



Elanor Investors Group

FY15 Results Presentation

28 August 2015

Agenda

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FY15 Results Overview

Highlights for the period ended 30 June 2015

Financial Results

- Statutory net profit after tax for the period of \$2.72 million, after \$4.84 million in one-off establishment and transaction costs related to ENN's IPO
- Core Earnings for the period of \$9.34 million, or 14.1 cents per security¹ reflecting an 8.2% increase on IPO forecast
- Distributions for the period of \$8.40 million, or 11.9 cents per security, reflecting a payout ratio of 90% of Core Earnings²

Establishment of new syndicates

- Establishment of the Auburn Central Syndicate, which acquired Auburn Central shopping centre in Auburn for \$68 million
- Establishment of the Bell City Syndicates, which acquired the Bell City complex in Melbourne for \$143 million
- Establishment of 193 Clarence Hotel Syndicate, which acquired the City Hotel in Clarence Street, Sydney, for \$21 million

Growth in funds under management

- Increase in funds under management of \$259 million (~300%) since listing in July 2014, from \$87 million at IPO to \$346 million

Acquisitions and co-investments

- Acquisition of Albany Hotel for \$5 million and co-investments in the Bell City Syndicates (\$12 million, 17%) and 193 Clarence Hotel Syndicate (\$1.1 million, 10%), and Auburn Central Syndicate (\$0.6 million, 2%)

