



ELANOR INVESTORS GROUP

1HFY19 Results Presentation

18 February 2019

Contents

Section		Page No.
1	1HFY19 Results Overview	3
2	Strategy and Business Overview	5
3	Financial Results	12
4	Segment Performance	15
5	Strategy and Outlook	20



1HFY19 Results Overview

1HFY19 Results Highlights

Funds Under Management	\$1,149m 32.9% increase on 1HFY18
Funds Management Fees	\$7.51m 33% increase on 1HFY18
Core Earnings	\$6.75m 8.5% decrease on 1HFY18
Distributions Per Security	6.32c 11.7% decrease on 1HFY18
Net Tangible Asset Value per Security ¹	\$1.54 5.5% decrease from 30 June 2018
Gearing ^{1,2}	26.1% Increased from 22.1% at 30 June 2018

- Established three new managed funds in 1HFY19: Waverley Gardens Fund, Auburn Office Syndicate and Stirling Street Syndicate with a combined gross asset value of \$212.8m as at 31 December 2018
- Waverley Gardens Fund is a new joint venture with Heitman, a global real estate investment management firm
- 44% increase in Funds Management EBITDA
- Recurring Funds Management fees run-rate 7% higher than the result for the period
- Funds Management EBITDA Contribution to Core Earnings up by \$1.9m
- Distributions from co-investments of \$3.3m, up 13%
- Stapled securities on issue increased to 96.0m or 3.2% during the period and by 3.6% on the prior comparative period
- 90% Core Earnings payout ratio maintained
- Reduction in net tangible assets per security primarily relates to equity accounted share of transaction and establishment costs in new co-investments during the period (WorkZone West Syndicate/Elanor Commercial Property Fund, Waverley Gardens Fund and Auburn Office Syndicate)
- The Group is conservatively geared and has significant capital to facilitate future growth
- Gearing includes \$60m of unsecured 5 year Corporate Notes

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)



Elanor 

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

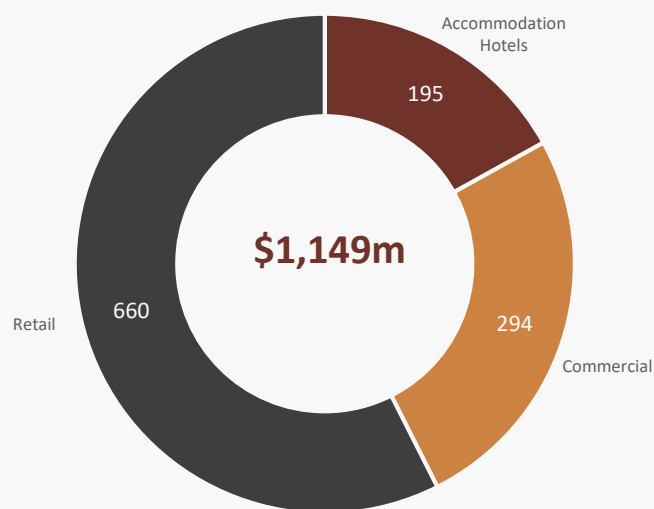
Domestic Institutional investors – listed and unlisted institutional investors

Wholesale capital investors – 'Family Office', ultra HNW, wholesale private investors

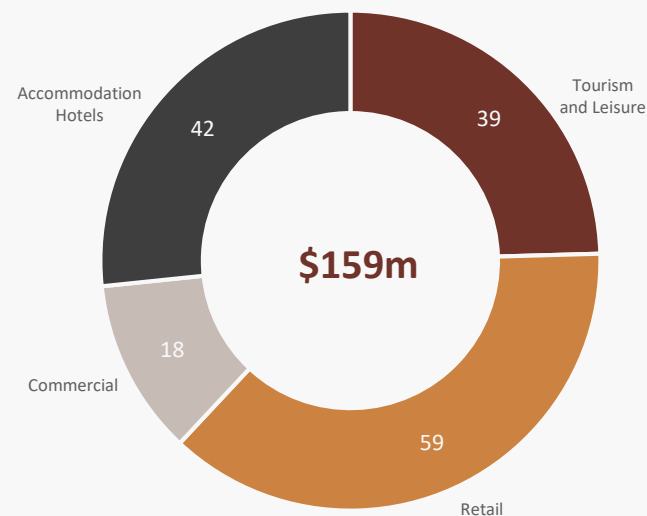
Focused Execution of Funds Management Strategy

