,990 | \$7,873 | \$2,044 | \$19,746 | - | - | \$22,948 |
| Profit / (LOSS) | (\$9,372) | \$10,883 | (\$7,873) | (\$1,571) | \$8,646 | - | - | (\$19,457) |

Breakdown of Income and Expenses for All Other Food & Beverages Facilities 2021

| | TOTAL | Silks Pokie Bar | Sports Bar | Celebrity Room | Cocktail Bar | Lime Bar | Lower Bar | Castlereagh Sports Bar |
|-----------------|------------|-----------------|------------|----------------|--------------|-----------|------------|------------------------|
| Revenue | \$604,358 | \$412,357 | \$17,569 | - | - | \$18,899 | \$138,566 | \$16,967 |
| Expenses | \$634,625 | \$340,068 | \$59,291 | - | \$819 | \$28,053 | \$185,231 | \$21,163 |
| Profit / (LOSS) | (\$30,267) | \$72,289 | (\$41,722) | - | (\$819) | (\$9,154) | (\$46,665) | (\$4,196) |

8. Amalgamation Offers in the previous 12 months

Aberdeen Sports and Recreation Club and
Putney Tennyson Bowling & Community Club

9. Matters for Discussion

Dear Members

As noted on the notice of AGM circulated to members on the 14th of April 2022, the Minutes of the Annual General Meeting and Special General Meetings held in 2021, together with the Financial Report, the Management Report, the Quarter 1 Finance Report and detailed information regarding the Proposed Air Space Development can be found in the Club's website under the Corporate/ Notices section.

<https://citytatts.com.au/corporate/noticesnew/>

I would like to take this opportunity to inform members that the **127th Annual General Meeting of the Club** will take place on the 23rd of May 2023 at 6pm. Further details relating to the AGM will be shared with members later in the year. I invite members to save this date on their diaries.

Key Information for Members:

In addition to the matters specified in clause 20.3 of the Club's Rules, the Board wishes to make members aware of proposed expenditure required over the next 12 months relating to improvements, renovations and rebuilding the premises of the Club during the 12 months following our AGM and further information, being information:

- A. as to the assets and liabilities of the Club and such other information as to the financial affairs of the Club as the Board consider useful and practicable to provide at the meeting; and
- B. current as at the end of the calendar month immediately preceding the Annual General Meeting.

Programmed Expenditure

Relating to improving, repairing, renovating, or rebuilding the Club Premises over the 12 months following the meeting:

City Tattersalls is likely to commit \$1.5M in upgrades, resulting from the need for the Club to relocate parts of its operations to other premises. Below is a summary of such proposed expenditure together with explanatory notes:

St James Refurbishment & Application

| 1 May | 2 June | 3 July | 4 August | 5 September | 6 October | 7 November |
|-------------|-------------|-------------|-------------|----------------|--------------|---------------|
| \$83,333.33 | \$83,333.33 | \$83,333.33 | \$83,333.33 | \$83,333.33 | \$83,333.33 | \$83,333.33 |

The Castlereagh Gaming

| | |
|----------|----------|
| \$50,000 | \$50,000 |
|----------|----------|

Group IT Infrastructure and Relocation of Services

| | | |
|--------------|--------------|--------------|
| \$133,333.33 | \$133,333.33 | \$133,333.33 |
|--------------|--------------|--------------|

Boonoona Ski Lodge Works

| | | | | | | |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| \$16,666.67 | \$16,666.67 | \$16,666.67 | \$16,666.67 | \$16,666.67 | \$16,666.67 | \$16,666.67 |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|

The Barracks Cosmetics Upgrades

| | | |
|--------------|--------------|--------------|
| \$100,000.00 | \$100,000.00 | \$100,000.00 |
|--------------|--------------|--------------|

