



ELANOR INVESTORS GROUP

FY19 Results Presentation

19 August 2019

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FY19 Results Overview

FY19 Results Highlights

Funds Under Management	\$1,387m 28.1% increase on FY18
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Funds Management Fees	\$15.0m 9.6% increase on FY18
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Core Earnings	\$17.5m 7.9% increase on FY18
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Distributions Per Security	16.06c 1.8% increase on FY18
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Net Tangible Asset Value per Security ¹	\$1.59 2.5% decrease from 30 June 2018
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Gearing ^{1,2}	28.4% Increased from 22.1% at 30 June 2018
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- Established five new managed funds in FY19 with a combined gross asset value of \$455.3m as at 30 June 2019
- Waverley Gardens Fund is a new joint venture with Heitman, a global real estate investment management firm
- 24.2% increase in recurring Funds Management fees run-rate to \$11.3m
- 13.9% increase in Funds Management EBITDA to \$12.1m
- Distributions from co-investments of \$7.4m, up from \$6.0m
- Stapled securities on issue increased by 7.3% to 99.8m during the year
- 90% Core Earnings payout ratio maintained
- NTA per security increased by 3.2% from 31 December 2018
- 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 30 June 2019 of 4.2%

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



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Strategy and Business Overview

Funds Management Strategy

Strategic Objective



Provide superior investment results to deliver on strategic objective

Real Estate Sector Focus



Co-investment with capital partners for strategic and alignment purposes

Capital Partners

Global institutional investors – capital led strategy

Domestic Institutional investors – listed and unlisted institutional investors

Wholesale capital investors – 'Family Office' and wholesale private investors

Focused Execution of Funds Management Strategy

Execution of Capital led Strategy

- Established new, growth focused, institutional capital partner relationships including:
 - Joint venture with Heitman, a global real estate investment management firm, to acquire Waverley Gardens shopping centre for \$178m
 - Strategic partnership with NRMA, who made a significant investment in the Elanor Metro and Prime Regional Hotel Fund
 - Joint venture with domestic institutional partner to acquire Neeta City Fairfield for \$85.3m
- Continued strong growth in domestic, institutional and private capital partners
- Invested in dedicated capital raising resources to grow institutional capital partnerships

