



Elanor Investors Group

1H FY21 Results Presentation

ASX: ENN

22 February 2021



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1HFY21 Results Highlights

1

Well Positioned for Growth



1H FY21 Core Earnings

Funds Management income increased 79% on 1H FY20

No distribution on \$120m co-investment in hotel funds and Waverley Gardens as a result of COVID-19 pandemic (distributions to recommence in 2H FY21)

No performance fees or transaction income (short term prospects, including sell-down of hotel co-investments) (1H FY20; \$10.2m)



Well positioned for growth

\$200m of new FUM since 30 June 2020

Strong pipeline of Funds Management opportunities

Substantial investor demand

Substantial balance sheet growth capital



Strong investment performance

Elanor has delivered an average IRR of 20% p.a. on realised investments

Increase of \$56m in asset values of comparable managed funds since 30 June 2020

1HFY21 Results: Highlights



Group Results

Core Earnings

\$5.55m

55% decrease on 1HFY20
160% increase on 1HFY20
(pre-transactional income)

Distributions

4.13c

56% decrease on 1HFY20

Net Tangible Asset Per Security

\$1.47

13% increase on
30 June 2020

Funds Management

Funds Under Management

\$1.871bn

11% increase on
30 June 2020

Funds Management Income

\$14.93m

79% increase on 1HFY20

Annualised Recurring Funds Management Income

\$15.48m

12% increase on 1HFY20

Co-Investments

Distributions

\$2.96m

33% decrease on 1HFY20
(no distributions from Elanor
hotel funds and Waverley
Gardens Fund)

Co-investment in Managed Funds

\$205m

5% increase on 30 June 2020
(due entirely to property
revaluations)

Strong progress in execution of 'Capital Lite' strategy

No co-investment in new funds
during the period
Significant sell-down of
co-investment positions

Investment Capacity

Cash and Available Debt

\$24.4m

37% increase on
30 June 2020

Capital for Future Growth

\$115m

Cash and receivables,
and recycling of
co-investment capital

Gearing

25.0%

Down from 29.7% at
30 June 2020

1HFY21 Results: Strong Funds Management Income

Strong Earnings Growth Prospects



The four key drivers of Core Earnings are:

1 Funds Management Income

2 Co-investment Income

3 Transactional Income

4 Corporate Costs

	1HFY21 (\$m)	2HFY20 (\$m)	Comment
Fund management Income			
Management Fees	9.4	5.7	Strong pipeline
Acquisition / Transaction Fees	3.7	2.0	Strong pipeline
Leasing and Development Fees	1.8	-	Strong pipeline
Performance Fees	-	0.6	Strong pipeline
	14.9	8.3	
Co-Investment Income¹	3.0	4.4	No distribution from hotel funds and Waverley Gardens in 1HFY21; distributions expected to recommence in 2HFY21
Transaction Income	-	10.2	Strong pipeline
Corporate Costs	8.8	9.1	Scalable platform
STI²	-	2.2	
	8.8	11.3	

1. Distributions received/receivable from co-Investments in Elanor managed funds

2. Contribution to Core Earnings

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Strategy and Business Overview

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Group Strategy and Execution



Our Strategy

Real estate funds manager focused on delivering exceptional investment performance and growing funds under management

Our Focus

Unlocking value in real estate assets across Australia and New Zealand



Originate

Originating high quality investment opportunities

Acquired two additional assets in Elanor Healthcare Fund. FUM growth to \$188m

Acquired healthcare focused and long WALE office asset in Woolloongabba (Burke Street Fund - \$81m)

Acquired convenience based town centre opportunity in Queanbeyan with value-add repositioning opportunity (Riverside Plaza Syndicate - \$64m)



Unlock

Unlocking investment value

Successfully executed on the value-add repositioning strategy for Auburn Central

Completed major refurbishment of Cradle Mountain Lodge increasing value by 15% to \$72.6m at 31 December 2020



Deliver

Delivering investment performance

Elanor has delivered an average IRR of 20% p.a. on realised investments

Sold Auburn Central Shopping Centre for \$129.5m delivering a 24.5% IRR for ERF security holders. Refer to page 25 for summary case study