8
December

9
January

10
February

11
March

12
April

| | |
|--------------|--------------------|
| \$500,00.00 | St James |
| \$100,000.00 | The Castlereagh |
| \$400,000.00 | IT Infrastructure |
| \$200,000.00 | Boonoona Ski Lodge |
| \$300,000.00 | The Barracks |
| <hr/> | |
| Total | \$1,500,000.00 |
| <hr/> | |

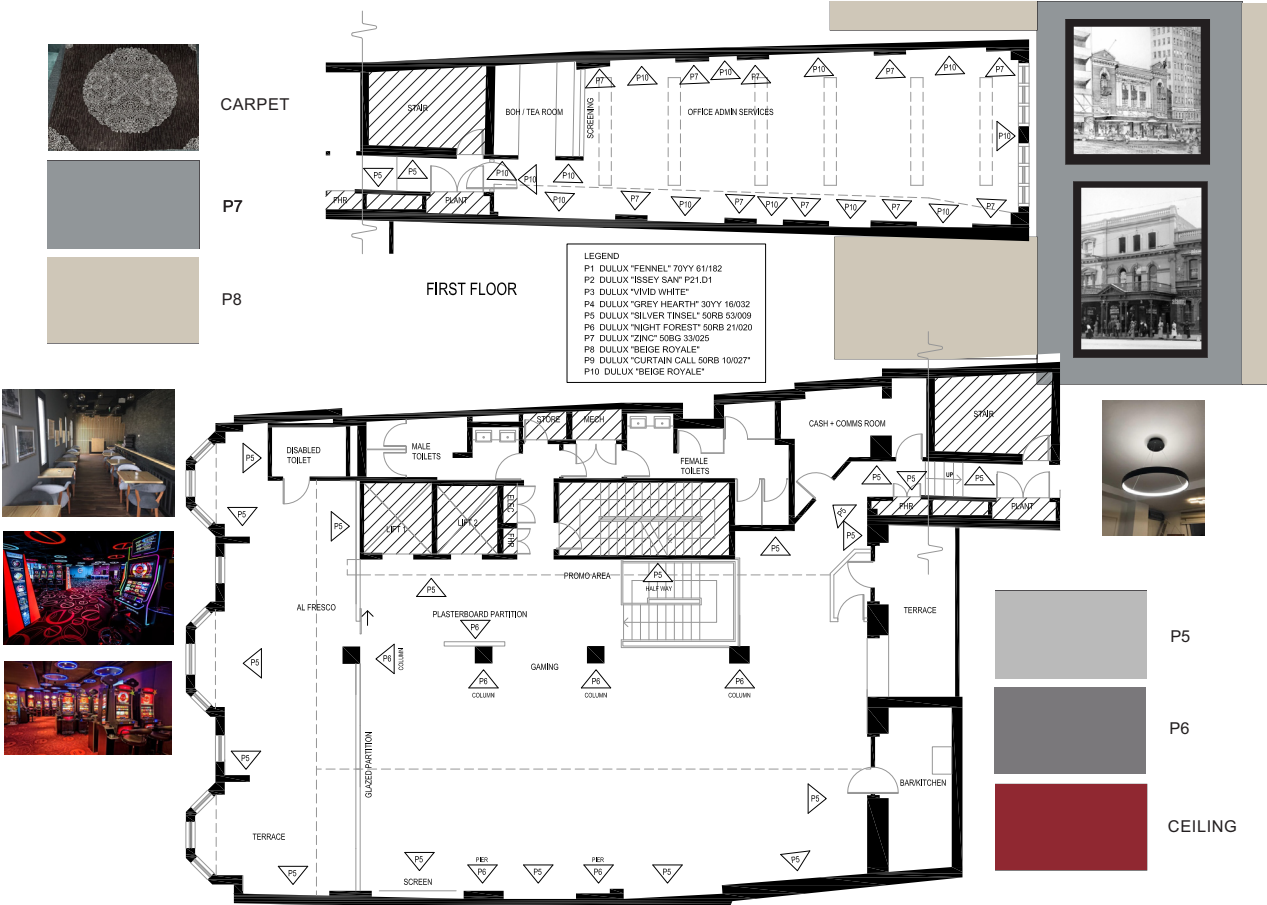
Explanatory Notes

St James - \$500K

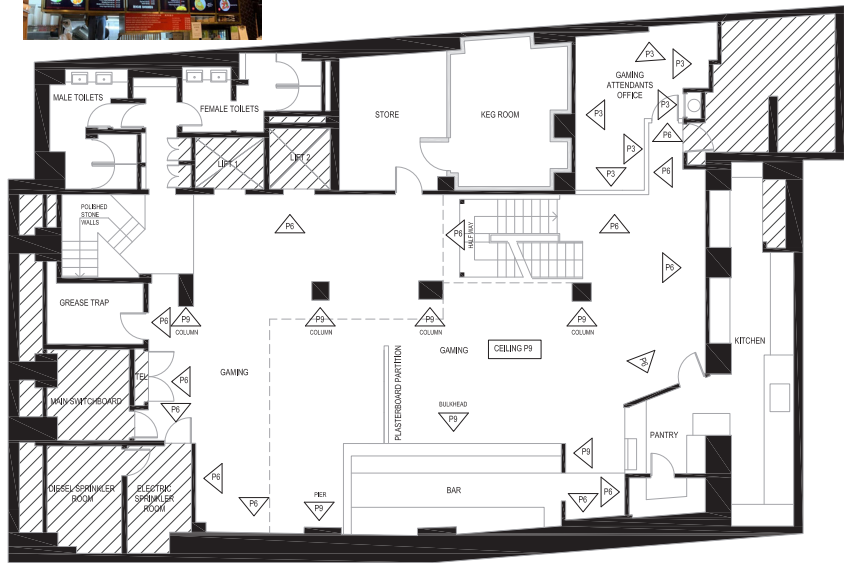
Despite the Club being able to relocate some of its operations to The Castlereagh Club, The Barracks and The Boutique Hotel. The Club still has some 150 gaming entitlements to relocate elsewhere within proximity to our Pitt Street location, to ensure revenue from gaming is preserved during the re-development period and entitlements can be transferred without forfeiting any.

The Club has been able to secure a lease at the former St James Hotel, on Castlereagh St. At this location, City Tatts will be able to house 100 gaming machines, a fully operational bar at the Ground Level and our current Asian Dining offering.