- Key successes in executing the funds management strategy during the period include:
 - 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
 - Continued strong growth in domestic private capital partners
 - \$213m of new managed funds during the period
 - 44% increase in funds management EBITDA to \$6.2m
 - Leveraging senior experienced asset and capital origination talent
 - Managed funds performing well; driving initiatives to realise ‘value add’ operational and strategic opportunities

Funds Under Management by Sector (\$m)



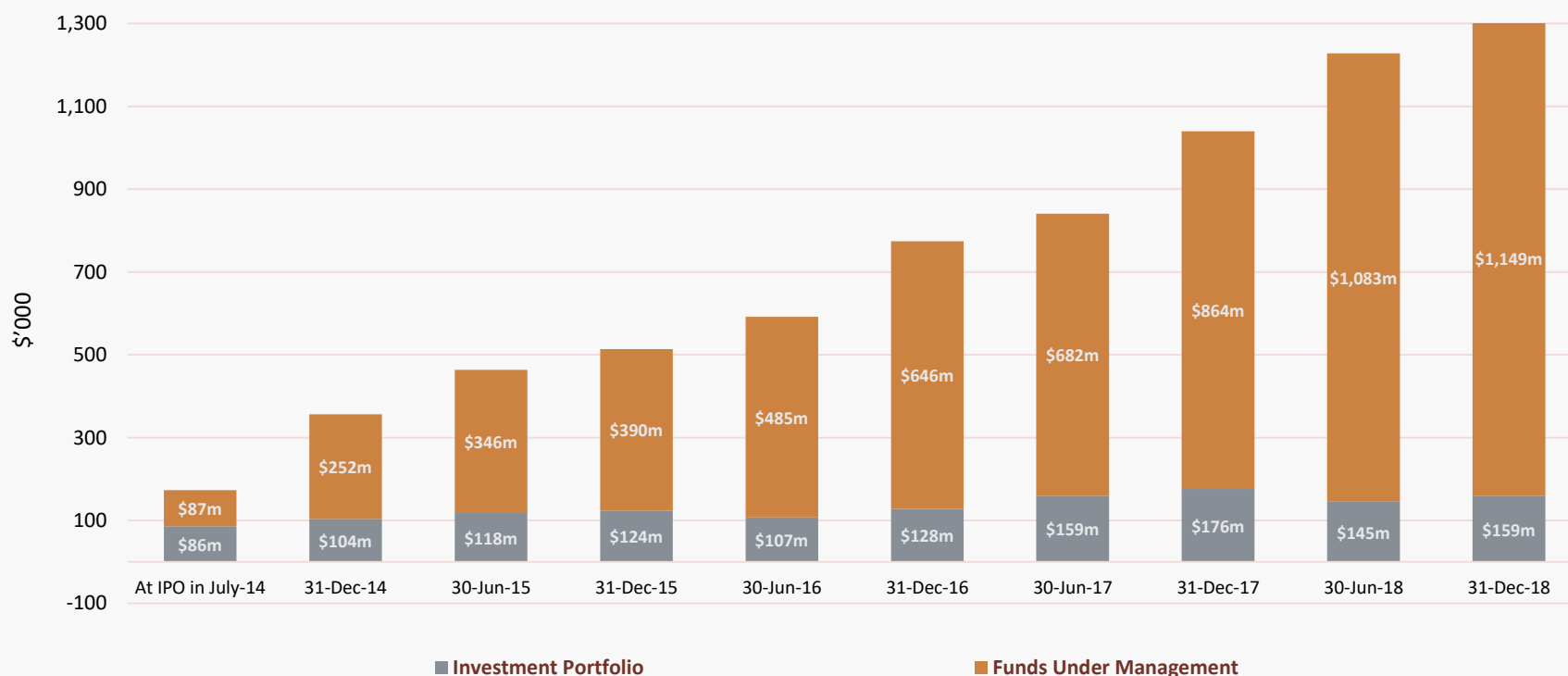
Investment Portfolio by Sector (\$m)



