

CLUB REDFERN

ABN: 86 001 864 437

1st May 2022

Dear Members

I write to inform you of major changes to the Club Redfern business model post August this year.

Those of you who have been in and around the club over the last 12 months, would know that our club has been undergoing significant challenges not to just operate successfully but to survive per se.

Without doubt, last calendar year, the year 2021, had its challenges due to covid, yet it would be incorrect to attribute total blame to covid alone for the changes we have been forced to make. In alignment with covid, a changing demographic in our local precinct and a greatly altered local business network has provided the clubs board and management with the need to make changes. Those changes, to preserve the clubs name and asset base into the future, require the club to be moved from its current location. At the time of writing I can say that ten separate local venues have been perused with the view to operating a club from them yet costs have prohibited the club from moving to any of these locations. Essentially the club simply does not have enough capital to purchase locally, renovate, refurbish, modernize and reopen in a form similar to what it has now, without incurring any debt.

Research undertaken by the clubs board and management give rise to the need to open and operate a new local business without any debt to ensure long-term sustainability, viability and vibrancy. Unfortunately, due to the rising cost of capital and the shrinking discretionary spend market within our local catchment area, it would be too difficult to reopen locally with any debt at all.

Given the above, amalgamation with a likeminded entity is looking a likely scenario to ensure the club lives on in some way, the closest way, to its current identity and offer members operations similar to what it offers now.

More information regarding this will be forthcoming when same is known. Please be assured that as soon as these details are known you will be informed of them.

At this time of writing I am unsure exactly when the current club will close yet it's not far off. Members can expect these changes to take effect within the next two months yet as soon as these details are known, and as detailed above, the membership will be advised at the first opportunity to do so.

In closing and in the simplest possible terms, these changes have been brought on by the need for the board and management to preserve the clubs name and asset base in difficult trading times and even more difficult trading conditions. Notwithstanding same, it would have been possible to obtain funding and try and trade out of a bad situation yet with body corporate liabilities totaling \$140,000 per annum, electricity bills of \$60,000 per year, to list only two of the clubs major expenses, with both rising in a shrinking market, such a decision would have been irresponsible and unsustainable. Given this the decision was made to move from the clubs current location to ensure that the clubs assets will be protected for members well into the future.

If you are going past anytime soon please take this as an invitation to call in and discuss any enquiry you may have.

I look forward to communicating with you all further information regarding this significant change to our current operations and future offerings, in due course.

Regards

A handwritten signature in cursive script, appearing to read 'A. MacAlpine', written in dark ink.

Anthony MacAlpine
General Manager.