



20 August 2020

Company Announcements Office
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

Attached is the Elanor Investors Group (ASX:ENN) FY20 Results Presentation.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Symon Simmons".

Symon Simmons
Company Secretary
Elanor Funds Management Limited

Authority and Contact Details

This announcement has been authorised for release by the Board of Directors of Elanor Funds Management Limited

For further information regarding this announcement please contact:

Symon Simmons
Company Secretary
Elanor Funds Management Limited
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ELANOR INVESTORS GROUP

FY20 Results Presentation

20 August 2020

Contents

Section		Page No.
1	FY20 Results Overview	3
2	FY20 Highlights	5
3	Strategy and Business Overview	12
4	Financial Results	18
5	Strategy and Outlook	21



FY20 Results Overview

FY20 Results Overview

Funds Under Management	\$1,692m 22.0% increase on FY19
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ASX Listed Funds Under Management	\$709m 108.0% increase on FY19
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Funds Management Income	\$21.5m 43.0% increase on FY19
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Core Earnings	\$15.4m 12.0% decrease on FY19
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Distributions Per Security	9.51c 40.8% decrease on FY19 1H FY20 distribution 50.5% increase on 1H FY19
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Gearing^{1,2}	29.7% Increased from 28.4% at 30 June 20
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- Listed Elanor Commercial Property Fund in December 2019. FUM of \$381.6m at 30 June 2020
- Established managed funds in FY20 with a combined gross asset value of \$180.3m as at 30 June 2020
- Elanor Retail Property Fund FUM of \$327.8m as at 30 June 2020
- Listed Elanor Commercial Property Fund in December 2019. FUM of \$381.6m at 30 June 2020
- FY20 Management Fees of \$15.5m, an increase of 54.4%
- Increase of 27.4% in annualised recurring Funds Management fees, including cost recoveries, to \$14.4m
- Distributions from Co-investments of \$5.8m, down from \$7.4m
- 2H FY20 Core Earnings of \$3.0m (reflecting the impact of the COVID-19 pandemic)
- Stapled securities on issue increased by 19.8% to 119.6m at 30 June 2020
- 2H FY20 distribution suspended due to the uncertain operating and market conditions as a result of the COVID-19 pandemic
- The Group has significant capital to facilitate future growth
- Gearing includes \$60m of unsecured 5 year Corporate Notes. Secured gearing ratio at 30 June 2020 of 4.7%. Average tenure 2.4 years with first maturity April 2022

1. Based on equity accounting Elanor Metro and Prime Regional Hotel Fund, Elanor Luxury Hotel Fund and Bluewater Square Syndicate
 2. Net debt / (total assets less cash)

