



ASX Announcement

2 September 2014

Elanor Investors Group announces the establishment of a new managed hotel syndicate and acquisition of a Sydney CBD hotel

Elanor Investors Group ("ENN") is pleased to announce that 193 Clarence Hotel Syndicate, a newly established investment vehicle to be managed by ENN, has exchanged contracts for the acquisition of City Hotel, a 52 room hotel and retail complex located at 193 Clarence St, Sydney.

The purchase price for City Hotel is \$21.0 million, reflecting an acquisition yield of approximately 8.8%.

ENN has successfully negotiated a new hotel management agreement with Mantra Group. It is envisaged that the hotel will be re-branded and re-named following settlement.

ENN will be the manager of 193 Clarence Hotel Syndicate and will hold a 10% cornerstone equity interest in the syndicate.

Settlement of the transaction is scheduled for early October, 2014.

ENN CEO, Glenn Willis, said: "We are pleased to have established our first new managed syndicate following our IPO. The new syndicate will provide ongoing management fees with the potential to participate in the upside performance of the asset".

ENN's Head of Hotels, Tourism and Leisure, Marianne Ossovani, added: "The City Hotel provides an attractive opportunity to acquire a well located CBD asset with sustainable cash flow, strong historical occupancy and significant capital upside potential. We look forward to realising this potential over the life of the syndicate".

Overview of the City Hotel

Location	193-195 Clarence St Sydney NSW. The property is well located close to Darling Harbor, Westfield Shopping Centre and Town Hall.
Rating	3.5 star
Operator	Mantra Group
Guest Rooms	52 with a range of bedding configurations
Tenure	Freehold
Zoning	Zoned B8 Metropolitan Centre under the Sydney City Council LEP 2012 allowing for (with consent from Sydney City Council) commercial, tourist and visitor accommodation, entertainment facilities, function centres and any other development.
Retail (Ground Floor)	The property has a retail fast food restaurant (Oporto) located at ground floor with a 7.75 year lease that commenced in April 2008

Overview of 193 Clarence Hotel Syndicate

Assets	3.5 star hotel business and property at 193-195 Clarence Street, Sydney
Investment Size	\$22.9 million (\$21.0m Purchase Price + \$1.9m stamp duty & costs)

Elanor Investors Group (ASX:ENN), comprising Elanor Investors Limited (ABN 33 169 308 187) and Elanor Investment Fund (ARSN 169 450 926).| GPO Box 1511, Sydney NSW 2001 | www.elanorinvestors.com



Equity	\$11.4 million
Borrowings	\$11.5 million (55% of Purchase Price)
Forecast Distributions	Average 9.0% p.a. over 3 years, Quarterly Distributions
Initial Investment Term	3 years from settlement, scheduled for early October 2014
Manager	Elanor Funds Management Limited AFSL 39 8196 / ACN 125 903 031

Syndicate Funding

Total acquisition, stamp duty and transaction costs of \$22.9 million will be funded via debt (\$11.5 million) and syndicate equity (\$11.4 million).

Equity investor interest in the new syndicate has been very positive and ENN is in the process of finalising allocations to a number of wholesale investors.

To demonstrate alignment of interest with syndicate investors, ENN will subscribe for 10% of the equity (\$1.1 million).

Fee Arrangements

Fees payable to ENN as manager of the syndicate will be as follows:

- Arrangement and Acquisition Fee of 1.0% of Purchase Price, payable at settlement
- Ongoing Management Fee of 1.0% of Purchase Price per annum, payable quarterly
- Performance Fee equal to:
 - o 20% of fund return above an IRR of 10% (after all fees and expenses) and;
 - o 25% of fund return above an IRR of 15% (after all fees and expenses)

ENDS.

For further information regarding this announcement please contact:

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