1. Based on the weighted average number of securities on issue for the period to 30 June 2015

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

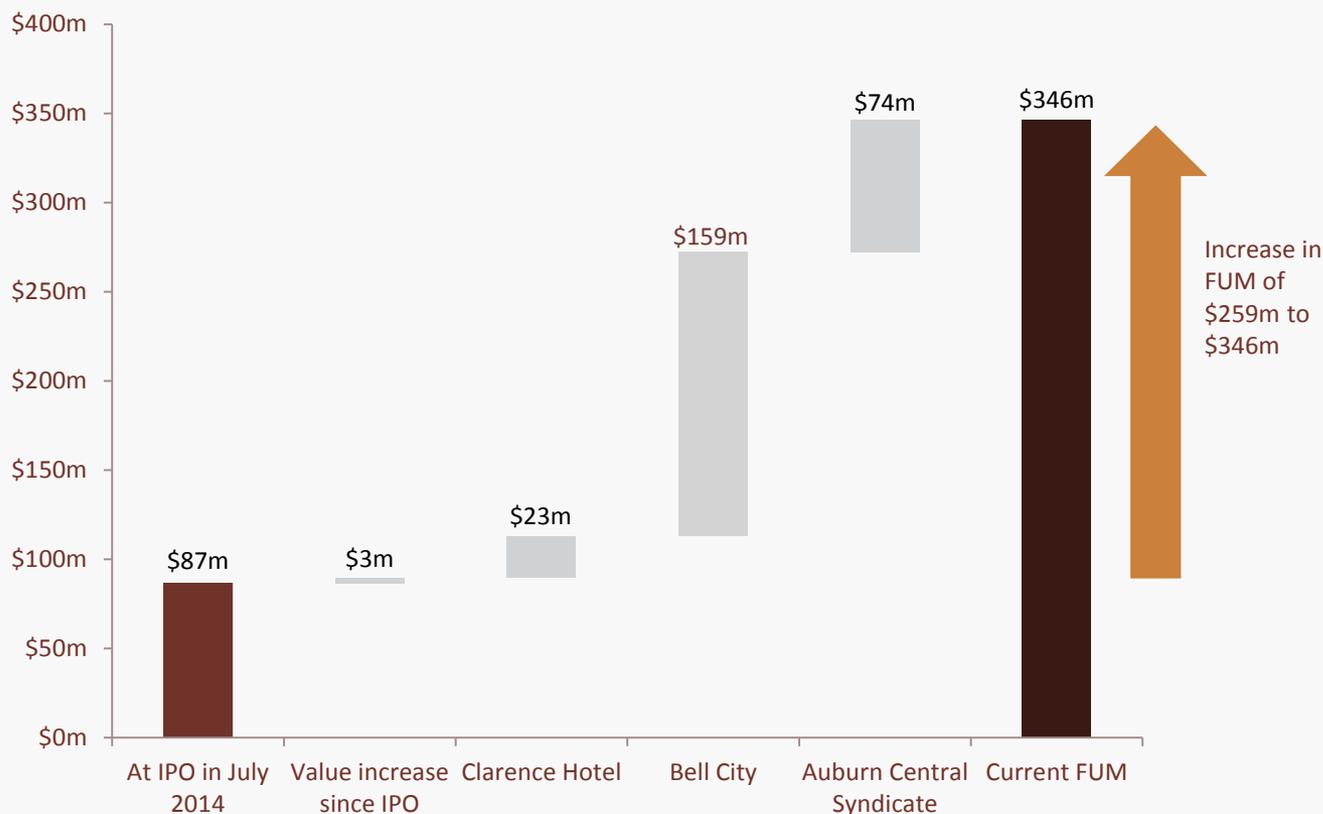
Key metrics versus IPO in July 2014

Metric	FY15 Result / 30 June 2015	Increase on IPO forecast or position
Core Earnings per security	14.1c	 + 8.2%
Distributions per security	11.9c	 + 1.7%
Net asset value per security	\$1.38	 + 24.3%
Funds under management	\$346m	 + \$259m
Security price	\$1.70	 + 36.0%

Growth in Funds Management