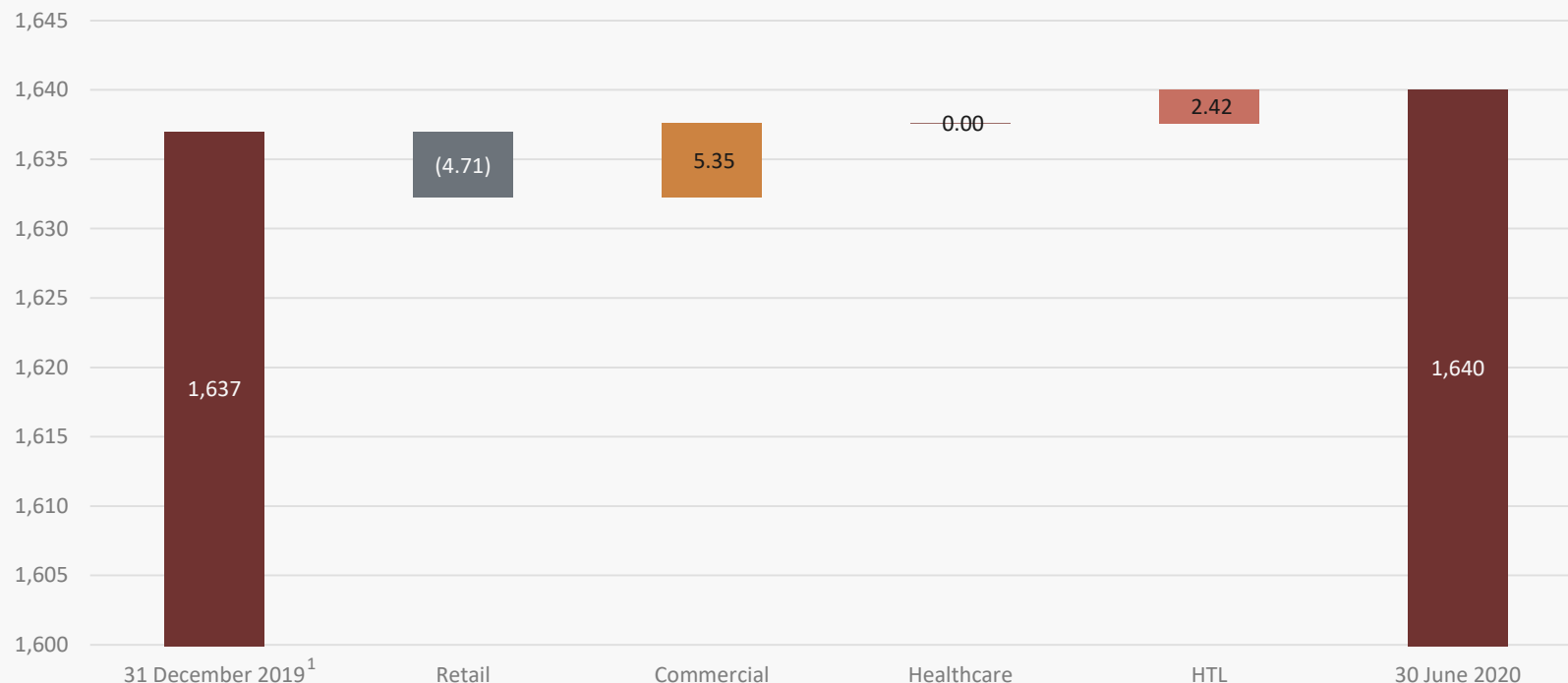
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FY20 Highlights



Asset Values in ENN's Managed Funds Reflect Disciplined Investment Approach



The aggregate re-valuations of the Group's Managed Funds' assets grew 0.2% from 31 December 2019, a direct result of the Group's disciplined, risk-first approach to real estate investment

The asset values across the sectors reflect:

