

The State of the Club?

AGM Management Committee presentation

16th June 2024



STANDARD ATHLETIC CLUB

SETTING THE STANDARD SINCE 1890



This presentation provides an update on pool financing and implications of the situation for the next 2-3 years

- ▶ Pool
 - The MC had recommended a combined loan-levy approach to pool financing, which was narrowly rejected by Members. The MC recommendation was driven by a concern that debt repayment would be too high until 12/2027
 - Our bankers did indeed take this position
 - After discussion with the bank, we are consolidating all loans (except the Covid-loan guaranteed by the government (“PGE”), which must be kept separate by law); while discussions are not yet finalized, we assume a ~€690K 10-year term loan at 4.5%
 - The upside is that this allows us to move ahead with the pool project, while also having lower debt repayments from May 2026 (when the PGE will be repaid in full)
 - The downside is that current interest rates are higher than our legacy terms (4.5% today vs. a blended average of 2.3%), and that our debt will not be repaid until 2034

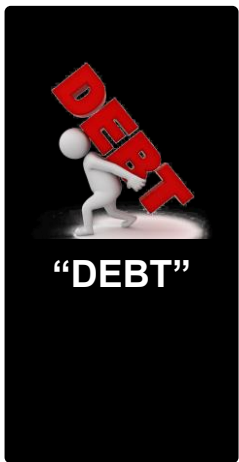
- ▶ This document updates the overview provided at the EGM, based on this new information ...
 - Debt/financials
 - Investing in social life

- ▶ ... and lays out recommended priorities and MC Motions

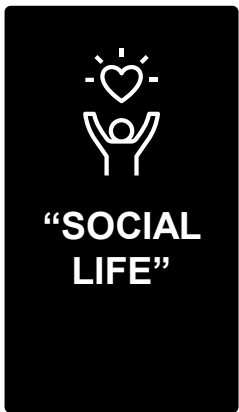
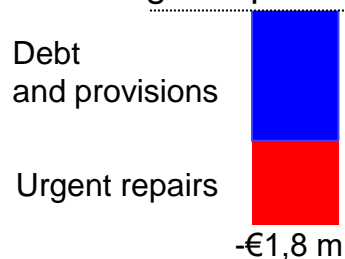


Recall the “Vision” of a Club offering great social life, with excellent facilities and sustainable financials

 **2020**



- €1.8 million of accumulated liabilities, on post-Covid income of €0.7m
 - €1 million bank debt
 - Pending labour settlements
 - Backlog of repair and maintenance



- 745 Members down from 1200 in 2010
- €65K B&R activity, down from €150K pre-Covid

 **VISION**

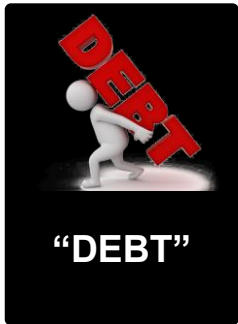
- Reserves for staff departures ...
- ... and upcoming scheduled projects



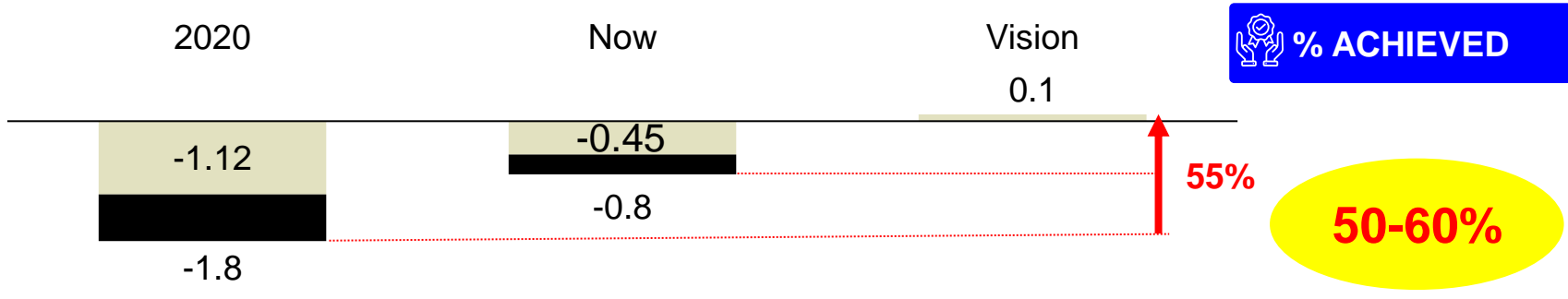
- Over 1000 Members
- 3-4 fold increase in B&R activity (70% above pre-Covid, at €250K)
- Regular events, music, kids’ activities...



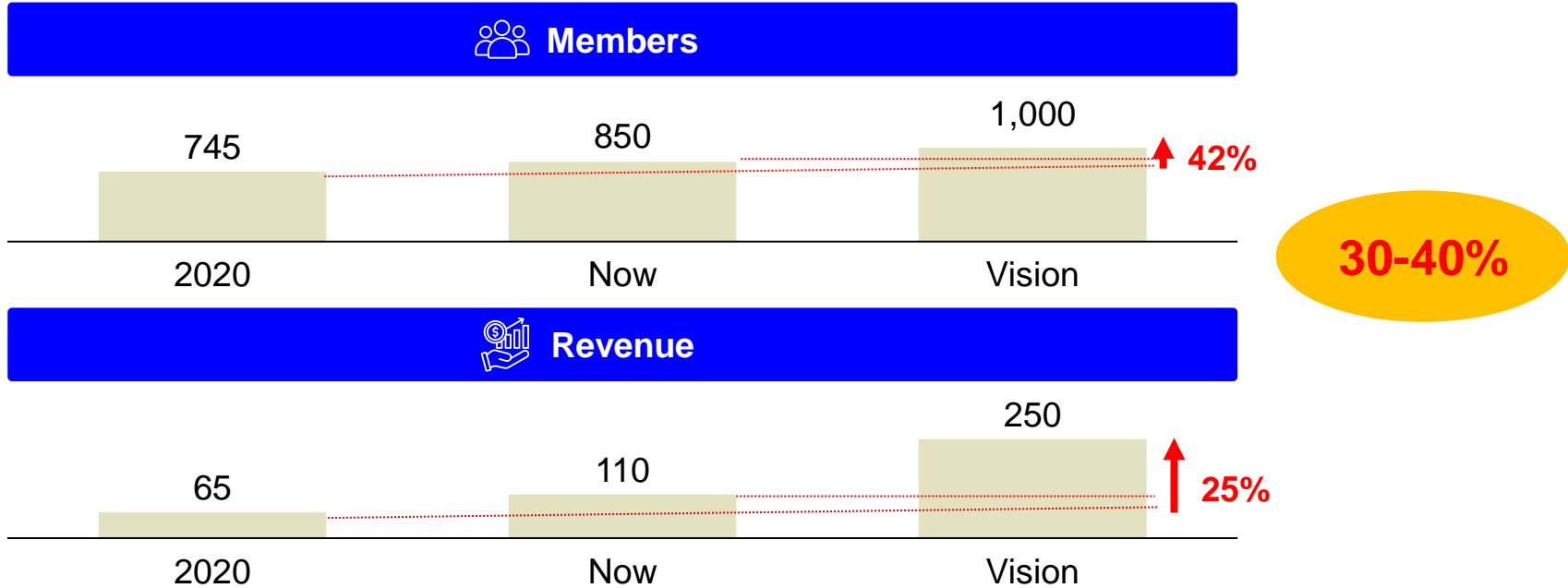
Our financials are in good shape, while we have more to do on Social Life