Execution of Growth in Funds under Management

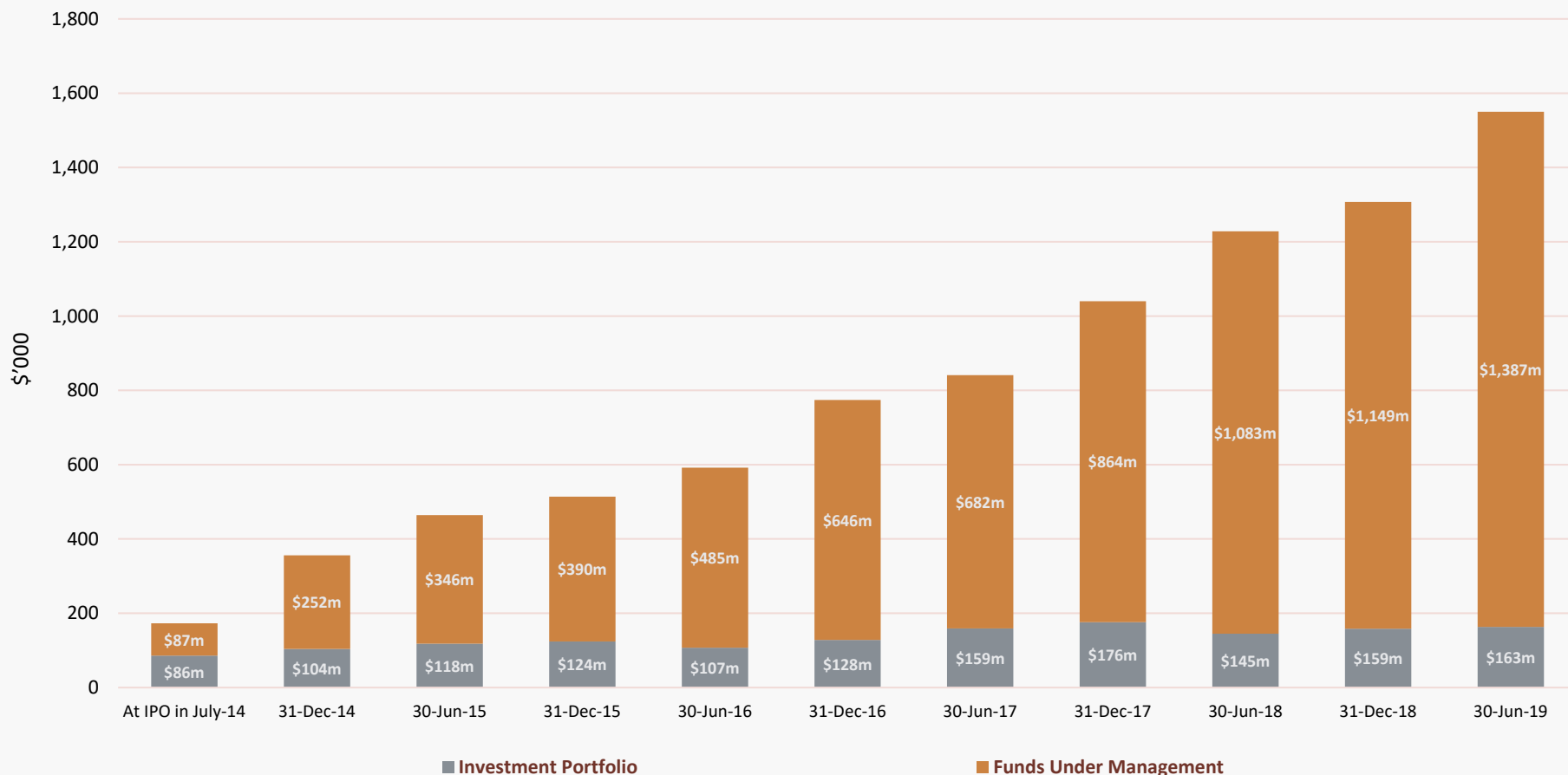
- \$1,387m of Funds under Management with \$455m of new managed funds during the period
- 24.2% increase in recurring Funds Management fees run-rate of \$11.3m, up from \$9.1m (excluding Bell City assets)
- 13.9% increase in Funds Management EBITDA to \$12.1m

Execution of Strong Returns for Elanor Capital Partners

- Achieved an average IRR return of 18.2% across all realised investments since listing
- Managed funds performing well; driving initiatives to realise 'value add' operational and strategic opportunities