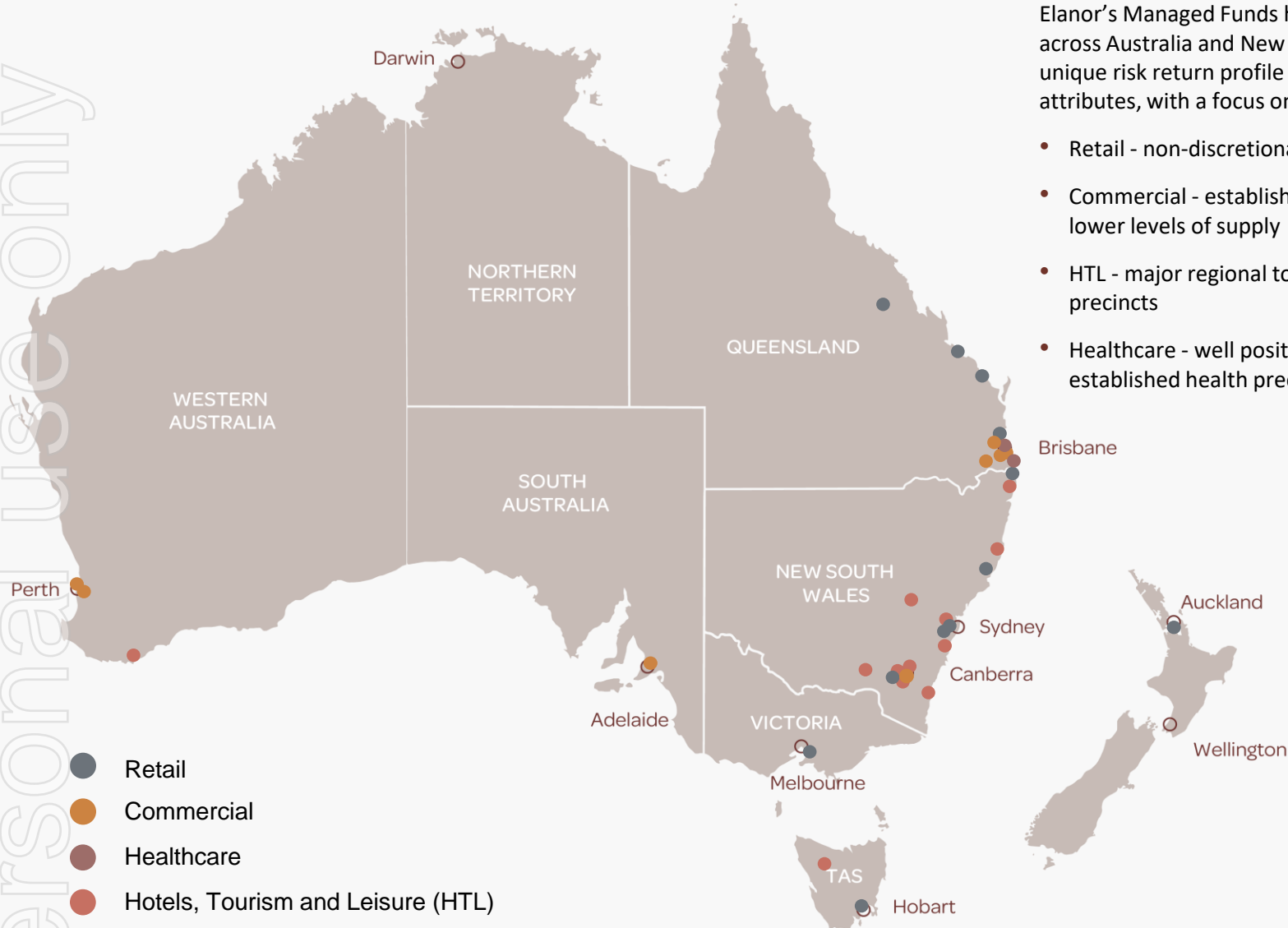
- **Retail:** strong rental collections for April, May and June 2020 given high proportion of non-discretionary tenants (ERF: 78% of April-June 2020 rents collected as at 31 July 2020)
- **Commercial:** strategically positioned properties in recovering markets with strong tenant covenants (incl. Government); no Sydney or Melbourne CBD exposure
- **Hotels Tourism & Leisure (HTL):** high proportion of regional assets benefiting from growing domestic tourism demand
- **Healthcare:** resilient sector with properties strategically located in established health precincts

1. Asset values as at 31 December 2019 and acquisition value for assets acquired since 31 December 2019

Elanor's Investments Competitively Positioned in their Respective Markets

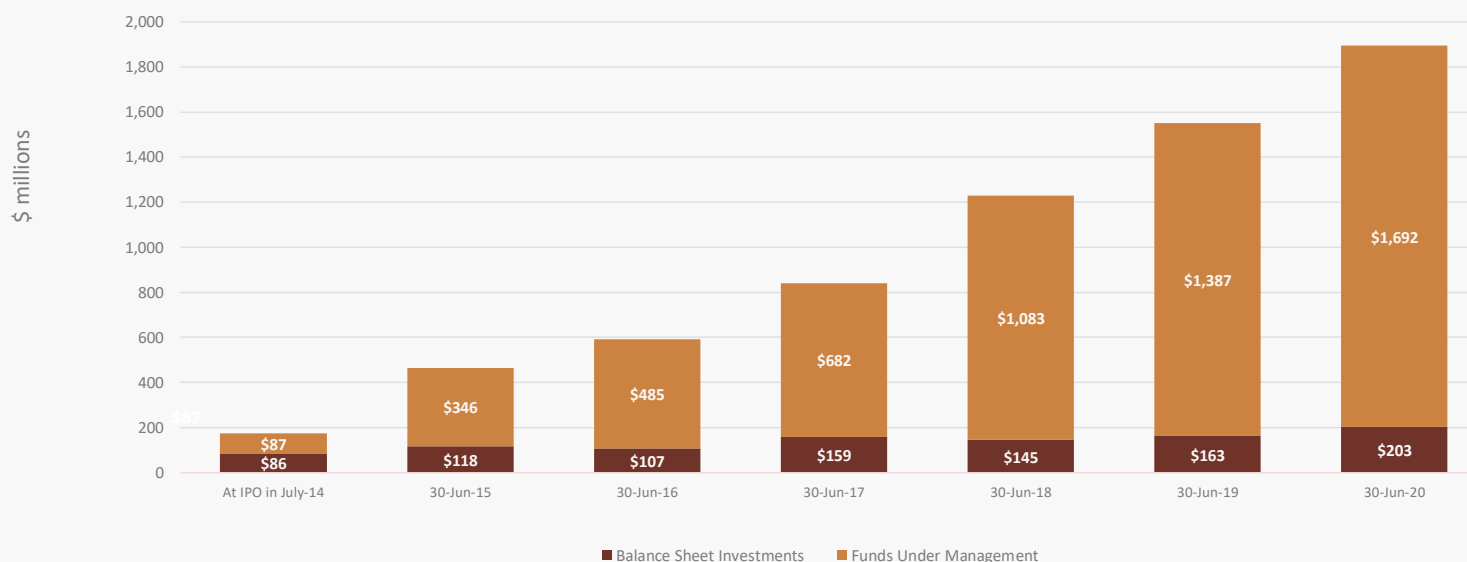
Elanor's Managed Funds have acquired assets across Australia and New Zealand based on their unique risk return profile and real estate attributes, with a focus on:

