

The Link

MEMBER'S E-NEWSLETTER



The Membership Model Explained

In determining the membership model for The Golf Club St Andrews Beach, Golf Club Properties Limited ("GCPL") reviewed the membership structures of key competitors, including both traditional and equity based clubs. Key issues identified were:

- problems associated with high debt levels;
- increasing operational costs;
- a stagnant or declining revenue base;
- increasing member service demands;
- increasing financial pressures for members; and
- a need for greater flexibility in memberships.

To counter these issues GCPL has initiated a unique and innovative model that allows your club/company to:

- have zero debt;
- fund increases in operational costs;
- have an increasing and multi-faceted revenue stream;
- meet increasing member service demands;
- relieve financial pressures for members; and
- provide members with a fully flexible membership

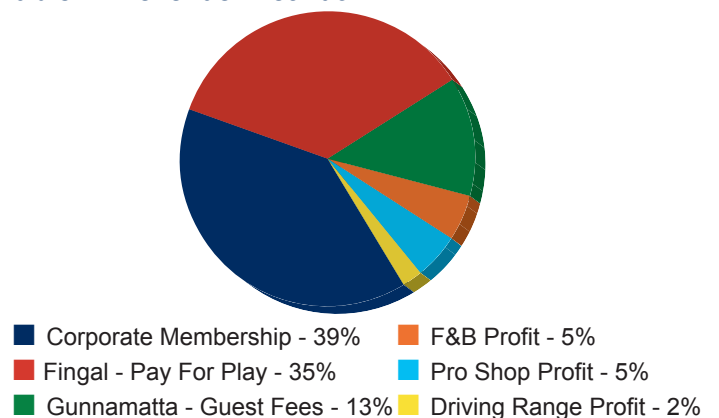
The Golf Club St Andrews Beach Inc. (the "Club") is an incorporated association which exists to provide mutual benefits to persons interested in playing golf on the Gunnamatta Course at St Andrews Beach. As a Member of the Club you are either a Shareholder in The Golf Club St Andrews Beach Limited (the "Company"), or have been nominated as a Member by a Shareholder. Therefore, your membership in the Club is inextricably linked to a shareholding in the Company. The Company's constitution provides for a maximum of 1200 shareholders and as such the Club will be limited to 1200 Members.

No Annual Fees

As a member you do not have to pay any annual fees for playing rights ever. We are able to deliver this remarkable benefit to members due to the fact that on completion St Andrews Beach will have two world class championship courses. As such we can deliver an exclusive members' only course that accommodates the pure golfing enthusiast who enjoys the club environment and a second member/corporate course that accommodates the corporate and pay for play markets which continue to grow in Australia. Essentially income from the Fingal course will fund the maintenance and operational expenses of both courses, together with supplementary income from revenue streams such as the driving range, cart hire, retail and food & beverage.

A breakdown of total income in Table 1 below shows that the model will on completion of the project provide a robust, multifaceted revenue stream to meet the operational and maintenance costs of the two courses.