“DEBT”



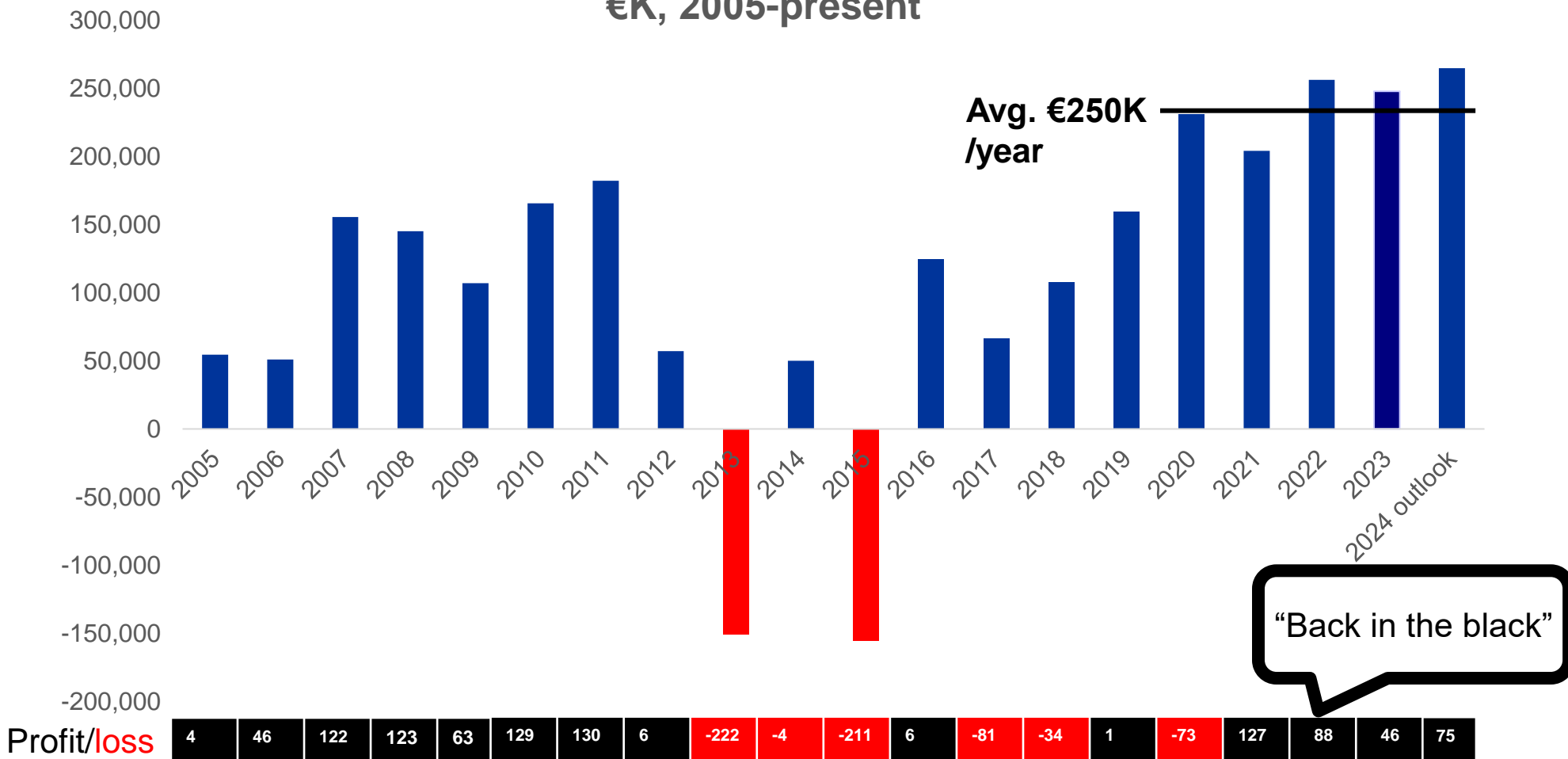
“SOCIAL LIFE”





Our ability to invest, reduce debt and increase service stems from the ~€250K a year in “cash from operations” we have been generating