Growth In Funds Management

- ENN’s key strategic objective is to grow funds under management by identifying and originating real estate investments that deliver strong returns for both Elanor’s funds management capital partners and Elanor security holders
- Funds under management of \$1,149m as at 31 December 2018. Since 30 June 2018, ENN has increased funds under management by \$213m in relation to new funds. Bell City assets, which had a GAV of \$160m as at 30 June 2018, were sold during the period
- Total funds under management and balance sheet investments of \$1,307m, reflecting a 26% increase on 31 December 2017
- 57% compound annual growth rate since IPO

GROWTH IN FUNDS UNDER MANAGEMENT SINCE IPO¹

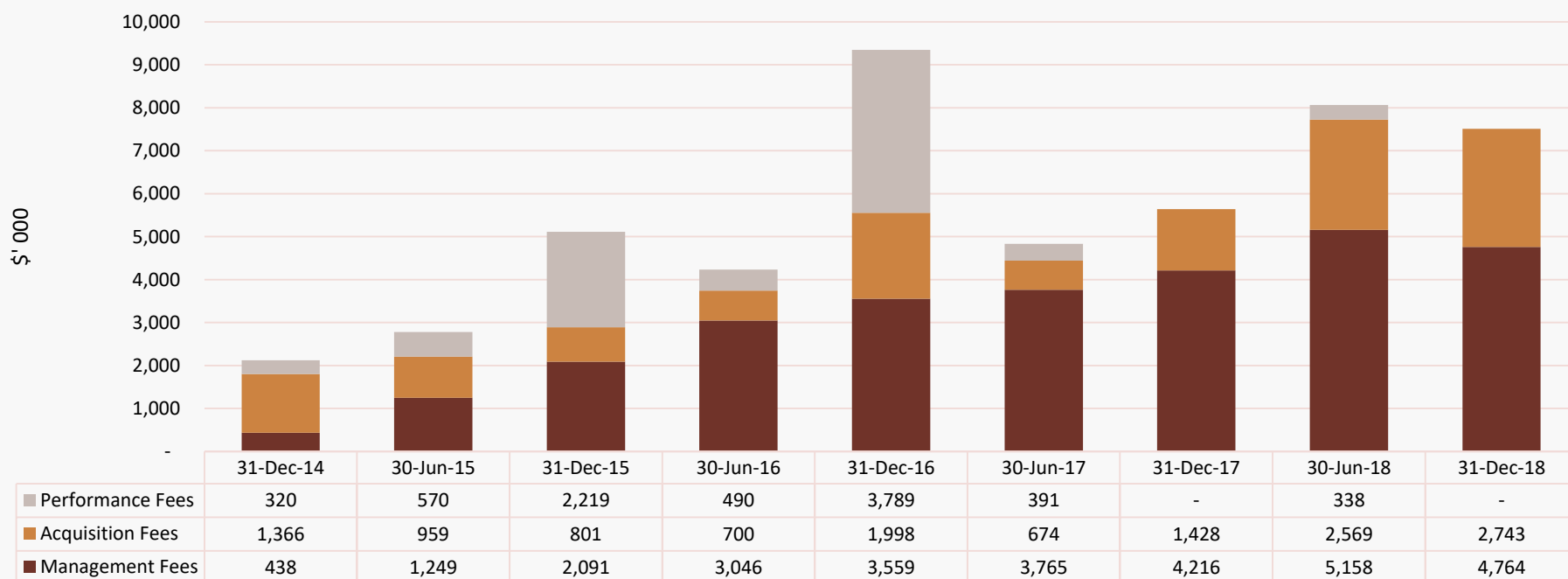


1. Consistent with the basis on which ENN’s base management fees are calculated, figures reflect the Gross Asset Value of the various managed funds

Growth in Funds Management (cont'd)