- ENN’s key strategic objective is to grow its funds management business by identifying and originating investments that deliver strong performance for both ENN and its capital partners
- Since listing in July 2014, ENN has increased funds under management by \$259 million (~300%) from \$87 million to \$346 million

GROWTH IN EXTERNAL FUNDS UNDER MANAGEMENT SINCE IPO¹



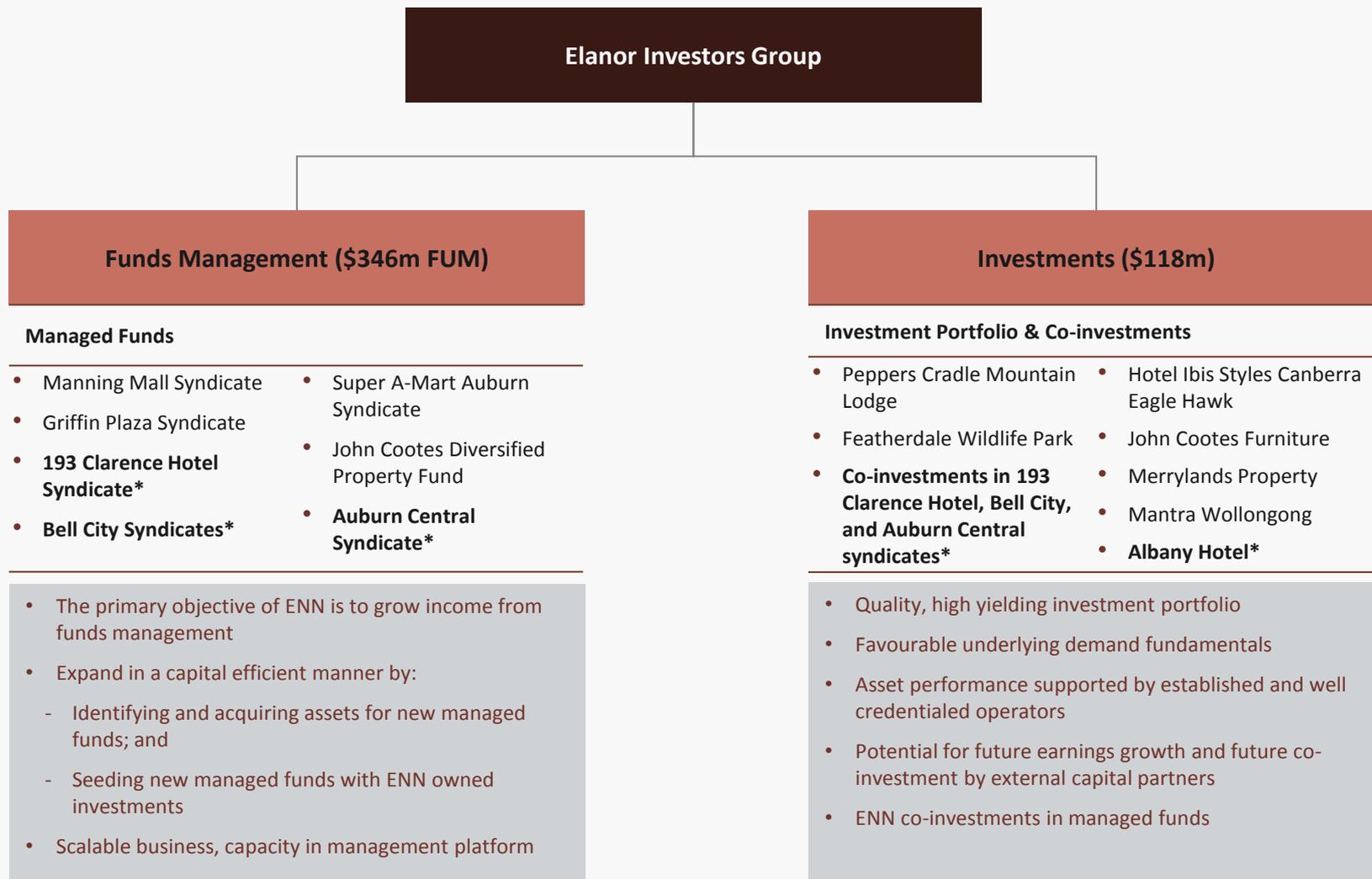
1. Consistent with the basis on which ENN’s base management fees are calculated, figures reflect the Gross Asset Value of the various managed funds (which in some instances includes stamp duty and fund establishment costs)