First Floor



Basement



P9

P6



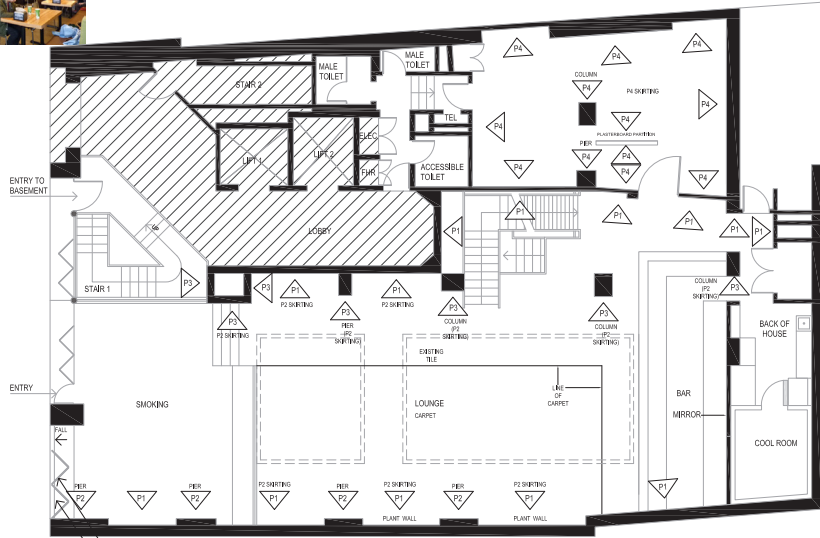
BASEMENT



- LEGEND
- P1 DULUX "FENNEL" 70YY 61/182
 - P2 DULUX "ISSEY SAN" P21.D1
 - P3 DULUX "VIVID WHITE"
 - P4 DULUX "GREY HEARTH" 30YY 16/032
 - P5 DULUX "SILVER TINSEL" 50RB 53/009
 - P6 DULUX "NIGHT FOREST" 50RB 21/020
 - P7 DULUX "ZINC" 50BG 33/025
 - P8 DULUX "BEIGE ROYALE"
 - P9 DULUX "CURTAIN CALL 50RB 10/027"
 - P10 DULUX "BEIGE ROYALE"

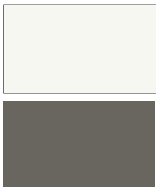


Ground Floor



P1

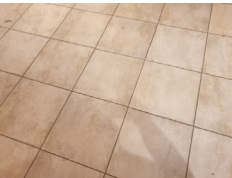
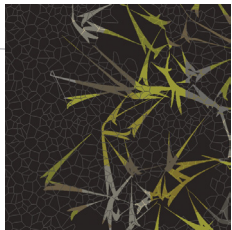
P2



GROUND FLOOR

P4

- LEGEND
- P1 DULUX "FENNEL" 70YY 61/182
 - P2 DULUX "ISSEY SAN" P21.D1
 - P3 DULUX "VIVID WHITE"
 - P4 DULUX "GREY HEARTH" 30YY 16/032
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 - P9 DULUX "CURTAIN CALL 50RB 10/027"
 - P10 DULUX "BEIGE ROYALE"



The Castlereagh - \$100K

Having considered feedback received by members, the Club is looking to:

- A. Provide Gym members with a more direct entry into the gym that is not so directly related to the sports bar and gaming and
- B. Increase the number of EGMs and Jackpot links to provide a more competitive gaming experience.

Group IT Infrastructure Relocation of Services - \$400K

As a result of the Club having to vacate its Pitt Street premises for Re-development, the group is required to relocate all its IT infrastructure, Cyber Security Protocols and Connectivity to a central location. From this location, the Club will be able to run all other satellite venues via internet without the need to have duplication of services at each venue.

Boonoona Ski Lodge - \$200K

At the end of the 2022 Ski season, the Club will immediately commence the removal of the oil tanks that used to service the lodge's heating system. We will concrete the driveway, which has suffered considerable erosion over years and will continue with any internal and external repairs, which could include demolishing and rebuilding the entry columns which are now compromised.

The Club will also submit an application for the erection of a deck outside the lounge room for the future activation of the Lodge in Spring and Summer.

