

BURRUMBEEP SKI CLUB – MOUNT HOTHAM
PRESIDENTS REPORT – 2017 ANNUAL GENERAL
MEETING

Good morning members and guests,

I am pleased to provide my second report as President of the Burrumbeep Ski Club in regards to the 2016/2017 financial year. I would like to acknowledge our current club Committee who generously donate their time and expertise to ensure the Club delivers to its members and guests a memorable experience when they stay at Burrumbeep. I'm sure you will agree the Committee are making improvements to your investment year on year and you should be proud as members to invite guests to stay at Burrumbeep.

On that note I would like to acknowledge Tim Lewis (Booking Officer), Murray Elrington (Secretary and Memberships) Peter Leeke and George Davies (Capital Improvement Program Guardians) Georgie Cruickshank (Interiors and Club Branding/promotion – not to mention soon to be first time mother) as long standing contributors. As you can see we all have a portfolio aligned to our areas of expertise.

In addition at last year's AGM due to Ceal Gubbins retirement as Treasurer we required the services of a CFO and after an extensive recruitment process me managed to secure the services of Peter Kilpatrick a die hard numbers man and club member with expertise in in this field so we had no hesitation in locking down Peter - contract negotiations went on for some time but me finally landed Pete and very happy to have an experienced numbers man looking after our valuable funds!!.

Like all ASX 200 companies we required the services of a management consultant to ensure our strategic thinking was moving in the right direction....Amongst our members we identified James Kelly as the perfect candidate to fill this void. So in summary our Committee is well represented in terms of the required expertise which aligns with our goal to be the best managed Ski Club on the mountain delivering a comfortable club like experience at an affordable price.

The club through its careful financial management is in a fortunate position and has Cash in the Bank that we felt needed to be re-invested in the Club. It is pointless earning a measly 2.5% in Term deposit when we can be improving our asset and consequently increasing the usage of the club by our members and guests as they are keen to spend more time on the mountain. Tim has already outlined how the club has been utilised in the last 12 months. One of the most significant items on the Committees agenda is executing our 5 year capital improvement program. For those members who are following us on this journey will recall we engaged two external consultants to provide expert advice in regards to the direction for this program.

In 2015 Nexus Design visited the club and provided recommendations for the future direction in terms of ensuring the ongoing refresh and colour palette will tie together as we progress through each stage of the program. In the same year John Slattery invited and hosted Mike Munckton a highly regarded Melbourne architect at the club which he subsequently provided some high level design concepts which considered alternative

structural changes that would enhance the efficiency of our current foot print. I will share some of these ideas shortly.

In 2016, stage 1 was focussed on thermally improving the lower lounge and upstairs bedrooms hence our investment in new double glazed windows and also increasing the size of the windows to maximise the outlook and views.

Also included in this stage was aesthetically improving the lower lounge and upstairs bedrooms by repainting and re- decorating etc.

Thanks must go to Lydia and Georgie for working within the Clubs Interior guidelines to ensure the colour schemes and soft furnishings talk to the ongoing overall refurbishment program which is part of a 5 year plan. I think everyone would agree the lower lounge area has gone to another level and there's more to come. The feedback has been outstanding endorsing the Committees decision to follow this path.

The other noticeable change were the improvements made in the downstairs TV Lounge. The layout of this room along with the installation of a new flat screen TV and painting has certainly been very well received by the members and our guests. This was a very economical exercise thanks to George Davies who was able to leverage his electrical engineering expertise and general handyman status to deliver this project.

Stage 2 of our 5 year plan involves the much discussed replacement of the upper lounge window which has been debated over the last 10 years in terms of what this should look like over litres of red wine, coffee, tea and a good book or magazine!!

Well the decision has been made for you and the Committee are pleased to confirm that a new double glazed feature window will be installed before this year's ski season along with replacing the windows in both flats. The design of the feature window had to take into consideration several factors.

It needed to be cost effective, deliverable in terms of installation and functionality, required safety requirements and we also wanted to maintain an element of natural ventilation along with featuring an uninterrupted amazing view down the valley. Our landing position ticks all of these boxes so we are very excited about the arrival of these windows which are made in the UK arriving in May and installed prior to the season commencement.