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Business Overview

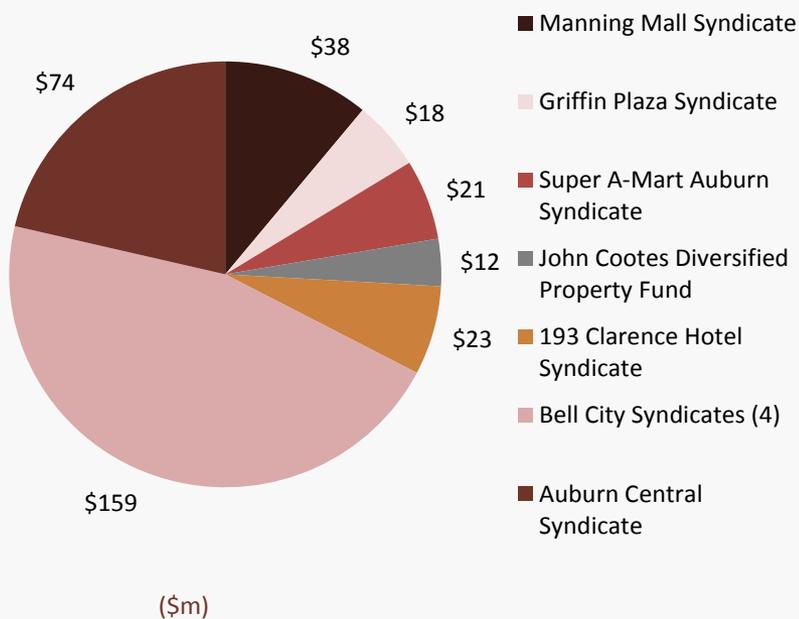
Business overview



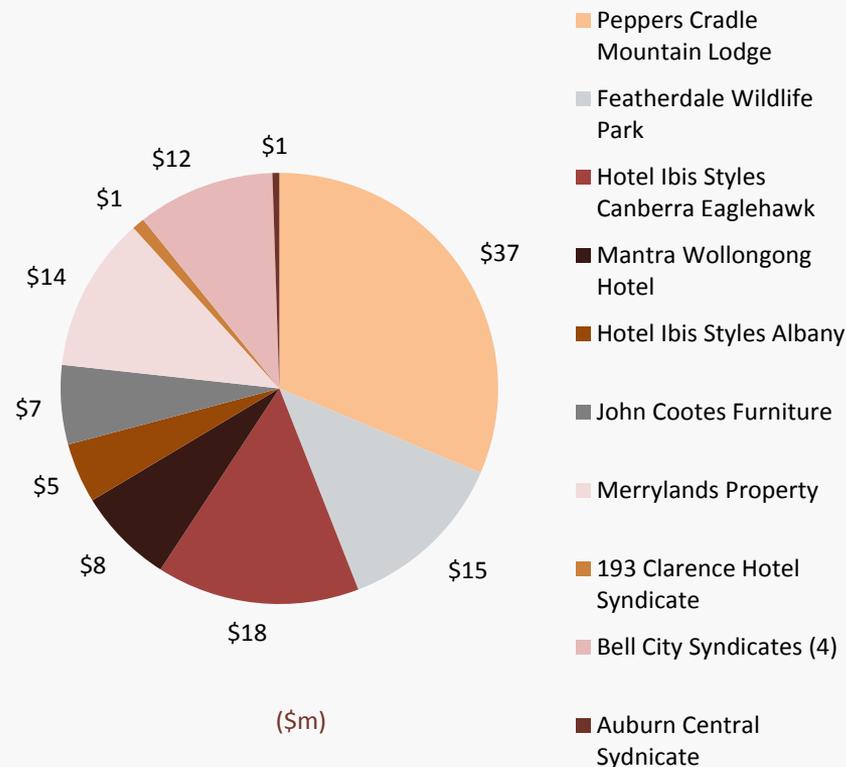
* Newly established or acquired since ENN's IPO in July 2014

Assets and funds under management

MANAGED FUNDS - \$346M¹



INVESTMENTS - \$118M¹



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 (which in some instances includes stamp duty and fund establishment costs)



Financial Results

Profit and Loss for the period ended 30 June 2015

Segment Revenue and EBITDA	Revenue (\$'000)	EBITDA (\$'000)
Funds Management	4,902	4,478
Hotels, Tourism and Leisure	32,871	9,068
Special Situations Investments	19,653	1,843
Other	754	6
Total Segment Revenue and EBITDA	58,180	15,395
Statutory NPAT		(\$'000)
Unallocated Corporate Costs		(3,405)
Depreciation and amortisation		(2,453)
Borrowing Costs		(1,397)
One-off transaction and establishment costs		(4,843)
Income tax expense		(577)
Statutory Group net profit / (loss) after income tax		2,720
Reconciliation to Core Earnings		(\$'000)
One-off transaction and establishment costs		4,843
Building depreciation expense		1,063
Distributions received/receivable for co-investments		461
Amortisation of intangibles		150
Tax adjustments		107
Core Earnings		9,344

- Statutory net profit after tax of \$2.7 million, after \$4.8 million in one-off establishment and transaction costs related to ENN's IPO
- Core Earnings of \$9.3 million, or 14.1 cents per security¹ reflecting an 8.2% increase on IPO forecast
- The strong Core Earnings result relative to IPO forecasts was driven by material outperformance in ENN's funds management business which produced EBITDA for the period of \$4.5 million (vs. IPO forecast of \$2.0 million)
- EBITDA from Hotels, Tourism and Leisure assets was in line with IPO forecasts
- Lower than expected EBITDA from the John Cootes Furniture business, due largely to initial challenges in transitioning ownership of the business