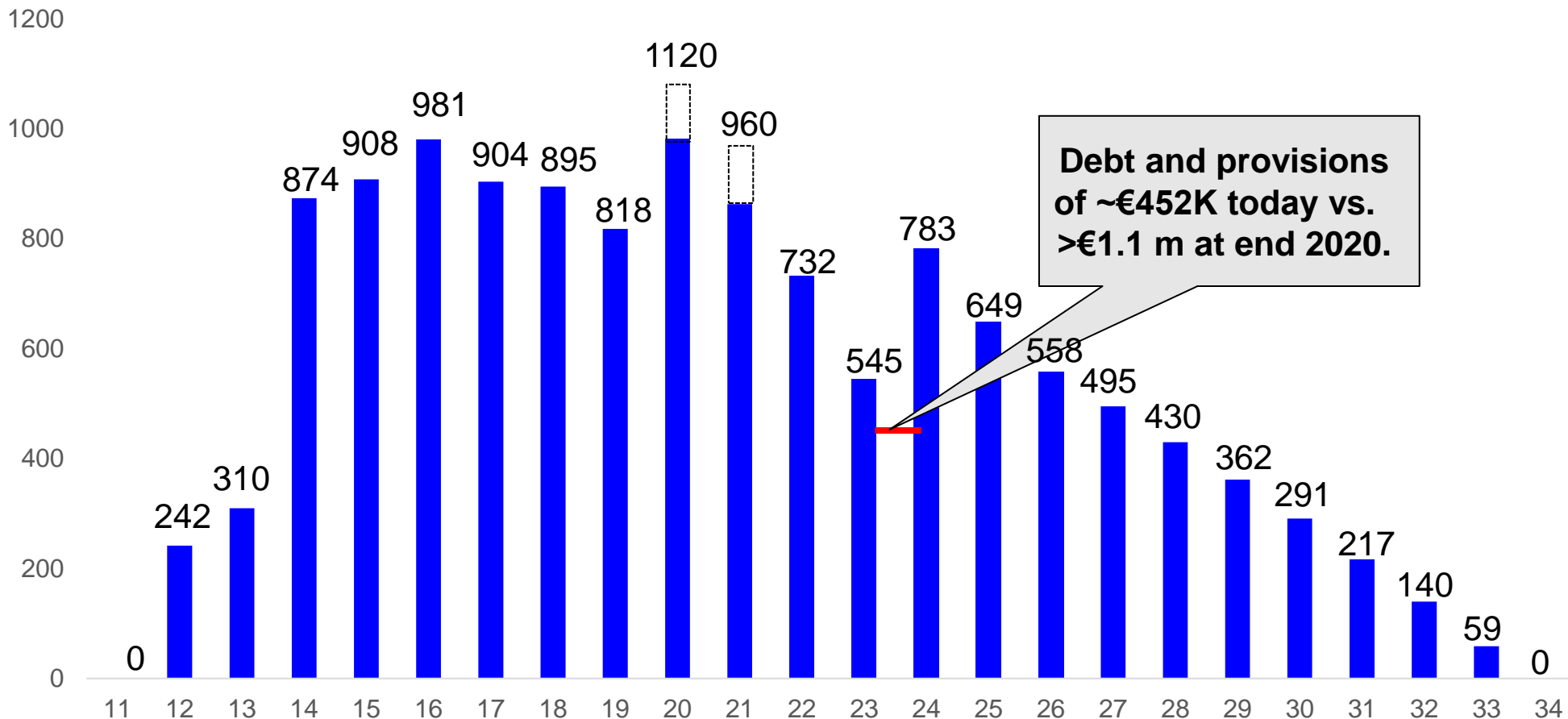
Annual profit/loss and net cash generated by Club activities, €K, 2005-present





This has allowed us to pay down €670K in debt in under 4 years (~60% of debts); debt will now increase to fund pool renovation

Bank debt and provisions at end of year, €K

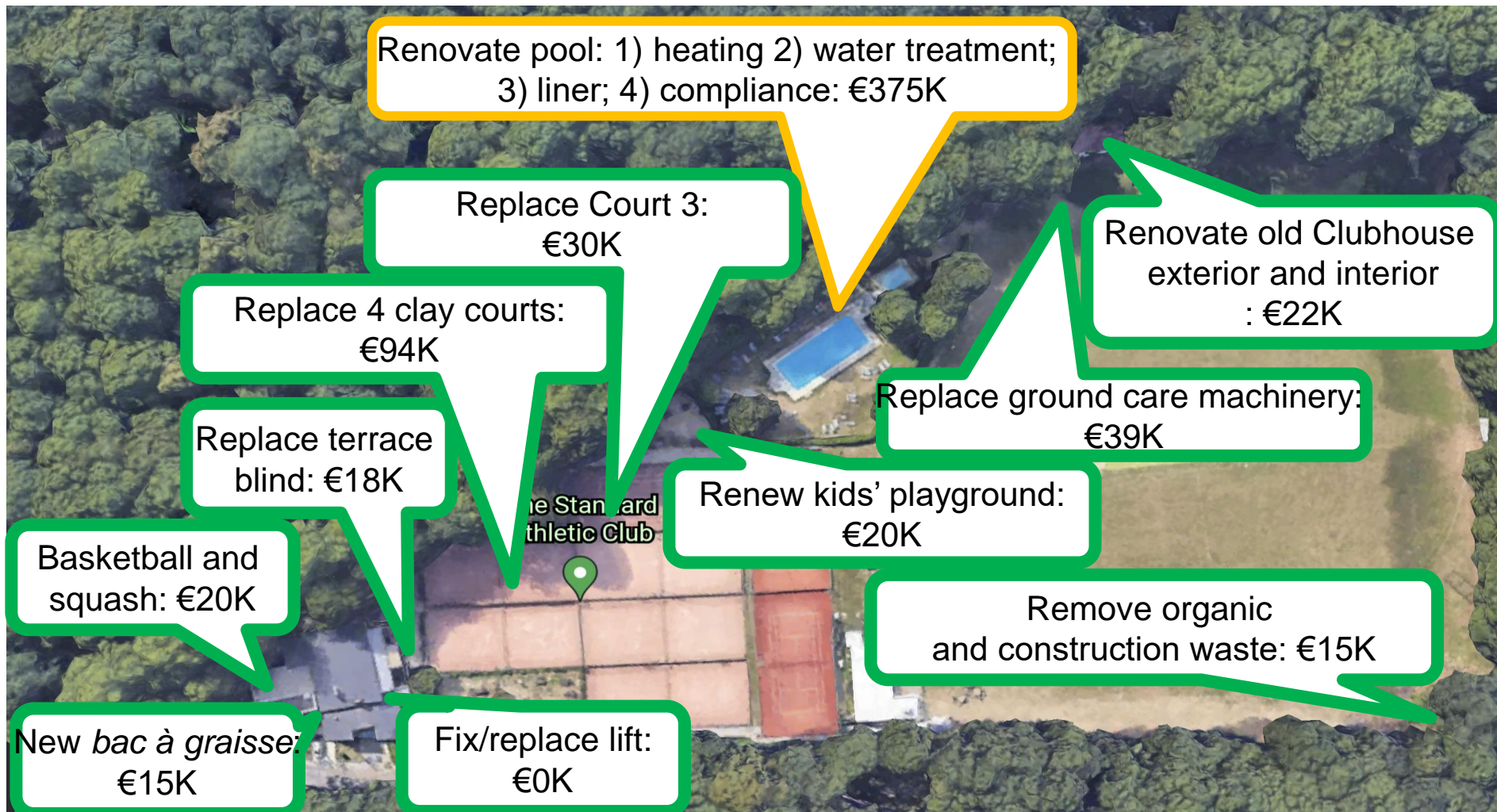


Note: Assumes consolidated pool and outstanding debt financed at 4.5% APR over 10 years, as of September 2024,
Source: Management Team analysis