The Barracks - 300K

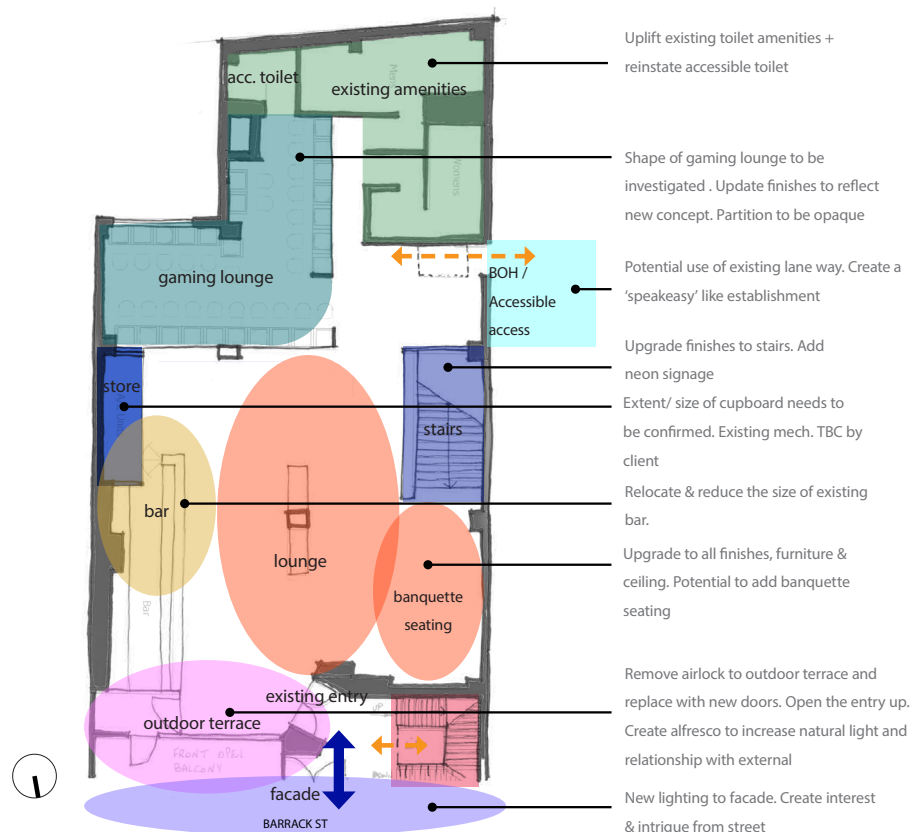
A cosmetic upgrade is currently being worked through by our interior's advisors at Geyer with a view to make the entry to Barracks more appealing to passing traffic. The cosmetic upgrade also considers some small yet much needed improvements to the basement area.

Zoning Ground Floor

Not to scale

Legend

- ACC access
- Building entry / exit
- Food & Beverage
- Gaming
- Amenities
- Bar
- Not in project scope
- Outdoor terrace
- Lounge / seating area
- BOH / Staff
- Facade



Sketch Planning Under Ground

Not to scale

Legend

- ← → ACC access
- Food & Beverage
- Amenities
- Bar
- Not in project scope
- Lounge / seating area
- FOH Kitchen Counter
- Stage
- BOH/ Staff



Look & Feel Ground Floor



- contemporary feel
- open up the space to the outdoor terrace
- bring the natural light in to create an inviting and fresh environment during the day
- warm lighting to create a comfortable, warm and approachable space at night
- use of marble, render and warm materials
- comfortable seating

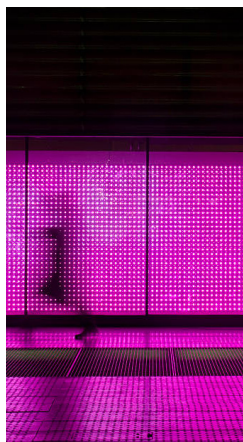


Look & Feel Stairwell

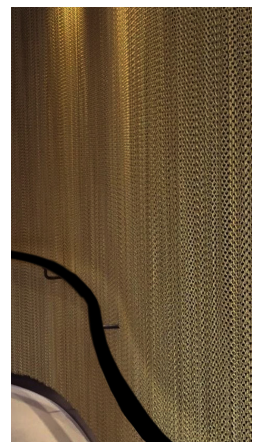


- instagramable moment
- surprise and discovery
- fun and quirky

Look & Feel Gaming Lounge Wall Options



option 1
curved media/ LED screen that displays current sport etc.

