



Members' Copy of AGM Proceedings and Reports

1. Opening

Patrick Campion – Chairman
Quorum 30 Voting Members.

2. Apologies

Laurie Coy # 1577, Kevin Smith # 6528, Charles Anscombe #6528, Dianne Anscombe # 48107, William Hurley # 7389, Bob Little # 10934, Michael Cossetto # 67491, Peter Walford # 625, Ian McLennan #14491, Jim Chen #14721.

3. Minutes

For Members to receive, review and confirm the minutes of the Annual General Meeting held on 23/05/2022, in accordance with section 20.3 (a) of the Club's Rules Attached.

4. Election Results

At the close of nominations at 5pm, Wednesday 12 April 2023 only the required number of nominations were received and accepted, and a ballot was not necessary.

The following candidates were therefore elected unopposed:

- Brian Patterson (TCCL Director)
- Christopher Foy (TCCL Director)

From the conclusion of the 2023 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	Brian PATTERSON (TCCL)
Elected	Group 2	Christopher FOYE (TCCL)
Elected	Group 3	Patrick CAMPION
Elected	Group 3	Paul CAVALLARO
Appointed		Roderick FAULKNER
Appointed		John MOGAN (TCCL)



T: 02 9267 9421
F: 02 9261 3593



194-204 Pitt Street
Sydney NSW2000



members@citytatts.com.au
ABN: 44 004 054 353

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5. Financial Report and Auditors Report

Attached as required under section 20.3 (b) & (c) of the Club Rules.

6. Financial Questions

The only set of financial questions received was from member Michael Nolan and these have been answered to Mr. Nolan's satisfaction.

7. Matters for Discussion

There were no matters for discussion submitted by members, in accordance with section 20.3 (d) of the Club's Rules.

8. Amalgamation Offers in the previous 12 months

The Club pursued an amalgamation opportunity with Dural Country Club, however we were not successful.

9. Management Report

I hereby present members on behalf of the Board of the Club with a detailed summary of the annual financial report for the City Tattersalls Group for the year ended 31 December 2022.

It is well documented that 2022 certainly had its challenges, impacting not only our Club, but the entire hospitality industry and other sectors.

One of the major challenges we faced in 2022, was a four-month delay in obtaining the liquor and gaming license for The St James after Government agencies received an objection from a local business, we never expected would object to our application. Not being able to trade during those four months from the day we left Pitt Street cost City Tatts more than \$4,000,000 in gaming revenue, which had a direct and substantial impact on our end of year result.

Since then, and after experiencing what is typically the softest first three trading months of the year in 2023, we have had to make some hard decisions internally and restructure our Club to endure what has been a 40% decline in gaming revenue.

Despite the challenges we all face, the team is committed to continue to find ways to reduce costs, increase revenue across the three venues, so we can continue to provide members with the facilities and services they enjoy, until the new clubhouse opens in Pitt Street.



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Financial Results

Overall Result

The Club's operating revenue exceeded operating expenses, yielding earnings before financing costs, depreciation, and income tax of \$627.1 thousand. Overall, the Club's result prior to impairments was a net loss of \$4.35 million. This result, as you are now aware, was heavily impacted by the objection received which delayed our opening of St James. After leaving Pitt Street at the end of July 2022 to provide early access to our development partners ICD/FS.

Total net assets decreased by \$10.91 million or 13% since the year ended 31 December 2021 to an ending value of \$70.69 million at 31 December 2022. The decrease in total net assets is affected by the impairment result in valuation of land and building of \$5.83 million. The assets and liabilities acquired with the amalgamation of Barracks on Barrack was a deficit result in equity of \$428.5 thousand.

Operating Revenues and Expenses

Operating revenue for the Financial Year 2022 was \$20.59 million, an increase of \$4.2 million, or 25.6%, on the Financial Year 2021. Operating expenses for the year to 31 December 2022 totalled \$19.96 million, a 26.4% or \$4.16 million increase from 2021.

FY2022 Operating Revenues

The increase in operating revenue stems primarily from the increase in trade performance prior to the closure of Pitt Street Clubhouse in July 2022, compared to FY2021, and the continuous increase in trade at The Castlereagh.