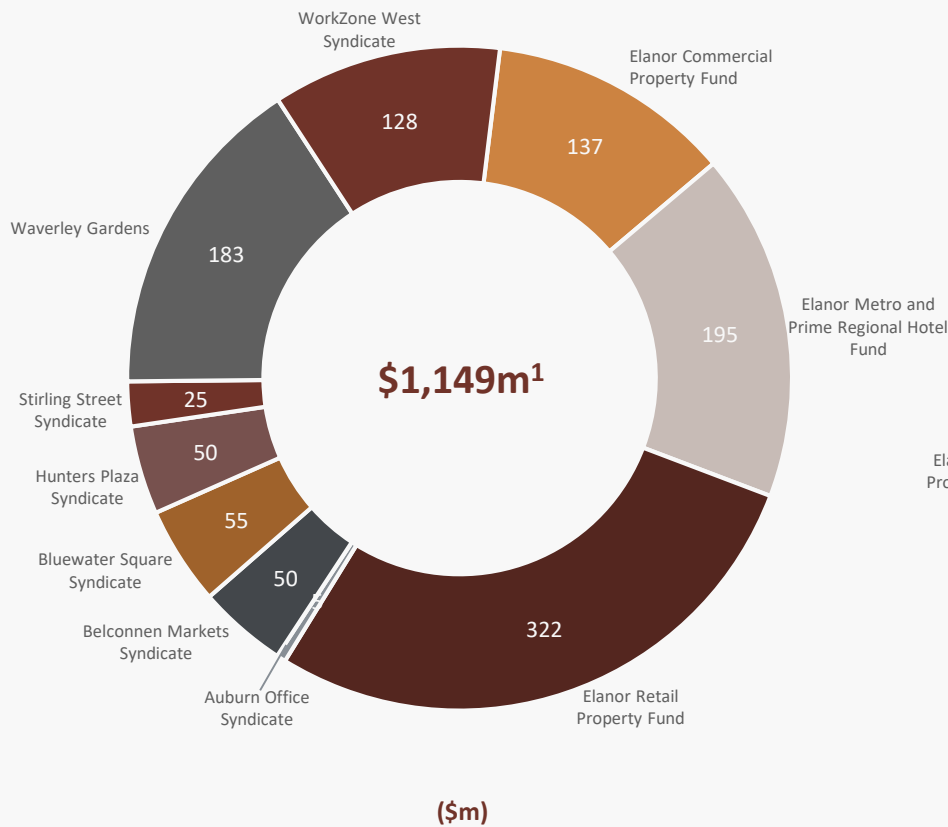
- Funds Management fees, excluding performance fees, have increased from \$5.6m in 1HFY18 to \$7.5m in 1HFY19, an increase of \$1.9m or 33%
- Recurring Funds Management fees in 1HFY19 of \$4.8m reflect the acquisitions of Waverley Gardens on 21 December 2018 and Auburn Office on 20 December 2018. Stirling Street is expected to settle on 28 February 2019. These three acquisitions increased Funds under Management by \$213m as at 31 December 2018. The sale of the Bell City assets was completed on 3 August 2018.
- Annualised run rate of recurring Funds Management fees of \$10.2m as at 31 December 2018, 7% higher than the result for the period
- Whilst growth will be dependent on the ability to acquire high investment quality assets, the Group is well positioned to grow funds under management

FUNDS MANAGEMENT INCOME ANALYSIS (HALF YEAR PERIODS)

