



## KNIGHTS

# Knights Coastal Land Fund

("KCLF" or "the Fund")

## Half year Unitholder update

March 2016

### KEY FUND METRICS

	31 December 2015 \$'000	30 June 2015 \$'000	31 December 2014 \$'000
Revenue	3,427	3,844 (2)	2,279
Expenses	1,544	3,182 (2)	1,561
Operating profit (1)	1,810	596 (2)	658
Total assets	13,248	11,406	11,915
Total equity	7,385	5,798	6,197
NTA (cpu)	\$0.3284	\$0.2584	\$0.2762
(1) After income tax		(2) Full year	

***Since 30 June 2013, the NTA of the Fund has increased by 32.7%***

### OPERATIONAL HIGHLIGHTS

- The Blue Dolphin Resort ("BDR") enjoyed strong turnover and profit growth in the period.
- Revenue increased by 50.4% over the prior corresponding period ("pcp")
- Expenses decreased by 3.8% over the pcp
- Operating profit increased by 280% over the pcp.

- NTA increased by 19.8% over the pcp.
- The Resort has outperformed all segments of its annual budget.
- The refurbishment program was completed.

## DISTRIBUTION

- A distribution of \$0.010cpu was paid for the quarter ending 30 September 2015.
- A distribution of \$0.010cpu will accompany this unitholder update.

## REVIEW OF OPERATIONS

- Turnover and profitability continued to grow throughout the reporting period.
- Strong occupancy was experienced throughout the reporting period and particularly over the Christmas/school holiday period.
- Staff rostering and operational costs have continued to be a major focus of Management's attention.
- The Blue Dolphin Resort was independently valued by Colliers International at \$19.5m as at 31 December 2014. This represents 100% of the BDR – not the Fund's 55% interest in it. While an independent valuation has not been undertaken since then, the Directors of the Responsible Entity have adopted a valuation in these accounts of \$22.2m for 100%, not the Fund's 55% interest.

## OPTIONS FOR THE FUND

- In 2011, the life of the Fund was extended by unitholder vote to December 2016 at which time unitholders can vote to extend or terminate the Fund.
- Completion of the upgrading and refurbishment works, together with the waterpark, has resulted in increased turnover and improved profitability, both of which have led to an increase in the valuation of the Resort
- Regular distributions have recommenced. At the current NTA of \$0.3284/unit, the YTD distribution of \$0.02cpu represents a YTD 6.1% cash yield. It is anticipated that further distributions of ~\$0.015cpu will be paid in the remainder of the current year representing a cash yield for the 2015-16 year of ~10.64%pa.
- As previously advised to unitholders, the Fund's 55% interest in the Blue Dolphin Resort will be offered to the market for sale in the near future. Agents have been appointed and preparation for the sale is underway.

I am available to respond to any questions that unitholders may have.

**Grant Hodgetts**

Director

**Knights Capital Management Pty Ltd**

**15 March 2016**

*This document has been prepared by Valuestream Investment Management Ltd (ABN 66 094 107 034 AFSL 246621) and Knights Capital Management Pty Ltd (ABN 57 117 550 893 AFSL 306365) as Responsible Entity and Fund Manager respectively to the Knights Coastal Land Fund (ARSN 115 858 047). The Responsible Entity and Fund Manager their associates related entities and directors do not guarantee the performance of the Knights Coastal Land Fund or the repayment of monies invested. While every care has been exercised in the preparation of this document and the information is believed to be correct the Responsible Entity and the Fund Manager do not give any warranty as to the accuracy reliability or completeness of the information. Past performance is not an indication of future performance. This document does not contain financial product advice, it is provided for general information purposes only and does not have regard for the particular objectives financial situation or needs of any specific person who may read it and who should seek their own professional advice. The information contained in this document is current as at March 2016 and may change from time to time without notice.*