It is important to remember that the Group performance in 2021 was heavily impacted with the enforced closure of the Club on 26 June 2021 due the pandemic.

The Club reopened on 11 October 2021. Other revenues increased by \$418.1 thousand or 25.6% compared to FY2021.

Operating revenues for rendering of services increased by \$2.05 million, or 16.6%, to \$14.42 million when compared to FY2021.

Revenue from sale of goods for FY2022 increased approximately 74.7%, or \$1.73 million on FY2021 to \$4.04 million. This reflects the increase in visitation of our members and guests post the Covid lock down.



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FY2022 Operating Expenses

Property expenses represented the single largest category of expenses with an increase of \$1.03 million, or 35.1%, compared to prior year. These costs increased due to the need to lease properties to provide members with alternate venues during the redevelopment of the Pitt Street Clubhouse.

Looking Ahead

The Club will continue to explore prospects during our redevelopment of the Pitt Street clubhouse for our members as we continue to build the Group befitting our members culture of excellence.

We have exceptional support in this mission, which is with much gratitude and thanks to our loyal members.

Milorad Sekuljica
Group CFO



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Key Information for Members (20.6 of the Club Rules)

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:


Programmed Expenditure relating to improving, repairing, renovating, or rebuilding the Club Premises over the 12 months following the meeting: \$350K.


	Approved in 2022	Actual Spent in 2022	2023 Carry over	2023 Budget
A The St James	\$ 500,000	\$ 500,000	\$ -	
B The Castlereagh Club & World Gym	\$ 100,000	\$ 100,000	\$ -	\$100,000
c IT Infrastructure	\$ 400,000	\$ 318,084	\$ 81,916	
D Boonoona Ski Lodge	\$ 200,000	\$ 62,886	\$ 137,114	\$200,000
E The Barracks	\$ 300,000	\$ 42,130	\$ 257,870	\$ 50,000
	\$ 1,500,000	\$1,023,100	\$ 476,900	\$350,000

B) The \$100K provision for The Castlereagh works is to be used for small upgrades to the Sports Bar and the commissioning of a steam room in the World Gym Basement.

D) The \$200K to be used at Boonoona is to cover expenses that will enable the Club to comply with the removal of the oil tanks (via crane) and the removal of contaminated soil and replacement of that soil with clean soil to rectify contamination issues.

E) The \$50K provision for the Barracks is to acquire additional kitchen equipment for the kitchen facilities in the basement for a new food offering.

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Director Meeting Attendance

In accordance with section 20.3 of the Club Rules, below is a detailed summary of Director attendance at meetings.

Board Meetings	Campion	Cavallaro	Berry	Faulkner	Niven	Kalyanakumar	Foye	Patterson	Mogan
25-Jan-22	✓	✓	✓	✓	✓	✓	✓	✓	✓
28-Feb-22	✓	✓	✓	✓	✓	✓	✓	✓	✗
28-Mar-22	✓	✓	✓	✓	✓	✓	✓	✓	✓
27-Apr-22	✓	✓	✓	✓	✓	✓	✓	✓	✓
24-May-22	✓	✓	✓	✓	✗	✓	✓	✓	✓
27-Jun-22	✓	✓	✓	✓	✓	✗	✓	✓	✗
25-Jul-22	✓	✓	✓	✗	✓	✓	✓	✓	✓
29-Aug-22	✓	✓	✓	✓	✓	✓	✓	✓	✓
28-Sep-22	✓	✓	✓	✓	✓	✓	✓	✓	✓
31-Oct-22	✓	✓	✓	✗	✓	✓	✗	✓	✓
28-Nov-22	✓	✓	✓	✓	✓	✓	✓	✗	✓
12-Dec-22	✓	✓	✓	✓	✓	✓	✓	✓	✓
AGM									
24-May-22	✓	✓	✓	✓	✓	✓	✓	✓	✓
Director Training & Strategy									
Board Strategy Day	✓	✓	✓	✓	✓	✓	✓	✓	✓
RCG Training	✓	✓	✓	✓	✓	✓	✓	✓	✓

