

Elanor

Elanor Investors Group

FY21 Preliminary Results
Presentation

ASX: ENN

23 August 2021





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Group Overview

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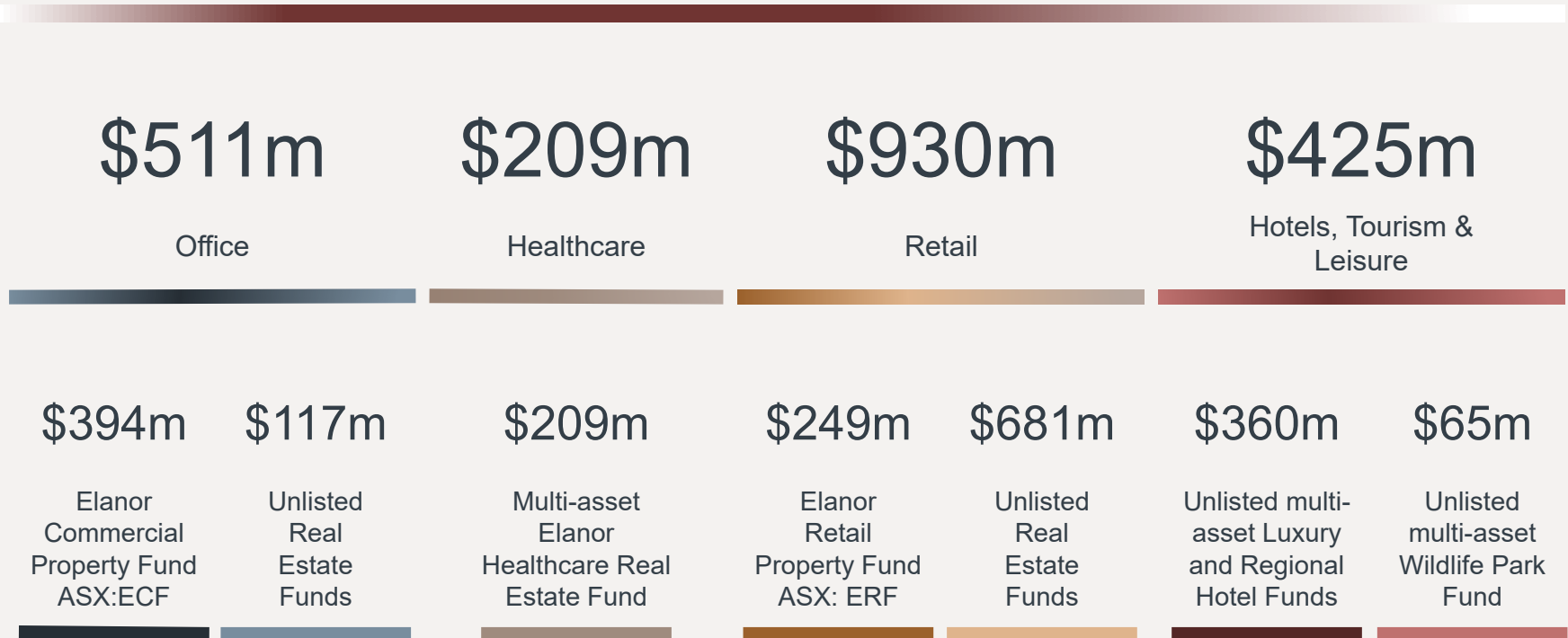
Australian real estate funds manager delivering leading investment performance