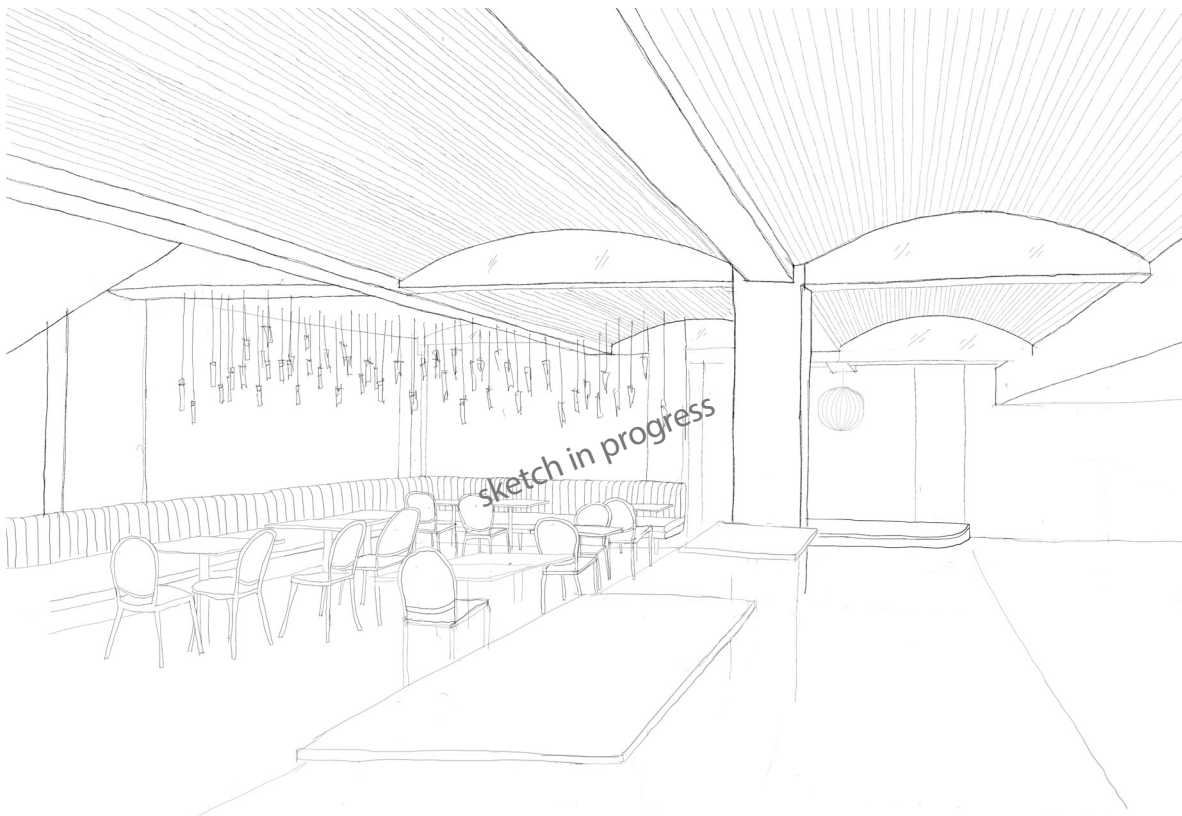
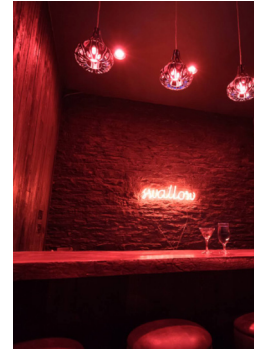
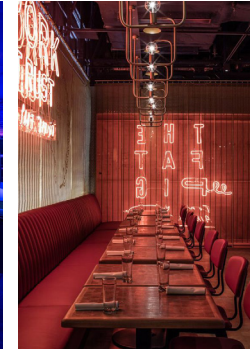


option 2
metal mesh screen. solid yet can see movement / lighting behind

Look & Feel Under Ground



- dark, quirky, fun, intimate
- neon lighting
- pops of colour
- hero the barrel-vaulted ceiling
- dark oak timber joinery
- marble benchtops
- featured black and white tiled checker floor



Profit Forecast for 2022 v/s 2021 Actual

| | 2022 Forecast | 2021 Actual | Var | Var % |
|--------------------------|---------------|---------------|---------------|-------|
| Revenue | \$ 26,563,413 | \$ 16,389,701 | \$ 10,173,712 | 62% |
| Expenses | \$ 26,751,922 | \$ 20,074,521 | \$ 6,677,401 | 33% |
| Profit/(Loss) Before tax | -\$ 188,509 | -\$ 3,684,820 | \$ 3,496,311 | -95% |