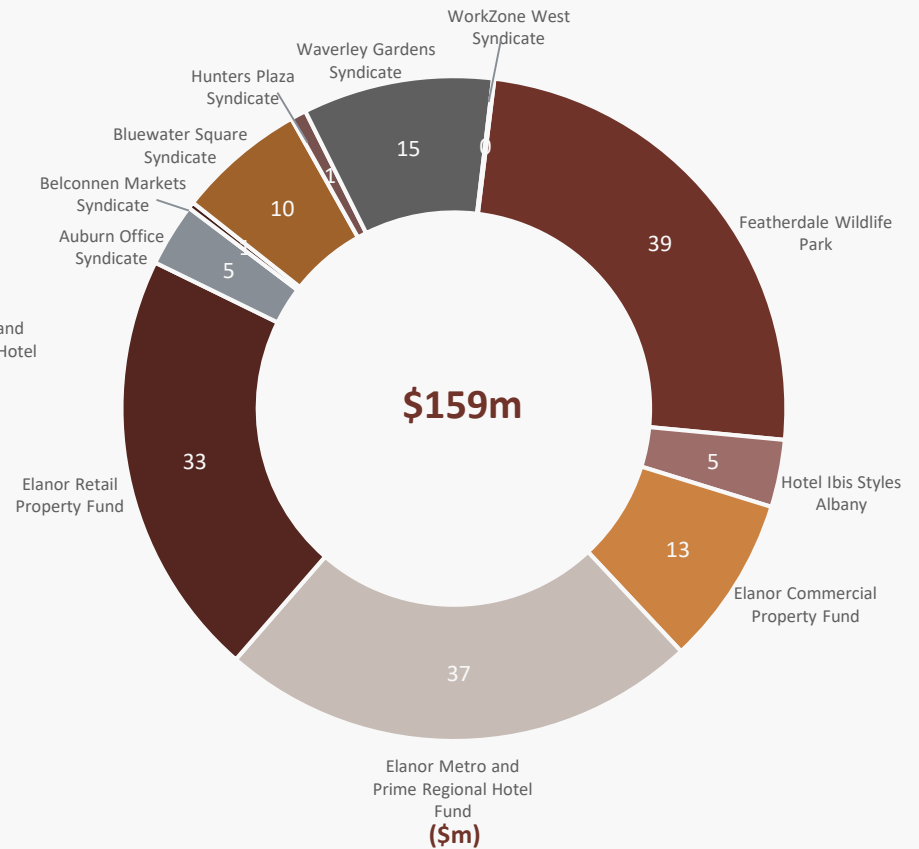


Investments and Funds Under Management

MANAGED FUNDS



INVESTMENTS



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

- ENN currently has funds under management of \$1,149m. 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
- The Group has approximately \$68m of balance sheet capital to facilitate future growth. On the basis of co-investment levels of 10%, this capital would facilitate growth in funds under management of approximately \$1,350m
- Existing capital available to facilitate future growth comprises:

	(\$m)
Merrylands sale proceeds	29
Capital management: recycling co-investment capital (anticipated to be recycled to cash in FY19)	39
Total Growth Capital	68



Elanor 

Financial Results

Adjusted Profit and Loss¹

Segment Revenue and EBITDA	1HFY19 Revenue \$000	1HFY19 EBITDA \$000
Funds Management	7,507	6,206
Hotels, Tourism and Leisure	7,077	1,249
Real Estate	(2,087)	(3,060)
Sale of Merrylands Property ²	36,000	14,932
Total Segment Revenue and EBITDA	48,497	19,327
Adjusted Profit and Loss		
Unallocated corporate costs		(3,140)
Depreciation and amortisation		(493)
Gain on investments		2,235
Interest and other income		855
Borrowing costs		(2,363)
Income tax (expense)/benefit		(5,355)
Adjusted Group net profit / (loss) after income tax		11,066
Reconciliation to Core Earnings		
Increase to reflect distributions received/receivable from co-investments		6,055
Less: Merrylands property net profit after tax		(10,452)
Less: Non-cash gain on disposal of equity accounted investments		(572)
Building depreciation expense		17
Amortisation amounts		696
Tax adjustments		(64)
Core Earnings		6,745

- Statutory net profit after tax of \$9.48m
- Adjusted net profit after tax of \$11.07m 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, excluding performance fees, grew by 44% to \$6.2m compared to 1HFY18
- Core Earnings of \$6.75m, a decrease of 8.5% on 1HFY18 (1HFY18 Core Earnings included the EBITDA contribution of Hotel ibis Styles Canberra Eaglehawk to 31 October 2017 and profit on sale to seed managed fund)

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 1HFY19

Adjusted Balance Sheet¹

Balance Sheet as at 31 December 2018	\$'000
Assets	
Cash	8,857
Receivables	13,534
Inventories	595
Financial assets	40,463
Asset held for resale	702
Other current assets	605
Property, plant and equipment	46,207
Equity accounted investments	114,483
Intangibles	825
Deferred tax assets	5,037
Total assets	231,308
Liabilities	
Payables and other current liabilities	4,033
Liabilities associated with assets held for sale	10,119
Other current liabilities	258
Interest bearing liabilities	66,946
Other non-current liabilities	998
Total liabilities	82,354
Net assets	148,954
Number of securities (m)	95,976
NAV per security	\$1.55
NTA per security	\$1.54
Gearing (ND / TA less cash)	26.1%

