

BRISBANE RACING CLUB
THE TRACK AHEAD
Strategic Plan Updated 2017 – 2020



BRISBANE
RACING CLUB
EAGLE FARM & DOOMBEN

152 Years of Racing
Tradition 1865 - 2017

CEO's Message

The track ahead for the Brisbane Racing Club is bright.

The Track Ahead 2017 – 2020 is an update of the prior Strategic Plan and should be read in conjunction with The Track Ahead 2015 – 2017.

Over the course of the next three years the Brisbane Racing Club will focus on the following:

1. A laser-like focus on Membership and an exclusive experience our Members so deserve;
2. The development of our Racing Department and premium racing product;
3. Our racing department to deliver the racing program to maximise both the race day turnover and experience for trainers, owners and punters;
4. The successful negotiation of our media rights unlocking our digital assets and continued drive to showcase our product across all media forms;
5. The continuation of our \$1.2 billion Master Plan now focusing on defining the Doomben piece, St Ledger precinct and opportunities; and
6. The consolidation of the new racing surface at Eagle Farm commencing shortly.

The years 2017 - 2020 will be exciting for our Members and the BRC as we continue to drive for Membership exclusivity, enhanced media exposure, premium racing and training, and Master Plan commercial returns so that this great Club is future-proofed.

Dave G Whimpey
Chief Executive Officer
Brisbane Racing club



Racing turnover rebounding, however fixed odds and WSP's driving this so industry revenue remains under pressure as these segments work off tighter yields

2013/14
\$2.38b

2014/15
\$2.23b

2015/16
\$2.45b

PRE-TEXT: Attendance, Membership & Sponsorship in Growth

The BRC has arrested the national decline in Membership and on-course visitation against digital disruption



Racing turnover has been migrating to 'smart devices' (at a lower commission rate) and away from on-course and retail channels, placing pressure on net wagering income for administrative bodies.

	From This	To This	To This
PROVIDER			
TREND	<p>No. Bookies \$\$\$ Market Share</p>	<p>\$\$\$ Market Share</p>	<p>\$\$\$ Market Share</p>

PRE-TEXT: Metropolitan Benchmarking FY17

Clubs are reaching Food and Bar maximum average spends on course. BRC Members continue to grow.