1. Based on the weighted average number of securities on issue for the period to 30 June 2015

Balance Sheet as at 30 June 2015

Balance Sheet as at 30 June 2015	(\$'000)
Assets	
Cash	7,488
Receivables	3,355
Inventories	3,765
Property, plant and equipment	86,048
Land and buildings (non-current inventory)	11,781
Equity accounted investments	14,002
Intangibles	7,820
Deferred tax assets	952
Other	439
Total assets	135,650
Liabilities	
Payables	4,250
Interest bearing liabilities	30,719
Other	3,244
Total liabilities	38,213
Net assets	97,437
Number of Securities (million)	70.645
NAV per security	\$1.38
NTA per security	\$1.27
Gearing (ND / TA less cash)	18.1%

- Increase in net asset value per security from \$1.11 at IPO to \$1.38 at 30 June 2015 largely driven by an increase in the valuation of the Hotel, Tourism and Leisure assets (refer following slide)
- ENN also undertook an equity raising of \$13.6 million in December 2014 via an institutional placement (\$12.6 million) and security purchase plan (\$1.0 million) at an issue price of \$1.38 per security
- Hotels, Tourism and Leisure properties are accounted for in Property, plant and equipment
- Land and buildings (non-current inventory) on the balance sheet represents the portion of the Merrylands property not occupied by John Cootes Furniture. The portion that is occupied is included in Property, plant and equipment
- The total value of Merrylands Property in the balance sheet is \$13.7 million, which is the at cost value¹

1. Including acquisition and capitalised costs

Property valuations

- ENN's Board of Directors determined to obtain updated valuations for the directly held Hotels, Tourism and Leisure properties as at 30 June 2015 given the substantial improvement in the operating performance of a number of the assets and that 30 June 2015 is the first annual reporting period for the group

All of the Hotels, Tourism and Leisure properties were subject to external independent valuations with the exception of Featherdale Wildlife Park which was subject to an internal Director's valuation

- This resulted in a significant increase in the value of Peppers Cradle Mountain Lodge, Featherdale Wildlife Park and Mantra Wollongong, with each of these assets experiencing operational improvements during the period
- The total valuation uplift across the Hotels, Tourism and Leisure portfolio was \$11.4 million (16.1 cents per security), a 15.8% increase on IPO value
- ENN's only other directly held investment property, Merrylands Property, has not been revalued and is held at cost value of \$13.7 million¹

Valuation of Hotels, Tourism and Leisure properties

	IPO or acquisition value (\$m)	30 June 2015 (\$m)	Increase
Peppers Cradle Mountain Lodge	29.0	37.0	27.6%
Featherdale Wildlife Park	13.0	15.0	15.4%
Ibis Styles Canberra Eaglehawk Hotel	17.7	17.7	0.0%
Mantra Wollongong	7.1	8.5	19.7%
Ibis Styles Albany Hotel	5.3	5.3	0.0%
Total	72.1	83.5	15.8%

1. Including acquisition and capitalised costs

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Segment Performance

Funds Management

Overview

- Management of investment funds on behalf of third party investors
 - Approximately \$346 million funds under management
- ENN earns acquisition fees, ongoing base management fees and performance fees

Performance

	FY15 (\$m)	IPO forecast (\$m)	Variance (%)
Revenue (\$m)	4.9	2.4	+ 104.2%
Expenses (\$m)	-0.4	-0.4	+ 6.0%
EBITDA (\$m)	4.5	2.0	+ 123.9%

Commentary

- Material outperformance relative to IPO forecast
- Established 3 new managed funds during the period – 193 Clarence Hotel Syndicate, Bell City Syndicates and Auburn Central Syndicate
- Growth in funds under management of \$259m from \$87m to \$346m
- EBITDA for the period of \$4.5m vs. IPO forecast of \$2.0m
- Funds management division is a key focus for ENN
- Well resourced, scalable platform with capacity to grow off largely fixed cost base
- A number of new funds management initiatives under consideration, including recycling balance sheet capital to seed new funds
- ENN has co-investments in 193 Clarence Hotel Syndicate, Bell City Syndicates and Auburn Central Syndicate totalling \$14m