- Retail - non-discretionary retail
- Commercial - established office precincts with lower levels of supply
- HTL - major regional tourism and commercial precincts
- Healthcare - well positioned assets in established health precincts



Continued Growth in AUM: 24% Year on Year

FUM Compound Annual Growth Rate (CAGR) of 64% p.a. since listing in July 2014

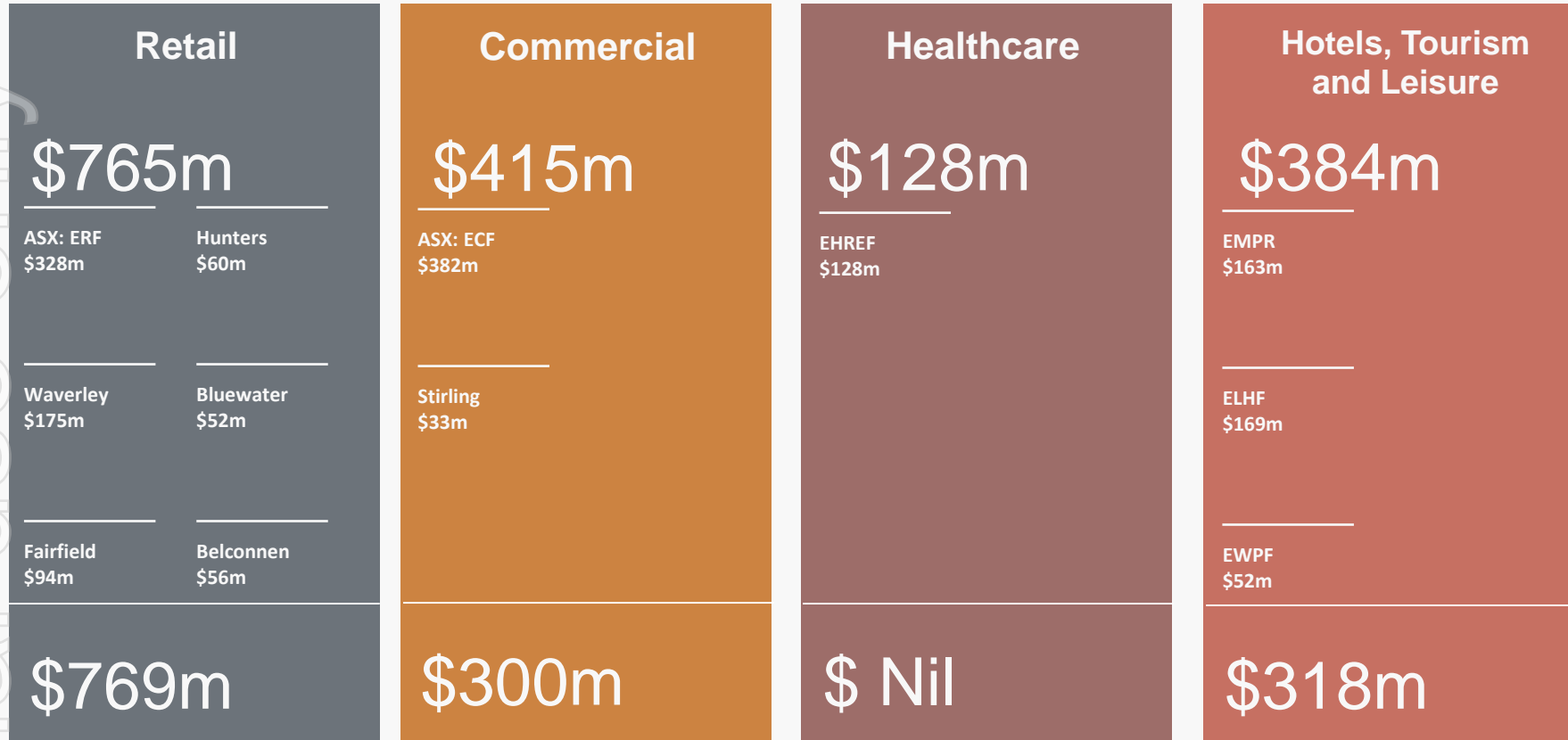