	FY17			FY16			FY17			FY16			FY17			FY16			FY17			FY16			FY17			FY16		
Rank	Number of Raceday					Number of Members					Average Attendance per raceday					F&B Spend Per Person					Track & Grounds Costs (inc labour) / Track Area					Marketing Spend (incl labour) per Attendees				
1	113	ATC	1	112	0.9%	28,959	VRC	1	28,230	2.6%	20,615	VRC	1	22,506	-8.4%	\$ 59.81	BRC	4	\$ 56.61	5.7%	\$ 103.95	MVRC	1	\$ 87.19	19.2%	\$ 34.32	ERC	1	\$ 26.68	28.6%
2	87	PRC	2	88	-1.1%	15,000	MRC	3	14,186	5.7%	5,302	MVRC	2	4,962	6.9%	\$ 59.43	VRC	2	\$ 59.18	0.4%	\$ 82.91	VRC	2	\$ 77.69	6.7%	\$ 24.67	VRC	3	\$ 22.98	7.3%
3	79	BRC	5	58	36.2%	13,688	ATC	2	14,447	-5.3%	4,168	ATC	3	3,853	8.2%	\$ 58.84	MRC	6	\$ 55.55	5.9%	\$ 65.43	DTC	4	\$ 60.19	8.7%	\$ 22.92	ATC	4	\$ 21.51	6.6%
4	75	MRC	3	71	5.6%	5,202	MVRC	4	5,581	-6.8%	3,015	MRC	6	3,041	-0.9%	\$ 57.10	SAJC	5	\$ 55.65	2.6%	\$ 46.93	MRC	3	\$ 65.53	-28.4%	\$ 22.14	MVRC	2	\$ 23.45	-5.6%
5	59	SAJC	4	58	1.7%	3,575	BRC	6	3,100	15.3%	2,796	GCTC	5	3,149	-11.2%	\$ 55.80	ATC	1	\$ 62.33	-10.5%	\$ 41.16	ATC	5	\$ 38.73	6.3%	\$ 21.91	MRC	5	\$ 20.79	5.4%
6	52	GCTC	6	52	0.0%	3,045	GCTC	5	3,600	-15.4%	2,727	ERC	4	3,152	-13.5%	\$ 53.53	GCTC	8	\$ 47.54	12.6%	\$ 28.60	BRC	8	\$ 27.11	5.5%	\$ 21.69	PRC	6	\$ 19.18	13.1%
7	39	DTC	7	39	0.0%	2,260	PRC	7	2,470	-8.5%	2,294	BRC	7	3,030	-24.3%	\$ 49.75	PRC	3	\$ 57.42	-13.4%	\$ 25.32	SAJC	7	\$ 28.71	-11.8%	\$ 17.72	DTC	7	\$ 18.79	-5.7%
8	25	MVRC	8	26	-3.8%	1,735	SAJC	8	1,665	4.2%	1,839	PRC	8	1,727	6.5%	\$ 49.25	MVRC	9	\$ 46.22	6.5%	\$ 23.71	GCTC	6	\$ 32.69	-27.5%	\$ 11.20	BRC	8	\$ 14.77	-24.2%
9	23	VRC	10	21	9.5%	1,150	ERC	9	1,150	0.0%	1,661	SAJC	9	1,615	2.8%	\$ 48.72	DTC	7	\$ 50.79	-4.1%	\$ 19.37	PRC	9	\$ 20.74	-6.6%	\$ 7.26	SAJC	9	\$ 12.98	-44.1%
10	22	ERC	9	23	-4.3%	509	DTC	10	470	8.3%	1,205	DTC	10	1,205	0.0%	\$ 46.52	ERC	10	\$ 36.79	26.4%	\$ 14.19	ERC	10	\$ 11.84	19.8%	\$ 6.11	GCTC	10	\$ 5.42	12.7%
Average*	57		55	4.7%		7,512		7,490	0.3%		4,562		4,824	-5.4%	\$ 53.22		\$ 52.39	1.6%		45.16		45.04	0.3%	\$ 18.99		\$ 18.66	1.8%			

PRE-TEXT: CLUBS ARE RALLYING TO REINVENT

Clubs that are land rich / cash poor are unlocking assets to create a sustainable future and to support racing.



- \$ 120 million Club Stand (18,000m²) to replace the Members' Old Grandstand (9,000m²).
- Club Stand to be funded through a mix of bank debt, sale of surplus land and operating profits.
- Opening now deferred with Greenland withdrawal



- Sale of surplus land for the development of a \$1bn plus integrated, mixed use community including:
 - Residential retirement accommodation; and
 - Mixed use commercial and retail precincts
 - 15 year development timeframe to include in excess of 1500 dwellings
- Funds to be reinvested into the racecourse and other recurrent revenue streams eg. Pub JV with Tabcorp