Profit Comparison as at 30th April 2022 v/s Budget and 2021 (4 Months)

| | 2022 Actual | 2022 Forecast | Var | Var % |
|--------|---------------|---------------|-------------|-------|
| Profit | -\$ 1,554,008 | -\$ 1,136,542 | -\$ 417,466 | 37% |

2022 Year to Date Compared to Budget

| | Increase | % |
|---------------------------|-------------|------|
| Gaming Revenue | \$ 343,298 | 7% |
| Food and Beverage Revenue | -\$ 236,178 | -17% |

Total Assets as of 30th April 2022

| | Apr-22 | Dec-21 | Var |
|-------------------|----------------|----------------|---------------|
| Total Assets | \$ 128,621,509 | \$ 128,747,848 | -\$ 126,339 |
| Total Liabilities | \$ 48,840,944 | \$ 47,474,404 | \$ 1,366,540 |
| Net Assets | \$ 79,780,565 | \$ 81,273,444 | -\$ 1,492,879 |

Total Loans as at April 2022

| | Apr-22 | Dec-21 | Var |
|--------------------------------------|---------------|---------------|--------------|
| Bank Overdraft (net of all accounts) | \$ 289,715 | \$ 381,163 | -\$ 91,448 |
| Leasing | \$ 723,818 | \$ 920,736 | -\$ 196,918 |
| TCCL Loan | \$ 1,798,730 | \$ - | \$ 1,798,730 |
| Commercial Bills (CBA) | \$ 1,162,500 | \$ 1,162,500 | \$ - |
| sub total | \$ 3,974,763 | \$ 2,464,399 | \$ 1,510,364 |
| ICD Loan (Non Interest Bearing) | \$ 24,000,000 | \$ 24,000,000 | \$ - |
| TOTAL | \$ 27,974,763 | \$ 26,464,399 | \$ 1,510,364 |

CPI Increase

| | 2021 | CPI Increase 3.10% | New |
|------------------------------|---------------|-----------------------|---------------|
| Individual Building Job | \$ 2,211,398 | \$ 68,553 | \$ 2,279,951 |
| Interest Bearing Liabilities | \$ 8,100,423 | \$ 251,113 | \$ 8,351,536 |
| Airspace Development | \$ 40,936,093 | \$ 1,269,019 | \$ 42,205,112 |

Proposed Capital Works Expenditure

Under the City Tattersalls Club Act. The Club is allowed to conduct capital works to the extent of \$2,279,951 for “Each job” as indexed by CPI each year. Our budgeted Capital Works to total expenditure for 2021 which includes, works to:

1. Each “job” will be reviewed and managed dependent on cashflow and revenue targets being met.
2. Wherever possible each job will be paid for from cash-flow, however circumstances may require the overdraft facility or other borrowings to be utilized.
3. Interest Bearing Liabilities can only reach a maximum of \$8.35M.

Priorities for the Year Ahead

The diagram below aims to summarise a raft of priorities the group is currently working and will continue to work on to achieve our strategic objectives for 2022.

1

Setting up St James with a proposed opening date of August 2022.

2

Successfully vacate Pitt Street by the agreed handover date with the Developer. At the time of this report, the indicative handover date is 31 May, but this could be delayed. We are awaiting on ICD Property to provide formal notification.

3

Finalise base-build, fit-out cost and escalation costs estimates relating to the airspace project. The developer is currently progressing this work with the jointly appointed QS and have committed to have cost numbers presented by the second week of June 2022.

4

Sale of Hotel documentation and Tax Advice work to be completed.

5

Incorporation of City Tattersalls Club as a Company. We are working with Government and Industry on how to best achieve this outcome without compromising the Club’s current pre CGT exceptions status. A new constitution will in time need to be drafted.

