

KNYSNADOC INVESTMENT HOLDINGS (PTY) LTD

Chairman's feedback

Dear Shareholder / Geagte Aandeelhouers

Knysnadoc is nou in 'n baie mooi groei fase. Ons herstrukturering en strategiese aankope, wys nou goeie opbrengste. Dit beteken **DIVIDENDE!**



PROTEA HOTEL
KNYSNA QUAYS

Knysna Quays Protea Hotel

The Quays Protea Hotel is performing very well and we saw a good jump in income there. This is due to the dedicated team.

The Hotel remain a sought after destination.

Die debentures lewer steeds die uitstekende opbrengs. Die Hope Factory, ons nuutste aankoop, lewer nou 'n baie gesonde opbrengs.

We again had a clean audit, always good news. The date for the AGM is set for the 13

September 2014. Notices attached.

The Board is functioning well. I would like to thank my fellow directors for their dedication and effort.

Our manageress, Nicky, has settled well into her position.

Despite all the good news and good returns, we remain dedicated to build this company and grow return on investments annually.

Enjoy the newsletter and I hope to see you at the AGM.

Johan C Olivier, Chairman

AGM

Annual General Meeting 2014 **Knysnadoc Investment Holdings AGM** **13 September 2014 at 6 Thesen House, Long Street, Knysna**

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HOPE FACTORY AND ACQUISITION REPORT

Once again it gives me great pleasure to submit the following report.

As you will note from the financial statements the company is on a much better growth path now. We have attempted to control expenses

without compromising our fiduciary duties.

This is not so easy in a difficult business environment. We have also been fortunate that we have had no vacancies in our properties.

The Hope Factory

This building is doing very well and we recently signed a new lease

which is going to run until April 2019. The rental escalation is 8.50 %.

The tenant is a national tenant which runs entrepreneur development programs funded by the South African Institute of Chartered Accountants.

We also spent R110, 000 for the installation of air conditioners . The tenant has spent almost a million rand on certain upgrades in the building. This property has accrued substantial value.

Currently we are busy with due diligence on a building in Newton Park. Port Elizabeth.

This building is also occupied by a tenant with an international foot print. This property is in excellent condition and should not require much maintenance in the medium term. The asking price is R6.30 million. On advice from our bankers who found a value of R5.80 we have decided to make a similar offer. The R O I is 10.80 %.

Whilst some economists comment that the property market has bottomed out and there is steady growth , those of us that are at the coal face of the industry find that there are many distressed properties on the market . These are usually run down and very poorly tenanted,

never the less we are constantly in the hunt for good commercial opportunities.

I thank you for your indulgence,

Mike Naran



New Asset Report

The first few months as a director have been very interesting. My observations are that the governance of the company is adequate, the assets are well managed and the Directors are very keen to grow the shareholder value.

I have attended a number of meetings that were well organized with very frank discussions. We have also evaluated a few property opportunities in the last few months.

I have introduced the discussion of a merger between Knysnadoc and Peakstar with the **aim** of unlocking the synergies between the entities

.In this regard we will seek expert guidance and support of shareholders. I am of the firm believe that a merger will result in enormous benefits for all concerned.

I am excited about Knysnadoc and commit to deliver the best that I can.

Alfred A Da Costa

Good news to the shareholders

It is always good to be the carrier of good news. Here is the short version of the financials for 2014.

Assets and liabilities

Total Assets value is up with R3.6miljon that corresponds to the value of the Cawood property.

Income

We could see the effect of the acquisition of the Cawood property on our income. A R300000 extra is always good. Even the Quays performed excellent with a year on year increase of R130000!

Expenses

I am really happy with the expenses, though there is an increase of R41000 form 2013 that was due to an R80000 increase of Assessment rates & municipal charges (from the PE property). This means that the

rest of our expenses were in fact R39000 less than in 2013.

As always our partner with the first right on money (SARS) will take his chunk of our excellent before tax profit of R 1,234,953. This still leaves us with a healthy profit of R821, 000 with R273, 600 to be used for our shareholders as a dividend.

Nett asset value

Also here we can report a NAV of R16207387 compared with R15597640 of 2013.

NAV per share is R37.10 (R35.75 for 2013).

Dividend

In every aspect, this was a good year again and with the profit as per company policy, we will declare a dividend of 62.6c per share with an after tax pay out of 53.2 c per share or R532 for every 1000 shares.

Wilco Eloff Financial Director

