



KNIGHTS

Knights Coastal Land Fund

(“KCLF” or “the Fund”)

Half year review

March 2015

KEY METRICS

	31 December 2013 \$'000	30 June 2014 \$'000	31 December 2014 \$'000
Operating profit (1)	\$319	\$826 (2)	\$658
Total assets	\$11,004	\$10,785	\$11,915
Total equity	\$5,873	\$5,819	\$6,197
NTA	\$0.2617	\$0.2593	\$0.2762
(1) After income tax		(2) Full year	

HIGHLIGHTS

- The Joint Venture's debt facility was renegotiated and increased on better terms
- The majority of the refurbishment program was completed
- The waterpark and bar were completed in time for the Christmas/School holiday peak period
- A distribution of \$0.0125 was paid during the period

REVIEW OF OPERATIONS

- Turnover and profitability continued to grow throughout the reporting period and significant growth was experienced over the Xmas/school holiday period. Importantly, our forward bookings are also stronger than in previous years.
- Since December 2013, ~\$1.9m has been spent on refurbishment and capital works including –
 - Construction of waterpark and bar,
 - Refurbishment and upgrade of existing resort pool, amenity blocks and ensuites,
 - Refurbishment and upgrade of waterfront villa's and holiday cabins,
 - Purchase and installation of new children's play equipment,

- Refurbishment of café and Palms room,
- Relocation of cabins and shedding, and
- Installation of upgraded security and WiFi.
- Tariffs have been reviewed and increased.
- Completion of the waterpark and bar, together with better integration with the Café, has created new revenue streams for the resort.
- Staff rostering and operational costs have been a major focus of Management's attention during the period as new staff requirements arose as a result of completing the major works.
- The waterpark was completed in time for the 2014/15 Christmas/school holiday period and has proven to be a great success with guests.
- The Resort was valued at \$17.5m in February 2014 as part of the funding application and it has since been revalued, as at 31 December 2014, at \$19.5m.

DEBT FACILITY

- The joint venture's funding with CBA expired on 31 July 2014 and, after detailed negotiations, a new and increased facility, on better terms & conditions, was entered into with NAB.
- The increased debt facility enabled the joint venture to continue the refurbishment of the Resort that had commenced in early 2014 and provided the required funding to undertake the creation of a "signature" waterpark and continue the progressive refurbishment of the Resort.

DISTRIBUTIONS

- A distribution of \$0.0125cpu was paid in November 2014.
- A distribution of \$0.015cpu will accompany this report.

OPTIONS FOR THE FUND

- The life of the Fund was previously extended by unitholder vote to December 2016.
- Management believes that completion of the upgrading and refurbishment works, together with the waterpark, will continue to result in increased turnover and improved profitability throughout the balance of 2015 and 2016. As a result, Management believes that the focus should be on continuing to improve the Resort's turnover and profitability so that it can be offered for sale in 2016 with an enhanced trading performance.


Grant Hodgetts

Director

Knights Capital Management Pty Ltd

16 March 2015

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