Update on Proposed Seniors Living Development

This journey commenced with a group called Touchstone back in 2017 and in 2018 was formalised with the Member's approval in accordance with Section 41J now known as 41E of The Registered Clubs Act.

Following that approval, the Club endeavoured to progress a development concept which whilst gaining development approval proved not commercially viable due to the cost of construction and the depressed state of the residential market at the time, making potential sales difficult.

Lincoln Place acquired Touchstone and reviewed the Club's plans and made a proposal to the Club to prepare a new development concept and set of plans at no cost to the Club.

Its' proposal sought to achieve both NSW Department of Planning and Council approval at its' own cost and reimburse the Club the majority of its' previous costs upon receiving regulatory approval for the new scheme.

As the Club had been in a critical financial state, at the Club's request Lincoln Place agreed to provide an advance of funds against this commitment in order for the Club to maintain financial security.

Should the new Lincoln Place scheme not receive approval or not be considered financially viable there is no payment to Lincoln Place other than a repayment of their advance. In this instance, Lincoln Place will have expended all the capital to reach this point, at its' own risk.

If, however development approval is achieved, and the project is agreed viable, and the Club then decides not to proceed the Club is required to compensate Lincoln Place for its expenditure at cost plus a 10% charge.

So, the ultimate decision to proceed or not remains with the Club until the project receives Development Approval.

In this regard, a development submission has now been approved by NSW Department of Planning via its JRPP process with support from Port Stephens Council.

The Development Application is now finally ready for submission to Port Stephens Council for consideration. This being a scheme which the Council has already indicated support.

Many golf clubs are facing the same financial challenges we face, rising costs, falling membership and changing entertainment desires (less poker machine usage). We are fortunate to be able to consider a seniors development in order to assist in providing the Club with additional revenue from land access fees representing usage of the project land, share of development profit, future resident exit fees and hopefully increased membership and Club patronage.

Frequents Asked Questions

1. **Q.** Who is Lincoln Place?
   A. Lincoln Place is an Australian real estate fund manager specialising in the creation, development, management and operation of active lifestyle retirement communities. The company is owned by the founding principals, Ben Hindmarsh and Nicholas Collishaw and Cerberus Investment Management, one of the world's largest Private Equity investors.

2. **Q.** Is the Club selling the land?
   A. The Club does not sell the project land. The project land is separated from the golf course and club by way of sub-division. The Club retaining ownership then provides a long-term lease to the Project's development entity which is owned 50% by the Club and 50% by Lincoln Place. This entity will then engage Lincoln Place Developments to procure and deliver the development.

3. **Q.** Why do we need to develop anything? And why a retirement village?
   A. The Club is seeking to diversify its sources of revenue, and be less reliant on Membership, Green fees and Food & Beverage earnings that over the recent past have declined causing the Club to be under financial stress.

   The retirement village development is designed to generate income for the Club. Initially by receipt of a land access fee (received each time an apartment is occupied), a share of the project's development profit (paid on completion of each of the four stags) and a share of the long term deferred management fees (50% of departing residents fee when apartments change residents).

   The project is designed to encourage residents to use the Club's facilities, bistro, bars, meeting rooms and of course the golf course.

4. **Q.** What is proposed for the development?
   A. The project comprises 98 self-contained seniors living units under a Deferred Management Fee (DMF) structure across six buildings. To minimise disruption to both social and playing members the project is planned to be developed in four stages. The first stage located at the Club's entrance way facing Walker Crescent.

5. **Q.** When will development commence?
   A. Following this meeting the Development Application will be lodged with Port Stephens Council. We expect approval within approximately nine months. Council will consider our construction drawings which may take another six months after which construction may commence. This would be approximately mid next year.

6. **Q.** When will marketing start and what will be the price of the apartments?

A. The commencement of marketing is tied to the timing of the Development Approval. Once Council has approved the project we will know what we will actually be marketing. Pricing will be set at this time considering the state of the market. The project is designed as a premium facility so we expect pricing to range between the low $500,000's to mid $600,000's.