Highly scalable investment management platform

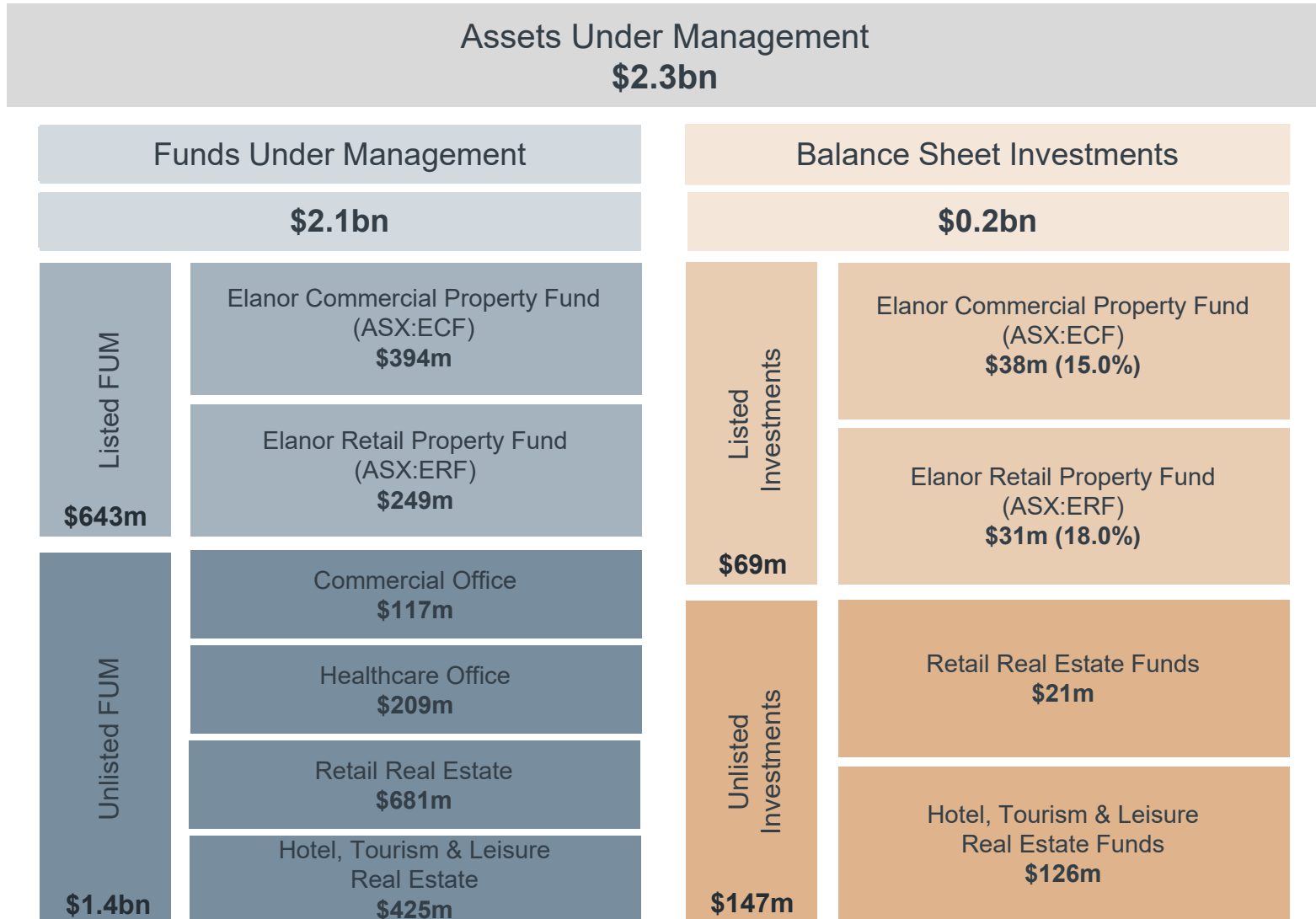
\$2.1bn

Funds under Management



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

Australian real estate funds manager well positioned for growth



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

FY21 Preliminary Results: Highlights



Group Results

Core Earnings

\$15.15m

- 2% decrease on FY20
- ~200% increase on FY20 Core Earnings pre transactional income

Distributions

11.27c

18.5% increase on 30 June 2020

Net Tangible Asset Per Security

\$1.43

11% increase on 30 June 2020

Funds Management

Funds Under Management

\$2.07bn

23% increase on 30 June 2020

Funds Management Income

\$29.69m

38.2% increase on FY20

Recurring Funds Management Income (excl. acquisition fees)