- Funds Under Management (FUM) of approximately \$1.7bn as at 30 June 2020 reflects a CAGR of 64% since Elanor's IPO in July 2014
- ASX Listed FUM grew to \$0.71 billion, an increase of 108% during FY20 following the listing of the Elanor Commercial Property Fund in December 2019
- Total funds under management and balance sheet investments of approximately \$1.9bn

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

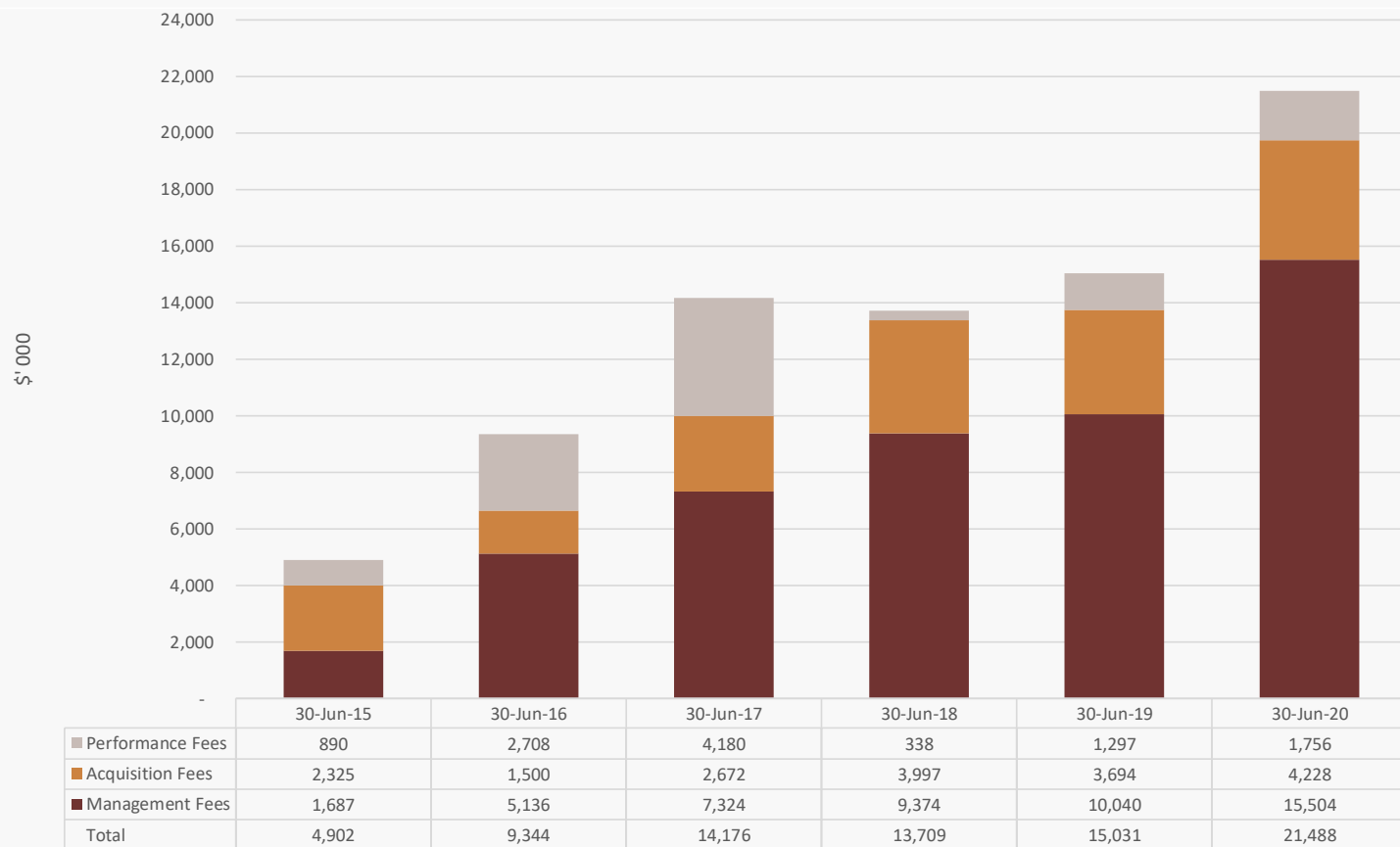
Diversified FUM Across Elanor's Investment Sectors of Focus