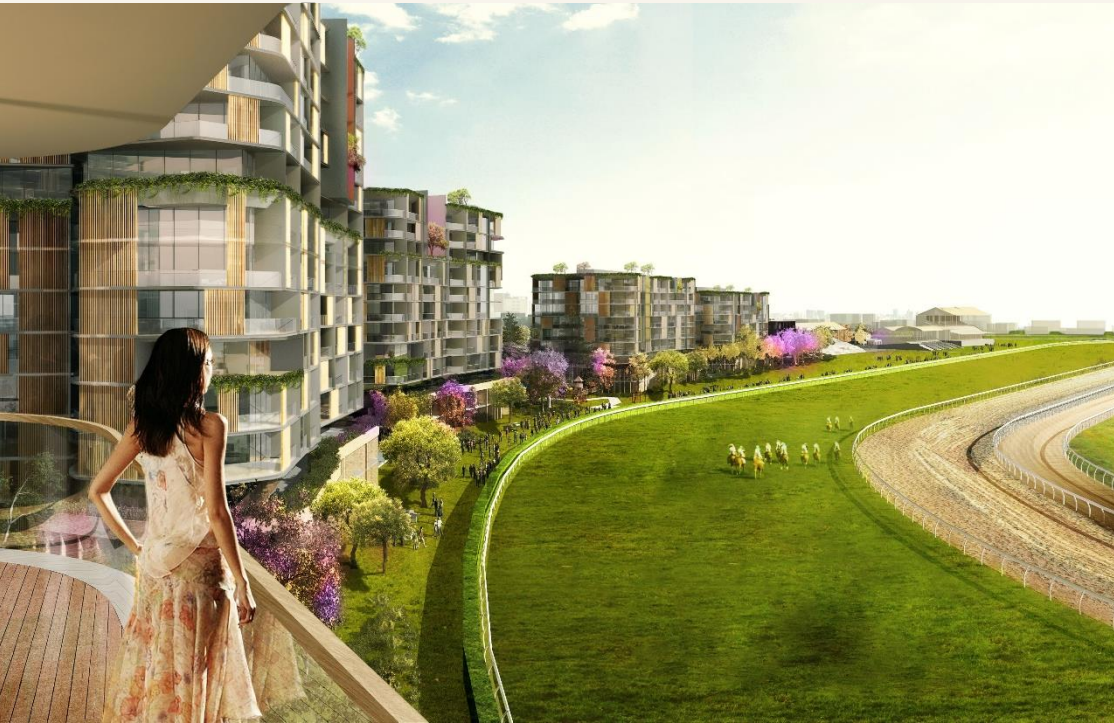


- \$176m grandstand and spectator facility (completed in 2013), including:
 - Five-story grandstand;
 - Theatre of the horse; and
 - Owners and trainers pavilion
- Master plan also includes three new light rail stops, new horse stabling, hotel facilities, club and retail outlets and future growth of the racing precinct.



- Development approval for:
 - New northern grandstand;
 - New realigned race track; and
 - Approximately 2,000 new dwellings (up to 25 floors)

BRISBANE RACING CLUB: A BRIGHT FUTURE AHEAD



PURPOSE AND AMBITION



The Brisbane Racing Club

A Club born from passion, built on history, focused on the future

Purpose

To attract and host premium thoroughbred racing and training for the enjoyment of our Members and the benefit of the racing community and the public

Ambition

To be an innovative industry leader with a self-sustaining ethos to protect and secure the future of racing