Growth In Funds Management

GROWTH IN FUNDS UNDER MANAGEMENT SINCE IPO¹

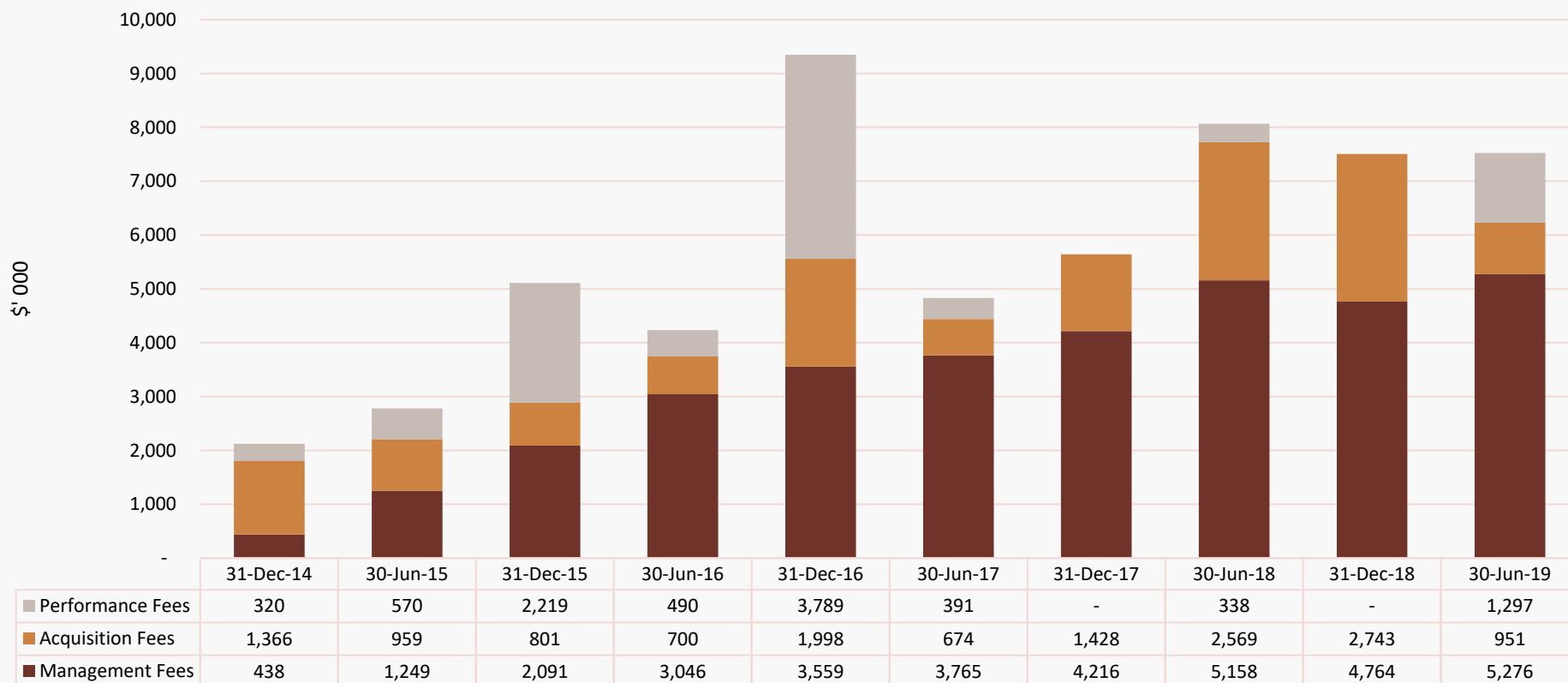


- Funds under management of \$1,387m as at 30 June 2019. Since 30 June 2018, ENN has increased funds under management by \$455m into new funds. Bell City assets, which had a GAV of \$160m as at 30 June 2018, were sold in August 2018
- Total funds under management and balance sheet investments of \$1,550m, reflecting a 26.3% increase on 30 June 2018

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 (cont'd)

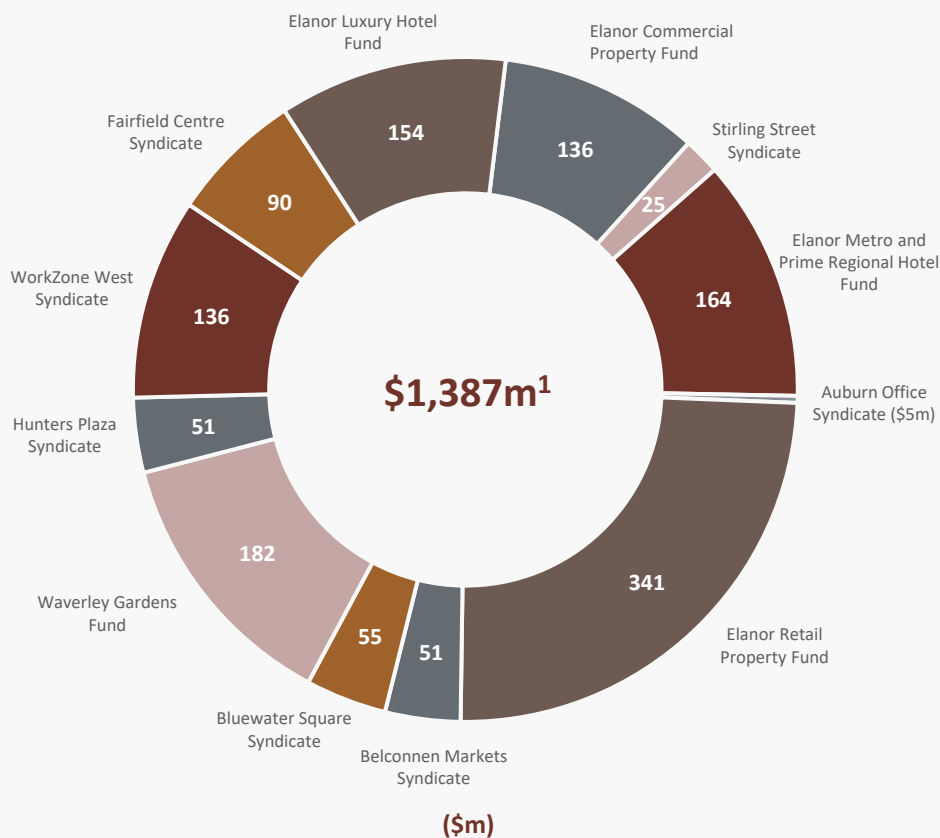
FUNDS MANAGEMENT INCOME ANALYSIS (HALF YEAR PERIODS)