2020
2019



- Four new multi-asset Funds established during the year, each with opportunities for growth:
 - Elanor Commercial Property Fund (ASX: ECF)
 - Elanor Luxury Hotel Fund (ELHF)
 - Elanor Healthcare Real Estate Fund (EHREF)
 - Elanor Wildlife Park Fund (EWPF)

Continued Growth in Funds Management Income: 43% Year on Year



Funds management income grew to \$21.5m, an increase of 43%

Management fees grew to \$15.5m, an increase of 54%

Recurring funds management income grew by 27% to \$14.4m (excludes development and leasing fees)

Development and leasing fees from repositioning projects and hotel refurbishments of \$1.8m in FY20

Acquisition fees and performance fees adversely impacted in 2HFY20 due to the COVID-19 pandemic

Scalable Funds Management Platform Well Positioned for Growth



People

- High calibre, long tenure and experienced senior executives
- Strong track record of delivering investment performance
- Team located across the country

Process

- Non-discretionary and value-add town centre retail
- Quality tenant covenants for strategically located commercial and healthcare office assets
- Regionally located hotel, tourism and leisure assets

Platform

- Deep capability to execute differentiated strategy
- ASX listed Fund Manager with \$1.7bn of FUM
- 'Capital Lite': balance sheet growth capital of \$107 million (capital recycling)

Performance

- Average realised Managed Fund Investment Total Return (IRR) of 20% p.a. since IPO in 2014
- 64% CAGR in FUM since IPO in 2014
- Asset values held through COVID



Strategy and Business Overview

Elanor Investors Group: 'Pure Play' Real Estate Funds Manager

Real Estate Funds Manager	<ul style="list-style-type: none"> • \$1.7bn of FUM • ASX listed FUM of \$0.71bn • Annualised recurring Funds Management fees of \$14.4m and growing • Balance Sheet comprises cash, short term receivables and Co-investments in Managed Funds
Well Positioned for Growth	<ul style="list-style-type: none"> • Active pipeline in all investment sectors of focus • Growth capital of approximately \$107m as at 30 June 2020
Strong and Differentiated Capability Across Key Real Estate Sectors	<p>Commercial: Office FUM of \$0.41bn and Healthcare FUM of \$0.13bn</p> <ul style="list-style-type: none"> • Active asset management delivering strong risk adjusted returns from high investment quality commercial and healthcare properties that are competitively positioned in recovering markets <p>Retail: FUM of \$0.77bn</p> <ul style="list-style-type: none"> • Value-add assets that deliver high risk adjusted returns through repositioning <p>Hotels, Tourism and Leisure: FUM of \$0.38bn</p> <ul style="list-style-type: none"> • High investment quality accommodation hotels with near term operational and strategic value-add opportunities • Exposure to strongly growing Australian regional tourism and leisure sectors
Highly Scalable Platform	<ul style="list-style-type: none"> • Invested in senior management capabilities across acquisition, asset and development management, institutional partnerships and capital raising
Strong Track Record of Investment Returns	<ul style="list-style-type: none"> • Average total realised returns (IRR) of 20% p.a. from Managed Funds since listing in 2014