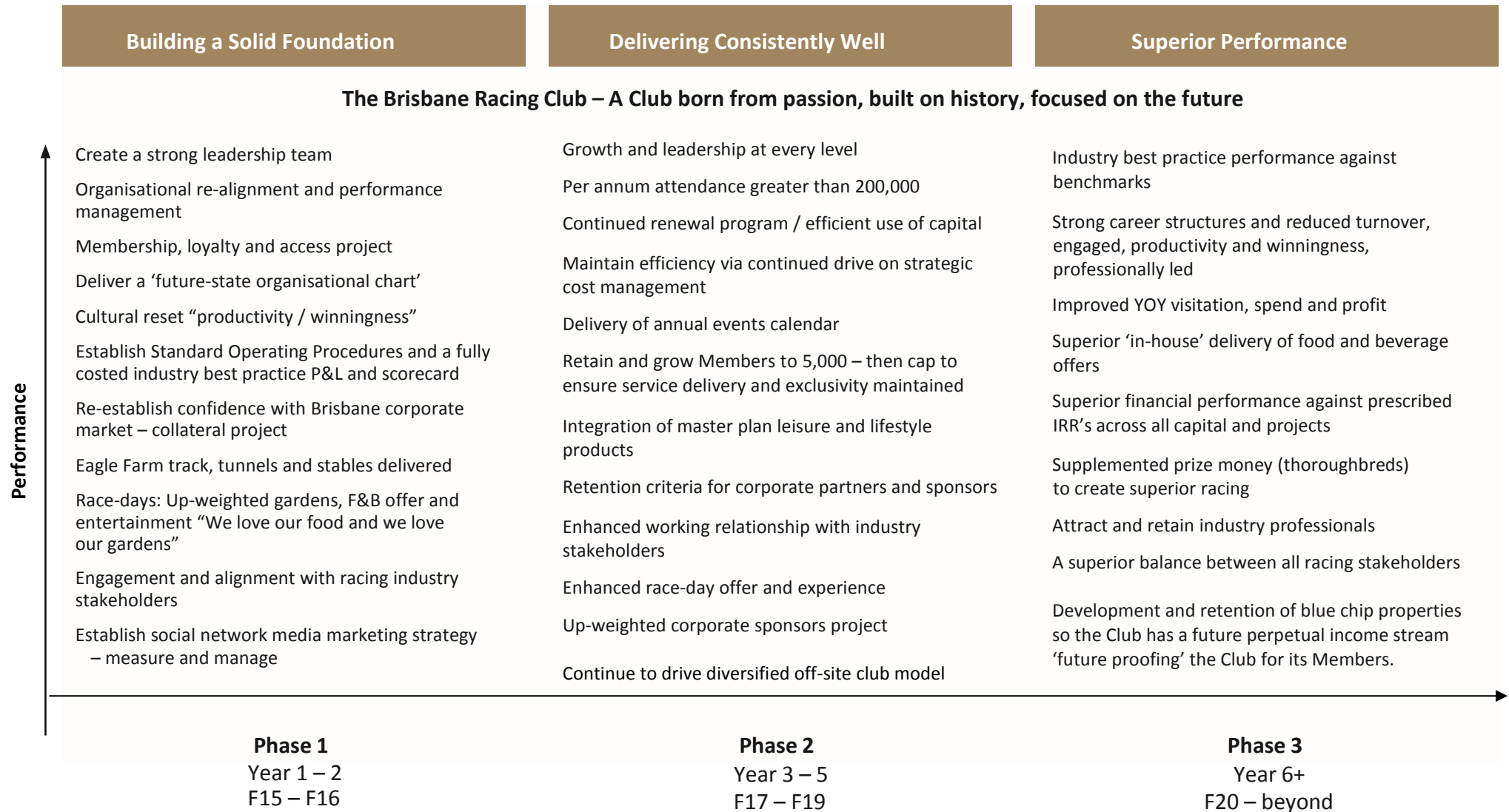
Transformational strategy

“....diversification through sustainable innovative and entrepreneurial income streams.”