\$21.82m

40.7% increase on FY20

Co-Investments

Distributions from Co-investments

\$11.06m

89% increase on 30 June 2020

Co-investment in Managed Funds

\$211m

8% increase on FY20

Execution of 'Capital Lite' strategy

Elanor Hotel Accommodation Fund transaction releases \$25m of growth capital to ENN

Investment Capacity

Cash and Available Debt

\$37.9m

113% increase on 30 June 2020 (pre release of \$25m of growth capital from the Elanor Hotel Accommodation Fund transaction)

Capital for Future Growth

\$120m

Based on sell-down to a 15% co-investment in Elanor Hotel Accommodation Fund

Gearing

21.0%

decrease from 29.7% at 30 June 2020

Well positioned for growth in FY22



Core Earnings

Funds Management income grew by 38% in FY21 to \$30m. Current pipeline underwrites continued strong growth in FY22

Elanor Hotel and Accommodation Fund transaction to generate a \$10.5m gain on sale for ENN in 1HFY22. (relates to gain on sale of Elanor Luxury Hotel Fund and Albany)

FUM growth of \$0.4bn in FY21 (pre sale of Auburn Shopping Centre in December 2020 by ERF)

Funds Management

Strong pipeline of opportunities in all key sectors of focus

Elanor Commercial Property Fund acquired 50 Cavill Avenue, Surfers Paradise QLD for \$113.5m in August 2021

Elanor Hotel Accommodation Fund is well positioned to grow to a portfolio of over \$500m in the short term

Strong Investment Performance

Elanor has delivered an average IRR of 19% on realised investments

Increase of \$70m (5%) in asset values of comparable managed funds during FY21

Sale of Auburn Central Shopping Centre at a 4% premium to book value following successful Repositioning

Available Capital and Investment Capacity

Cash and available debt of \$38m (excludes release of \$25m of growth capital from the Elanor Hotel Accommodation Fund transaction)

Proposed sell down to 15% co-investment in Elanor Hotel Accommodation Fund releases an additional \$58m of growth capital

The Group has capital to grow FUM to \$4.5bn (assuming 10% co-investment level in new funds)

FY21 Results: Strong growth in funds management income

Strong Earnings Growth Prospects

The three key drivers of Core Earnings are:

- 1 Funds Management EBITDA (net of Corporate Costs)
- 2 Co-investment Income
- 3 Transactional Income

	FY21 (\$m)	FY20 (\$m)	FY22 Comment
Funds management EBITDA			
Management Fees	18.7	13.7	
Acquisition / Transaction Fees	6.1	4.2	
Leasing and Development Fees	3.1	1.8	
Performance Fees	1.8	1.8	
Funds Management Income	29.7	21.5	Strong pipeline
Corporate Costs	19.0	16.2	Scalable platform
Funds Management EBITDA	10.7	5.3	
Co-Investment Income¹	11.1	5.8	No distribution from Elanor Luxury Hotel Fund in FY21; hotel distributions expected to recommence in FY22
Transactional Income	-	10.2	Strong pipeline, including \$10.5m gain on Elanor Hotel Accommodation Fund transaction

1. Distributions received/receivable from co-Investments in Elanor managed funds

Elanor Investors group profile



ASX:ENN

Elanor Investors Group is an Australian real estate funds management business

Our Focus

Unlocking value in real estate assets across Australia and New Zealand

Assets Under Management

A\$2.3 billion

Key Real Estate Sectors

Hotels, Tourism and Leisure



Office



Healthcare



Retail



Our Strategy

Acquiring and unlocking value in real estate assets that provide strong income and capital growth

Evaluate opportunities

through a value and risk management lens

Originate investments

to generate superior returns through the execution of operational and strategic value-add opportunities

Unlock investment value

from a highly active approach to asset management

Deliver investment performance

for our capital partners

Elanor has delivered an average IRR of 19% p.a. on realised investments

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Funds Management

Continued growth in FUM



**FUM Compound Annual Growth Rate (CAGR)
of 57% p.a. since listing in July 2014**



Funds Under Management (FUM) of approximately \$2.1bn as at 30 June 2021 reflects a CAGR of 57% since Elanor's IPO in July 2014

