



ELANOR INVESTORS GROUP

1HFY20 Results Presentation

17 February 2020

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1HFY20 Results Overview

1HFY20 Results Highlights

Funds Under Management	\$1,679m 46.1% increase on 1HYF19
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ASX Listed Funds Under Management	\$731m 127.0% increase on 1HFY19
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Funds Management Fees	\$8.3m 10.9% increase on 1HFY19
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Core Earnings	\$12.4m 84.1% increase on 1HFY19
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Distributions Per Security	9.51c 50.5% increase on 1HFY19
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Gearing^{1,2}	24.4% Decreased from 28.4% at 30 June 2019
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- Established two new managed funds in 1HFY20 with a combined gross asset value of \$176.8m as at 31 December 2019
- Listed Elanor Commercial Property Fund on the ASX and acquired two new assets increasing gross asset value of the fund by \$116m
- Elanor Retail Property Fund FUM increased by 6.8% to \$343.8m
- Listed Elanor Commercial Property Fund in December 2019. FUM of \$387m at 31 December 2019
- 18.6% increase in annualised recurring Funds Management fees to \$12.1m
- Annualised recurring Funds Management fees including Cost Recoveries of \$13.8m
- 8% increase in Funds Management EBITDA to \$6.7m
- 29.2% increase in distributions from Co-investments to \$4.3m, up from \$3.3m
- Stapled securities on issue increased by 17.7% to 117.5m in December 2019
- 90% Core Earnings payout ratio maintained
- The Group is conservatively geared and has significant capital to facilitate future growth
- Gearing includes \$60m of unsecured 5 year Corporate Notes. Secured gearing ratio at 31 December 2019 of 1.2%

1. Based on equity accounting Elanor Metro and Prime Regional Hotel Fund, Elanor Luxury Hotel Fund and Bluewater Square Syndicate
 2. Net debt / (total assets less cash)



Elanor 

Strategy and Business Overview

Elanor Investors Group – ‘Pure Play’ Real Estate Funds Manager

<p>Real Estate Funds Manager</p>	<ul style="list-style-type: none"> • \$1.7bn of FUM • ASX Listed FUM of \$0.73bn • Annualised recurring Funds Management fees of \$13.8m and growing • Balance Sheet comprises cash, short term receivables and Co-investments in Managed Funds
<p>Well Positioned for Growth</p>	<ul style="list-style-type: none"> • Active and strong pipeline in each area of core real estate focus • Growth capital of approximately \$77m as at 31 December 2019, sufficient to increase FUM by \$0.8bn to \$2.5bn
<p>Strong and Differentiated Capability across three key Real Estate Sectors</p>	<p>Commercial; FUM of \$0.54bn</p> <ul style="list-style-type: none"> • Active asset management delivering above average risk adjusted returns from investment grade commercial properties <p>Retail; FUM of \$0.77bn</p> <ul style="list-style-type: none"> • Value-add assets that deliver high risk adjusted returns through repositioning <p>Hotels, Tourism and Leisure; FUM of \$0.38bn</p> <ul style="list-style-type: none"> • High quality accommodation hotels with near term operational and strategic value-add opportunities • Exposure to strongly growing Australian tourism and leisure industry
<p>Highly Scalable Platform</p>	<ul style="list-style-type: none"> • Invested in senior management capabilities across acquisition sourcing, asset and development management, institutional partnerships and capital raising
<p>Strong Track Record of Investment Returns</p>	<ul style="list-style-type: none"> • Average total IRR realised returns of 16.3% from Managed Funds since listing in 2014

Funds Management Strategy

Strategic Objective



Provide superior investment results to deliver on strategic objective

Real Estate Sector Focus

Commercial Office	Retail	Hotels, Tourism and Leisure	Other Sectors
<ul style="list-style-type: none"> • Active asset management • Realise 'value add' operational and strategic opportunities 	<ul style="list-style-type: none"> • Active asset management • Realise 'value add' operational and strategic opportunities 	<ul style="list-style-type: none"> • Active asset management • Specialist hotels asset management platform 	<ul style="list-style-type: none"> • Healthcare focussed Real Estate • Acquire platform capability and / or partner