THE KEY PILLARS TO OUR SUCCESS



A TRANSFORMATIONAL STRATEGY



Purpose & Ambition	The Brisbane Racing Club				
	A Club born from Passion, built on history, focused on the future				
	Purpose				
	To attract and host premium thoroughbred racing and training for the enjoyment of our Members and the benefit of the racing community and the public.				
Ambition					
To be an innovative industry leader with a self-sustaining ethos to protect and secure the future of racing.					
Priorities	Delivering Member experiences and memorable occasions through exclusivity, service, value & facilities	Sustainable racing at both Doomben and Eagle Farm.	First-class stable and training facilities. Development of the premium racing product	Prudent financial management of the core funding delivered by unlocking the master plan developments	Fostering a racing culture built on 152 years of tradition whilst similarly being future-focused.
Key Actions	Maintaining Member Exclusivity through: <ul style="list-style-type: none">Carnival lock downRecognition and RewardsSub Committee (working group) formulationFuture Racing Network re- birthFurnitureRoomsPricing and discounts Creating Memorable Experiences: <ul style="list-style-type: none">Members are our shareholders – test carnival v normal Saturday as best testRemember that time at Eagle Farm...Remember that time at Doomben... Generating income from commercial enterprises so that the Club may invest back into Membership facilities based on needs and wants.	Developing the racing program so that we: <ul style="list-style-type: none">Efficiently manage BRC racing facilitiesMaintain racing gaps so that we may renovate and rest tracksEnhance and internationalise the BRC race programmeDevelop BRC commercial racing opportunitiesEnhance BRC working relationship with Industry StakeholdersManage the needs of all BRC key racing mediaWork with racing industry to improve the appeal and quality of racing in QLD (prize money, racing program and so on.)Owners experience becoming difficult given ARB ownership however must embrace this strategy and achieve owner satisfactionWinning OwnersNon-Winning OwnersRace Goers and Zoning – meet the needs of our core segments (Members, punters, social seekers, casual visits)Effective communications strategy with media and stakeholders – source of truth	The launch and integration of our new \$20 mil stable complex in-field and renovated training tracks: <ul style="list-style-type: none">Housing 432 horses in state of the art equine facilities and integrate this into the Master PlanEnsure trainers and horses have access to all that is required to prepare the best horses for racing (training, equine pool, sand, American Dirt and grass training tracks are maintained to a premium);Security of Horses and Horse Movement, fixed assets and equipmentDevelop an open communication with trainers and seek feedback for continuous improvement.	Asset Redevelopment and commercialisation: Long term non-racing income ventures so that funds can be redirected into Membership and Racing Facilities: <ul style="list-style-type: none">Gallopers Club Investment Strategy (increase EGM’s to 500 across multiple venues across next 5 years);Shopping Centre development in-house by the BRC;Management Rights finalization of Mirvac Apartments;Precinct 9 – Aged CareSt Ledger Precinct Development with JV Partner.Formalise the Doomben Master Plan precinct.	Our loyal and committed team are skilled, able and willing to respond to Members issues, needs and wants. <ul style="list-style-type: none">High engagementTraining and Personal DevelopmentA Safe WorkplaceEqual OpportunityRacing Industry Employer of ChoiceReward and Recognition programZero tolerance of bullying and harassment / discrimination.Strengthen Racing Department.

OUR VALUES

Honesty and Integrity

We will always act honestly and with absolute integrity.

Accountability and Support

We will be held accountable for our actions and support each other in everything we do.

Passion and Excellence

We will foster a feeling of winningness, reach for excellence and be passionate and engaged in our shared objectives.

Fairness and Respect

We will treat each other as equals at all times, be fair in our dealings and respect one another.

Curiosity and Challenge

We will create a climate whereby curiosity, challenge and innovation is encouraged.

Safety and Wellbeing

The safety and wellbeing of our employees and stakeholders will be paramount in every action we take.

KEY THEMES – THE TRACK AHEAD

Racing Industry can learn from Cricket – A racing evolution to extend the product lifecycle.



Observation: Cricket has had to continually evolve, innovate and reinvent to stay relevant – with increasingly greater focus on being an ‘entertainment’ product.

Outcome: We have up-weighted the race days and included Feature Race Days (non group racing themed days) as we arrest digital off-course offering.

KEY THEMES – THE TRACK AHEAD

A thriving racing-focused, entertainment and event precinct bolstered by a retail, leisure & lifestyle offer.

FROM THIS



Observation 2014: We run at less than 5% occupancy for non racing events though we have over 42 room spaces consisting of more than 100,000 square feet of space. We note they are in bad condition and need refurbishing prior to selling.

TO THIS



Outcome: Unlock latent demand for unused assets e.g. great spaces for Weddings, Meetings, Conventions and Incentives.
Observation 2017: The BRC is now the proud operator of 175+ non-racing events deriving material profit for its Members. We have completed more than \$5m in upgrades over the past three years.