With the pool, we will have invested ~€650K to address the entire backlog of capital issues identified in 2020

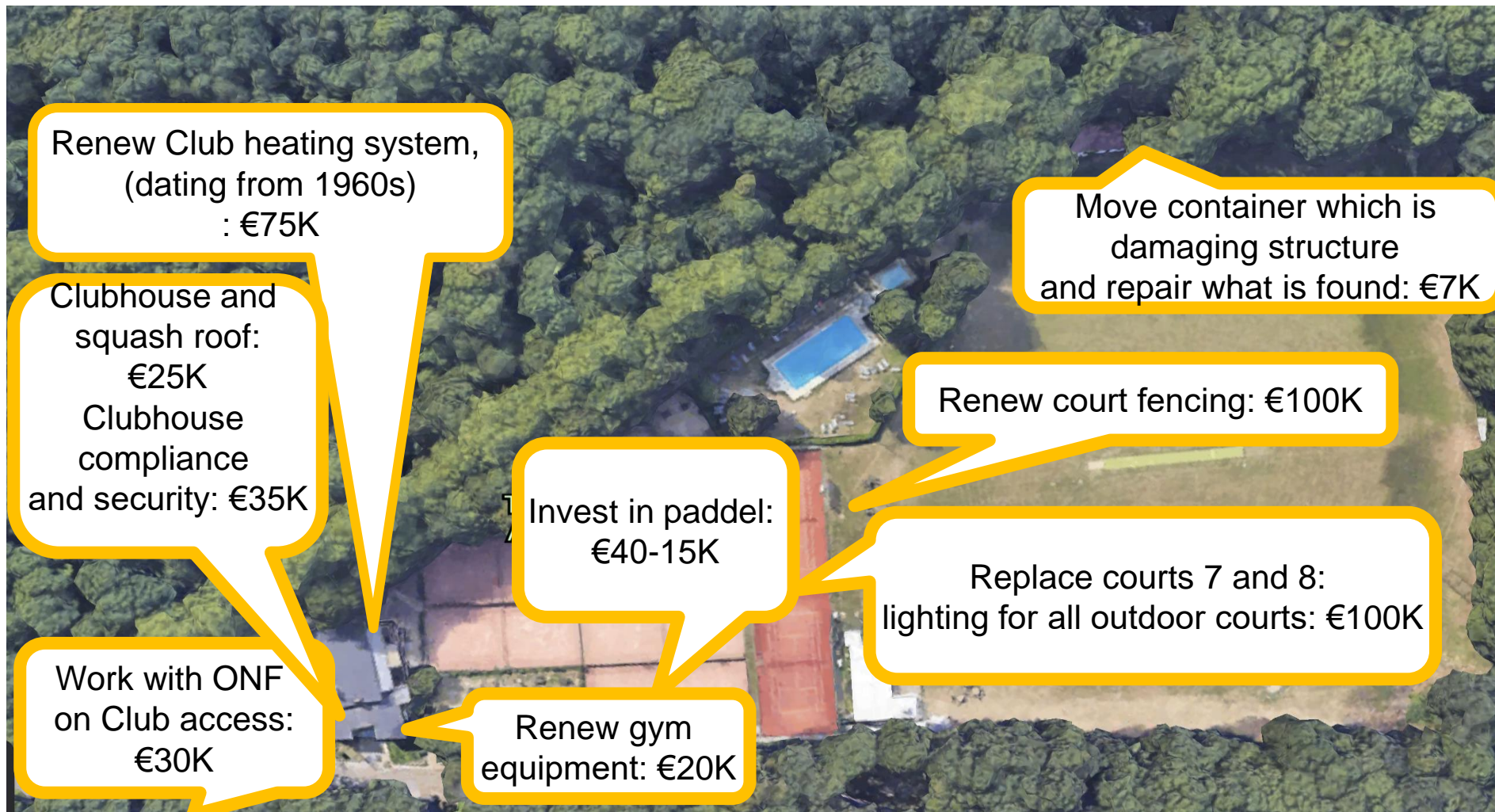
Capital improvements plan from 2020: Status and costs, TTC





We will continue to budget a more “normal” €75K annually for capital improvements to 2029

Potential capital improvements: 2024-2029; order of magnitude costs, TTC





The padel investment, in particular, requires in-depth assessment to understand cost and location options

▶ Zoning rules

- Is it possible to build the required 9 metre height from ground level for an all-weather court, or would this need to be sunk into the ground?
- What are the costs of the various options?
- Are there any links to the use of Courts 7 and 8?