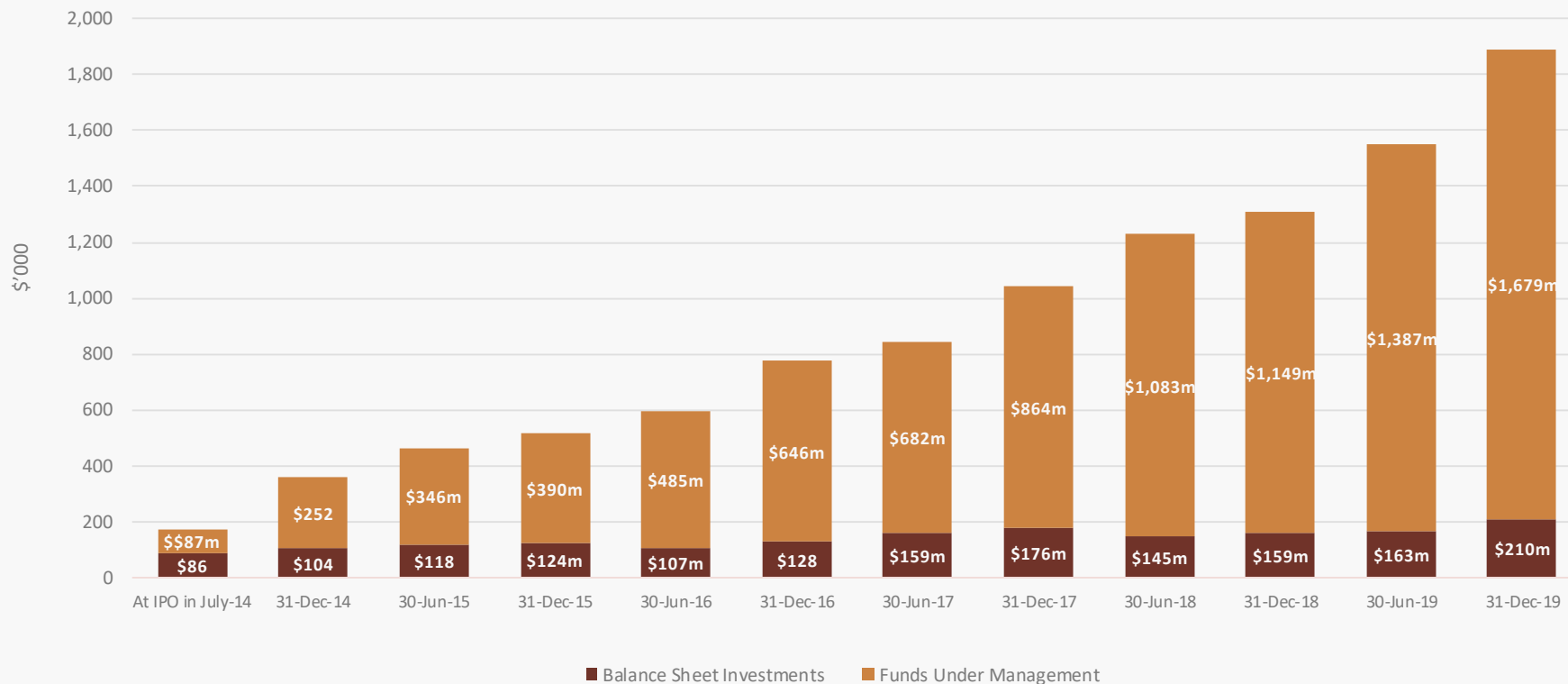
Co-investment with capital partners for strategic and alignment purposes

Capital Partners

Listed Public Markets – Australian Securities Exchange
Global institutional investors – capital led strategy
Domestic Institutional investors – listed and unlisted institutional investors
Wholesale capital investors – 'Family Office', ultra HNW, wholesale private investors