New FUM of \$374m in FY21

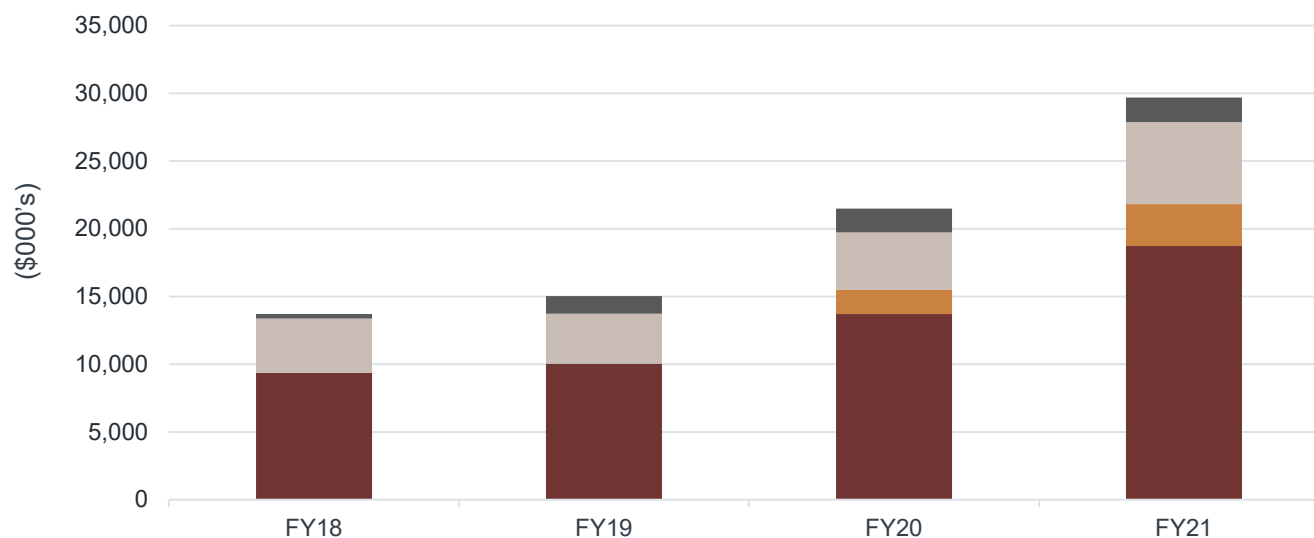
Divestment of Auburn Central reduced Group FUM by approximately \$0.1bn at 30 June 2021

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

Continued growth in funds management income



Funds Management Income



■ Performance Fees	338	1,297	1,756	1,806
■ Acquisition Fees	3,997	3,694	4,228	6,063
■ Leasing & Dev. Fees	-	-	1,802	3,090
■ Management Fees	9,374	10,040	13,702	18,731
Total	13,709	15,031	21,488	29,690

Funds management income grew to \$29.7m, an increase of 38% on FY20

Management fees grew to \$18.7m, an increase of 37% on FY20

Development and leasing fees from Repositioning projects of \$3.1m in FY21

Diversified FUM across Elanor's investment sectors of focus

	Retail	Office	Healthcare	Hotels, Tourism and Leisure	Total
2021	\$930m <hr/> ASX: ERF \$249m Waverley \$182m Fairfield \$106m Riverside \$66m Hunters \$60m Bluewater \$56m Belconnen \$67m Clifford \$145m	\$511m <hr/> ASX: ECF \$394m Burke \$82m Stirling \$36m	\$209m <hr/> EHREF \$209m	\$425m <hr/> EMPR \$180m ELHF \$179m EWPF \$65m	\$2,075m <hr/>
2020	\$765m <hr/>	\$415m <hr/>	\$128m <hr/>	\$384m <hr/>	\$1,692m <hr/>
2019	\$769m <hr/>	\$300m <hr/>	\$Nil <hr/>	\$318m <hr/>	\$1,387m <hr/>