Managed Funds	Gross asset value (\$m)
Manning Mall Syndicate	38.0
Griffin Plaza Syndicate	18.2
Super A-Mart Auburn Syndicate	21.1
John Cootes Diversified Property Fund	12.4
193 Clarence Hotel Syndicate	23.4
Bell City Syndicates (4)	159.3
Auburn Central Syndicate	74.0
Total	346.4

Hotels, Tourism and Leisure

Overview

- Portfolio of hotels, tourism and leisure assets
 - Direct operating exposure
 - High yielding
 - Real estate backed
- Strong sector of focus for ENN given management expertise in this area and opportunities that fit with ENN's operating strategy

Performance

	FY15 (\$m)	IPO forecast (\$m)	Variance (%)
Revenue (\$m)	32.9	32.5	+ 1.1%
Expenses (\$m)	-23.8	-23.5	- 1.3%
EBITDA (\$m)	9.1	9.0	+ 0.8%

Assets

Valuation (\$m)

Peppers Cradle Mountain Lodge	37.0
Featherdale Wildlife Park	15.0
Hotel Ibis Styles Canberra Eaglehawk	17.7
Mantra Wollongong Hotel	8.5
Hotel Ibis Styles Albany	5.3
Total	83.5

Commentary

- ENN's portfolio of hotels, tourism and leisure assets performed in line with budget during the period, with total EBITDA of \$9.1m, +0.8% on IPO forecasts
- Peppers Cradle Mountain Lodge and Featherdale Wildlife Park performed ahead of budget, while Mantra Wollongong Hotel approximated budget
- Operations at Canberra Eaglehawk and Albany were behind budget, however ENN is confident that the performance of these assets will improve
- The strong performance and operational improvement in a number of the assets is reflected in an increase to valuations

Special Situations Investments

Overview

- Target investment opportunities which demonstrate attractive operating cashflows with a high level of real estate asset backing
- Seek to create value by improving business and unlocking real estate value
- Target investments with a forecast IRR of at least 15%+

Performance

	FY15 (\$m)	IPO forecast (\$m)	Variance (%)
Revenue (\$m)	19.6	21.8	- 9.8%
Expenses (\$m)	-17.8	-18.8	- 5.3%
EBITDA (\$m)	1.8	3.0	- 38.6%

Assets	Cost (\$m)
John Cootes Furniture	7.0
Merrylands Property	13.7
Total	20.7

Commentary

- John Cootes Furniture has performed behind budget due substantially to initial challenges related to the transitioning of the business
- In the later part of the year new stores were opened in Bathurst, Campbelltown and Taree – trading at these stores has been promising
- In late July 2015 the John Cootes Furniture warehouse in Yennora sustained major damage as a result of fire. The warehouse is owned by the John Cootes Diversified Property Syndicate which is managed by ENN – the property is fully insured and the required business interruption insurances are in place. The insurers have provided a progress payment of \$2.5m in respect of the loss of stock, plant and equipment and business interruption
- Substantial work has been carried out in exploring the significant development potential for the Merrylands Property; current market conditions are considered strong for development sites of this nature

Merrylands Property - update

- As part of the John Cootes Furniture acquisition, ENN acquired approximately 24,000sqm of land located at Merrylands, NSW, from which John Cootes Furniture operates its head office and main showroom (“Merrylands Property”)
- ENN believes that the Merrylands Property is currently underutilized and has significant residential real estate development potential
- ENN has undertaken a considerable amount of work with respect to the Merrylands Property and its potential for residential development, and this process is ongoing
- The market demand for residential development sites of this nature has increased substantially over the last 6-12 months
- ENN will continue to assess the most appropriate options for the site to maximise value for ENN securityholders



Aerial view of Merrylands Property

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Strategy and Outlook

Strategy and outlook

- ENN is well positioned to continue to grow earnings and value for its securityholders
- ENN's core strategy is focused on:
 - **Growing its funds management business**
 - Increase income from funds management
 - Seed new managed funds with ENN owned investments
 - Co-invest with external capital partners
 - **Actively managing its investment portfolio**
 - Realise earnings and capital growth potential from ENN owned investments
 - Selectively acquire quality high yielding assets with capital growth and co-investment potential
- ENN continues to progress a number of new funds management initiatives
- 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 its core strategy
- Based on the current operating performance of its assets and pipeline of potential funds management opportunities, ENN anticipates continued growth in Core Earnings in FY16

