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Patron - The Hon. Alexander Downer MP

INFORMATION BULLETIN TO MOUNT LOFTY GOLF CLUB MEMBERS AND STAFF

SPECIAL GENERAL MEETING

This is an official notification to all members of the Mount Lofty Golf Club about the outcome of the Special General Meeting held on Tuesday 24th October 2006. There were 133 voting members present.

Two resolutions were put to members: the first was a change to the Constitution, and this was carried unanimously. The second resolution was to authorise the Committee of Management to negotiate and then complete the sale and leaseback of the golf course land and buildings to the John & Rosemary Williams. This was carried by a majority vote of the members present, with only 3 members voting against.

Reasons for the sale and lease-back

As our treasurer, Rob Boucaut, reported at this year's AGM and again at the Special Meeting the Club has operated at a loss for the last 6 years. Although increased trade days, green fees and other functions have minimised the losses this year, the level of debt is crippling.

The 2006 Audit Report warned that there was significant uncertainty about our future. The debt owed to our financier is due for repayment in March 2007 when it will be approximately \$1million. This situation was untenable.

Positive outcomes of the sale and lease-back

The Williams agreement provides the Club with a registered head-lease for the total golf course land so that we can continue to operate golf club activities for up to 40 years.

The price of \$1.25 million plus GST clears all debt, and leaves money in the "bank". In addition Mr Williams will give the Club \$500,000 plus GST to spend on course improvements and there is a period of 5 years rent-free. The option to repurchase the grounds and buildings at the end of 5 years is a realistic goal.

Mr Williams has also offered to assume responsibility for the Club's catering contract.

Progress to date

A binding letter of contract has been signed between the Williams' and Mount Lofty Golf Club. Settlement will be negotiated for a date early in 2007.

What the future holds

The Williams agreement will leave members' playing rights virtually unaffected. It gives the Club financial stability and opens up opportunities for the future.

Mr Williams has given an undertaking that he will not develop any new buildings or significant extensions to existing buildings without consulting with the Committee of Management. If he wishes, with the agreement of the Club, to develop or sell any of the currently unused excess land on the Course, he will pay an additional \$100 per square metre to the Club for that land or the right to develop that land.

Challenges for the Club

The Williams agreement will allow the Club to clear all debt, make course improvements and have an amount left over for working capital. We also have 5 years rent-free to build up capital. The Committee of Management is aware of the necessity to set and maintain careful budgets so that the option of buying back the land is achievable if members wish to do so.

We still need to increase membership, trade days, green fees and sponsorship as there is no room for complacency. The Committee of Management values your support and suggestions in these and other areas.

The future looks bright as we look forward to a rewarding partnership with Mr Williams.

Yours in golf

Dennis Ryan
President
Mount Lofty Golf Club Inc.

30th October 2006