Sub Committee Meetings			
Finance & Air Space	Campion	Cavallaro	Berry
21-Jan-22	✓	✓	✓
24-Feb-22	✓	✓	✓
23-Mar-22	✓	✓	✓
22-Apr-22	✓	✓	✓
19-May-22	✓	✓	✓
20-Jun-22	✓	✓	✓
22-Jul-22	✓	✓	✓
25-Aug-22	✓	✓	✓
26-Sep-22	✓	✓	✓
27-Oct-22	✓	✓	✓
28-Nov-22	✓	✓	✓
9-Dec-22	✓	✓	✓



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Forecast for 2023 v/s 2022 Actual

	2023 Forecast	2022 Actual	Var
Revenue	\$ 22,890,997	\$ 21,776,505	\$ 1,114,492
Expenses	\$ 21,771,158	\$ 25,744,063	-\$ 3,972,905
Profit/(Loss) Before tax	\$ 1,119,839	-\$ 3,967,558	\$ 5,087,397

Profit Comparison at 30th April 2023 v/s Budget and 2022 (4 Months)

	2023 Actual	2023 Forecast	Var	2022 Actual	Var
Profit	-\$ 249,032	-\$ 732,144	\$ 483,112	-\$1,577,658	1,328,626

2023 Year to Date Compared to Budget


	Decrease
Gaming Revenue	-\$ 1,674,777
Food and Beverage Revenue	-\$ 458,933


Total Assets at 30th April 2023

	Apr-23	Dec-22	Var
Total Assets	\$ 114,973,874	\$ 114,219,378	\$ 754,496
Total Liabilities	\$ 38,289,745	\$ 37,286,217	\$ 1,003,528
Net Assets	\$ 76,684,129	\$ 76,933,161	-\$ 249,032

Total Loans at April 2023

	Apr-23	Dec-22	Var
Bank Overdraft (net of all accounts)	\$ 1,716,110	\$ 381,163	\$ 1,334,947
Leasing	\$ 1,617,781	\$ 1,386,761	\$ 231,020
TCCL Loan	\$ 1,700,000	\$ 1,200,000	\$ 500,000
Commercial Bills (CBA)	\$ 1,162,500	\$ 1,162,500	\$ -
Sub Total	\$ 6,196,391	\$ 4,130,424	\$ 2,065,967
ICD Loan (Non Interest Bearing)	\$ 24,000,000	\$ 24,000,000	\$ -
TOTAL	\$ 30,196,391	\$ 28,130,424	\$ 2,065,967

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CPI Increase 2023

	2022	CPI Increase 7.60%	New
Individual Building Job	\$ 2,277,692	\$ 173,105	\$ 2,450,797
Interest Bearing Liabilities	\$ 8,351,536	\$ 634,717	\$ 8,986,253
Airspace Development	\$ 42,163,284	\$ 3,204,410	\$ 45,367,694

Proposed Capital Works Expenditure

Under the City Tattersalls Club Act. The Club is allowed to conduct capital works to the extent of \$2,450,797 for "Each job" as indexed by CPI each year. Our budgeted Capital Works to total expenditure for 2023 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 \$8.98M.

Priorities for the Year Ahead

The diagram below aims to summarise a raft of priorities the group is currently working on and will continue to work on to achieve our strategic objectives for 2023.



Marcelo A. Veloz
CEO



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F: 02 9261 3593



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10. Proposed Resolutions at AGM

Resolution 1 - Approving Life Members

That the members hereby ratify the immediate appointment of the 99 members whose names appear on the club's website to Life Membership under clause 37.1 of Club's Rules and approve for the club to present these members with their Life Membership and a gift at a catered event.

The members acknowledge that the benefits above are not available to members generally, but only for those who become Life Members at the Annual General Meeting held in 2023.

Explanatory Note

Under clause 37.1 of the Club Rules, a member will automatically become a Life Member if they have been a Gold Member for at least forty consecutive years.

Traditionally, each year the club holds a lunch for all members who achieve Life Membership and presents them with a gift.

This resolution is to ratify the appointment of those members who have achieved Life Membership and to approve the club presenting those members with a gift at a catered event.