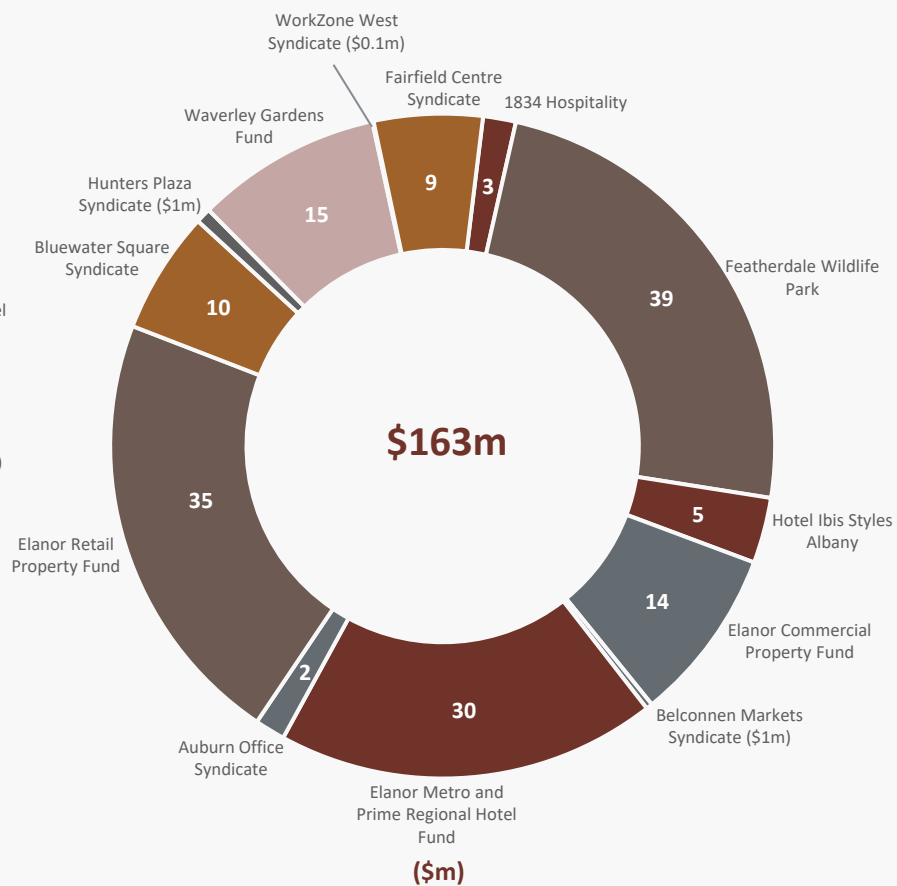
- 24.2% increase in annualised run rate of recurring Funds Management fees to \$11.3m as at 30 June 2019
- Management fees in FY19 of \$10.0m reflect the establishment of Waverley Gardens Fund on 21 December 2018, Auburn Office Syndicate on 20 December 2018, Stirling Street Syndicate on 28 February 2019 and Fairfield Centre Syndicate on 30 May 2019
- Total Funds Management fees up 9.6% on FY18 to \$15m for the year
- The Group is well positioned to grow funds under management

Investments and Funds Under Management

MANAGED FUNDS



INVESTMENTS PORTFOLIO



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)
Merrylands sale proceeds	29
Capital management: recycling co-investment capital (anticipated to be recycled to cash in FY20)	31
Total Growth Capital	60¹

- The Group has approximately \$60m of balance sheet capital, sufficient to increase funds under management to over \$2.5bn based on future co-investment levels of 10%
- The Group has an active pipeline in its key investment sector focusses of retail real estate, commercial office real estate and the accommodation hotels, tourism and leisure sectors