▶ Number of courts? 2 would be ideal, though the investment would be larger

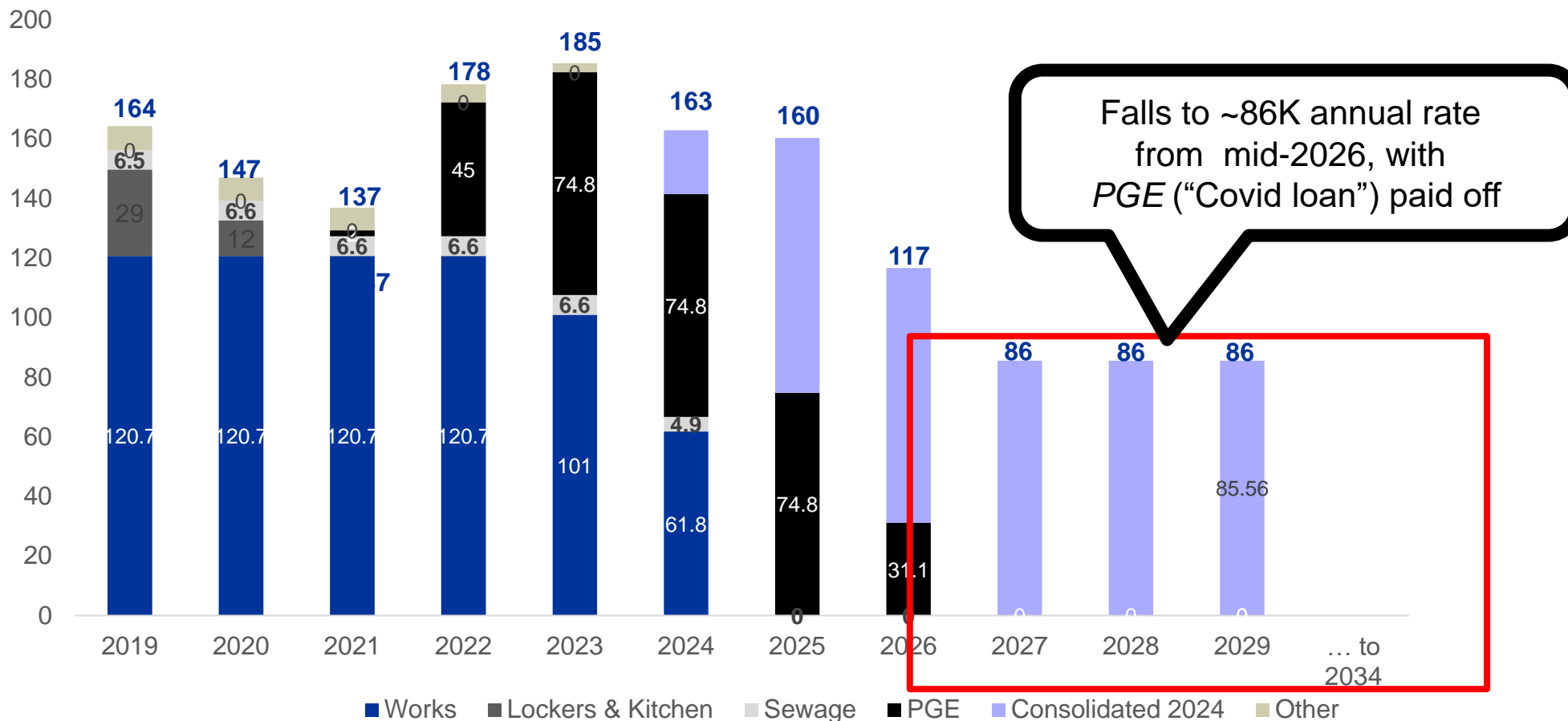
▶ Where?

- Our tennis court utilization is very low. This is not surprising given that our Membership is 40% down on its 2006 peak, while tennis now less popular as a sport (down 16% in recent years according to the FFT).
- At the same time, Court 6 is reaching the end of its life and would require ~€30K in investment.
- Should we follow Members who are switching from tennis to padel and do the same with our facilities?
- Or should we pull away space from other sports or social activities? Potential locations:
 - ▶ The current marquis location (with implications for events and lost revenues)?
 - ▶ The field (with implications for our field sports and the open, forest-setting of the Club)?
 - ▶ Extending into the Rose Garden to allow 2 courts, with implications for loss of social space?



Looking forward, we have another 2 years of €13K monthly debt payments, before falling to ~€7K a month thereafter

Repayment of capital and interest, 2019-2034 (K€)

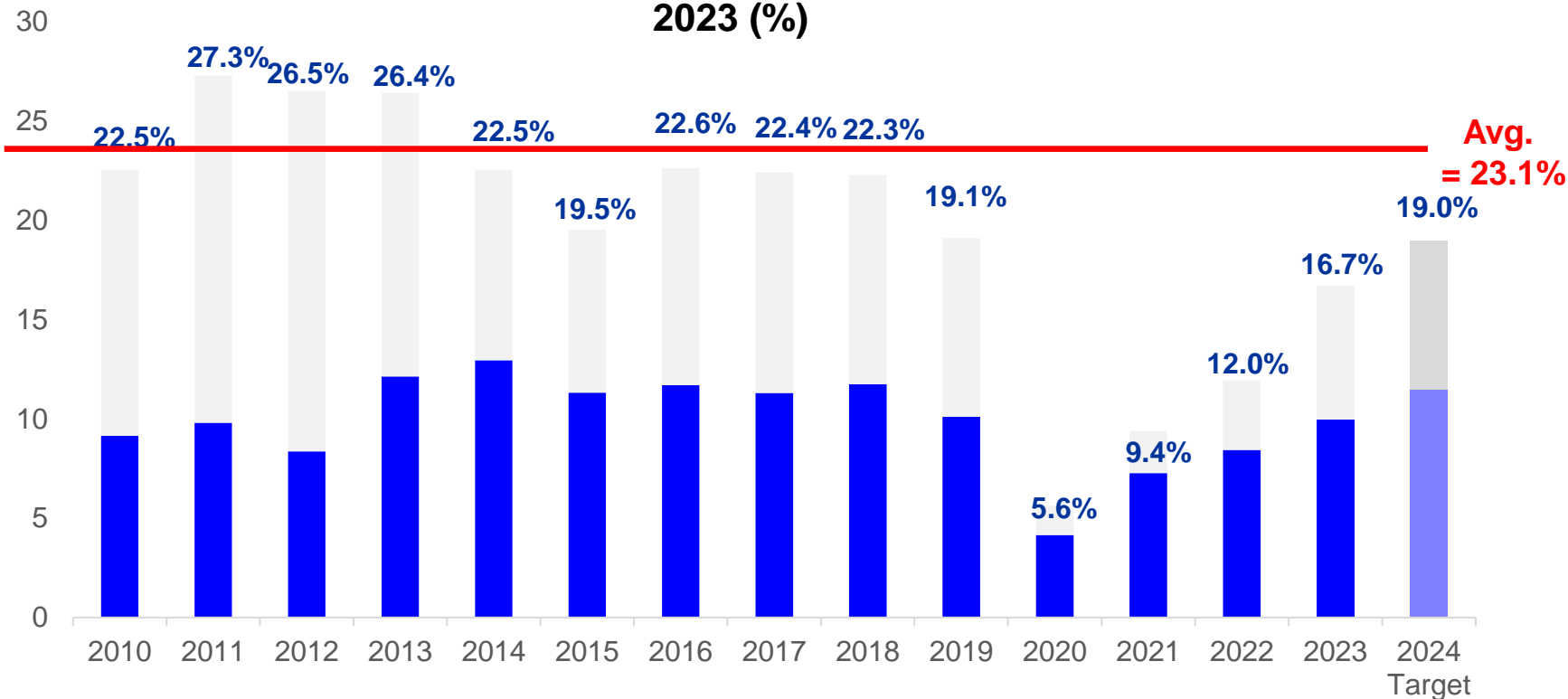


Note: Assumes consolidated pool and outstanding debt financed at 4.5% APR over 10 years, as of September 2024, Source: Management Team analysis



