



ASX Announcement

24 February 2015

Results for the Period Ended 31 December 2014

Elanor Investors Group (“ENN”) is pleased to announce its results for the interim period from listing on 11 July 2014 to 31 December 2014.

Highlights

- Statutory net profit/(loss) after tax for the period was (\$1.94) million, which was significantly impacted by \$6.1 million in one-off establishment and transaction costs related to ENN’s IPO
- Core Earnings of \$4.1 million, or 6.6 cents per security¹
- Distribution of 5.2 cents per security declared for the period to 31 December 2014, reflecting a payout ratio of 90% of Core Earnings² (distribution to be paid 27 February 2015)
- Establishment of the Bell City Syndicates, which acquired the Bell City complex in Melbourne for \$142.9 million
- Establishment of 193 Clarence Hotel Syndicate, which acquired the City Hotel in Clarence Street, Sydney, for \$21.0 million
- Increase in funds under management of \$164.9 million (~189%) since listing, from \$86.9 million at IPO to \$251.8 million
- Acquisition of Albany Hotel for \$5 million, reflecting an initial yield of approximately 13.1%
- Co-investment in the Bell City Syndicates (\$12.0 million, 17%) and 193 Clarence Hotel Syndicate (\$1.1 million, 10%)
- Equity raising of \$13.6 million in December 2014 via an institutional placement (\$12.6 million before costs of the raising) and security purchase plan (\$1.0 million) at an issue price of \$1.38 per security

Commenting on the result, ENN CEO, Glenn Willis, said: “We have made good progress since our listing in July, and continue to pursue opportunities to add value for ENN securityholders.

We are pleased with the growth in our funds management earnings as a result of increasing our funds under management from \$86.9 million to \$251.8 million at 31 December 2014.

Overall our investment portfolio performed in line with expectations and we continue to actively progress opportunities for earnings and capital growth potential from ENN owned investments.”

Financials

Statutory net profit/(loss) after tax for the period was (\$1.94) million, which was significantly impacted by \$6.1 million in one-off establishment and transaction costs related to ENN’s IPO.

¹ Based on the weighted average number of securities on issue for the period to 31 December 2014

² Securities issued via the institutional placement and share purchase plan in December 2014 are entitled to receive the distribution for the period to 31 December 2014



Core Earnings for the period, after adjusting for one-off costs and certain non-cash items, was \$4.1 million, equating to 6.6 cents per security³.

ENN's Board of Directors has declared an interim distribution of 5.2 cents per stapled security for the period to 31 December 2014, which reflects a payout of 90% of Core Earnings⁴. The distribution will be paid on 27 February 2015.

A summary of the key financials and a reconciliation of statutory earnings to Core Earnings for the interim period to 31 December 2014 is as follows:

Net profit/(loss) after tax (\$'000)	(1,936)
Core Earnings (\$'000)	4,084
Distributions payable to security holders (\$'000)	3,675
Core Earnings per security (cents)	6.61
Distributions per security (cents)	5.20
Net tangible assets per stapled security (\$)	1.10

Reconciliation of statutory profit/(loss) to Core Earnings \$'000

Net profit/(loss) after tax (statutory)	(1,936)
Add:	
Transaction costs related to the establishment and listing of ENN	6,115
Building depreciation expense	539
Amortisation of intangibles	75
Tax adjustments	(709)
Core Earnings	4,084

Operational Update

Funds Management

ENN's Funds Management division performed strongly, largely as a result of the increase in funds under management of \$164.9 million since IPO. ENN established a number of new managed funds, increasing funds under management from \$86.9 million at listing to \$251.8 million.

The Bell City Syndicates were established to acquire the Bell City complex in Melbourne for \$142.9 million. Bell City is a landmark suburban Melbourne asset comprising a 383 room hotel, 461 room budget/student accommodation tower, commercial office tower and a residential development site with DA approval for 377 apartments and 520 underground/basement car spaces. ENN has a \$1.1 million co-investment stake in the Bell City Syndicates.

The 193 Clarence Hotel Syndicate was established to acquire the City Hotel for \$21.0 million. City Hotel is a 52 room hotel and retail complex located in Clarence Street, Sydney. ENN has a \$1.1 million co-investment in the syndicate.

ENN's other managed funds continued to perform well during the period, and ENN is assessing a range of opportunities to establish additional managed funds during the second half of FY15.

³ Based on the weighted average number of securities on issue for the period to 31 December 2014

⁴ Securities issued via the institutional placement and share purchase plan in December 2014 are entitled to receive the distribution for the period to 31 December 2014



Hotels, Tourism and Leisure

Overall, ENN's Hotels, Tourism and Leisure portfolio performed in line with expectations for the period. Peppers Cradle Mountain Lodge and Featherdale Wildlife Park performed ahead of budget, Mantra Wollongong performed in line with budget, while Hotel Ibis Styles Canberra Eagle Hawk was behind budget as the repositioning of the asset has taken longer than anticipated.

During the period, ENN acquired Albany Hotel, a 50 room hotel located in the port city of Albany, on the southern coast of Western Australia. The purchase price for Albany Hotel was \$5.0 million, reflecting an initial yield of approximately 13.1%. Settlement of Albany Hotel occurred on 12 December 2014.

Special Situations

Income from the John Cootes Furniture business was lower than expected, due substantially to some challenges related to the transitioning of the business.

ENN considers that the Merrylands Property has considerable potential. Current market conditions are considered to be strong for development sites of this nature, and ENN will continue to assess the most appropriate option for realising the potential of this investment.

Outlook

ENN is well positioned to continue to grow earnings and value for its securityholders. ENN's core strategy will remain focused on growing the funds management business.

ENN has a number of funds management opportunities under consideration. ENN will look to increase income from managed funds, seed new managed funds with ENN owned investments, and continue to co-invest with external capital partners.

ENN expects to realise value for some investment portfolio assets in the short/medium term, and recycle capital into further accretive opportunities that fit with our core strategy. ENN will also continue to monitor opportunities to selectively acquire quality high yielding assets with capital growth or co-investment potential.

ENN expects the distribution for the full year to 30 June 2015 to exceed the Initial Public Offering forecast of 11.7 cents per stapled security.

For further information regarding this announcement please contact:

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