Growth In Funds Under Management

GROWTH IN FUNDS UNDER MANAGEMENT SINCE IPO¹

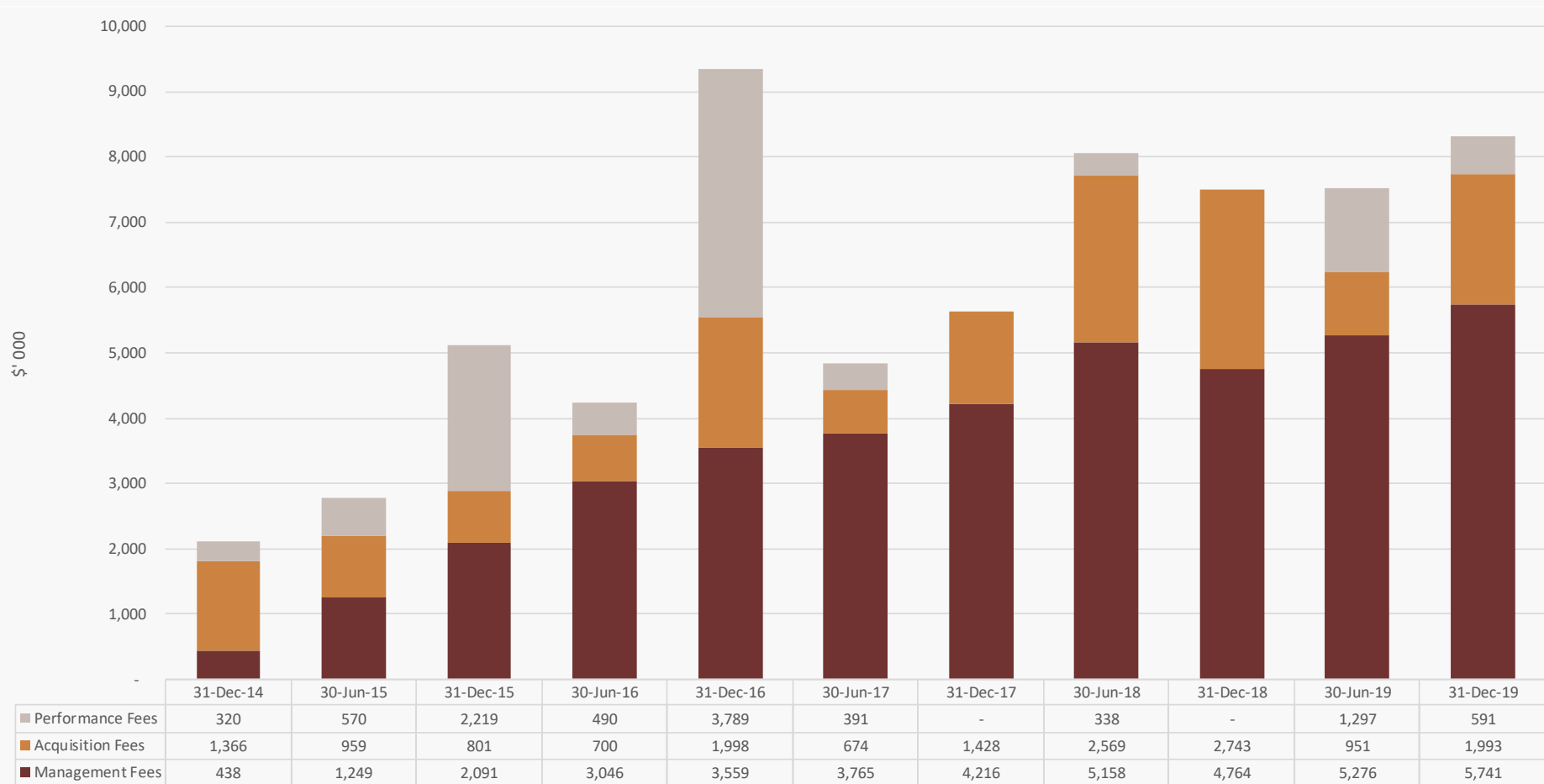


- Funds under management of \$1.7bn as at 31 December 2019. Since 30 June 2019, ENN has increased funds under management by \$0.3bn
- Total funds under management and balance sheet investments of \$1.9bn, reflecting a 21.9% increase on 30 June 2019