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

Delivering leading investment performance and growth in funds under management



Retail

Office

Healthcare

Hotels, Tourism & Leisure

FY21 Funds Management Initiatives

- New FUM:
- Riverside Plaza Syndicate (\$66.1m)
 - Clifford Gardens Fund (\$145m)
 - Sale of Auburn Shopping Centre for \$129.5m, generating a [24.5%] IRR

- New FUM:
- Burke Street Fund (\$82.1m)
- Liquidity event for Stirling Street Syndicate generating an IRR of 22% for investors and a \$1.5m performance fee

- New FUM:
- Woollongabba Community Health Centre (\$37.3m)
 - 2 Civic Boulevard, Rockingham (\$22.9m)
 - Broadway Medical Centre, Ellenbrook (\$12m)

- New FUM:
- Hunter Valley Wildlife Park (\$10m)
- Established integrated platform of fund, asset and hotel management capabilities

Subsequent to 30 June 2021

Strong and mature pipeline

ECF acquired 50 Cavill Avenue for \$113.5m

Strong pipeline

Strong and mature pipeline

Announced Elanor Hotel Accommodation Fund (\$346m)

Strong pipeline

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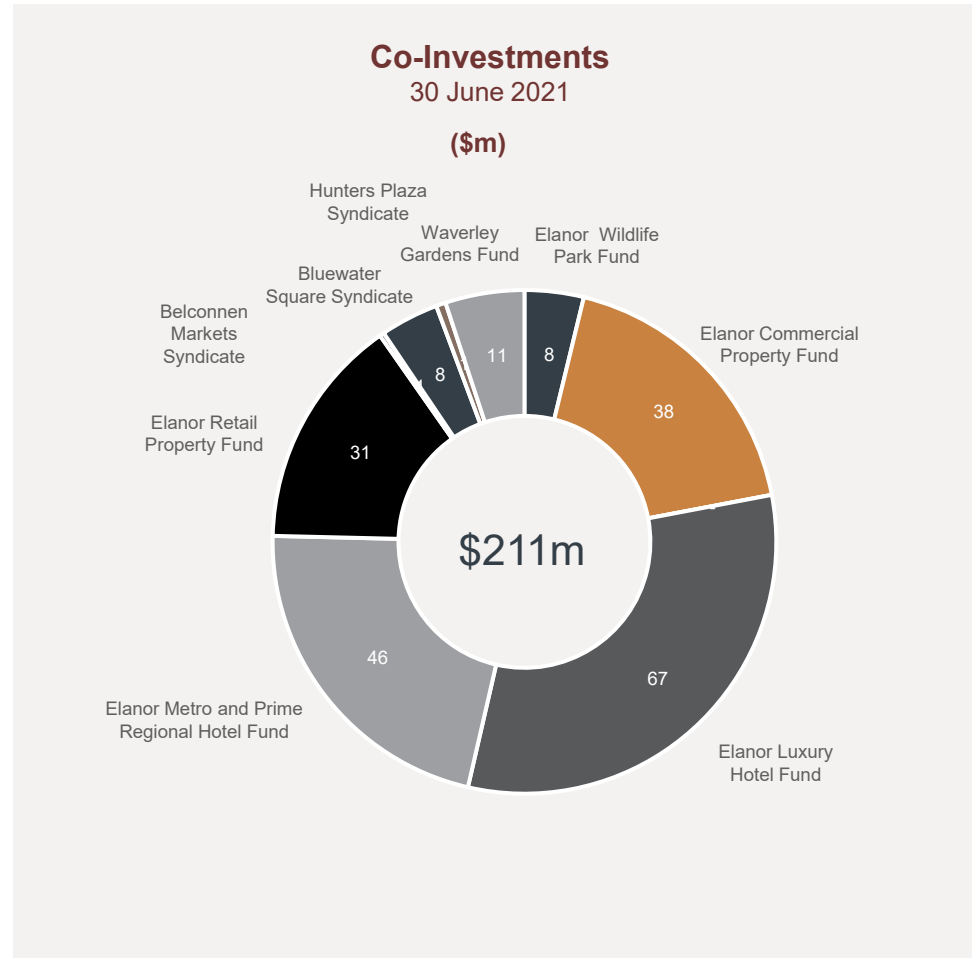
Investment Portfolio