- Net assets of \$149m as at 31 December 2018
- Financial assets include vendor finance on the Merrylands property sale
- Hotels, Tourism and Leisure properties are accounted for in property, plant and equipment
- Interest bearing debt of \$66.9m as at 31 December 2018 (\$59.6m as at 30 June 2018), including \$60m of unsecured 5 year Corporate Notes
- Gearing remains conservative at 26.1%
- Net tangible asset value per security of \$1.54 at 31 December 2018 is 5.5% below 30 June 2018. This primarily reflects the Group's share of transaction and establishment costs resulting from the Group's co-investments during the period in WorkZone West/Elanor Commercial Property Fund, Waverley Gardens Fund and Auburn Office Syndicate. During the period the Group paid a distribution of \$8.0m and issued 2.96m securities at \$1.25 that had vested under the 2014 LTI plan

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

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

Operating Performance for the Six Months Ended 31 December 2018	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	6,206	-	-	-	6,206
Hotels, Tourism and Leisure	1,249	655 ¹	1,260	-	3,164
Real Estate	(3,060)	2,087 ²	2,053	-	1,080
Merrylands Property	14,932	-	-	(14,932)	-
Unallocated Corporate Costs	(3,140)	-	-	-	(3,140)
Adjusted Group EBITDA	16,187	2,742	3,313	(14,932)	7,310

- This result includes the equity accounted share of transaction, establishment and other costs relating to EMPR's acquisition of EHAF in the period
- This result includes the equity accounted share of transaction, establishment and other costs relating to the Group's co-investments during the period in WorkZone West Syndicate, Waverley Gardens Fund and Auburn Office Syndicate

Funds Management

Performance	1HFY19 (\$m)	1HFY18 (\$m)	Variance (%)
Revenue	7.5	5.6	33
Expenses	1.3	1.3	(2)
EBITDA contribution to Core Earnings	6.2	4.3	44
Margin (%)	82.7%	76.4%	8

Managed Funds	Gross asset value (\$m)
Elanor Commercial Property Fund	136.6
Elanor Metro and Prime Regional Hotel Fund	195.0
Elanor Retail Property Fund (ASX: ERF)	322.1
Auburn Office Syndicate	4.8
Belconnen Markets Syndicate	49.7
Bluewater Square Syndicate	55.0
Hunters Plaza Syndicate	49.5
Stirling Street Syndicate	24.7
Waverley Gardens Fund	183.3
WorkZone West Syndicate	128.1
Total	1,148.9

- Funds Management Revenue, before performance fees, grew from \$5.6m in 1HFY18 to \$7.5m in 1HFY19, an increase of 33% (no performance fees were earned during the period)
- \$213m of new funds under management during the period
- Net growth of \$285m in funds under management during the year to \$1,149m
- Established 3 new managed funds during the period: Waverley Gardens Fund, Stirling Street Syndicate and Auburn Office Syndicate. Elanor Metro and Prime Regional Hotel Fund also acquired the Elanor Hospitality and Accommodation Fund properties during the period
- Growth of Elanor Retail Property Fund to a gross asset value of \$322.1m from \$308.7m as at 31 December 2017
- Expenses primarily reflect fund expense recoveries (corresponding amount included in revenue)
- Funds management is the key strategic focus of ENN; Funds management platform is highly scalable

Hotels, Tourism and Leisure

Performance	1HFY19 (\$m)	1HFY18 (\$m)	Variance (%)
Adjusted Revenue	9.0	12.3	(27)
Expenses	5.8	8.0	(27)
EBITDA contribution to Core Earnings ¹	3.2	4.3	(26)
Margin (%)	35.2%	35.0%	10

Assets	Carrying Value (\$m)
Featherdale Wildlife Park	39.0
Hotel Ibis Styles Albany	5.2
Elanor Metro and Prime Regional Hotel Fund	36.7
Total	80.9