Turning to social life, activity is “on the up” with the addition of Carole to the team with a return to close to pre-Covid levels

B&R sales as % of entrance fee income, 2010-2023 (%)



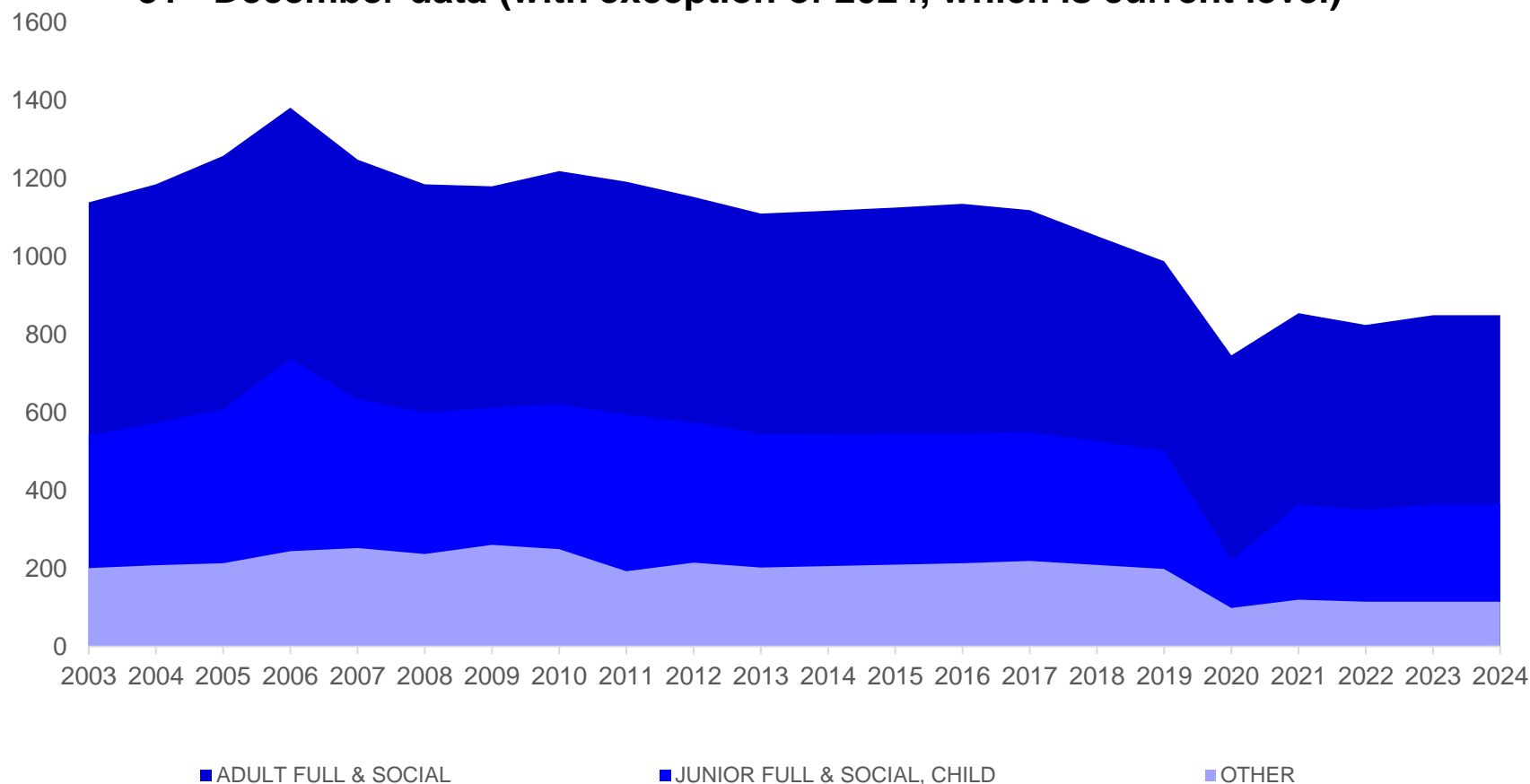
Revenue (€K)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 Target
	143	178	183	179	150	138	172	178	176	150	41	61	86	124	150

■ Bar ■ Restaurant



We now have ~850 Members, up ~15% from late 2020

Total Members by Category, 2003-present
31st December data (with exception of 2024, which is current level)