The present Board recommends the proposed resolution.

Resolution 2 - Honorarium

That the members hereby approve:

- (a) The payment of the following honorariums to Directors of the club (plus the superannuation contributions payable by the club under legislation) for services as directors of the club from the Annual General Meeting held in 2023 until the Annual General Meeting held in 2024:

Office	Honorarium	Superannuation
Chair	\$20,000	\$2,100
Vice-Chair	\$15,000	\$1,575
Director	\$8,000	\$840

- (b) Such honorariums to be paid on a pro-rata basis, if a Director only holds office for part of the term.
- (c) The members acknowledge that the benefits in (a) above are not available to members generally, but only for those who are Directors of the club. A Director may or may not wish to take up their honorarium
- (d)

Explanatory Note:

Resolution 2 is to have members approve honorariums to be paid to Directors (plus the superannuation contributions payable by the club) for duties performed by them during the period until the AGM held in 2024.

Clauses 5.3 and 18.2 of the Club Rules allow the club to pay the Directors an honorarium, but only when approved by a resolution passed at a general meeting.

The proposed honorarium takes into account changing circumstances of the club including the further increase in the complexity of the club's operations and the resultant increase in what the club needs and expects from Directors. The payment of an honorarium to directors of a club is very common.

The amount of the proposed honorarium is consistent with the honorariums paid to Directors of other similar-sized clubs and with the honorariums approved by members of the club to be paid to each Director last year.

Each individual Director can choose whether to accept or decline the honorarium. If a Director holds office for part of a term, the honorarium paid to that Director will be paid on a pro-rata basis (which means the Director will only receive part of the honorarium).

The present Board recommends the proposed resolution.

Resolution 3 - Expenses

That the members hereby approve:

- (a) the payment or reimbursement by the club of the following benefits to the Directors to support them in the performance of their office and duties:
- (i) reasonable food and refreshments, parking, and communication, and information technology;
- (ii) director education and training (including memberships) in connection with representation of the club, or attendances (including with partner, where the Board deems appropriate) at events, professional conferences, and seminars, or on study tours (including where the Board deems appropriate, internationally);
- (iii) reimbursement of out-of-pocket expenses reasonably incurred by a Director in travelling

between his or her usual residence or a place of work and the club's premises for the purposes of attending any meeting of the Board or a Board Committee (including taxi fares and where appropriate and the circumstances permit, reimbursement for motor vehicle use on a mileage basis at the rates approved from time to time by the Australian Taxation Office as reasonable for taxation purposes, air fares, and overnight accommodation and associated expenses);

- (b) The members acknowledge that the benefits in (a) above are not available to members generally, but only for those who are Directors of the Club

Explanatory Note:

It is necessary and appropriate for the Directors to be active in performing their duties and pursuing the club's success.

Directors' out-of-pocket expenses reasonably incurred while carrying out their duties can already be authorised by the Board. However, the proposed resolution in the interest of transparency makes disclosure of some of the types of expenses likely to be incurred.

The proposed resolution takes into account the still changing circumstances of the club including the further increase in the size and complexity of the club's operations and particularly, the continuing likelihood that the Board will need to plan for one or more major new projects.

Resolution 4 - Fitness Centre Memberships

That the members hereby approve:

Complimentary gym fees for their services provided to the fitness centre.

- Brian Adams
- Matthew Kayrooz
- John Lawler
- Patrick McVicar
- Anthony Russo
- Glenn Riley

Explanatory Note:

Resolution 4 is to have members approve complimentary memberships for duties and services provided to all members at the fitness centre. The members acknowledge that complimentary fitness centre memberships are not available to members generally, but only for those who have been approved at the Annual General Meeting held in 2023.

Resolution 5 - Changes to the Airspace Development approvals granted by members at the special meeting held in 2015.