1. Consistent with the basis on which ENN's base management fees are calculated, figures reflect the Gross Asset Value of the various managed funds

Growth in Funds Management Income

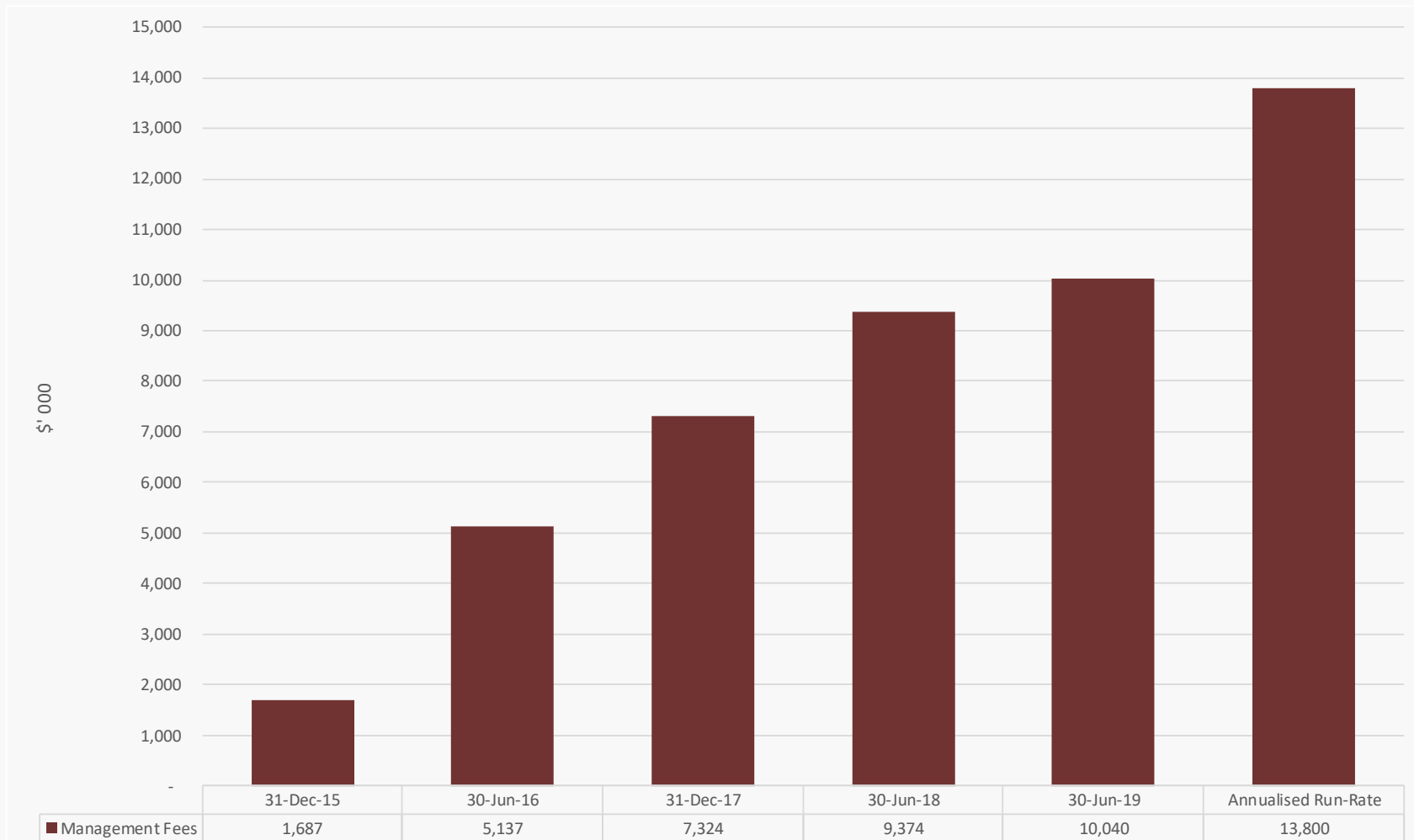
FUNDS MANAGEMENT INCOME ANALYSIS (HALF YEAR PERIODS)