Once stage 2 is complete the Committee will shift their focus towards the priorities on our capital improvement program agenda. Items under consideration include:

- Kitchen refurbishment
- Re-carpeting
- Storage Lockers
- Reconfiguring entrance and re-design of Dry Room and ski racks

The Committee are currently seeking approval from the Resort management board in regards to the installation of a new sign that will face Davenport Drive providing better visibility of our lodge location for guests but will also be very aesthetically appealing. We have engaged a stone mason who lives locally and has completed many projects around the resort and at Dinner Plain. Once the stone structure has been completed a Steel laser cut sign will be counter sunk inside which will also be illuminated by solar power. We can't

confirm the timing of this until we have direction in a planning sense to proceed however we will keep you updated via our newsletter etc.

Our club is extremely lucky to have the services of both Tim Lewis and in recent times our CFO (Peter Kilpatrick).

Tim is constantly looking to keep our bookings full throughout the season and does a great job promoting the availability of beds throughout the season –we have developed a healthy relationship with the Trekset Snow Holidays group who will often seek accommodation options during the midweek when we have limited bookings. Testament to the quality and standard of our Club, last season Trekset booked their CEO and CFO who were visiting Hotham at

Burrumbeep for three nights something we should all be proud of.

In terms of the financial position of the club we are in very good shape. This didn't happen by chance but is largely a reflection of the Committee's ability to grow the year on year revenue whilst also ensuring our operating expenses are kept under control. Our annual revenue is somewhat reliant on the snow conditions however with our recent capital improvements our members and guests are encouraged to maximise their membership by utilising the club all year round.

A major highlight for the 2016/2017 financial year was an increase in revenue of \$23,000 without having to increase Levy's or accommodation rates etc. Due to our current position the committee are pleased to confirm there is no need to increase our rates. Obviously there will be fixed costs that are uncontrollable that will increase over time which we will monitor closely but for the short term as I said before, we are in great shape.

During the off season the Committee remain regularly engaged with the Hotham Ski Association attending their AGM in March and have direct line of communication with their President and other clubs. Its pleasing to note that the association consider our club as one of the best managed and run clubs on the mountain and on several occasions have sought our counsel on how we have reached our current position. We are selective in terms of the information we provide however we are open to high level discussions etc.

In addition to the HSA we have also made an effort to build a relationship with the CEO of the Resort

Management Board Jon Hutchins and Belinda

Trembath (General manager of the Lift Company).

It's important our club fosters these relationships in terms of building our brand so that in the future we can have an influence over issues that may be potential risks for the operation of our club. The resort management board and Lift Company are working hard to ensure the resort facilities are continually being upgraded which will attract more visitors to Hotham. This season the Snowmaking facilities for the Summit Run will be completed allowing the Summit to Chair to operate a lot earlier in the season.

The resort management board have also commenced their Village car park redevelopment which over the next 3 years will see this precinct between the top of the Quattro Chair and the medical centre developed.

The Hotham Central Public Safety and Urban Amenity Upgrade is the first stage of 5 identified development precincts throughout the resort, and incorporates the following key drivers of:

- Pedestrian safety – Great Alpine Road and pedestrian access in a shared zone
- Urban renewal
- Bus circulation - upgrade to bus stops and interchange area
- Upgraded day visitor facilities
- Community square
- Freight depot
- Private investment opportunities
- Year round activities

Future development throughout the resort can only add value to the mountain stakeholders including Burrumbeep.

In summary the committee are very pleased with the progress that has been made in the last 24 months.

As I said earlier we have a 5 year plan which provides us the strategic direction to effectively conclude projects in the most cost efficient manner and delivering top quality workmanship.

I would like to thank the committee for donating their time and expertise as we would not be able to achieve our goals without the teamwork exhibited by this group. There are also a number of active members who also contribute to the club in many ways which we appreciate and makes the club a better place for all of us to enjoy.

I would welcome your feedback and suggestions in terms of how you think we could improve as there are 8 Committee members driving the direction of the club however there are another 92 members who may have some great ideas so please come forward and communicate what's important to ensure your membership delivers value to you.

All the best and let's hope we have another great ski season but see more of you at Burrumbeep all year round.

Rob.