

Hello members

It's hard to believe, isn't it, that another year has come and gone already? We've certainly been busy here at your club, and I'm sure you have too. Life seems very busy for us all these days. Two enormous projects which have created a lot of interest amongst members, and plenty of work for our team here, are the construction of our hotel, Encore by Mingara and the rebuilding of our club The Greens The Entrance. As I write this report, both projects are well underway and are looking like coming online prior to Christmas.

As I reported in last year's report and at the Annual General Meeting, our hotel, Encore by Mingara will be an 86 room, 4 level hotel operated by your Club. We've long held the view a hotel would be a great addition to the offering here at Tumbi Umbi, and now is the time to activate our plans. The expected cost of the hotel will be \$24.5m and we are debt funding the project with our banking partners, Westpac. Local building company Red Eye Constructions are building the hotel for us, and they are doing a exceptional job.

All members of our group have been provided with the opportunity to be the first to book a stay at our hotel from January 31 2025 and experience some rest and relaxation.

The Greens The Entrance club construction is well underway. The synthetic bowling greens together with the bowls covers are complete, and the bowlers returned to take up their sport from August this year, to which they were very excited! Construction of the club is also well advanced and on track for a pre-Christmas opening. Members of The Greens The Entrance have been very patient and are now very excitedly awaiting the opening of their new club. We expect the new club to be well received by the local community and also by visitors to the Central Coast in the period around Christmas and January.

The cost of the bowls facility was \$2.5 million and the club construction will be \$18.1 million. It has been a long road since the fire in March 2020, however the wait will be worth it and we are also very excited to see the new club open. Collaborative Constructions, another Central Coast builder are undertaking this project for us, and they too are doing a great job.

At the main club site, we are still awaiting approval of the development application for the Early Learning Centre from Central Coast Council. The need for childcare in the local area is at a desperate stage and this 110 place centre will be well received by parents of young children in the local community. As soon as we receive approval, we would like to proceed with the construction to open this centre as quickly as possible. Not only is it a sound commercial venture for your club to invest in, it will also make a very significant contribution to the quality of community life by supporting local families.

Last year we made the announcement it is our intention to develop a retirement living precinct on the Tumbi Umbi site. We have a significant reserve of land, and it has long been our intention to develop a product that not only fits comfortably within our Vision, but also creates a long-term revenue stream for the club.

We have partnered with a company called Pariter who have extensive experience at developing and managing these types of developments. The proposed development sees the creation of 230 private

residences and a 39 high care bed facility. The development costs of the entire project will be in the vicinity of \$250 million and will be developed progressively over the coming four to five years. The development application for this project has been lodged however we do anticipate approval will take at least 12 months.

Our fitness centre, One by Mingara continues to trade well and we have invested in this key facility of the club to ensure our members have access to the state of the art fitness equipment on the market. During the course of the year, over 2 separate stages, we upgraded equipment to the tune of \$1.5 million. These improvements have been extremely well received by members who utilise the gym.

Gaming continues to be a significant proportion of the clubs' revenues across all of our sites, despite our efforts of continuing to seek other opportunities to reduce our reliance on gaming. The privilege to operate gaming continues to be the subject of ever-increasing regulation and scrutiny by the Government and remains under pressure from sections of our community who do not approve of people's personal right to enjoy a flutter.

The NSW Government have introduced substantial changes via the new Gaming Code of Practice with the initial changes occurring from July this year. Further changes will also occur throughout the course of the next 12 months. Many of those changes are reasonable and we support them, however all of the changes do create further processes as well as time and effort on the part of our team. We will always support change which helps minimise any negative impacts of gambling and in removing any likelihood of potential money laundering.

Another very significant project we have been working on throughout the course of the year has been the revision of your Club's Constitution. The Club's Constitution is the overarching set of guidelines through which your club is governed and operated. The changes proposed by your board of directors and to be presented to the members at this year's Annual General Meeting, have been thoroughly considered and heavily scrutinised in the interest of protecting your club and our members. Many of the changes reflect the ever-changing world we live in, in relation to legislation and changes in the digital space. The changes to the Constitution are very important and should be well considered by our members.

Throughout the year as I've talked to members and spoken to various members of our team, the consistent topic has been around the ever-increasing cost of living. The impact of inflation and rising prices has been well documented however, your club has not been immune from the impact. Our cost of operating our clubs has continued to increase, the team deservedly received increases to their wages and our energy costs continue to rise substantially. Additionally, as our members face financial pressures their ability to go out to socialise and utilise our beautiful clubs has come under pressure and as a result revenues have seen some decline.

Despite this, we have managed to achieve a good financial result for the 2023/2024 financial year. Our EBITDA increased from \$15.4m to \$15.8m an increase of \$0.4m or 2.59%. Given the state of the economy generally, we are pleased with our performance this year despite net profit declining from \$7.007m to \$6.16m decrease of \$846,000 or 12.1%

The organisation's balance sheet remains strong with total assets going from \$160.0m to \$168.7m an increase of 5.4%. Net assets grew from \$128.1m to \$134.3m an increase of 4.841% . Our cash flow remains strong exemplified by the modest increase in our debt position from \$14.0m to \$14.9m, despite the significant building projects. Our debt position is expected to grow over the next two years as we complete construction of the hotel, The Greens The Entrance club and the Early Learning Centre. However, our forward estimates indicate this debt will fall very quickly over the coming decade.

Of course, whilst nobody wants the club to operate at a loss, we also don't wish to make a surplus just for the sake of it. Our focus is always *to make a significant contribution to the quality of community life*, and we continue to do this in so many ways, some of which are almost taken for granted. Our Aquatic Centre and Regional Athletics Track here at Mingara cost collectively hundreds of thousands of dollars to operate every year. We operated and supported nine bowling greens across our group of clubs, again, collectively costing hundreds of thousands of dollars. As importantly, the many sporting, community and welfare organisations we support need our financial assistance and, in many cases, our technical and operational support. None of this comes free, but we love to do it.

Members, I've reported on a number of occasions the importance of a high performing stable and strategic board of directors. The operation of our organisation is always becoming increasingly complex, particularly as we embark on new ventures to reduce our reliance on gaming, as previously discussed in this report. Your board of directors led by Chairman Phil Walker, have once again done an amazing job for you, our members, and this club. My thanks to all of them for their commitment and professionalism.

Director Chris King made the decision throughout the course of the year to resign from our board of directors after nine years of service. The Board was prepared with its succession plans and Jemima Gleeson was appointed to the Board. We welcome Jemima and thank Chris for his service and support throughout his time on the board.

Lastly, whilst we have beautiful facilities for our members, that counts for little without a wonderful team who serve you all. Once again members, I offer my thanks to our team, all 500 of them for their dedication and performance in delivering great customer service to our members and visitors to our clubs.

Losing loved ones is never easy and to those members who have lost loved ones over the course of the last 12 months, I offer our condolences.

Over the last 12 months I have had many lovely conversations with those members whom I am able to see in the clubs. Please say hi next time you see me in your club.



Paul Barnett
Chief Executive Officer
Mingara Leisure Group