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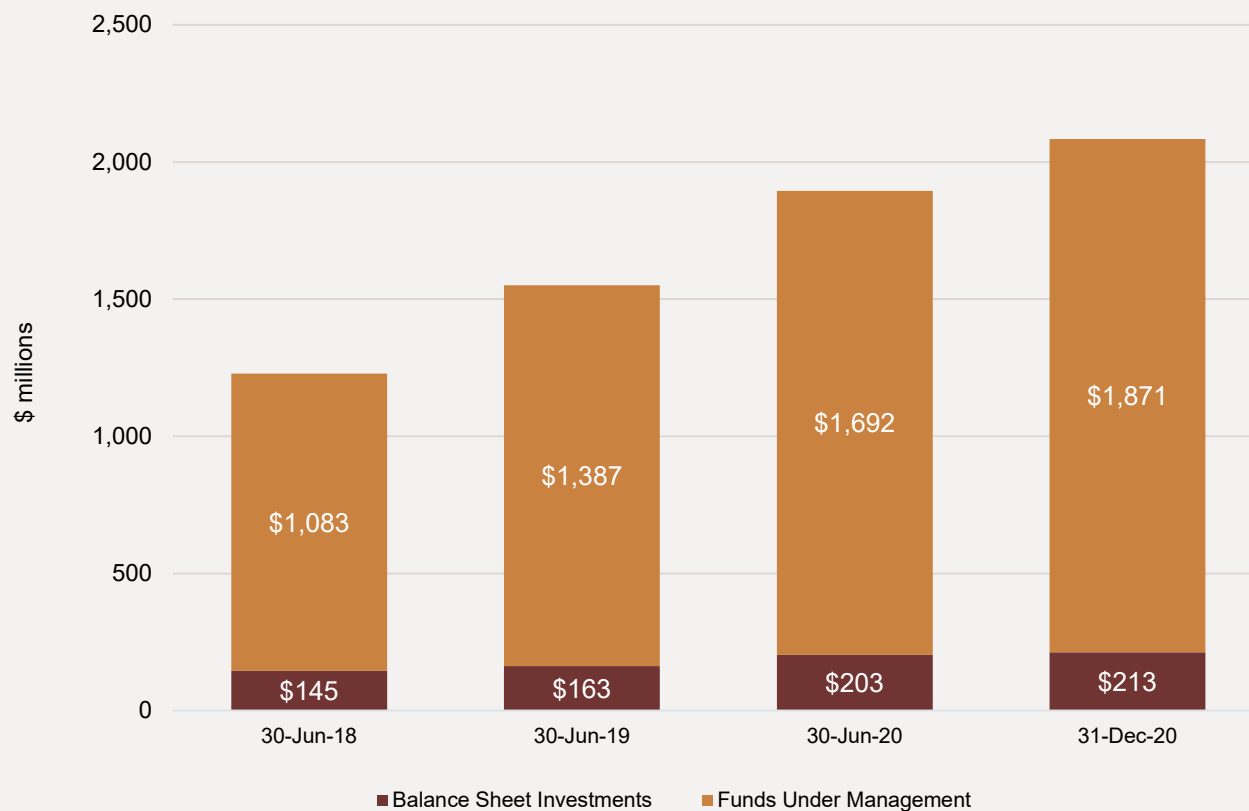
Funds Management Platform

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Continued Growth in FUM



FUM Compound Annual Growth Rate (CAGR) of 60% p.a. since listing in July 2014



Funds Under Management (FUM)
of approximately \$1.9bn
as at 31 December 2020
reflects a CAGR of 60%
since Elanor's IPO in
July 2014

New FUM of \$200m
in 1HFY21

Divestment of Auburn Central
reduced Group FUM by
approximately \$0.1bn at
31 December 2020

Note: Consistent with the basis on which ENN's base management fees are calculated, figures reflect the Gross Asset Value of the various managed funds

Diversified FUM Across Elanor's Investment Sectors of Focus

31 Dec 2020	Retail	Office	Healthcare	Hotels, Tourism and Leisure	Total
	\$772m ASX: ERF \$239m Waverley \$182m Fairfield \$106m Riverside \$64m Hunters \$60m Bluewater \$55m Belconnen \$66m	\$504m ASX: ECF \$388m Burke \$81m Stirling \$35m	\$188m EHREF \$188m	\$407m EMPR \$178m ELHF \$176m EWPF \$53m	\$1,871m
2020	\$765m	\$415m	\$128m	\$384m	\$1,692m
2019	\$769m	\$300m	\$Nil	\$318m	\$1,387m

Note: Consistent with the basis on which ENN's base management fees are calculated, figures reflect the Gross Asset Value of the various managed funds



