



**Elanor Investors Group**

**Half year results to 31 December 2014**

24 February 2015

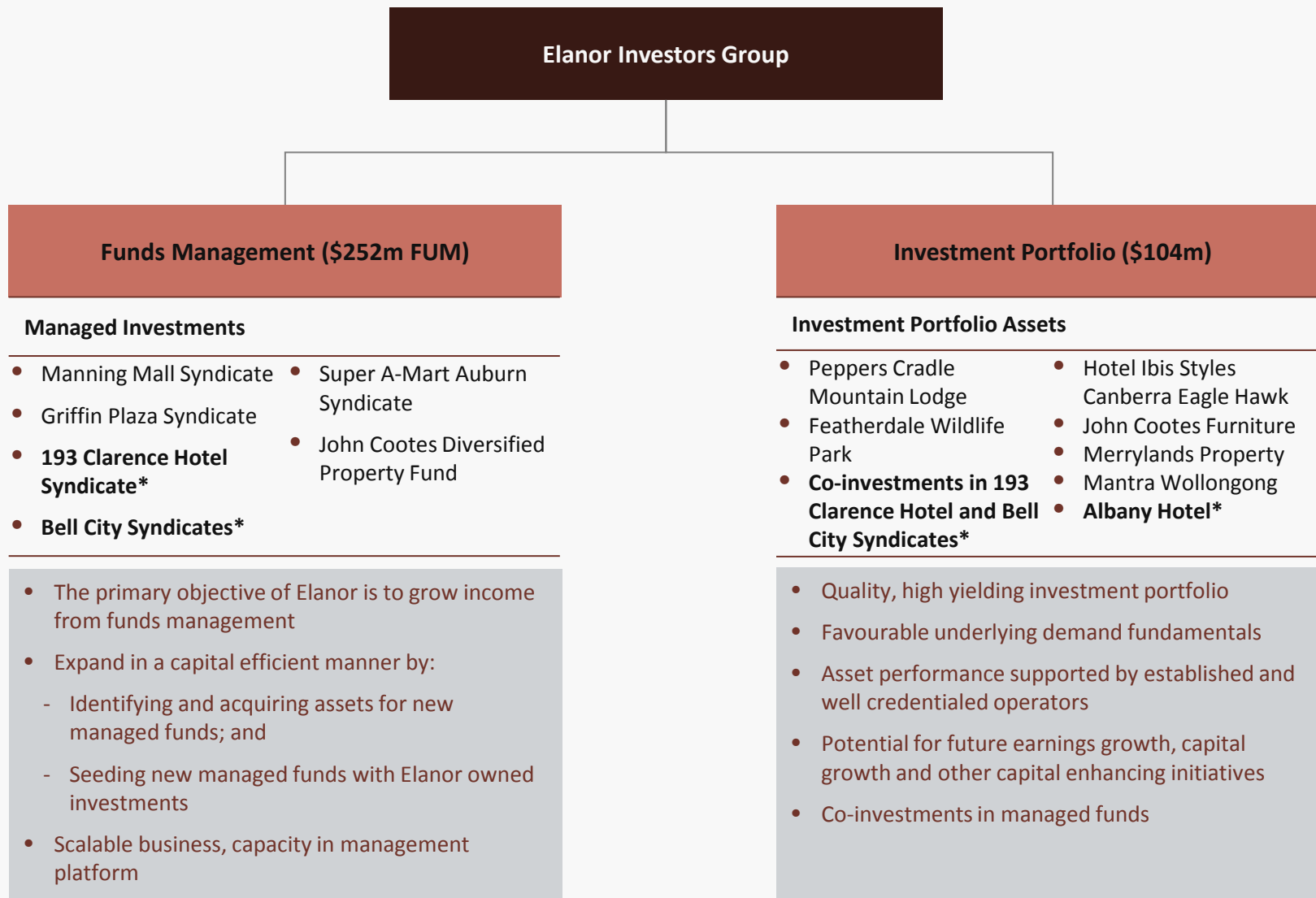
# Highlights for the period ended 31 December 2014

- Statutory net profit/(loss) after tax for the period of (\$1.94) million, which was significantly impacted by \$6.1million in one-off establishment and transaction costs related to ENN's IPO
- Core Earnings for the period from IPO on 11 July 2014 to 31 December of \$4.1 million, or 6.6 cents per security<sup>1</sup>
- Distribution of 5.2 cents per security declared for the period to 31 December 2014, reflecting a payout ratio of 90% of Core Earnings<sup>2</sup> (distribution to be paid 27 February 2015)
- 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
- Increase in funds under management of \$165 million (~189%) in the 5 months since listing, from \$87 million at IPO to \$251 million
- Acquisition of Albany Hotel for \$5 million, reflecting an initial yield of approximately 13.1%
- Co-investment in the Bell City Syndicates (\$12m, 17%) and 193 Clarence Hotel Syndicate (\$1.1m, 10%)
- Equity raising of \$13.6 million in December 2014 via an institutional placement (\$12.6 million prior to raising costs) and security purchase plan (\$1 million) at an issue price of \$1.38 per security