Funds Management Strategy

Strategic Objective

- Grow funds under management
- Deliver strong returns for Elanor capital partners and security holders
- 'Capital-lite' funds management business

Provide superior investment results to deliver on strategic objective

Commercial Office

- Active asset management
- Realise 'value add' operational and strategic opportunities

Retail

- Active asset management
- Execute retail repositioning strategies

Hotels, Tourism and Leisure

- Active asset management
- Specialist hotels asset management platform

Healthcare Office

- Active asset management
- Realise 'value-add' operational opportunities

Co-investment with capital partners ('Capital Lite')

Listed Public Markets – Australian Securities Exchange

Global institutional investors – capital led strategy

Domestic institutional investors – listed and unlisted institutional investors

Wholesale capital investors – Family Office and wholesale private investors

Real Estate Sector Focus

Capital Partners

ENN Generates Consistent Transactional Income

As an active Fund Manager and investor, ENN continues to generate consistent and growing levels of transactional cash earnings from:

- Performance fees
- Gains on the sale of Co-investments in the Group's Managed Funds
- Gains on the sale of balance sheet assets primarily to seed new Funds Management initiatives

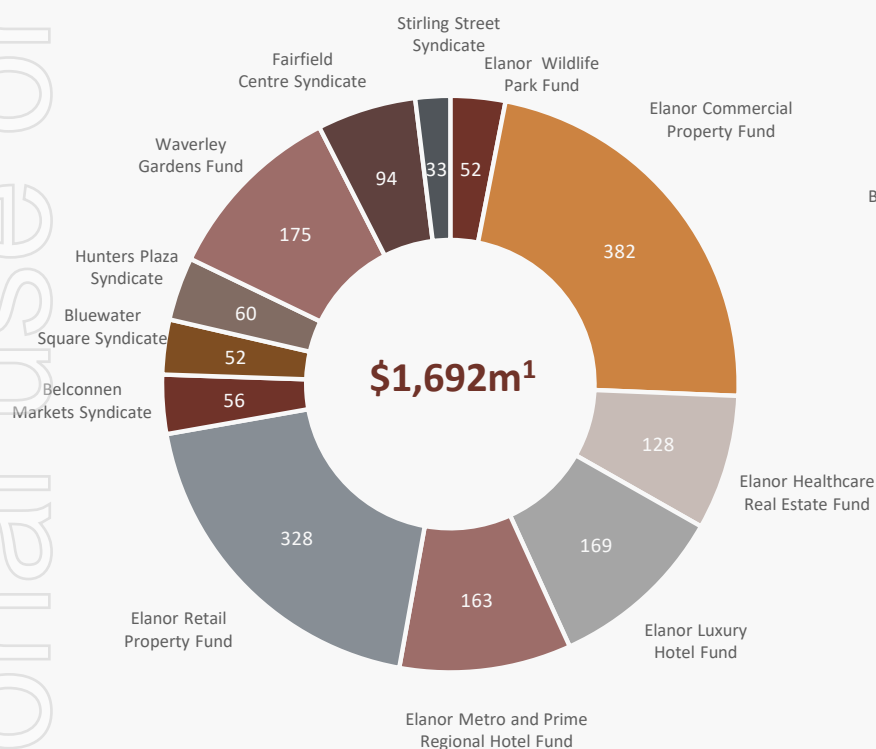
Transactional income included in Core Earnings since FY16 comprises:

	FY16 \$'000	FY17 \$'000	FY18 \$'000	FY19 \$'000	FY20 \$'000
Performance Fees	2,709	4,180	338	1,297	1,756
Gain on Sale of Co-investments	-	-	-	1,189	4,178
Gain on Sale of Balance Sheet Assets	952	-	6,805	5,905	6,000
	3,661	4,180	7,143	8,391	11,934