Funds Management Results

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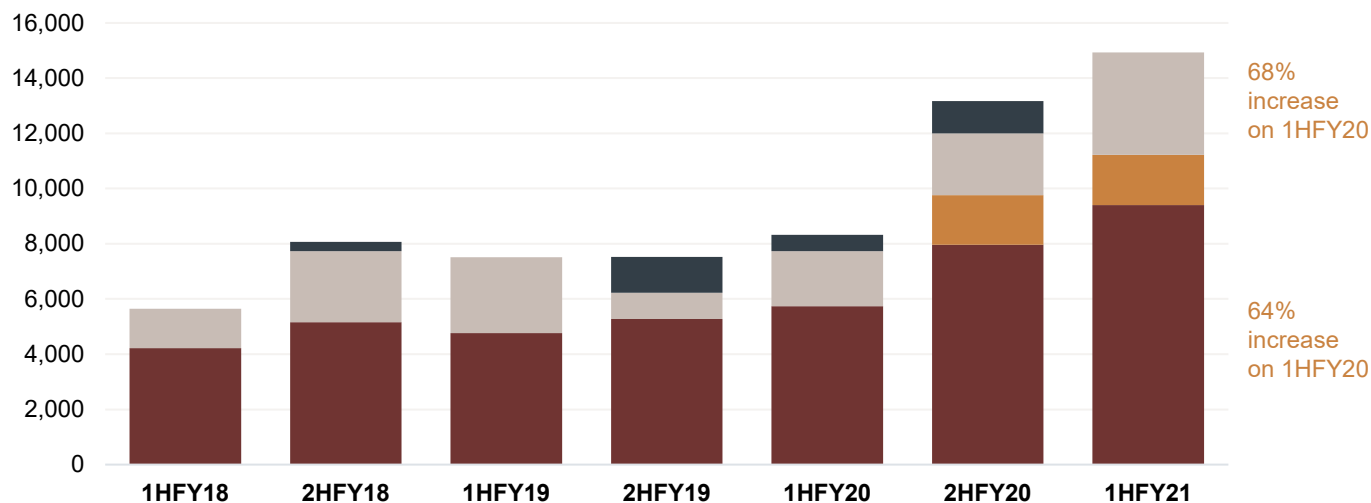
Continued Growth in Funds Management Income



Recurring FM income run-rate (\$'000)

30 June 19	11,300
30 June 20	14,400
31 Dec 20	15,483

Funds Management Income (\$'000s)



Performance Fees	-	338	-	1,297	591	1,165	-
Acquisition Fees	1,427	2,569	2,743	951	1,993	2,235	3,707
Leasing & Dev. Fees	-	-	-	-	-	1,802	1,821
Management Fees	4,216	5,158	4,764	5,276	5,741	7,961	9,398
Total	5,643	8,065	7,507	7,524	8,325	13,163	14,926

Funds management income grew to \$14.9m, an increase of 79% on 1HFY20

Management fees grew to \$9.4m, an increase of 64% on 1HFY20

Recurring funds management income grew by 12% to \$15.5m as at 31 December 2020 (excludes development and leasing fees)

Development and leasing fees from repositioning projects of \$1.8m in 1HFY21

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Investment Portfolio

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Co-Investments in Managed Funds



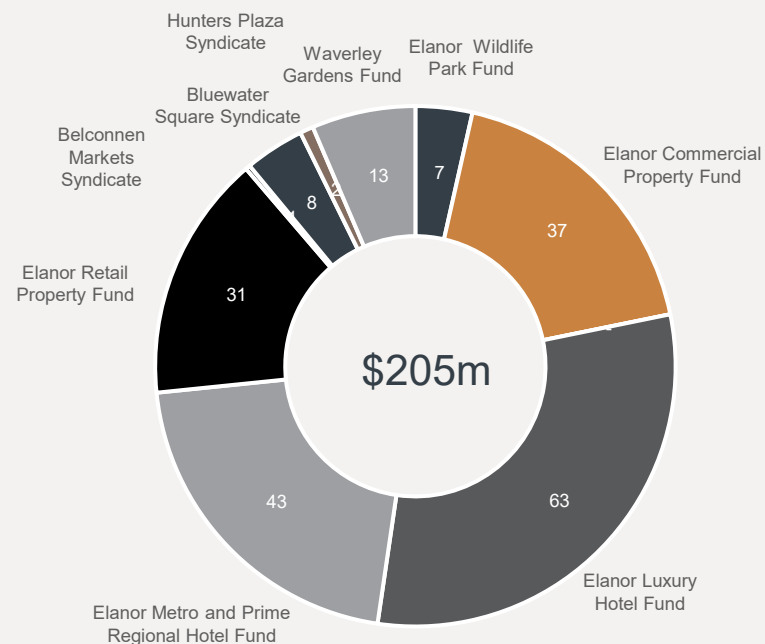
	Portfolio value(\$m)
31 December 2020	205
30 June 2020	195
30 June 2019	202