- 18.6% increase in annualised run rate of recurring Funds Management fees to \$12.1m as at 31 December 2019, \$13.8m including cost recoveries
- The Group is well positioned to grow funds under management

Growth In Recurring Funds Management Income

FUNDS MANAGEMENT RECURRING INCOME ANALYSIS



The Group Generates Consistent Transactional Income

As an active Fund Manager and investor, the Group continues to generate consistent and growing levels of transactional cash earnings from:

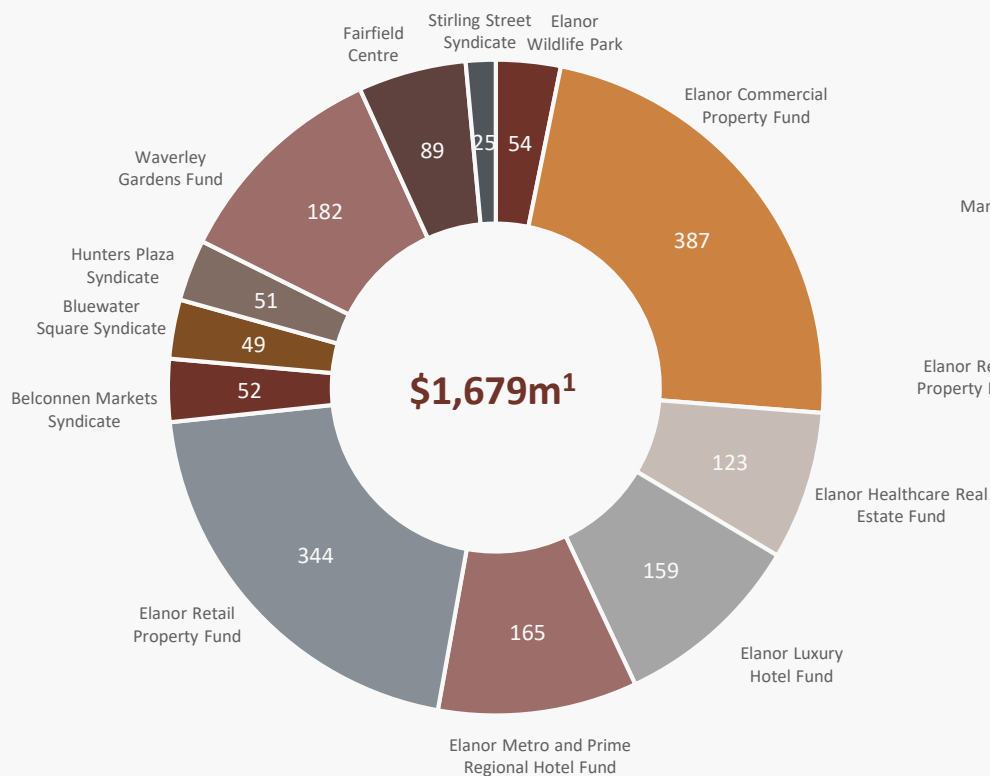
- Performance fees
- Gains on the sale of Co-investments in the Group's Managed Funds
- Gains on the sale of balance sheet assets primarily to seed new Fund Management initiatives

Transactional income included in Core Earnings since FY16 comprises:

	FY16	FY17	FY18	FY19	1HFY20
	\$'000	\$'000	\$'000	\$'000	\$'000
Performance Fees	2,709	4,180	338	1,297	591
Gain on Sale of Co-investments	-	-	-	1,189	4,178
Gain on Sale of Balance Sheet Assets	952	-	6,805	5,905	6,000
	3,661	4,180	7,143	8,391	10,769