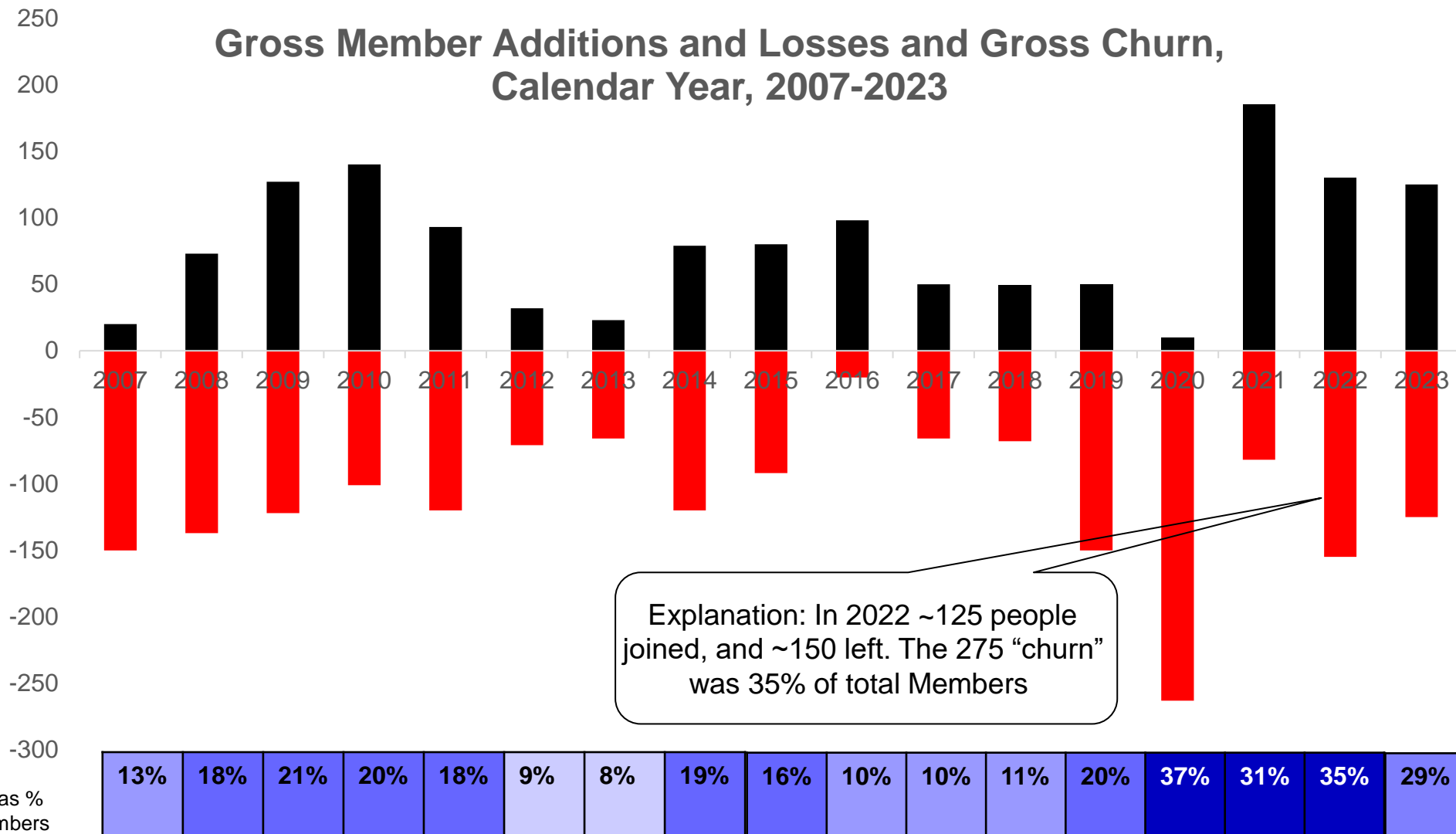


Source: Heitz, legacy ADSL extracts, AGM minutes, Sean Lafleur, Management Team analysis



This growth masks major “churn”, which has increase to ~30%, vs. historical levels of 10-20%

Gross Member Additions and Losses and Gross Churn, Calendar Year, 2007-2023



Gross churn as % of Members



We likely have a “Catch-22” in terms of the resourcing of social life and Member numbers

- ▶ Increasing the level of activity in the Club will increase retention and attract new Members ...
- ▶ ... yet we are currently constrained in what we can do due to debt repayments
- ▶ Less visible “back office” operations also need support, as the burden on a small number of volunteers is not sustainable
- ▶ The recent physical transformation of the Club has reversed years of decline, but does not look as if it, alone, will carry us back above 1000 Members.
- ▶ “Priming-the-pump” of further Membership growth will likely require additional investment in service



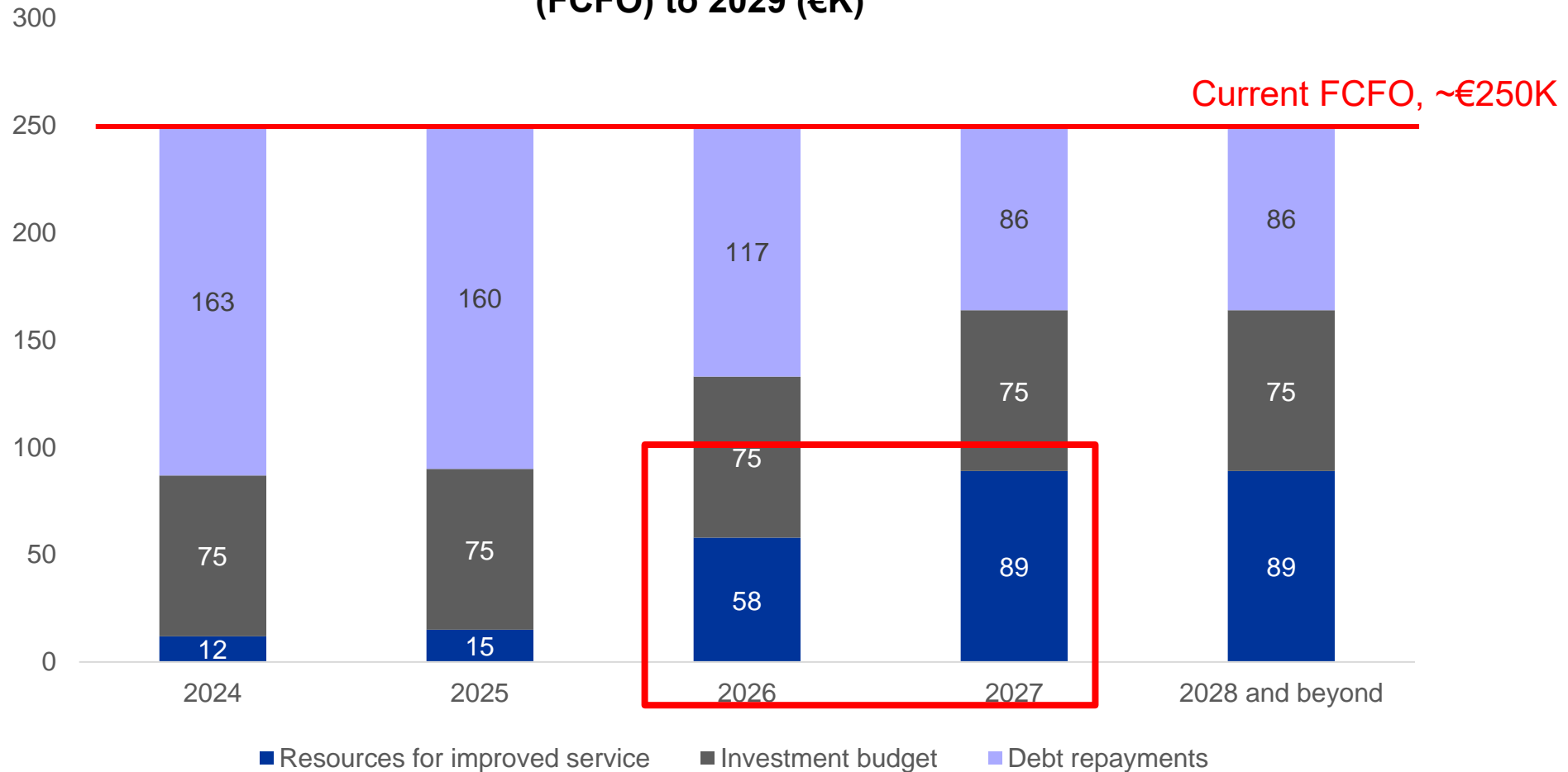
~€70K annual spend (~10% of current revenues) could provide a step-change in activity levels and social life at the Club