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Appendices

Hotels, Tourism and Leisure assets summary

	Peppers Cradle Mountain Lodge	Featherdale Wildlife Park	Hotel Ibis Styles Canberra Eagle Hawk	Mantra Wollongong Hotel	Hotel Ibis Styles Albany
Asset Type	<ul style="list-style-type: none"> • Hotel 	<ul style="list-style-type: none"> • Wildlife park 	<ul style="list-style-type: none"> • Hotel 	<ul style="list-style-type: none"> • Hotel 	<ul style="list-style-type: none"> • Hotel
Location	<ul style="list-style-type: none"> • Cradle Mountain National Park, TAS 	<ul style="list-style-type: none"> • Doonside, Western Sydney, NSW 	<ul style="list-style-type: none"> • Sutton, NSW 	<ul style="list-style-type: none"> • Wollongong, NSW 	<ul style="list-style-type: none"> • Albany, WA
Facilities	<ul style="list-style-type: none"> • 86 rooms, restaurant, bistro, 3 conference facilities, spa 	<ul style="list-style-type: none"> • 3.1 hectare site, parking facilities for 60 vehicles, kiosk and retail store 	<ul style="list-style-type: none"> • 151 rooms, restaurant and 310 sqm of conference facilities 	<ul style="list-style-type: none"> • 54 individual apartments (44 serviced apartments) and conference facilities 	<ul style="list-style-type: none"> • 50 rooms, bar and restaurant
Operator	<ul style="list-style-type: none"> • Mantra Group 	<ul style="list-style-type: none"> • Anthology Group 	<ul style="list-style-type: none"> • Accor 	<ul style="list-style-type: none"> • Mantra Group 	<ul style="list-style-type: none"> • Accor
Valuation¹	<ul style="list-style-type: none"> • \$37.0m 	<ul style="list-style-type: none"> • \$15.0m 	<ul style="list-style-type: none"> • \$17.7m 	<ul style="list-style-type: none"> • \$8.5m 	<ul style="list-style-type: none"> • \$5.3m
Asset description	<ul style="list-style-type: none"> • Multi-award winning spa and wilderness style resort • Site has undergone major expansion and re development since first opening in 1972 	<ul style="list-style-type: none"> • Featherdale is a leading Australian wildlife park having traded for over 40 years • Approximately 300 species of Australian wildlife 	<ul style="list-style-type: none"> • 3.5 star hotel operated under the Accor owned Ibis Styles brand • Close proximity to Canberra CBD, airport and major regional attractions 	<ul style="list-style-type: none"> • 4.5 star serviced apartment hotel located in the Wollongong CBD • 56 basement parking bays (46 allocated to serviced apartments) 	<ul style="list-style-type: none"> • 4-star, 50 room hotel, strategically located on the entrance to Albany, approximately 3km from the CBD

1. All assets independently valued with the exception of Featherdale Wildlife Park which was subject to a Directors valuation