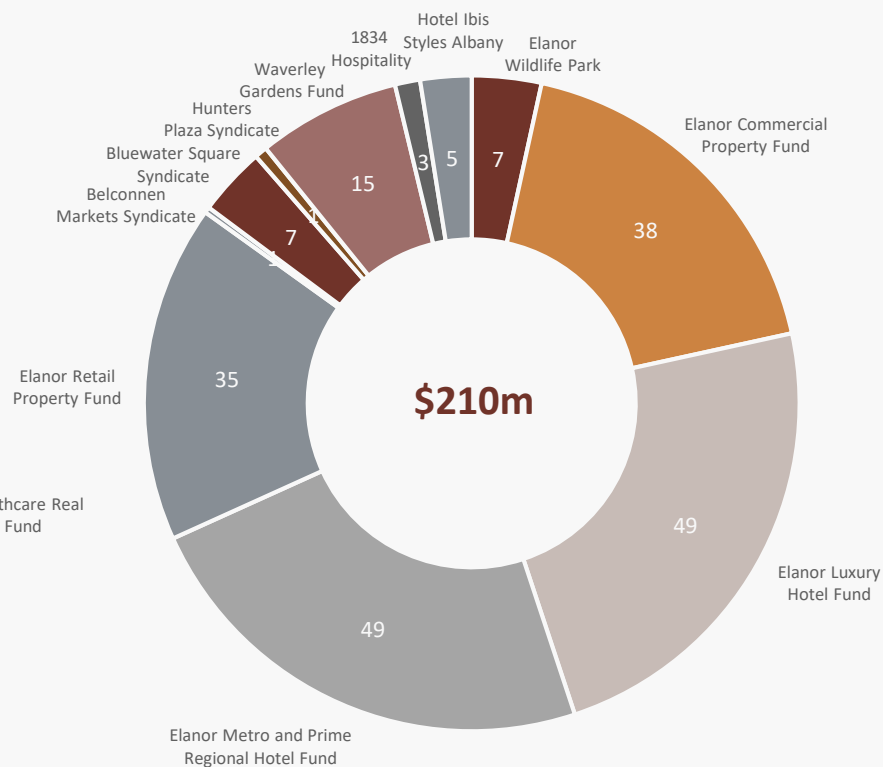
Funds Under Management and Investment Portfolio

MANAGED FUNDS



(\$m)

INVESTMENT PORTFOLIO



(\$m)

1. Consistent with the basis on which ENN's base management fees are calculated, figures reflect the Gross Asset Value of the various managed funds

The Group has Significant Capital to Facilitate Future Growth

Existing Capital Available to Facilitate Future Growth	(\$m)
Cash and receivables	32
Capital management: recycling Co-investment capital (anticipated to be recycled to cash in calendar 2020)	65
Less: Estimated Co-investments committed	(20)
Total Growth Capital	77

- The Group has approximately \$77m of balance sheet growth capital, sufficient to increase funds under management by approximately \$0.8bn to \$2.5bn based on future co-investment levels of 15% and fund gearing of 40%
- The Group has an active and strong pipeline in its key investment sector focusses of retail real estate, commercial office real estate and the accommodation hotels, tourism and leisure sectors



Elanor 

Financial Results

Adjusted Profit and Loss¹

Segment Revenue and EBITDA	1HFY20 Revenue \$000	1HFY20 EBITDA \$000
Funds Management	8,325	6,730
Hotels, Tourism and Leisure	1,871	(3,108)
Real Estate	(909)	(2,606)
Total Segment Revenue and EBITDA	9,287	1,016

Adjusted Profit and Loss

Unallocated corporate costs	(7,549)
Depreciation and amortisation	(905)
Gain on investments	(260)
Interest and other income	1,160
Borrowing costs	(3,101)
Income tax (expense) / benefit	1,170
Adjusted Group net profit / (loss) after income tax	(8,469)

Reconciliation to Core Earnings

Net profit / (loss) for the year	(8,469)
Increase to reflect distributions received / receivable from Co-investments	9,415
Net (gain) / loss on disposals of equity accounted investments	38
Profit on Sale of Featherdale Wildlife Park	26,000
Profit on Sale of Featherdale Wildlife Park Retained	(20,000)
Profit on Sale of Cradle Mountain Lodge	4,178
Addback Building Depreciation	17
Amortisation	1,336
Income Tax adjustments	(100)
Core Earnings	12,415