1. Excluding potential externalisation of the final two assets held on balance sheet



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Financial Results

Adjusted Profit and Loss¹

Segment Revenue and EBITDA	FY19 Revenue \$000	FY19 EBITDA \$000
Funds Management	15,031	12,109
Hotels, Tourism and Leisure	14,800	2,868
Real Estate	2,964	606
Sale of Merrylands Property ²	36,000	14,503
Total Segment Revenue and EBITDA	68,795	30,085

Adjusted Profit and Loss

Unallocated corporate costs	(7,057)
Depreciation and amortisation	(1,359)
Gain on investments	3,191
Interest and other income	2,088
Borrowing costs	(4,536)
Income tax (expense) / benefit	(4,811)
Adjusted Group net profit / (loss) after income tax	17,601

Reconciliation to Core Earnings

Increase to reflect distributions received / receivable from co-investments	5,024
Merrylands property net profit after tax	(10,452)
Release of net profit after tax on sale of Merrylands	5,905
Non-cash gain on disposal of equity accounted investments	(2,002)
Building depreciation expense	34
Amortisation amounts	1,589
Tax adjustments	(151)
Core Earnings	17,548

- Statutory net profit after tax of \$16.2m
- Adjusted net profit after tax of \$17.6m on the basis that the co-investments in Bluewater Square Syndicate, Elanor Metro and Prime Regional Hotel Fund and Auburn Office Syndicate are equity accounted, not consolidated
- Funds Management EBITDA less unallocated corporate costs grew by 23.6% to \$5m
- Balance of net profit after tax on the sale of Merrylands of \$5.9m included in Core Earnings
- Core Earnings of \$17.6m, an increase of 7.9% on FY18

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 Auburn Office Syndicate, not consolidation

2. Following adoption of AASB 15 *Revenue from Contracts with Customers*, the net profit on sale of the Merrylands property, which was recognised in FY18, has also been recognised in FY19 [13]

Adjusted Balance Sheet¹

Balance Sheet as at 30 June 2019	\$'000
Assets	
Cash	14,437
Receivables	14,878
Inventories	632
Financial assets	46,634
Asset held for resale	714
Other current assets	3,074
Property, plant and equipment	46,350
Equity accounted investments	123,766
Intangibles	750
Deferred tax assets	6,325
Total assets	257,559
Liabilities	
Payables and other current liabilities	4,785
Liabilities associated with assets held for sale	4,677
Other current liabilities	356
Interest bearing liabilities	83,453
Other non-current liabilities	738
Deferred tax liabilities	4,442
Total liabilities	98,451
Net assets	159,109
Number of securities (m)	99,822
NAV per security	\$1.59
NTA per security	\$1.59
Gearing (ND / TA less cash)	28.4%

- Net assets of \$159m as at 30 June 2019 (\$153m as at 30 June 2018)
- Financial assets include vendor finance on the Merrylands property sale due for settlement on 30 September 2019
- The two remaining Hotel, Tourism and Leisure properties held on balance sheet are accounted for as property, plant and equipment prior to future externalisation into Elanor managed funds
- Interest bearing debt of \$83.5m as at 30 June 2019 (\$59.6m as at 30 June 2018), including \$60m of unsecured 5 year Corporate Notes. The Group established a new 3 year \$30m revolving secured debt facility during the year
- Gearing remains conservative at 28.4%. Secured gearing ratio at 30 June 2019 of 4.2%
- Net tangible asset value per security of \$1.59 at 30 June 2019 is 2.5% below 30 June 2018 and 3.2% above 31 December 2018

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

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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 EBITDA, to reflect distributions received / receivable from co-investments rather than the equity accounted result, is as follows:

Operating Performance for the year ended 30 June 2019	Group EBITDA	Remove Equity Accounted Result	Add Distributions received/receivable	Reversal of AASB 15 adoption	EBITDA Contribution to Core Earnings
	\$'000	\$'000	\$'000	\$'000	\$'000
Funds Management	12,109	-	-	-	12,109
Hotels, Tourism and Leisure	2,868	947 ¹	2,623	-	6,438
Real Estate	606	(2,964)	4,799	-	2,441
Merrylands Property	14,503	-	-	(14,503)	-
Unallocated Corporate Costs	(7,057)	-	-	-	(7,057)
Adjusted Group EBITDA	23,028	(2,017)	7,423	(14,503)	13,931

1. This result includes the equity accounted share of transaction, establishment and other costs relating to EMPR's acquisition of EHAF in the period