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Co-Investments in Managed Funds



	Portfolio value(\$m)
30 June 2021	211
30 June 2020	195



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

Income from co-investments in managed funds



	ENN Co-Investment 30 June 21 (\$m)	ENN Co-Investment 30 June 20 (%)	ENN Distribution FY21 (\$m)	ENN Distribution FY20 (\$m)
Office and Healthcare				
Elanor Commercial Property Fund	38.3	15.0%	3.2	1.8
Elanor Healthcare Real Estate Fund	-	-	0.1	0.2
Stirling Street Syndicate	0.2	2.0%	0.1	-
			3.4	2.0
Retail				
Elanor Retail Property Fund	31.1	18.0%	4.7 ¹	1.2 ²
Auburn Office Syndicate	-	-	-	0.1
Waverley Gardens Partnership	13.3	15.0%	0.4 ²	0.7 ²
Fairfield Centre Syndicate	-	-	-	0.2
Bluewater Square Syndicate	12.1	42.3%	-	-
Belconnen Markets Syndicate	0.5	2.1%	-	-
Hunters Plaza Syndicate	1.2	4.7%	0.1	0.0
			5.3	2.3
Hotels, Tourism and Leisure				
Elanor Metro and Prime Regional Hotel Fund	37.9	42.9%	2.2 ²	1.4 ²
Elanor Luxury Hotel Fund	65.1	100.0%	- ²	0.1 ²
Elanor Wildlife Park Fund	7.5	26.6%	0.2 ²	- ²
			2.4	1.5
GRAND TOTAL			11.1	5.8

Note 1: Includes Special Distribution of 12 cents per security

Note 2: Distributions adversely impacted by Government Restrictions and Health related initiatives in relation to COVID-19

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**Preliminary
Financial Results**

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Core Earnings



Summary

Strong growth in Funds Management income of 38% to \$29.7m

Increase in distributions received/receivable of 89% to \$11.1m, resulting from the recommencement of distributions from Elanor Metro and Prime Regional Hotel Fund and special distribution from Elanor Retail Property Fund (FY21 distributions from co-investments continued to be adversely impacted by Government Restrictions and Health related initiatives in relation to COVID-19)

No transaction income in FY21: FY20 Core Earnings included \$10.2m of transactional income from sale of Featherdale Wildlife Park (\$6.0m) and sale of Cradle Mountain Lodge by Elanor Metro and Prime Regional Hotel Fund (\$4.2m)

Contribution to Core Earnings	FY21 (\$'000)	FY20 (\$'000)
Funds management income	29,689	21,487
Co-investment earnings	11,060	5,837
Balance sheet investment earnings	508	2,010
Profit on sale of assets and co-investments	60	10,349
Other income	–	205
Corporate overheads	(19,029)	(16,208)
STI (Core Earnings impact)	–	(1,572)
Other expenses	–	(1,770)
EBITDA	22,288	20,338
Depreciation and amortisation	(618)	(597)
Operating profit before interest and tax	21,670	19,741
Interest income	1,320	1,770
Borrowing cost	(5,268)	(5,424)
Operating profit before tax	17,722	16,087
Income tax (expense)/benefit	(2,576)	(653)
Core Earnings	15,146	15,434
Weighted Avg No of Securities ('000)	120,325	110,472
Operating EPS (cents)	12.52	13.09
DPS (cents)	11.27	9.51

Adjusted Balance Sheet



Summary

The Group has significant growth capital from capital recycling of co-investments in ENN's managed hotel funds (\$80m). The Elanor Hotel Accommodation Fund transaction will release \$25m of this growth capital in 1HFY22