Table 1: Revenue Breakdown

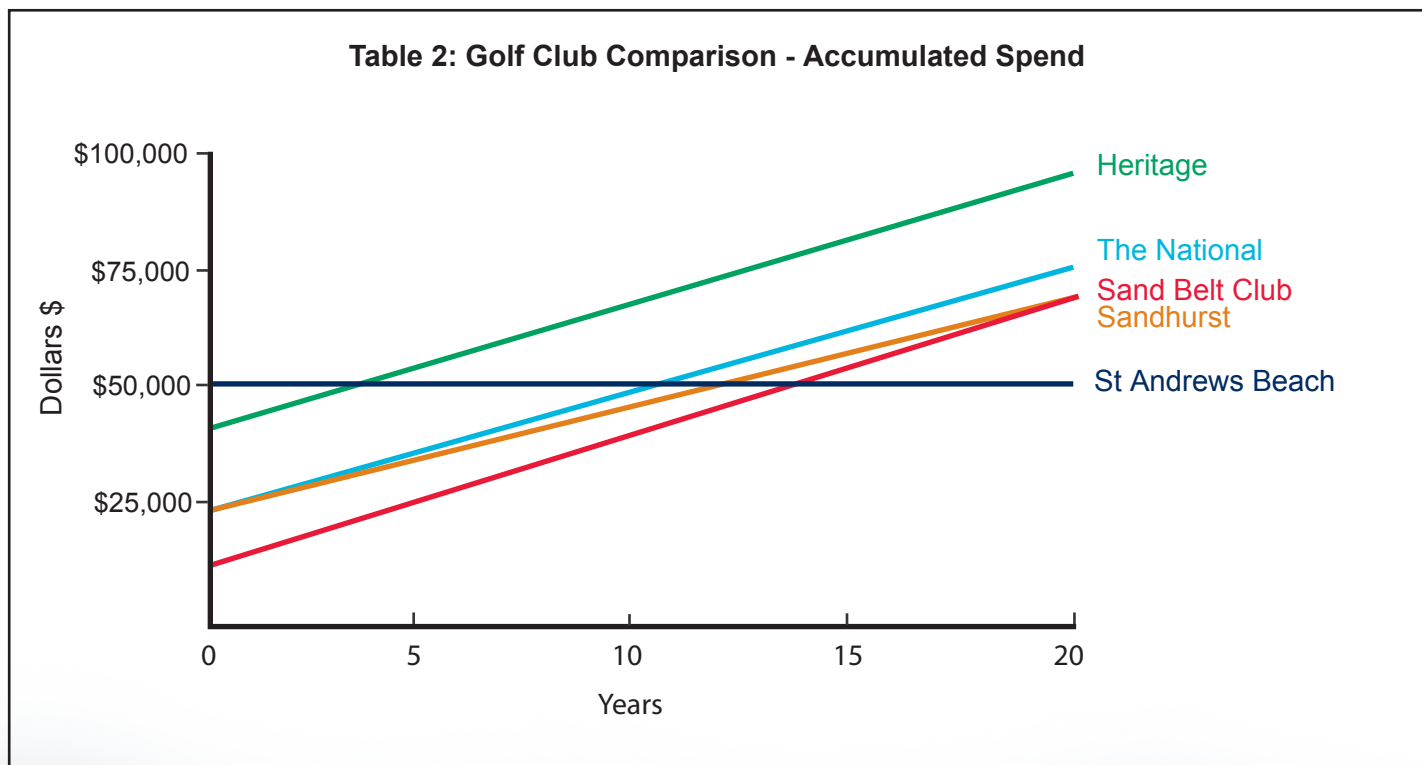


It should be noted that should an equity interest in the land have been able to be granted, GCPL would have done so. The Golf Club St Andrews Beach lies on 175 hectares of land aggregated from five separate vendors. There are currently four separate titles of differing sizes. Unfortunately these titles do not individually correspond to any distinct element of the development. For example the Gunnamatta Course is sited over two titles and the Fingal course is sited over three titles. The whole site is contained in the Melbourne 2030 Zone and the minimum land size permitted for subdivision is 80 hectares. Accordingly the 199 year leasehold arrangement is the best way that GCPL can deliver value and security to shareholders as well as exclusive world class golf for members. In fact, even with a leasehold, the E Class Share with no annual fees for playing rights still represents better value over time than any traditional private golf club membership available.

Membership Comparison

If you purchased a share for \$50,000 on 1 January 2006, the club comparison in Table 2 below shows you will have spent \$50,000 in fees in 14 years at a sand belt club and in less than just 5 years at The Heritage. The cost of your share for \$50,000 is effectively the same as no more than 14 years of share prices/joining fees and annual fees at any of the clubs listed and at the end of 14 years you still have 185 years of fee free golf ahead of you and a share you can sell on the secondary market or transfer to your children. Your membership is truly the most valuable membership in Australia.

Table 2: Golf Club Comparison - Accumulated Spend



A Secure Investment

Like other existing clubs and new projects under construction, St Andrews Beach and GCPL are subject to certain risks. For this reason your investment is secured via several means:

- To secure GC Operations' obligations under the management agreement to provide services expectant of a premier golf course in Melbourne commensurate for a world class golf course, GCPL has granted a mortgage over 250 shares in the Company in favour of the Club.
- GCPL shall ensure the premises are free from any encumbrances including any mortgage once GCPL has sold 50% of its shares. Until such time the lease is subordinate to any encumbrance over the premises.
- A fixed charge over the Fingal Course including the maintenance facilities will be granted in favour of the Club after the last of GCPL's 250 shares are sold.

Flexible & Transferable Membership

Your share in the Company entitles you to nominate one person as a member of the Club. This nomination can be changed on an annual basis thus giving you far greater flexibility than any traditional private club membership. For example, should you foresee that work, travel or health will affect your ability to utilise your membership, you have the flexibility to nominate your spouse or child for membership or you could choose to lease the membership and derive an income until such time as you are ready to start playing again.

In addition to this flexibility, the benefit of being able to transfer your share means that you could pass the share onto your son or daughter or sell the share on the secondary market. All this makes your share in The Golf Club St Andrews Beach an extremely sound investment.

Gunnamatta Debuts in Top 10 Australian Courses

The 2006 Golf Australia Ratings have ranked the Gunnamatta Course the 9th best course in Australia in its first year. Only three courses have ever debuted inside the top 10 since rankings commenced. This is a remarkable achievement for The Golf Club St Andrews Beach and confirms that the decision to appoint internationally acclaimed architect Tom Doak was a good one. As you may know Tom Doak also designed Barnbougle Dunes in Tasmania which also ranks in the top 10. When we asked Tom which one he'd rather play he said "St Andrews Beach every time as it's just so fun and enjoyable to play time and time again." As members you have exclusive access to this very special golf course which is of a World class standard. In fact of the 8 courses built in the last 50 years ranked in the world's top 100 courses, Tom Doak has designed 3 of them. Once Gunnamatta is more established and grown in, we hope it will be his 4th.

While good design is integral to a great golf course so is the way it's maintained. Some of you may have already met our Course Superintendent John Geary. John has been with us since the early days of construction of the Gunnamatta Course after serving 18 years as the Superintendent at the Frankston Golf Club. John was delighted with the course's debut ranking and said "it should only climb up the list as the Course develops."



St Andrews Beach Touring Pro Geoff Ogilvy tees off