- Adjusted net loss after tax of \$8.5m reflecting an equity accounted loss on Co-investments of \$5.1m compared to distributions received of \$4.3m
- Elanor Prime Regional Hotel Fund, Elanor Luxury Hotel Fund and Bluewater Square Syndicate are equity accounted, not consolidated
- Core Earnings of \$12.4m, an increase of 84.1% on 1HFY19
- Core Earnings includes transactional cash earnings during the period
- Unallocated corporate costs includes STI accrual related to the profit on sale of Featherdale Wildlife Park, provisioning for unsuccessful transaction costs and investment in key funds management capabilities and resources

1. Statutory net profit after tax has been restated to reflect equity accounting of the co-investment in Bluewater Square Syndicate, Elanor Metro and Prime Regional Hotel Fund and Elanor Luxury Hotel Fund, not consolidation

Adjusted Balance Sheet¹

Balance Sheet as at 31 December 2019	\$'000
Assets	
Cash	25,591
Receivables	23,441
Inventories	26
Financial assets	9,634
Asset held for sale	207
Other current assets	5,428
Property, plant and equipment	7,331
Equity accounted investments	202,211
Intangibles	675
Deferred tax assets	5,600
Total assets	280,143
Liabilities	
Payables and other current liabilities	5,196
Liabilities associated with assets held for sale	2,623
Other current liabilities	2,815
Interest bearing liabilities	87,812
Other non-current liabilities	243
Deferred tax liabilities	4,242
Total liabilities	102,931
Net assets	177,212
Number of securities (m)	117,487
NAV per security	\$1.51
NTA per security	\$1.50
Gearing (ND / TA less cash)	24.4%

- Net assets of \$177.2m as at 31 December 2019 (\$159.1m as at 30 June 2019)
- Financial assets include the remaining \$5.8m of vendor finance on the Merrylands property sale due for settlement in December 2020
- The remaining Hotel, Tourism and Leisure property (Albany) is held on balance sheet as property, plant and equipment prior to future externalisation into Elanor managed funds
- Interest bearing debt of \$87.8m as at 31 December 2019 (\$83.5m as at 30 June 2019), including \$60m of unsecured 5 year Corporate Notes
- Gearing remains conservative at 24.4%. Secured gearing ratio at 31 December 2019 of 1.2%

1. Statutory balance sheet has been restated to reflect the co-investment in Bluewater Square Syndicate, Elanor Metro and Prime Regional Hotel Fund and Elanor Luxury Hotel Fund on an equity accounted basis, not consolidation



Elanor 

Segment Performance

Segment Performance

- The Group measures the performance of its co-investments based on distributions received / receivable, consistent with the treatment within Core Earnings. Adjusted Segment EBITDA, to reflect distributions received / receivable from co-investments rather than the equity accounted result, is as follows:

Segment Operating Performance for the six months ended 31 December 2019	Group EBITDA ¹	Remove Equity Accounted Result	Add Distributions received/receivable	EBITDA Contribution to Core Earnings
	\$'000	\$'000	\$'000	\$'000
Funds Management	6,730	-	-	6,730
Hotels, Tourism and Leisure	(3,108)	4,226	1,520	2,637
Real Estate	(2,606)	909	2,759	1,063
Adjusted Segment EBITDA	1,016	5,135	4,279	10,430

1. This result includes the Group's share of equity accounted share of transaction, establishment and other costs relating to the establishment of Elanor Luxury Hotel Fund, Elanor Wildlife Park Fund and the listing of Elanor Commercial Property Fund during the period

Funds Management

Performance	1HFY20 (\$m)	1HFY19 (\$m)	Variance (%)
Revenue	8.3	7.5	11
Expenses	1.6	1.3	23
EBITDA contribution to Core Earnings	6.7	6.2	8
Margin (%)	81	83	(2)

Managed Funds	Gross asset value (\$m)
Elanor Commercial Property Fund (ASX: ECF)	387.0
Elanor Healthcare Real Estate Fund	123.3
Elanor Metro and Prime Regional Hotel Fund	165.0
Elanor Retail Property Fund (ASX: ERF)	343.8
Elanor Wildlife Park Fund	53.5
Belconnen Markets Syndicate	52.0
Bluewater Square Syndicate	48.8
Hunters Plaza Syndicate	50.8
Stirling Street Syndicate	24.7
Waverley Gardens Fund	182.2
Fairfield Centre Syndicate	89.4
Elanor Luxury Hotel Fund	158.6
Total	1,679.1