Airspace Development

To consider and if thought fit, pass the following resolution, despite and in addition to the consents and approval already given by the members on 8 December 2015, 31 July 2020 and 22 November 2021:

Having noted:

- The members passed a resolution on 8 December 2015 to proceed with a major redevelopment of the Club's premises involving the design and construction of new Club premises, a hotel, various other commercial spaces and a residential tower on the Club's property at 194-204 Pitt Street, Sydney (Project), as set out in the then proposed Development Management Agreement (DMA) between ICD SB Pitt Street Pty Ltd ACN 605 393 397 (now known as v5 Pitt Street Pty Ltd) (Developer) and the Club, and as described in more detail in the Explanatory Memorandum accompanying the Notice of Meeting for the Special General Meeting held on 8 December 2015;
 - The DMA has been amended on several occasions since 8 December 2015;
 - The design for the Club premises has changed since 8 December 2015 and some of the facilities that the Club intended to include in the new Club premises will no longer be provided;
 - The cost of construction has increased significantly since 8 December 2015, in particular post the pandemic and the amount to be spent on the new premises will be substantially more than originally estimated; and
 - The underlying business case for a Club model as presented in 2015 as part of the Project is now compromised in 2023 considering, imminent changes to gaming regulation over the next 5 years, a changing CBD environment post the Pandemic and economic uncertainty.
 - The Board of the Club needs flexibility to ensure the Project can be delivered in a way that minimises debt for the Club.
- 5.1 The members give CONSENT to the Board in the name of the Chairman, on behalf of and for the purposes of the Club, to amend the DMA, the plans for the new Club premises (including the facilities to be made available to members) or any other document entered into by the Board in the name of the Chairman in connection with the Project (Project Documents), as the Board may

Proposed Resolutions at AGM Continued

- 5.1 consider necessary, and in the best interest of the Club and its members.
- 5.2 The members give CONSENT to the Board in the name of the Chairman, on behalf of and for the purposes of the Club, **to borrow and/or raise** an amount of up to \$76,000,000 (annually adjusted), including funding costs, from a financier approved by the Board in its discretion, through one or more facilities, with or without security over any or all of the lands or other assets of the Club, and to redraw, repay or refinance those facilities for the purpose of any one or more of the following:
- (a) constructing, improving, repairing, renovating, rebuilding and/or fitting out the premises of the Club in accordance with the DMA (as amended), the plans approved by the Board (as may be amended from time to time); and/or
 - (b) paying the development costs of the Club incurred in respect of the Project.
- 5.3 The members give CONSENT to the Board in the name of the Chairman, on behalf of and for the purposes of the Club, to **expend funds** of the Club now or in the future accruing or accumulating up to a maximum amount of \$76,000,000 (annually adjusted) and excluding costs incurred to date to construct, improve, repair, renovate, rebuild and/or fit-out the premises of the new Club premises in accordance with the DMA (as amended) and the plans approved by the Board (as may be amended from time to time).
- 5.4 The consent given by members under this resolution **is subject to the Club:**
- (a) **retaining** its interest in those parts of the Pitt Street premises, which it is entitled to retain under its agreements with the Developer in respect of the Project (including the DMA); but **excluding** the 194 Pitt Street building, which the Club aims to sell to reduce overall debt levels, and
 - (b) **not buying other real property unless it obtains the approval of members.**

For the purposes of this resolution 5:

'annually adjusted', in respect of a monetary amount, means adjusted on 1 January of each year in accordance with the

greater of the annual percentage increase (if any) in the Consumer Price Index and the annual percentage increase (if any) in the cost of building and construction materials as determined by the Club's quantity surveyor.

'Consumer Price Index' means the number appearing in the Consumer Price Index (All Groups Index) for Sydney issued by the Australian Statistician.

Explanatory Note:

The Fitout scheme for the new Club continues to evolve and since the Hotel Paper was shared with members in 2022, this has increased in costs by some \$11M.

A large component of the costs increase relates to the post COVID impact over supply chain, geopolitical events including the war in Ukraine, changes to employment conditions locally and the lack of available trades as well as the collapse of some major construction companies in Australia.

In addition to the above external factors, internal design changes made to the Club Fitout to ensure "the best club of the future" have also contributed to the increased costs.

The approvals granted by members back in 2015, relating to borrowings and expenditure are simply not enough to deliver a project of this scale and complexity.