Co-Investments

31 December 2020

(\$m)



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

Income from Co-investments in Managed Funds



	ENN Co-Investment 31 Dec 20 (\$m)	ENN Co-Investment 31 Dec 20 (%)	ENN Distribution 1HYFY21 (\$m)	ENN Distribution 1HYFY20 (\$m)
Office and Healthcare				
Elanor Commercial Property Fund	38.3	15.0%	1.7	0.7
Elanor Health Real Estate Fund	-	-	0.1	-
			1.8	0.7
Retail				
Elanor Retail Property Fund	31.1	18.0%	1.1	1.2
Waverley Gardens Partnership	15.6	17.8%	-	0.7
Fairfield Centre Syndicate	-	-	-	0.2
Bluewater Square Syndicate	12.1	42.3%	-	-
Belconnen Markets Syndicate	0.5	2.1%	-	-
Hunters Plaza Syndicate	1.2	4.7%	0.1	0.1
			1.2	2.2
Hotels, Tourism and Leisure				
Elanor Metro and Prime Regional Hotel Fund	37.6	42.6%	-	1.4
Elanor Luxury Hotel Fund	65.1	100.0%	-	0.1
Elanor Wildlife Park Fund	7.5	26.6%	-	-
			-	1.5
GRAND TOTAL			3.0	4.4



Financial Results

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Core Earnings



Summary

1HFY20 Core Earnings included \$10.2m of Transactional Income from sale of Featherdale Wildlife Park (\$6.0m) and sale of Cradle Mountain Lodge by Elanor Metro and Prime Regional Hotel Fund (\$4.2m)

Strong growth in Funds Management income of 79% to \$14.9m

Decrease in distributions received/receivable of 33% to \$3.0m. Distributions from ENN Managed Hotel Funds are expected to recommence in 2HFY21.

Contribution to Core Earnings	1HY21 (\$'000)	1HY20 (\$'000)
Funds management income	14,926	8,325
Co-investment earnings	2,961	4,433
Balance sheet investment earnings	265	1,883
Profit on sale of assets and co-investments	–	9,956
Other income	–	205
Corporate overheads	(8,774)	(9,060)
STI (Core Earnings impact)	–	(2,225)
Other expenses	(293)	–
EBITDA	9,085	13,517
Depreciation and amortisation	(314)	(369)
Operating profit before interest and tax	8,771	13,148
Interest income	858	1,005
Borrowing cost	(2,665)	(2,737)
Operating profit before tax	6,965	11,416
Income tax (expense)/benefit	(1,416)	999
Core Earnings	5,549	12,415
Weighted Avg No of Securities ('000)	119,686	103,461
Operating EPS (cents)	4.59	12.00
DPS (cents)	4.13	9.51

Adjusted Balance Sheet



Summary

Statutory Balance Sheet has been restated to reflect the co-investment in Bluewater Square Syndicate, Elanor Metro and Prime Regional Hotel Fund and Elanor Luxury Hotel Fund on an equity accounted basis

Significant growth capital from a capital recycling of co-investments in ENN's Managed Hotel Funds (\$80m)

Cash and undrawn debt facilities \$24.4m
(30 June 2020 \$17.8m)

NTA per security growth of 14% to \$1.47 reflects growth in value of underlying properties in ENN Managed Funds

Balance Sheet as at 31 December 2020

\$'000

Assets

Cash	18,921
Receivables	4,811
Inventories	19
Financial assets	26,419
Other current assets	4,109
Property, plant and equipment	11,733
Equity accounted investments	207,501
Intangibles	525
Deferred tax assets	2,507
Total assets	276,545

Liabilities

Payables and other current liabilities	5,874
Other current liabilities	2,604
Interest bearing liabilities	83,397
Other non-current liabilities	4,136
Deferred tax liabilities	2,697
Total liabilities	98,708
Net assets	177,837