7. **Q.** Are there any changes proposed for the Club?
   A. Yes, delivery of a new club entrance way, re alignment of internal roadways, improved parking, separation of commercial vehicles servicing the from golfers, new loading dock entrance, landscape screening of the existing communications tower and general embellished landscaped areas. In addition;
   - Removal of the existing club car shed replaced with a new facility adjacent to the western side of the clubhouse;
   - Relocation of the maintenance shed and material storage areas;
   - Formalised trailer parking areas for Members with club cars; and
   - Relocation of the 9th green under the direction of Programmed Turnpoint a specialist golf course design and management group.

8. **Q.** Who is funding the project?
   A. Funding of the proposed development is the responsibility of Lincoln Place. Lincoln Place funds all costs and takes the financial risk through to development approval, to ensure the project is profitable. Lincoln Place has so far invested circa $490,000. Lincoln Place will arrange both senior debt and the equity to undertake the project. The project will seek to use the project land only along with Lincoln Place equity, as security for any finance used in developing the land. This arrangement provides the greatest opportunity for the project to secure mainstream finance for the project without using the Club premises or course as security.

   Upon receiving development approval Lincoln Place will provide a final project feasibility for the Club and Lincoln Place to consider and approve to proceed if appropriate.

   If, at Development Approval, the project is deemed to be unprofitable, and Lincoln Place do not proceed, then the Club is not bound to Lincoln Place nor is the Club required to reimburse Lincoln Place it's project costs.

9. **Q.** What makes this project viable when others were not?
   A. The Club had previously endeavoured to progress a development which whilst gaining development approval was not commercially viable at the time of approval.

   The Club subsequently reached an agreement with Lincoln Place that enabled it to recover the majority of its' previous project costs and for Lincoln Place to undertake a concept redesign and submission of a new development proposal at its' own cost.

The project design has been simplified, standardised, and specified with locally sourced materials minimising construction costs. It has been designed to be constructed in four stages, allowing for early receipt of sales revenue and minimising sales risk. Finally the residential market has moved in a positive direction indicting the potential for increased pricing.

10. **Q.** Do Members have an opportunity to approve the project?
    A. The Club held a meeting in accordance with Section 41J (now amended to be 41E) of the Registered Club's Act which provided delegated authority to the Board to deal with the land subject to the development proposal. Under this approval the Board engaged Lincoln Place to deliver the project subject to it being financially viable up on receiving development approval.

11. **Q.** What are the impacts on the golf course?
    A. Professional project consultants have been engaged to design and review all aspects of the proposed project and its' impact on the course. At present the Club anticipates that the 9th fairway and green will be impacted by the development. During development of Stage 2 the 9th hole will operate with a temporary green whilst a new green is constructed. The 9th hole will then be reconfigured as a Par 4. All course works will be communicated by the Club when required.

12. **Q.** Will the Club be inconvenienced whilst construction is underway?
    A. The project is separated into stages to minimise disruption, however as each stage is underway the development area will be fenced restricting access. Member's parking will be impacted during Stage 1 and the final Stage 4. A full staging plan will be circulated to Members well in advance of any works.

13. **Q.** Will Members be given first opportunity to purchase?
    A. We propose a Members VIP viewing session during which Members will have an opportunity to secure an apartment of their choosing.

14. **Q.** Where will I park when works are underway?
    A. Temporary parking will be moved to areas where construction is not underway. There will of course be some reduction in parking when Building 1 (Stage 4) and Building 2 (Stage 1) are under construction. When complete there will be 184 surface parking spaces.

15. **Q.** Where will the Club cart storage and greenskeeper shed be relocated?
    A. The Club cart storage facility will be relocated to an agreed location with the Board that is convenient for Members. The greenskeeper shed and material storage near Stage 3 toward the end of the development.

16. **Q.** Will there be access to Sabre Avenue?
    A. This is a Council decision, if access is provided we expect that traffic will be controlled by a boom gate or similar control.

17. **Q.** Will there be any works to the Clubhouse?
    A. The project will not be altering the Clubhouse. Delivery traffic will be removed from the Club's entry and relocated to the west of the Clubhouse with new access to the loading dock. The Board will consider Clubhouse improvements once the Project is underway.

    If you would like to ask any further questions beyond what has been provided above, please submit via email to **<insert Club email address> by Tuesday 26th April 2022** and this will be addressed during the Member Update Meeting.