- During the period ENN invested in additional senior management capabilities focused on acquisition sourcing, asset management, institutional capital partnerships and capital raising
- Net growth of \$292m in funds under management during period to \$1,679m
- Established two new managed funds during the period: Elanor Wildlife Park Fund and Elanor Healthcare Real Estate Fund
- IPO of Elanor Commercial Property Fund (ASX:ECF) on 6 December 2019
- Expenses reflect fund expense recoveries (corresponding amount included in revenue) and allocated wages and salaries
- Funds Management is the key strategic focus of ENN. The Funds Management platform is highly scalable

Hotels, Tourism and Leisure

Performance	1HFY20 (\$m)	1HFY19 (\$m)	Variance (%)
Adjusted Revenue	7.6	9.0	(16)
Expenses	5.0	5.8	(14)
EBITDA contribution to Core Earnings ¹	2.6	3.2	(19)
Margin (%)	35	35	-

Assets	Carrying Value (\$m)
Hotel Ibis Styles Albany	5.3
Elanor Luxury Hotel Fund	48.7
Elanor Metro and Prime Regional Hotel Fund	48.9
Elanor Wildlife Park Fund	7.1
1834 Hospitality	2.6
Total	112.5

- The Hotels, Tourism and Leisure segment comprises assets owned by the Group and Co-investments in Hotel and Wildlife funds managed by ENN
- On 28 November 2019 ENN established the Elanor Wildlife Park Fund. The fund was seeded with the acquisition of Featherdale Wildlife Park from ENN for \$39m
- During the period, ENN co-invested in the Elanor Wildlife Park Fund and the Elanor Luxury Hotel Fund
- Distributions received / receivable from Co-investments in Hotel, Tourism and Leisure managed funds are included in the EBITDA contribution of the Hotels, Tourism and Leisure segment to Core Earnings. Distributions received / receivable from Co-investments were \$1.5m for the period (\$1.3m for the prior comparative period)

1. Revenue and EBITDA adjusted to show distributions received / receivable from co-investments rather than equity accounted results. This is consistent with the contribution of Hotels, Tourism and Leisure to Core Earnings

Real Estate

Performance	1HFY20 (\$m)	1HFY19 (\$m)	Variance (%)
Adjusted Revenue (\$m)	2.8	2.1	33
Expenses (\$m)	1.7	1.0	70
EBITDA contribution to Core Earnings ¹ (\$m)	1.1	1.1	-
Margin (%)	39	52	(25)

Assets	Carrying Value (\$m)
Elanor Commercial Property Fund	38.1
Elanor Retail Property Fund	35.5
Belconnen Markets Syndicate	0.6
Bluewater Square Syndicate	7.1
Hunters Plaza Syndicate	1.3
Waverley Gardens Fund	14.8
Total	97.4

- The Real Estate segment comprises Co-investments in Real Estate funds managed by ENN
- EBITDA contribution to Core Earnings reflects distributions received / receivable from Co-investments rather than equity accounted results

1. Revenue and EBITDA adjusted to show distributions received / receivable from co-investments rather than equity accounted results. This is consistent with the contribution of Real Estate to Core Earnings



Elanor 

Strategy and Outlook

Strategy and Outlook

STRATEGIC OBJECTIVES

Growing funds under management

- Acquire high investment quality assets with quality income and capital growth potential
 - Growing listed public market capital base
 - Growing institutional and private capital partner base

Actively managing investment portfolio

- Grow earnings from co-investments
- Realise earnings and capital growth potential from ENN managed assets
 - 'Capital lite' business model

OUTLOOK

ENN is well positioned to grow value for security holders

ENN has an active pipeline and strong growth prospects

- Active pipeline in the current areas of core real estate focus
 - Pursuing new real estate sectors
- Exploring strategic opportunities to deliver growth objectives

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