Number of securities ('000)	120,974
NAV per security (\$)	1.47
NTA per security (\$)	1.47
Gearing (ND / TA less cash)	25.0%

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Outlook

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Strong Position

ENN is well positioned to deliver strong investment returns for Elanor's capital partners and security holders



Grow FUM

Acquire high investment quality assets with strong income and capital growth potential

Grow listed FUM

Grow institutional and private funds management capital

'Capital lite' business model



Active Investment

Realise capital growth from ENN managed assets

Grow earnings from co-investments



Outlook

Strong pipeline in core real estate sectors of focus

Establishing new real estate sectors

Actively pursuing strategic opportunities to deliver growth objectives

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Appendix A

Managed Fund Property Investment Portfolio Metrics



	Vehicle Type	No. of Assets	Gross Asset Value (\$m)	Occupancy	WALE	Gearing	Target Total Return
Office and Healthcare							
Elanor Commercial Property Fund	Listed	7	388	94.3%	4.0yrs	34.8%	13%
Stirling Street Syndicate	Unlisted	1	34	100.0%	3.5yrs	34.8%	15%
Elanor Health Real Estate Fund	Unlisted	4	188	94.9%	4.3yrs	57.7%	15%
Burke Street Fund	Unlisted	1	81	100.0%	6.9yrs	48.4%	13%
Retail							
Elanor Retail Property Fund	Listed	6	239	95.2%	4.0yrs	18.5%	13%
Waverley Gardens Partnership	Unlisted	1	182	97.5%	3.2yrs	55.8%	15%
Fairfield Centre Syndicate	Unlisted	1	106	96.0%	4.1yrs	45.4%	16%
Bluewater Square Syndicate	Unlisted	1	55	92.1%	5.3yrs	48.0%	14%
Belconnen Markets Syndicate	Unlisted	1	66	85.8%	2.2yrs	51.9%	25%
Hunters Plaza Syndicate	Unlisted	1	60	94.6%	2.3yrs	39.3%	15%
Riverside Plaza Syndicate	Unlisted	1	64	98.0%	4.4yrs	39.4%	19%
Hotels, Tourism and Leisure							
Elanor Metro and Prime Regional Hotel Fund	Unlisted	10	178	n/a	n/a	38.1%	14%
Elanor Luxury Hotel Fund	Unlisted	3	176	n/a	n/a	60.6%	14%
Elanor Wildlife Park Fund	Unlisted	2	53	n/a	n/a	46.7%	21%

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Appendix B

Case Study – Value Add Capability

Auburn Central Generated a 24.5% IRR for ERF Security Holders



Investment Summary

Retail Value-Add investment generating a 24.5% IRR / 2x equity multiple for ERF security holders

Transformation of sub-regional into a defensive triple supermarket neighbourhood shopping centre

Town centre adjacent to a major train station, with strong foot traffic of 12m p.a.

Key active asset management milestones achieved include:

- Acquired for \$85.2m in November 2016
- Actively leased all specialty vacancy to achieve 100% occupancy
- Installed car park management system
- Divested non-core Podium office lots for \$21.8m
- Negotiated early lease surrender of DDS lease
- Repositioning of DDS to create a new convenience retail precinct:
 - generated 11%+ yield on cost; \$2.3m incremental NOI / \$21m dev. cost
 - anchored by new ALDI & Tong Li Asian supermarkets
- Complemented by food court, medical, personal services and non-discretionary uses
- Sold for \$129.5m (5.75% cap rate)

Financial Metrics

Investor Returns Summary

Terms (Years)	4.14
Equity IRR	26.6%
Average Yield	7.5% ¹
Equity Multiple	2.14x
Equity Contribution	\$54.4m
LVR	36%

Retail Operating Metrics

	Acq.	Exit
GLA (sqm)	18,336	13,589
Occupancy	93%	99% ²
WALE by GLA (years)	5.3	9.1
MAT (\$m)	84.4	134.5 ³
Net Income (\$m p.a.) ⁴	6.1	7.9
Cap Rate	7.2%	5.75%

1. Calculated as asset NOI less interest cost
2. Pre COVID-19 exits, 95% post

3. Forecast post stabilisation, Location IQ
4. Fully leased

Floor Plan and Tenancy Repositioning

Previous Sub-Regional Centre



Triple Supermarket Neighbourhood Centre on completion



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