Funds Management

Performance	FY19 (\$m)	FY18 (\$m)	Variance (%)
Revenue	15.0	13.7	9.6
Expenses	2.9	3.1	(6.5)
EBITDA contribution to Core Earnings	12.1	10.6	14.2
Margin (%)	80.6	77.6	3.9

Managed Funds	Gross asset value (\$m)
Elanor Commercial Property Fund	135.6
Elanor Metro and Prime Regional Hotel Fund	163.7
Elanor Retail Property Fund (ASX: ERF)	341.0
Auburn Office Syndicate	4.7
Belconnen Markets Syndicate	50.8
Bluewater Square Syndicate	54.7
Hunters Plaza Syndicate	50.5
Stirling Street Syndicate	24.8
Waverley Gardens Fund	182.2
WorkZone West Syndicate	135.4
Fairfield Centre Syndicate	89.6
Elanor Luxury Hotel Fund	154.0
Total	1,387.0

- During the year ENN invested in additional senior management capabilities focused on institutional capital partnerships and capital raising
- Net growth of \$304m in funds under management during the year to \$1,387m
- Established 5 new managed funds during the period: Waverley Gardens Fund; Stirling Street Syndicate; Auburn Office Syndicate; Fairfield Centre Syndicate; and Elanor Luxury Hotel Fund. Elanor Metro and Prime Regional Hotel Fund acquired the Elanor Hospitality and Accommodation Fund properties during the year, and Elanor Commercial Property Fund acquired the Limestone Street Centre property during the year
- Growth of Elanor Retail Property Fund to a gross asset value of \$341.0m from \$326.2m as at 30 June 2018
- Expenses primarily reflect fund expense recoveries (corresponding amount included in revenue)
- Funds Management is the key strategic focus of ENN. The Funds Management platform is highly scalable

Hotels, Tourism and Leisure

Performance	FY19 (\$m)	FY18 (\$m)	Variance (%)
Adjusted Revenue	18.4	21.6	(14.8)
Expenses	11.9	13.9	(14.4)
EBITDA contribution to Core Earnings ¹	6.4	7.7	(16.9)
Margin (%)	35.0	35.5	(1.4)

Assets	Carrying Value (\$m)
Featherdale Wildlife Park	39.0
Hotel Ibis Styles Albany	5.2
Elanor Metro and Prime Regional Hotel Fund	30.1
1834 Hospitality	2.6
Total	76.9

- The Hotels, Tourism and Leisure segment comprises assets owned by the Group and co-investments in Hotel funds managed by ENN
- During the period Elanor Metro and Prime Regional Hotel Fund acquired a portfolio of 6 Australian hotels from the Elanor Hospitality and Accommodation Fund
- The comparative period financial result included the operating performance of Hotel ibis Styles Canberra Eaglehawk as a balance sheet investment to 31 October 2017 and the Group's co-investment in the Bell City Funds
- Distributions received / receivable from co-investments in Hotel 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 \$2.6m for the period (\$2.9m 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	FY19 (\$m)	FY18 (\$m)	Variance (%)
Adjusted Revenue (\$m)	4.8	3.1	54.8
Expenses (\$m)	2.4	1.1	118.2
EBITDA contribution to Core Earnings ¹ (\$m)	2.4	2.0	20.0
Margin (%)	50.9	64.4	(21.0)

Assets	Carrying Value (\$m)
Elanor Commercial Property Fund	13.8
Elanor Retail Property Fund	34.9
Auburn Office Syndicate	2.4
Belconnen Markets Syndicate	0.5
Bluewater Square Syndicate	9.7
Hunters Plaza Syndicate	1.2
Waverley Gardens Fund	15.0
WorkZone West Syndicate	0.1
Fairfield Centre Syndicate	8.6
Total	86.2

- 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
- The co-investments in Waverley Gardens Fund, Auburn Office Syndicate and Fairfield Centre Syndicate were made during the year

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



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Strategy and Outlook

Strategy and Outlook

STRATEGIC OBJECTIVES

Growing funds under management

- Originating high investment quality assets
- Growing institutional and private capital partner base
- Seed new managed funds with ENN owned investments

Actively managing investment portfolio

- Grow earnings from co-investments
- Realise earnings and capital growth potential from ENN owned investments
- Acquire high investment quality assets with quality income and capital growth potential
 - '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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