Benefit	Resources	Net incremental annual cost (€K)
Bar appropriately staffed whenever the Club is open <ul style="list-style-type: none"> Always 1 person on the Bar when Club is open, with 2 in peak periods Shorter holiday closing More high throughflow events (Friday evening, “Brunch/Breakfast” every Sunday) Junior staff free up Carole to plan more activities	Additional 1000 person hours @ €25/hour	€25K
Staff on front desk 9:30 to 17:30 on weekends (Wednesday coverage from next item)	16 x 51 = 815 person hours @ €25/hr	€10.4K (€20.4K, less €10K additional Guest Fees)
50% FTE to support back-office (subs, administration, sports licenses, etc.), working from front desk on Wednesday	800 person hours (17.5 per week x 45 weeks) @ €30/hr	€24K
In-house <i>commis</i> on weekend, 1 weekday lunch, and 1 weekday evening	700 person hours @ €30/hr Reduce purchased hours by 500 hours @ €40/hr	Budget neutral
A “spotless” Club (i.e., more frequent cleaning of changing rooms, showers, bathrooms)	250 hours additional outsourced cleaning @ €50/hour	€12.5K
		€72K



However, we will not be in a position to fund this out of cash flow until mid-2026, when debt repayments will fall

Demands on Free Cash Flow from Operations (FCFO) to 2029 (€K)





We therefore have 2 options: “Wait” until 2026, or bridge the period to 2026, by increasing service levels immediately

	Option 1: “Wait”	Option 2: “Bridge/Prime-the Pump”
Description	Continue at current level of service and activity As PGE is paid off in mid-2026, ramp-up spending on service by ~€70K Continue to ramp up service levels as Membership grows	Members step in to contribute and fund an immediate increase in service and activity levels: we assume funding of €6K a month for the 2 years until repayment of the PGE
Pros	Dues remain at current level in real terms	Immediate ramp-up in service levels Likelihood that this will support an increase in Membership Time-bounded increase in costs to us as Members
Cons	Risk of erosion in service levels as “volunteer” model becomes unsustainable Risk of loss of members	Increased immediate cost to us all as Members



This therefore leads to 3 MC Motions

- ▶ Motion 1: That the Management Committee form a Sub-Committee, to assess the options for the development of padel at SAC. This Sub-Committee should include:
 - Chair, nominated by and from the MC
 - An MC liaison
 - Representative nominated by the Tennis Section
 - Representative nominated by the field sports (Football, Cricket) Sections

The Sub-Committee should develop a recommended option and implementation plan, bearing in mind the need to move quickly while there is a shortage of facilities in France, and to balance the needs of the different sports and activities in the Club

- ▶ Motion 2. Annual subscriptions for 2024/2025 should increase, on average, by the current inflation rate of 2.2%. The new rates are shown in Table 1 below
- ▶ Motion 3. The Club is completing reimbursement of substantial loans, including the *PGE* (“Covid-loan”). Based on scheduled reimbursement of the *PGE*, ~€70K in annual funds will be freed up from mid-2026 to invest in increased service levels for Members. In order to accelerate this increased service, the Management Committee shall put in place a “bridging” measure, designed to raise ~€70K per annum to be ring-fenced for increased service levels (Bar and Restaurant, cleaning and back-office administration) as of September 2024. This will be paid for as a short-term, time-bounded supplement to fees. The amounts by membership level are shown in Table 2. This measure will lapse at the earliest of:
 1. August 31st 2026
 2. When Membership increases to over 950 as of October 15th of the year in question (i.e., the completion of the Subs-Renewal process)

APPENDIX



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We therefore propose to increase subscriptions in line with inflation (2.2%)

Table 1: Proposed 2024-2025 subscriptions, increasing in line with inflation (2.2%)

SUBSCRIPTION FEES	FULL MEMBERSHIP	SOCIAL MEMBERSHIP
ADULT	€1360	€1070
SENIOR	€970	€810
YOUNG ADULT (30-35)	€680	NA
YOUNG ADULT (18-29)	€505	
STUDENT (18-25) (with valid 2023/24 student card)	€275	
JUNIOR (11-17)	€505	
CHILD (5-10)	€405	
INFANT (0-4)	€150	
ONE SPORT	€470	
BRIDGE, GYM, PILATES, STEP, YOGA	€225	
COUNTRY ADULT	€160	
PAUSE FOR 1 YEAR	€115	
CHILD CARER	€275	

Note: All ages refer to age on 1st January of subscription year, as per Rule XX



A temporary (2024/5 and 2025/6) “service bridge”, raising ~€70K a year, would be allocated in proportion to Membership cost

Table 2: Individual contributions by Membership Category

SUBSCRIPTION FEES	FULL MEMBERSHIP	SOCIAL MEMBERSHIP
ADULT	€170	€134
SENIOR	€121	€101
YOUNG ADULT (30-35)	€85	
YOUNG ADULT (18-29)	€63	
STUDENT (18-25) (with valid 2023/24 student card)	€34	
JUNIOR (11-17)	€63	NA
CHILD (5-10)	€50	
INFANT (0-4)	€	
COUNTRY ADULT	€	