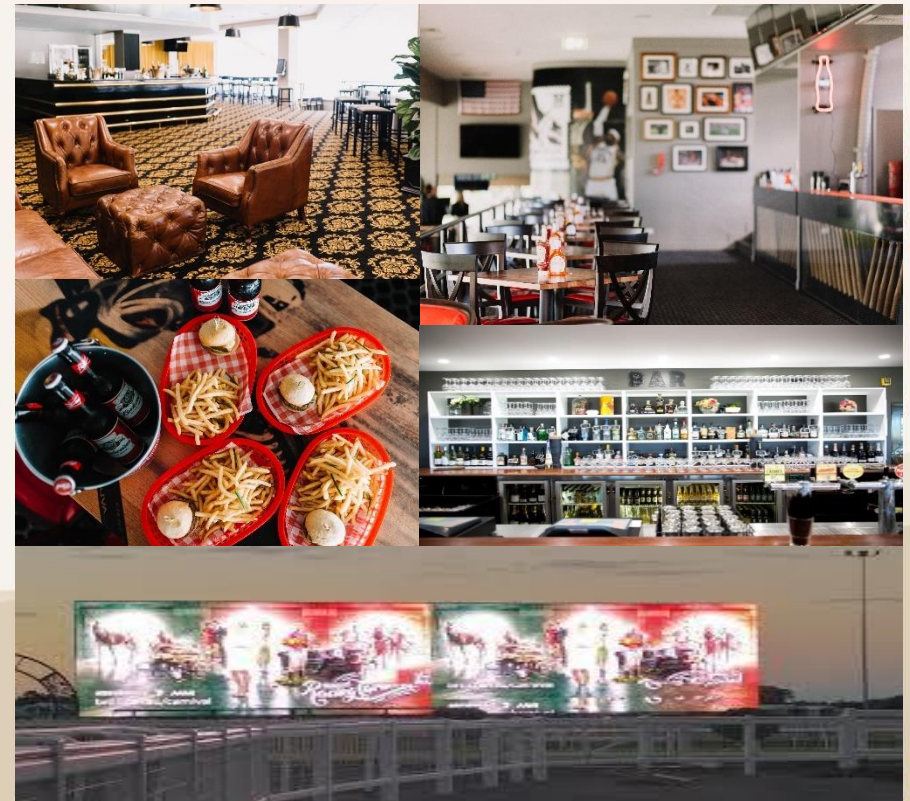
KEY THEMES – THE TRACK AHEAD

The experience for our customers has been zoned throughout the racecourses. Food and beverage and facilities reengineered to meet the value proposition (Members, pure punters, entertainment seekers, social visitors and families).

From this...









To this...



Observation 2017: We have refurbished 27 of 42 rooms and just over \$5m in works. Corporate bookings have increased by nearly 400% past three years on race days. We have refurbished both Member bars, purchased all new Membership furniture, redesigned all menu offerings and created a first-class Membership betting auditorium with our partners at UBET. Our focus now remains steadfastly on Membership facilities.

STRATEGIC OPPORTUNITIES

	Enhanced Race Day Experience	Improved Facilities	Entertainment and Events Precinct
From This			
To This			
...In order to...	<ul style="list-style-type: none"> • Provide a unique on-course experience • Stem the decline in attendance • Compete with alternative entertainment options • Unveil the largest screen in the Southern Hemisphere at Eagle Farm 	<ul style="list-style-type: none"> • Remain competitive with interstate venues • Provide additional corporate offering (revenue generating) • Align with customer / market expectations • New corporate boxes, \$1m state of the art betting auditorium, sports bar, craft bars and Member rooms refurbished. 	<ul style="list-style-type: none"> • Generate significant returns for Members from non racing events • Conduct these events in a safe manner with community in mind • We have established a first-class events team for the first time at the BRC • Our international chefs deliver first class food while our beverage offering is now consumer driven