6

Feasibility Study for a Proposed Re-Development Opportunity with The Combined Services RSL Sub-Branch. We are currently exploring the best future use and configuration of the existing building. Should this opportunity progress further, the Club will come back to Members with an appropriate information memorandum.

7

Lodge Club Fitout DA by Mid 2022.

8

Explore other strategic alignments to facilitate Execution of Group Strategic Growth and Diversification.

9

Launch new Membership Value Proposition.

10

Explore collaboration opportunities with Council and other Cultural and Community based organisation to grow the brand and apply for Government Grants where possible.

11

Continue to foster and develop a High Performing Culture.



Marcelo A. Veloz

Group CEO

Management's Report

Dear Members, despite the unprecedented loss recorded for the financial year ending 31 December 2021, I am pleased to present to you the Annual Financial Report for the City Tattersalls Group.

Being able to simply present this report to members, is a major sign that the Club was able to survive the second wave of the COVID 19 Pandemic, a period that would again see the Club closed for the best part of 4 months, making 2021 one of the most challenging years our Club and the City have ever experienced, as Government support for this period was absent.

Despite the loss achieved in 2021 and a very slow start to the first quarter of 2022, we are confident of better times ahead and we are ready to think boldly and explore boundlessly new opportunities to improve performance and create a brighter future for our Club and members

What follows in this report is a summary of the key highlights from 2021.

Fostering Opportunity

As you would be well-aware City Tattersalls Club and the Castlereagh Club amalgamated in early 2021, this not only provided our members with an interim club facility well ahead of having to leave our Pitt Street site, but also gave members an alternate venue to experience and enjoy over the re-development period.

Financial Results - Overall Result

The Club's operating revenues exceeded operating expenses, yielding earnings before financing costs, depreciation, and income tax of \$591.8 thousand. Overall, the Clubs result prior to impairments was a net loss result of \$3.68 million. This result as you are aware was heavily impacted with the closure of the Club due to the COVID-19 pandemic for approximately 4 months and subsequently in mid-December during one of our busier times of the year.

Total net assets decreased \$17.61 million or 17% since the year ended 31 December 2020 to an ending value of \$81.27 million as at 31 December 2021. The decrease in total net assets is affected by the impairment result in valuation of land and building of \$19.62 million. The assets and liabilities acquired with the amalgamation of The Catholic Club Limited was a positive result in equity of \$5.69 million.

Operating Revenues and Expenses

Operating revenues for Financial Year 2021 (FY2021) were \$16.39 million, a decrease of \$331.6 thousand, or 2.0%, from Financial Year 2020 (FY2020). Operating expenses through to 31 December 2021 totalled \$15.80 million, a 6.0% or \$891.7 thousand increase from FY2020.

FY2021 Operating Revenues

The decrease in operating revenues stems primarily from the decrease in Government income support during the Covid enforced closure of the Club on 26 June 2021. The Club reopened on 11 October 2021. Other revenues decreased \$1.27 million or 42.7% compared to FY2020.

Operating revenues for rendering of services increased \$310.6 thousand or 2.6% to \$12.37 million when compared to FY2020.

Revenue from sale of goods for FY2021 increased approximately 37.4% or \$630.7 thousand from FY2020 to \$2.32 million. This reflects increase in visitation of our members and guest post Covid lock down.

FY2021 Operating Expenses

Entertainment, marketing, and promotional costs represented the single largest category of expenses to increase by \$709.7 thousand or 72.2% compared to prior year. These costs increased due to the Club promoting heavily to ensure patronage returned to our venues once the club reopened as a result of lifting the COVID-19 pandemic restrictions.

Looking Ahead

The Club completed its amalgamation with Barracks on Barrack on 11 February 2022 which provides our members an additional venue to visit and enjoy during our redevelopment of the Pitt Street clubhouse.

It is an important milestone for the Club, as we continue to build the Club Group befitting our members culture of excellence.

We have exceptional support in this mission, thanks to our members.

Sincerely,



Milorad Sekuljica

Group CFO