Cash and undrawn debt facilities \$37.9m
(30 June 2020 \$17.8m)

Gearing of 21.0% (30 June 2020 29.7%) Pro-forma gearing of 11% at 30 June 2021 (post Elanor Hotel and Accommodation Fund transaction)

NTA per security growth of 11% to \$1.43 reflects growth in value of underlying properties in ENN Managed Funds

Balance Sheet	30 June 2021 ¹ \$'000	30 June 2020 ¹ \$'000
Assets		
Cash	13,912	17,255
Receivables	5,672	6,514
Inventories	21	19
Financial assets	13,976	19,101
Other current assets	417	4,801
Property, plant and equipment	7,799	7,573
Equity accounted investments	213,211	197,839
Intangibles	1,328	600
Deferred tax assets	2,328	-
Total assets	258,664	253,702
Liabilities		
Payables and other current liabilities	5,165	5,306
Distribution payable	8,638	-
Other current liabilities	2,439	4,801
Interest bearing liabilities	65,212	88,064
Other non-current liabilities	3,376	248
Deferred tax liabilities	-	229
Total liabilities	84,830	98,648
Net assets	173,834	155,054
Number of securities ('000)	120,974	119,579
NAV per security (\$)	1.44	1.30
NTA per security (\$)	1.43	1.29
Gearing (ND / TA less cash)	21.0%	29.7%

Note 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

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Outlook

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Strong Position

ENN is well positioned to deliver strong investment returns for Elanor's capital partners and grow securityholder value



Grow FUM

Acquire high investment quality assets with strong income and capital growth potential

Grow listed FUM

Grow institutional and private funds management capital



Capital 'lite'

Drive securityholder value

Further release growth capital from the recycling of co-investments



Active Investment

Realise capital growth from ENN managed assets

Grow earnings from co-investments



Outlook

Current pipeline in all real estate sectors of focus underwrites continued strong growth in funds management income for FY22

Establishing new real estate sectors

Actively pursuing strategic opportunities to deliver growth objectives

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Appendix

Managed Fund Property Investment Portfolio Metrics



	Vehicle Type	No. of Assets	Gross Asset Value (\$m)	Occupancy	WALE	Gearing	Target Total Return
Office and Healthcare							
Elanor Commercial Property Fund	Listed	7	394	94.6%	4.2yrs	34.5%	13%
Stirling Street Syndicate	Unlisted	1	36	100.0%	3.5yrs	34.6%	15%
Elanor Healthcare Real Estate Fund	Unlisted	5	209	94.7%	3.9yrs	54.9%	15%
Burke Street Fund	Unlisted	1	82	100.0%	6.6yrs	48.3%	14%
Retail							
Elanor Retail Property Fund	Listed	6	249	95.3%	4.4yrs	21.1%	13%
Waverley Gardens Partnership	Unlisted	1	182	97.6%	3.1yrs	56.4%	15%
Clifford Gardens Fund	Unlisted	1	145	96.2%	3.9yrs	50.0%	15%
Fairfield Centre Syndicate	Unlisted	1	106	95.8%	3.7yrs	50.0%	16%
Bluewater Square Syndicate	Unlisted	1	56	91.2%	5.3yrs	54.5%	14%
Belconnen Markets Syndicate	Unlisted	1	67	73.7%	0.8yrs	52.5%	25%
Hunters Plaza Syndicate	Unlisted	1	60	98.7%	3.7yrs	42.1%	15%
Riverside Plaza Syndicate	Unlisted	1	66	98.3%	4.1yrs	40.3%	19%
Hotels, Tourism and Leisure							
Elanor Metro and Prime Regional Hotel Fund	Unlisted	10	180	n/a	n/a	38.1%	14%
Elanor Luxury Hotel Fund	Unlisted	3	179	n/a	n/a	60.6%	14%
Elanor Wildlife Park Fund	Unlisted	2	65	n/a	n/a	46.7%	21%

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