STRATEGIC OPPORTUNITIES

	LICENSED CLUB (RE)DEVELOPMENT	Club & Pub Diversification Strategy	Master Plan Development
From This		Limited diversification of operations and revenue streams	
To This			
...In Order to...	<ul style="list-style-type: none"> • Generate loyalty between the 7,000 plus Members of Gallopers with the BRC and vice versa • Generate significant returns for Members of the BRC • Enhance and contribute to the community (87+ charities supported) 	<ul style="list-style-type: none"> • Emulate the very successful Melbourne Racing Club Strategy (MRC has 14 Pubs and Clubs generating the majority of their EBIT) • Look at opportunities that generate visitation to the track (geographically) 	<ul style="list-style-type: none"> • New stables Eagle Farm unlocked • First Mirvac Tower out of the ground • Ascot Child Care centre completed • Gallopers refurb completed • Shopping Centre site commenced • Doomben master plan well under way & St Ledger precinct planning commenced

CUSTOMER PROFILE

Our traditional voting Member segments must be our priority. We have now zoned the club into key areas (core Members, Members guests, focused punters, corporates, social and entertainment seekers & groups).

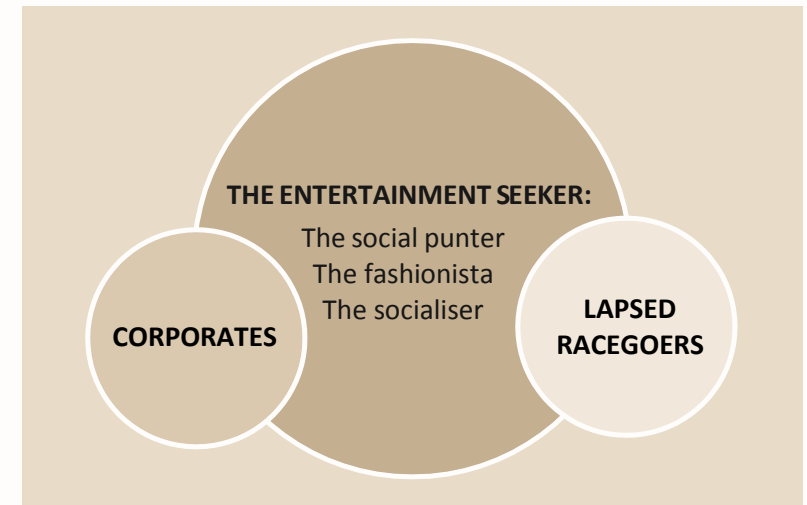
RETAIN & GROW THE TRADITIONAL CORE SEGMENT VIA UP-WEIGHTED RACE-DAY EXPERIENCE:



- Grow to 5,000 voting Members by 2020
- Grow ave Saturday from 2100 to 3000
Unlock the following:
 - “Our Members are our Shareholders...”
 - “We love our Gardens...”
 - “We love our Food...”
 - “We will activate the average race-day experience with the 5-senses strategy...”

AND

TARGET NEW SEGMENTS:



TRACKING OUR SUCCESS

Key performance indicators and benchmarks for success.



- **Increase** Saturday race-day attendance by 43% per meet from 2,100 to 3,000
- **Increase** Carnival attendance to greater than 50,000 (assuming 5 days)
- **Increase** Membership to 5,000 and cap to protect experiences
- **Become** employer of choice
Reduce Staff Turnover <10%
- **Reduce** cost profile by 10%
- **Increase** per patron spend by 10% compound average
- **Increase** number of non-race-day events to greater than 250.
- **Increase** non-race-day event revenue by 50% from \$6.8m (19% of total revenue) to \$10.0m p.a. or 26% of total revenue
- **Deliver** master plan on time and on budget
- **SAFETY:** achieve industry best practice lost time injury frequency rate (LTIFR) FY14 was 38% FY17 now best in industry at <9%.
- **Strong** working relationships, alignment and positive outcomes with industry stakeholders
- **Annual** revenue target of \$75m p.a.