- 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, the establishment of Elanor Metro and Prime Regional Hotel Fund (including the equity accounted share of transaction and establishment costs), 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 \$1.3m for the period (\$1.5m 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	1HFY19 (\$m)	1HFY18 (\$m)	Variance (%)
Adjusted Revenue (\$m)	2.1	1.5	39
Expenses (\$m)	1.0	0.7	51
EBITDA contribution to Core Earnings ¹ (\$m)	1.1	0.8	30
Margin ¹ (%)	64.4%	47.6%	35

Assets	Carrying Value (\$m)
Elanor Commercial Property Fund	13.1
Elanor Retail Property Fund	33.3
Auburn Office Syndicate	4.8
Belconnen Markets Syndicate	0.5
Bluewater Square Syndicate	9.9
Hunters Plaza Syndicate	1.2
Waverley Gardens Funds	14.7
WorkZone West Syndicate	0.1
Total	77.6

- 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 and Auburn Office Syndicate were made in December 2018

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

- 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

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

Disclaimer

This presentation has been prepared by Elanor Investors Limited (ACN 169 308 187) and Elanor Funds Management Limited (ACN 125 903 031, AFSL 398196), as responsible entity of Elanor Investment Fund, and their controlled entities (collectively, 'Elanor Investors Group', 'the Group' or 'ENN').

This presentation contains selected summary information relating to the consolidated financial report for Elanor Investors Group for the year six months ended 31 December 2018 ("Group's Results") and does not purport to be all-inclusive or to contain all of the information that may be relevant to any particular investor or which a prospective investor may require in evaluations for a possible investment in the Group. It should be read in conjunction with the Group's continuous disclosure announcements lodged with the Australian Securities Exchange including the Group's Results, which are available at www.asx.com.au. The recipient acknowledges that circumstances may change and that this presentation may become outdated as a result. This presentation and the information in it are subject to change without notice and the Group is not obliged to update this presentation.

This presentation is provided for general information purposes only. It is not a product disclosure statement, prospectus or any other disclosure document for the purposes of the Corporations Act and has not been, and is not required to be, lodged with the Australian Securities & Investments Commission. It should not be relied upon by the recipient in considering the merits of the Group or the acquisition of securities in the Group. Nothing in this presentation constitutes investment, legal, tax, accounting or other advice and it is not to be relied upon in substitution for the recipient's own exercise of independent judgment with regard to the operations, financial condition and prospects of the Group. The information contained in this presentation does not constitute financial product advice. Before making an investment decision, the recipient should consider its own financial situation, objectives and needs, and conduct its own independent investigation and assessment of the contents of this presentation, including obtaining investment, legal, tax, accounting and such other advice as it considers necessary or appropriate. This presentation has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. It is not an invitation or offer to buy or sell, or a solicitation to invest in or refrain from investing in, securities in the Group or any other investment product.

The information in this presentation has been obtained from and based on sources believed by the Group to be reliable. To the maximum extent permitted by law, the Group and its other affiliates and their respective directors, officers, employees, consultants and agents make no representation or warranty, express or implied, as to the accuracy, completeness, timeliness or reliability of the contents of this presentation. To the maximum extent permitted by law, no member of the Group accepts any liability (including, without limitation, any liability arising from fault or negligence on the part of any of them) for any loss whatsoever arising from the use of this presentation or its contents or otherwise arising in connection with it.

All dollar values are in Australian dollars (\$A or AUD) unless stated otherwise.

This presentation may contain forward-looking statements, guidance, forecasts, estimates, prospects, projections or statements in relation to future matters ('Forward Statements'). Forward Statements can generally be identified by the use of forward looking words such as "anticipate", "estimates", "will", "should", "could", "may", "expects", "plans", "forecast", "target" or similar expressions in this presentation. Forward Statements including indications, guidance or outlook on future revenues, distributions or financial position and performance or return or growth in underlying investments are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No independent third party has reviewed the reasonableness of any such statements or assumptions. No member of the Group represents or warrants that such Forward Statements will be achieved or will prove to be correct or gives any warranty, express or implied, as to the accuracy, completeness, likelihood of achievement or reasonableness of any Forward Statement contained in this presentation. Except as required by law or regulation, the Group assumes no obligation to release updates or revisions to Forward Statements to reflect any changes.