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 [ 2 ]

# Business overview



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

# Operational update

	Hotels, Tourism and Leisure	Funds Management	Special Situation Investments
Segment Overview	<ul style="list-style-type: none"> <li>• Portfolio of hotels, tourism and leisure businesses                             <ul style="list-style-type: none"> <li>– Direct operating exposure</li> <li>– High yielding</li> <li>– Real estate backed</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Management of investment funds on behalf of third party investors                             <ul style="list-style-type: none"> <li>– Approximately \$252 million investments under management</li> <li>– Targeting growth in capital efficient manner</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Private operating businesses                             <ul style="list-style-type: none"> <li>– Targeting high yielding businesses with attractive operating cashflows</li> </ul> </li> <li>• Seek to create value by improving business, unlocking real estate value and/or realise investment through sale</li> </ul>
Update since IPO	<ul style="list-style-type: none"> <li>• Peppers Cradle Mountain Lodge and Featherdale Wildlife Park performing ahead of budget</li> <li>• Mantra Wollongong performing in line with budget</li> <li>• Hotel Ibis Styles Canberra Eagle Hawk behind budget</li> <li>• Albany Hotel acquisition settled in December 2014 and performing in line with budget</li> <li>• Overall, Hotels, Tourism and Leisure portfolio is tracking in line with budget</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of 193 Clarence Hotel Syndicate</li> <li>• Establishment of Bell City Funds</li> <li>• Growth in funds under management of \$165m, from \$87m to \$252m</li> <li>• Existing managed funds continue to perform well</li> <li>• Pipeline of potential opportunities being assessed</li> <li>• Overall, the funds management business is performing significantly ahead of budget</li> </ul>	<ul style="list-style-type: none"> <li>• John Cootes Furniture business is currently performing behind budget due substantially to some challenges related to the transitioning of the business</li> <li>• Significant potential for the Merrylands Property; current market conditions are considered to be strong for development sites of this nature</li> </ul>

# Profit and Loss for the period ended 31 December 2014



Segment Revenue and EBITDA	Revenue (\$'000)	EBITDA (\$'000)
Hotels, Tourism and Leisure	15,430	3,937
Special Situations	9,701	933
Funds Management	2,124	1,915
Other	20	20
<b>Total Segment Revenue and EBITDA</b>	<b>27,275</b>	<b>6,805</b>
<b>Statutory NPAT</b>		
Unallocated Corporate Costs		(1,627)
Depreciation and amortisation		(1,188)
Borrowing Costs		(520)
One-off transaction and establishment costs		(6,115)
Income tax benefit		709
<b>Statutory Group net profit / (loss) after income tax</b>		<b>(1,936)</b>
<b>Reconciliation to Core Earnings</b>		
One-off transaction and establishment costs		6,115
Building depreciation expense		539
Amortisation of intangibles		75
Tax adjustments		(709)
<b>Core Earnings</b>		<b>4,084</b>

