

Proven Resort Operator with Valuation Upside and Coupon Payable

TRANSACTION SUMMARY

Issuer	DESTINATION LEISURE HOLDINGS PTY LTD
Transaction	<p>Issue of \$3.0million of Convertible Notes.</p> <p>Coupon of 8% per annum, payable quarterly.</p> <p>Convertible discount of 20% to Valuation.</p> <p>Term, 18 months from completion of capital raising.</p>
Lead Broker	Novus Capital Limited

INVESTMENT HIGHLIGHTS

- **The acquisition and refurbishment of The Sands Golf Resort, Torquay, Victoria.**
- The property contains an A grade 18 hole golf course, 112 room hotel with extensive conferencing facilities, restaurant and bar, health club with gymnasium and indoor swimming pool.
- The property was formally known as Peppers, The Sands, Torquay.
- The property was acquired by Destination Leisure Holdings Pty Ltd who have undertaken a \$4.754million refurbishment program and is projected to re-open in late November 2021.
- Belgravia Health & Leisure Group Pty Ltd have been appointed under a 10-year Management Agreement.
- A Valuation "on completion" of refurbishment has been completed, Valuing the property at \$35.00million (for mortgage security purposes).
- The Valuation is based on a three (3) year rolling average EBITDA of \$3.30million.
- A first mortgage debt facility of \$25.00million is in place with CBA.
- There is currently \$2.00million of Convertible Notes on issue and following this raising, there will be a total of \$5.00million of Convertible Notes on issue.



OPERATOR OVERVIEW

Belgravia Health & Leisure Group Pty Ltd is a very experienced Asset Manager and has been appointed as resort managers on a 10-year Management Agreement with a 10-year Option. Belgravia have in excess of \$10billion of funds under management across some 200 venues.

Belgravia have prepared operating forecasts for year one of operation forecasting EBITDA of \$2,656,222.

An independent accounting group (Minett Prime Square) have also prepared an operating forecast for year one of operation forecasting EBITDA of \$2,846,757.

Minett Prime Square have forecast a three (3) rolling average EBITDA of \$3.30million.

A substantial refurbishment program is being undertaken to bring the resort up to a high standard.

The golf course has been maintained in "A" grade condition with a current golf membership of 700.

The following detailed information is available via a Novus Dropbox: -

- Valuation dated 28/6/21 by Quadrin Group.
- Operating forecasts dated June/21 prepared by Belgravia Health & Leisure Group Pty Ltd.
- Independent 5-year operating forecasts prepared by Minett Prime Square dated June/21.
- Detailed refurbishment description and costings of \$4.754million.
- Convertible Note Agreement, and
- Marketing Materials.

Trading Forecasts

Minett Prime Square Forecasts

Key Performance Indicators	Year 1	Year 2	Year 3		
Rooms in Inventory	112	112	112		
Number of Days	365	366	365		
Available Rooms	40,880	40,992	40,880		
Average Daily Rate (ADR)	\$282.0	\$289.1	\$296.3		
Occupancy %	65.0%	70.0%	70.0%		
Occupied Rooms	26,572	28,694	28,616		
RevPAR	\$183.3	\$202.3	\$207.4		
Department Revenue					
Rooms	7,493,304	61.1%	8,294,116	59.7%	8,478,241
Food & Beverage (inc banquet)	4,746,000	38.7%	5,580,000	40.1%	5,691,600
Other Operating Income	22,860	0.2%	25,000	0.2%	25,500
Total Revenue	12,262,164	100%	13,899,116	100%	14,195,341
Department Expenses					
Rooms	1,892,993	25.3%	2,046,848	24.7%	2,091,032
Food & Beverage (inc banquet)	4,176,480	88.0%	4,957,762	84.0%	5,056,918
Other Operating Income	11,430	50.0%	12,500	50.0%	12,750
Total Expenses	6,080,903	49.6%	7,017,110	50.5%	7,160,700
Department Profit					
Rooms	5,600,311	74.7%	6,247,268	75.3%	6,387,209
Food & Beverage (inc banquet)	569,520	12.0%	622,238	11.2%	634,682
Other Operating Income	11,430	50.0%	12,500	50.0%	12,750
Total Department Profit	6,181,261	50.4%	6,882,006	49.5%	7,034,642
Undistributed Expenses					
Administrative & General	914,045	7.5%	991,189	7.1%	999,929
Sales and Marketing	632,872	5.2%	645,529	4.6%	658,440
Property Operations & Maintenance	795,479	6.5%	603,633	4.3%	616,253
Total Undistributed Expenses	2,342,396	19.1%	2,240,352	16.1%	2,274,622
Gross Operating Profit	3,838,865	31.3%	4,641,654	33.4%	4,760,019
Management Fees					
Base Management Fee	613,108	5.0%	694,956	5.0%	709,767
Other Deductions					
Property Taxes and Rates	84,000	0.7%	85,680	0.6%	87,394
Property Insurance	240,000	2.0%	244,800	1.8%	249,696
Body Corporate	44,000	0.4%	44,880	0.3%	45,778
Artwork	11,000	0.1%	11,000	0.1%	11,000
EBITDA	2,846,757	23.2%	3,560,338	25.6%	3,656,385
FF&E Reserve	429,176	3.5%	486,469	3.5%	496,837
Incentive Management Fee	56,935	0.5%	71,207	0.5%	73,128
Net Operating Income (NOI)	2,417,581	19.7%	3,073,869	22.1%	3,159,548

Belgravia Operational Forecasts

Year Ended June	Projected Sep 21 to Jun 2022	Projected FY2023	Projected FY2024
REVENUE			
Hotel	\$8,544,721	\$12,518,031	\$13,042,594
Golf	\$1,279,517	\$1,612,733	\$1,804,316
Total Health Club & Estate Maintenance	\$284,963	\$452,364	\$595,696
Total Revenue	\$10,109,201	\$14,583,128	\$15,442,606
EXPENSES			
Hotel	\$6,191,965	\$8,343,286	\$8,648,882
Golf	\$1,014,826	\$1,246,671	\$1,289,801
Total Health Club & Estate Maintenance	\$246,188	\$296,563	\$369,238
Total Expenses	\$7,452,979	\$9,886,520	\$10,307,921
NET PROFIT			
Hotel	\$2,352,756	\$4,174,745	\$4,393,711
Golf	\$264,691	\$366,061	\$514,515
Total Health Club & Estate Maintenance	\$38,775	\$155,801	\$226,458
Total Net Profit before Management Fees and Interest	\$2,656,222	\$4,696,607	\$5,134,684

PROPERTY DESCRIPTION

The Sands property is constructed across approx.76.5 hectares comprising: -

- An 18 hole "A" grade golf course designed by Australian professional golfer, Stuart Appleby.
- 98 larger than normal standard accommodation rooms and 14 premium two room suites. All rooms are strata titled.
- Bar and restaurant with seating capacity of up to 250 patrons.
- Four conference rooms capable of configuration into a Ballroom seating 500 theatre style.
- Fully equipped gymnasium with an indoor 25 metre pool.

In 2007 The Sands Torquay estate was launched in what is now an integrated, residential golf course development. The Estate consists of 400 residential house lots, 126 terrace townhouses, (collectively known as The Sands Estate). The Resort and The Sands championship golf course and clubhouse.

The Sands Torquay Resort was built in 2007 and designed by award winning architect, Perrott Lyon Matheson. It was developed to complement the natural beauty of Torquay's surf coast, golf course and picturesque surroundings.

The resort comprises 112 rooms over three levels and offers spacious, modern accommodation with a variety room choices. Resort guests are offered access to the health club and golf course.



MORE INFORMATION

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