Managed Funds summary

	Manning Mall	Griffin Plaza	Super A-Mart Auburn	JCF Property Syndicate
Asset type	<ul style="list-style-type: none"> Sub-regional shopping centre 	<ul style="list-style-type: none"> Neighbourhood shopping centre 	<ul style="list-style-type: none"> Retail warehouse 	<ul style="list-style-type: none"> Two retail showrooms and one retail warehouse
Location	<ul style="list-style-type: none"> 81 Manning Street, Taree, NSW 	<ul style="list-style-type: none"> Corner of Yambil and Crossing Street, Griffith, NSW 	<ul style="list-style-type: none"> 311 Parramatta Road, Auburn, NSW 	<ul style="list-style-type: none"> Penrith, Yennora and Tuggerah, NSW
Gross asset value	<ul style="list-style-type: none"> \$38.0m 	<ul style="list-style-type: none"> \$18.2m 	<ul style="list-style-type: none"> \$21.1m 	<ul style="list-style-type: none"> \$12.4m
Initial term	<ul style="list-style-type: none"> 5 years 	<ul style="list-style-type: none"> 5 years 	<ul style="list-style-type: none"> 5 years 	<ul style="list-style-type: none"> 5 years
Review date	<ul style="list-style-type: none"> Jul-18 	<ul style="list-style-type: none"> Sep-17 	<ul style="list-style-type: none"> Apr-19 	<ul style="list-style-type: none"> Jul-19
Asset description	<ul style="list-style-type: none"> Single level shopping centre anchored by Coles and Target 31 specialty stores, free standing Hungry Jacks and 431 parking spaces 	<ul style="list-style-type: none"> A modern, fully enclosed, single level shopping centre High quality retail mix including a Coles supermarket and The Reject Shop. Parking for 304 vehicles 	<ul style="list-style-type: none"> Recently refurbished, single level retail warehouse fully leased to Super A-Mart The property has parking for 344 vehicles 	<ul style="list-style-type: none"> Two retail showrooms (Penrith and Tuggerah) and one warehouse (Yennora) leased to John Cootes Furniture

Managed Funds summary - Additions since IPO

	193 Clarence Hotel Syndicate	Bell City Syndicates (4)	Auburn Central Syndicate
Asset type	<ul style="list-style-type: none"> Hotel 	<ul style="list-style-type: none"> Hotel, budget accommodation and commercial complex 	<ul style="list-style-type: none"> Sub-regional shopping centre
Location	<ul style="list-style-type: none"> 193-195 Clarence St, Sydney NSW 	<ul style="list-style-type: none"> 215 Bell Street, Preston Victoria 	<ul style="list-style-type: none"> Cnr Harrow Road and Queen Street, Auburn NSW
Gross asset value	<ul style="list-style-type: none"> \$23.4m 	<ul style="list-style-type: none"> \$159.3m 	<ul style="list-style-type: none"> \$74.0m
Initial term	<ul style="list-style-type: none"> 3 years 	<ul style="list-style-type: none"> 3 years 	<ul style="list-style-type: none"> 5 years
Review date	<ul style="list-style-type: none"> Oct-17 	<ul style="list-style-type: none"> Dec-17 	<ul style="list-style-type: none"> May-20
Asset description	<ul style="list-style-type: none"> 3.5 star hotel business operated by Mantra Group with 52 guest rooms and a range of bedding configurations Retail fast food restaurant (Oporto) located at ground floor with a 7.75 year lease that commenced in April 2008 	<ul style="list-style-type: none"> 4 free standing interconnected buildings plus an annexure building Includes: hotel and residences, budget/student accommodation, extensive conference facilities, restaurants and café, 6 floor commercial office building, car spaces and a residential development site 	<ul style="list-style-type: none"> Constructed in 2004, Auburn Central forms the 'town centre' of a significant mixed use development that benefits from 450 apartments located above it Anchored by Woolworths and Big W, and complemented by 46 specialty stores

Special Situations & Managed Co-Investments

Special Situations Investments

Asset	Location	Type of business	Value (\$m)
John Cootes Furniture	Operates from 7 sites; Merrylands, Penrith, Yennora, Tuggerah, Campbelltown, Bathurst and Taree (all NSW)	Furniture retailer	7.0
Merrylands Property	Merrylands, NSW	Property associated with John Cootes Furniture	13.7
Total Special Situations			20.7

Managed Fund Co-Investments

Asset	Location	Type of business / asset	Value (\$m)
193 Clarence Hotel Syndicate	Sydney, NSW	Hotel	1.2
Bell City Syndicates (4)	Preston, VIC	Hotel, budget accommodation and commercial complex	12.2
Auburn Central Syndicate	Auburn, NSW	Sub-regional shopping centre	0.6
Total Managed Co-Investments			14.0

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