# Balance Sheet as at 31 December 2014

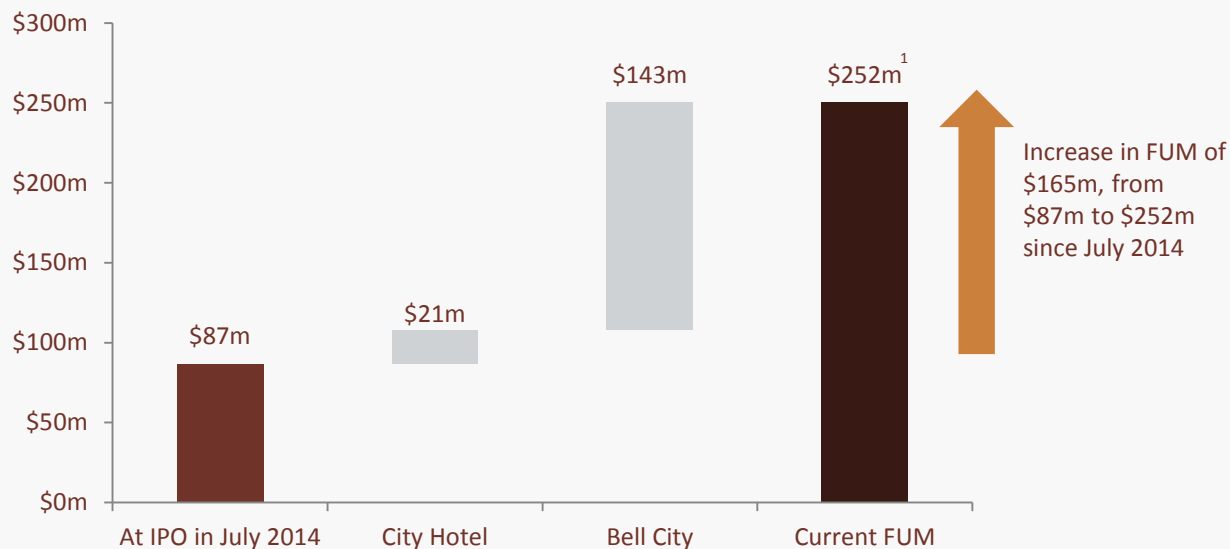
	(\$m)
<b>Assets</b>	
Cash	7.8
Receivables	2.3
Inventories	3.4
Property, plant and equipment	74.8
Land and buildings (non-current inventory)	11.0
Equity accounted investments	13.1
Intangibles	7.8
Deferred tax assets	1.3
Other	1.0
<b>Total assets</b>	<b>122.5</b>
<b>Liabilities</b>	
Payables	4.6
Interest bearing liabilities	29.7
Other	2.5
<b>Total liabilities</b>	<b>36.8</b>
<b>Net assets</b>	<b>85.7</b>
<b>Number of Securities (million)</b>	<b>70.645</b>
<b>NAV per security</b>	<b>\$1.21</b>
<b>NTA per security</b>	<b>\$1.10</b>
<b>Gearing (ND / TA less cash)</b>	<b>20.4%</b>

- Hotels, Tourism and Leisure properties are shown in Property, plant and equipment
- Land and buildings (non-current inventory) 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

# Growth in Funds Management

- Since listing in July 2014, ENN has increased funds under management by \$165 million (~189%) from \$87 million to \$252 million
- ENN management continue to actively pursue new funds management opportunities to add further funds management earnings to ENN in FY15

## GROWTH IN EXTERNAL FUNDS UNDER MANAGEMENT SINCE IPO



1. Includes \$1m uplift in value for Griffin Plaza Syndicate during the period

# Strategy and outlook

- ENN is well positioned to continue to grow earnings and value for its securityholders
- Core strategy is focused on:
  - **Growing our investment management business**
    - Increase income from funds management
    - Seed new managed funds with ENN owned investments
    - Co-invest with external capital partners
  - **Actively managing our investment portfolio**
    - Realise earnings and capital growth potential from ENN owned investments
    - Selectively acquire quality high yielding assets with capital growth or co-investment potential
- ENN has a number of funds management opportunities under consideration
- 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 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



*Elanor* 

Appendices

# Managed Funds

Fund	Location	Type	Gross Asset Value (\$m)
Manning Mall Syndicate	Taree, NSW	Sub-regional shopping centre	37.2
Griffin Plaza Syndicate	Griffith, NSW	Neighbourhood shopping centre	17.9
Super A-Mart Auburn Syndicate	Auburn, NSW	Retail warehouse	20.7
John Cootes Diversified Property Fund	Penrith, Yennora and Tuggerah, NSW	Two retail showrooms and one warehouse	12.1
<b><u>Additions since IPO</u></b>			
193 Clarence Hotel Syndicate	Sydney, NSW	Hotel	21.0
Bell City Syndicates (4)	Preston, VIC	Hotel, budget accommodation and commercial complex	142.9
<b>Total</b>			<b>251.8</b>

# Investment Portfolio

Asset	Location	Type of business	Valuation (\$m)
<b>Hotels, Tourism and Leisure</b>			
Peppers Cradle Mountain Lodge	Cradle Mountain National Park, TAS	Hotel	29.0
Featherdale Wildlife Park	Sydney, NSW	Wildlife Park	13.0
Hotel Ibis Styles Canberra Eaglehawk	Canberra, ACT	Hotel	17.7
Mantra Wollongong Hotel	Wollongong, NSW	Hotel	7.1
<b><u>Additions since IPO</u></b>			
Hotel Ibis Styles Albany	Albany, WA	Hotel	5.3
<b>Special Situations Investments</b>			
John Cootes Furniture	Operates from 4 sites; Merrylands, Penrith, Yennora and Tuggerah (all NSW)	Furniture retailer	7.0
Merrylands Property	Merrylands, NSW	Property associated with John Cootes Furniture	12.1
<b>Managed Fund Co-Investments</b>			
<b><u>Additions since IPO</u></b>			
193 Clarence Hotel Syndicate	Sydney, NSW	Hotel	1.1
Bell City Syndicates (4)	Preston, VIC	Hotel, budget accommodation and commercial complex	12.0
<b>Total</b>			<b>104.3</b>

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