Whilst the Board may decide to only fit-out level 1 and may call upon those interested in running the Lower Bar and Grill, The Events Space in level 2, the Gym on level 3 and the Exclusive members lounge on level 4 to pay for the Fitout. Landlord contributions for those works will still need to be considered in our workings, hence the need to increase our borrowing and expenditure limits to the amounts noted above.

Resolution 6 - Approval to Buy Real Property

To consider and if thought fit, pass the following resolution:
Having noted:

- The significant downturn in the frequency of people attending the CBD since 2020, as a result of the flexible working from home arrangements that many office workers now have, and the impact this has had on trade on Thursdays and Fridays (which used to be our best trading days) across the Club's venues.
- The need for the Board of the Club to have the authority and flexibility to optimise the value of its Pitt Street

premises (including by sale of, or by entering into long term leases/licences for the various levels of its Pitt Street premises) and seek alternate venues elsewhere, either in or outside the CBD, and other more sustainable business and/or investment options.

- 6.1 If the Board of the Club decides to sell all or part of those parts of the Pitt Street premises which it is entitled to retain under its agreements with the Developer in respect of the Project (including the DMA), the members give CONSENT to the Board in the name of the Chairman, on behalf of and for the purposes of the Club, to use the proceeds of that sale and/or borrow and/or raise an amount of up to \$60,000,000 (annually adjusted), from a financier approved by the Board in its discretion, through one or more facilities, with or without security over any or all of the lands or other assets of the Club, and to redraw, repay or refinance those facilities for one or more of the following purposes:

- (a) purchasing real property, either in or outside the Sydney CBD, as determined by the Board from time to time; and
- (b) constructing, improving, repairing, renovating, rebuilding and/or fitting out the premises on any real property acquired, as determined by the Board from time to time.

- 6.2 If the Board of the Club decides to sell all or part of those parts of the Pitt Street premises which it is entitled to retain under its agreements with the Developer in respect of the Project (including the DMA), the members give CONSENT to the Board in the name of the Chairman, on behalf of and for the purposes of the Club, to expend funds of the Club now or in the future accruing or accumulating up to a maximum amount of \$60,000,000 (annually adjusted) to purchase real property, either in or outside the Sydney CBD, as determined by the Board from time to time, and/or to construct, improve, repair, renovate, rebuild and/or fit-out the premises on any real property acquired, as determined by the Board from time to time.

For the purposes of this resolution 6:

'annually adjusted', in respect of a monetary amount, means adjusted on 1 January of each year in accordance with the greater of the annual percentage increase (if any) in the Consumer Price Index and the annual percentage increase (if any) in the cost of building and construction materials as determined by the Club's quantity surveyor.

'Consumer Price Index' means the number appearing in the Consumer Price Index (All Groups Index) for Sydney issued by the Australian Statistician.

Explanatory Note:

Since the Pandemic, a lot has changed in the CBD, especially around the frequency in which people attend workplaces in the CBD.

The new flexible working from home arrangements have certainly impacted trade on Thursdays and Fridays (which used to be our best trading days) across the Club's venues, but also across other industries such as office rentals, which are experiencing weaker yields. This is one space that is expected to suffer even more in the second half of 2023.

The fitness industry (in the CBD) has also been adversely impacted over the past two years with a number of large scale gyms in the CBD closing, or being sold at nominal sale price.

Other key factors impacting consumer expenditure in the CBD by 'middle income earners' who are the heartbeat of the Club, are:

- a) The impact of 10 consecutive interest rate rises over mortgage repayments
- b) General increases on cost of food
- c) Increased gas prices
- d) Electricity costs projected to increased by a further 20%
- e) No movement up on real wages and
- f) Significant increases on rental payments and
- g) Imminent changes to gaming legislation as presented by both sides of politics.

With this in mind, and given the Club has already secured and offers alternate facilities in the CBD to deliver essential services to members (eg The Castlereagh, The Barracks and St James), the Board needs flexibility to consider the changing CBD environment, and whether the Club should optimise the value of its Pitt Street premises and seek alternate venues elsewhere, either in or outside the CBD, and other more sustainable business and/or investment options.