

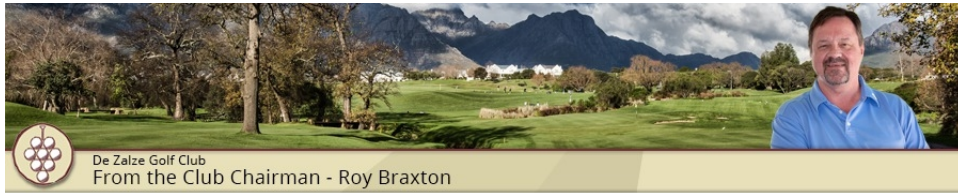
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Thursday, April 18, 2024

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Dear Member,

The Committee and Management team had a very busy month with the revised level 3 changes which were introduced on 01 February. We are now able to report on our **first 6 months of our financial year (01 August 2020 to 31 January 2021)**, as well as provide a view on how we plan to address the remaining 06 months of the financial year. Needless to say, trading conditions are very soft which requires a different approach to how we lead and manage the club. My detailed report will provide more clarity.

For MORE detail, access the full monthly report here.

[Full monthly report >](#)

Our business model

"We all want progress, but if you're on the wrong road, progress means doing an about-turn and walking back to the right road; in that case, the man who turns back soonest is the most progressive." - C.S. Lewis

We have a business model that worked well in an era where the client base was more differentiated due to in particular the influx of overseas visitors – we are now however confronted with the reality of having to define a

different way of doing business, where we appreciate different segments of the market and ensure our cost structures are aligned accordingly.

Whilst this is going to have short term implications, it's my opinion that we can grow a strong core business that reflects a lower risk client base and use overseas visitor revenues as "cream on top". To guide us and illustrate the fine balancing act that we have for the next 12 to 24 months, our opinion is:

- We cannot increase (local) visitors' fees. This will neither be good for our brand nor our medium to long term image
- Increasing the fees for our members to address shortfalls is not an option
- We want to be a responsible employer and be seen to be socially responsible
- We want to uphold the De Zalze brand of quality, innovation and service
- We would prefer to minimize any need for making use of our reserves to subsidize operational losses

The variables of a trading environment, which we have limited control over, is our reality. Internally we need to ensure we have "good costs" which adds value to the business, this is within our control. As an example, when we moved from level 1 (29 December 2020) to level 3 – re-adjusted (01 February 2021), our revenue reduced by 21.43%. As a strategist by profession, I am advising the Board that we should prepare for a 3rd wave which requires us to remain sensible with regards to how we utilise our reserves.

Initiatives going forward

1. A workgroup has been tasked to reconsider our Food and Beverage offering and how we need to redefine ourselves. For this brief, I have asked that we need to consider our market, our offerings, procurement practices, stock controls, hygiene, staffing mix and training. The deadline for this brief is to have a concluded proposition by mid-March 2021.
2. A focus on our irrigation system starting with a full audit of the system as it's coming out of its warranty period and it is one of the contributors

to the unsatisfactory bunker experience. The irrigation system also needs to be supporting our renewed focus on landscaping.

3. Capex for the next 06 months, which will have to include addressing the drainage issues on some holes.
4. We have progressed well in terms of our relationship with iCaddy. The net result of this initiative is that we will upskill our caddies and help them develop life skills (such as personal financial planning).

Our financial performance

For the six months: 1 August 2020 to 31 January 2021

	Budget	Actual	Last Year	Variance on Budget	Variance on LY
Rounds	18 482	18 540	22 297	58	(3757)
	<i>R' million</i>	<i>R' million</i>	<i>R' million</i>	<i>R' million</i>	<i>R' million</i>
Revenue	15,1	14,0	21,6	(1,1)	(7,7)
Net (loss) profit before tax	(1,7)	(1,9)	3,1	(0,2)	(5,0)
Cash from operations	1,3	0,9	6,1	(0,4)	(5,1)

The golf course

Our focus and assessments of the course have seen an overall improvement in the condition of the course:

Progress for the month has been as follows

- Overall, the course review results improved from 3,293 (65,9%) to 3,734 (74,7%) – I want to thank everyone for their hard work in this regard
- We have developed a matrix to standardise our assessment which can be found in the detailed report. It now incorporates tees' surrounds and greens' surrounds as a score separate from greens and tees. A big thanks to Alfie Payne and Chris Rademan for driving this initiative
- In the January review, the features with the lowest scores were the greenside bunkers, tees and the rough.
- In February these three aspects all improved, however bunkers & tees remained on the list of the bottom performers, whilst tee surrounds replaced "rough" on that list

Our staff

Our staff have been exceptional during this period despite their salaries being reduced by 30%. I want to thank our managers for providing support and care for their staff during this period. Desmond de Wet is having a slow recovery but we are grateful that he is improving and we will be providing financial support to him for February through the staff fund.

I am very impressed by the innovation from our Golf Director and his team with his Pop-Up sale initiative for moving our end of season stock. It's great having initiatives like this to demonstrate the will and drive to do the best in these times.

Our members

The support from our members have been great for which we as a committee, the management team and staff are grateful. At the end of the day, we are a community and need to work as such. We have worked very hard on getting our course marshals to get the speed of play at the level we want it to be and we monitor this as part of our key metrics.

We currently are in conversation with GolfRSA regarding the slope rating of De Zalze as it's my opinion that there needs to be a date when 75% of courses are ready for the switch over not the penalizing of early adopters. Our ladies captain is leading this conversation.

A big thanks to our members for their continued feedback as this helps us to improve. **Some of the formal comments we have received lately are:**

- "The course is in the worst condition it has ever been"
- "De Zalze's bunkers are the worst"

I will deal with the latest comments in my detailed report.

In summary I want to say on behalf of myself, committee, management team and all staff thanks for your support and please keep giving us feedback so we can learn and improve.

Regards

Roy Braxton

Chairman

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