



ASX Announcement

2 April 2020

Elanor Investors Group - COVID-19 Business Update

Elanor Investors Group (“ENN” or “Group”) provides the following update on the impact of the COVID-19 pandemic on the Group and the operations of its Managed Funds as at 31 March 2020, including the actions that the Group is taking in response to these evolving circumstances.

- Potential financial impacts of the COVID-19 pandemic are currently extremely difficult to forecast. The ongoing impact of these unprecedented events on the Group will be a function of the extent and duration of the prevailing health and economic crisis
- ENN remains within existing debt covenants, with a net gearing ratio of approximately 26.8%¹ (24.4%¹ as at 31 December 2019)
- The Group’s clear focus is on preserving and enhancing balance sheet liquidity and it is implementing a number of initiatives to reduce its cost base where appropriate. In this regard, ENN’s Board and management have agreed to a 20% reduction in salary until at least 30 June 2020 to ensure an appropriate sharing of the impact of the current disruption to market conditions with our investors and staff within ENN and its Managed Funds

ENN Managed Funds

- ENN has over \$1.7 billion of Funds under Management (“FUM”)
- In response to the Governments’ restrictions on non-essential services and social distancing requirements, ENN announces the following:
 - Featherdale Wildlife Park and Mogo Wildlife Park have temporarily closed (assets comprising the Elanor Wildlife Park Fund with combined FUM of \$52 million)
 - Cradle Mountain Lodge, a luxury hotel asset within the Elanor Luxury Hotel Fund has restricted operating conditions (\$62 million of the \$159 million of FUM for that fund). The Tasmanian Government has restricted the operations of accommodation businesses across the state, to Tasmanian workers, interstate essential workers and other prescribed visitors. Cradle Mountain Lodge remains ready to re-open to the general public once the Tasmanian Government relaxes the current restrictions
- Management is executing a range of operational initiatives following the temporary closure of these three assets, including temporarily standing down the majority of the staff
- Importantly, management of the Elanor Wildlife Park Fund are ensuring the ongoing safety and welfare of the animals at both wildlife parks
- Fund distributions to investors in both the Elanor Wildlife Park Fund and Elanor Luxury Hotel Fund have been suspended until 30 June 2020, and will be reviewed again at that time
- Discussions have been held with the financiers of these funds who have been supportive

¹ Net Debt / (Total Assets less Cash)



ENN CEO, Glenn Willis said “We are acutely focused on preparing the Group for the unprecedented challenges that COVID-19 presents. We continue to conserve cash and implement initiatives to reduce our cost base – with the clear objective of ensuring operational fitness in these challenging market conditions.

The health and well-being of our employees and customers are our priorities.

Featherdale Wildlife Park and Mogo Wildlife Park have been required to temporarily close, and Cradle Mountain Lodge is subject to restricted operating conditions. These assets were performing well prior to these changes. We are confident that these assets will continue to perform strongly when market conditions normalise.

The Group recognises the significant personal impact that the temporary closure of these assets will have on our people. Management has made the difficult decision to stand down the majority of the staff employed at these properties with the objective of our teams returning to full employment when the properties are allowed to re-open to the public. Preparations have been made to ensure the ongoing care of animals at our wildlife parks during the closure period”.

Update on Other ENN Managed Funds

The COVID-19 pandemic is creating challenging trading conditions for some tenants in the Group’s Managed Fund assets, particularly retailers focussed on discretionary goods and services. ENN is proactively engaging with tenants in this regard.

Office

ENN’s commercial office managed funds are currently performing to expectations. The underlying real estate commercial office assets generate over 87% of their current income from Government, Multinational and ASX100 Listed tenants.

ENN’s healthcare office real estate assets are currently also performing to expectations.

Retail

Many tenants in the Fund’s shopping centres (including the major supermarkets) provide essential services and continue to operate. Despite this, the COVID-19 pandemic is creating difficult trading conditions, particularly for some of our discretionary focussed retailers and service providers. Some tenants have closed their stores on a temporary basis, and the Fund has received requests from certain tenants for rental relief. The Fund is proactively engaging with retailers in this regard.

Accommodation Hotel Funds

The COVID-19 pandemic is creating difficult trading conditions across the accommodation hotels sector and the tourism industry more widely.

- The ten regional NSW, ACT and SA hotels within the with Elanor Metro and Prime Regional Hotel Fund continue to operate at levels reflecting their respective market demand. The cost base across all hotels has been substantially reduced in response to these challenging market conditions



- As noted above, the Tasmanian Government has ordered the closure of all accommodation hotels across the state. As such, Cradle Mountain Lodge has been temporarily subjected to restricted operating conditions. Mayfair Hotel and Adabco Hotel in Adelaide, also within the Elanor Luxury Hotel Fund, are continuing to trade despite challenging trading conditions
- Albany Hotel IBIS Styles held by ENN, with a carrying value of \$5.3 million, continues to trade despite challenging trading conditions

ENN will continue to monitor the potential impact of Government announcements and market conditions in relation to the COVID-19 pandemic on the Group and its Managed Funds and will provide further updates as needed. The ongoing impact of these unprecedented events on the Group will be a function of the extent and duration of the prevailing health and economic crisis. Potential financial impacts of the COVID-19 pandemic are currently extremely difficult to forecast, and therefore no earnings or distribution guidance will be provided by the Group.

ENDS.

Authority and Contact Details

This announcement has been authorised for release by the Elanor Investors Group Board of Directors. For further information regarding this announcement please contact:

Glenn Willis
Managing Director and Chief Executive Officer
Elanor Investors Group
Phone: (02) 9239 8400

About Elanor Investors Group

Listed on the Australian Securities Exchange in 2014, Elanor Investors Group (ASX:ENN) is an investment and funds management business with over \$1.9 billion in assets under management across Australia and New Zealand.

Elanor's key sectors of focus are commercial office, retail real estate and hotels, tourism and leisure. Elanor's investment management objective is to acquire and unlock value in real estate assets that provide strong income and capital growth potential.

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