Funds Under Management and Investment Portfolio

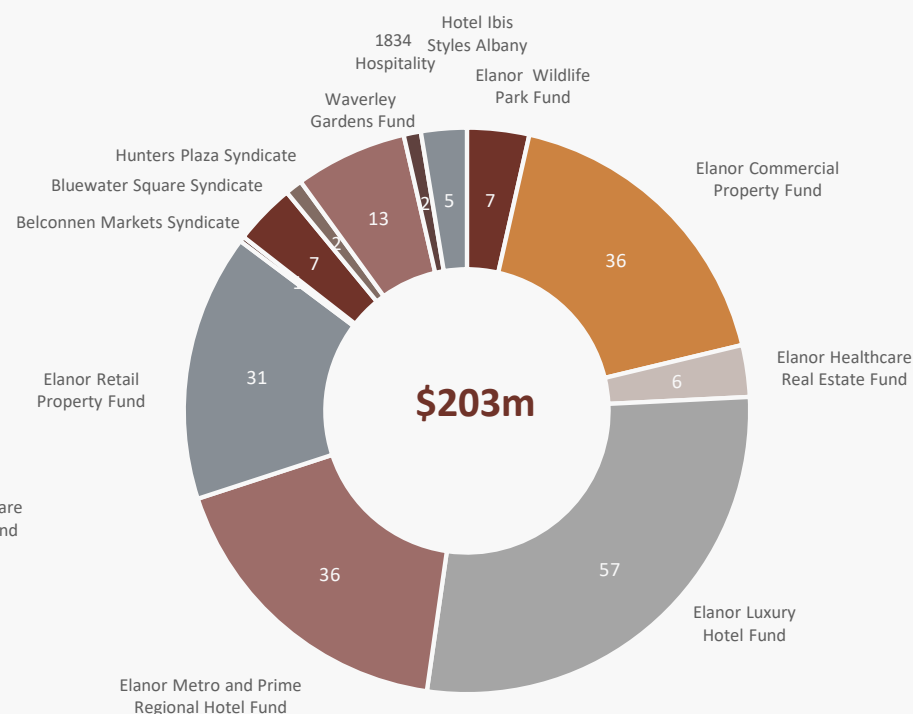
MANAGED FUNDS

(\$m)



INVESTMENT PORTFOLIO

(\$m)



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

The Group has Significant Capital to Facilitate Future Growth

Existing Capital Available to Facilitate Future Growth	(\$m)
Cash and receivables	23
Capital management; recycling Co-investment capital (anticipated to be recycled to cash in FY21)	84
Total Growth Capital	107

- The Group has approximately \$107m of balance sheet growth capital, including 'capital recycling' of its Co-investments in Elanor Luxury Hotel Fund and Elanor Metro and Prime Regional Hotel Fund (10% Co-investment holding objective)
- The Group has an active pipeline in its key investment sector focuses of commercial and healthcare office real estate, retail real estate and the accommodation hotels, tourism and leisure sectors

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Financial Results

Core Earnings Analysis

Contribution to Core Earnings	FY19 \$'000	FY20 \$'000
Funds management income	15,032	21,487
Co-investment earnings	7,423	5,837
Balance sheet investment earnings	5,702	2,010
Profit on sale of assets and co-investments	7,094	10,349
Other income	-	205
Corporate overheads	(13,365)	(16,208)
STI (Core Earnings impact)	(631)	(1,572)
Other expenses	-	(1,770)
EBITDA	21,255	20,338
Depreciation and amortisation	(796)	(597)
Operating profit before interest and tax	20,459	19,741
Interest income	2,088	1,770
Borrowing costs	(4,536)	(5,424)
Operating profit before tax	18,011	16,087
Income tax (expense)/benefit	(463)	(653)
Core Earnings	17,548	15,434
Operating EPS (cents)	18.32	14.73
DPS (cents)	16.06	9.51

- Increase in Funds Management income of 43.0% to \$21.5m (refer page 10 of this presentation for a breakdown of Funds Management income)
- Co-investment earnings reflects distributions received/receivable from Co-investment in the Group's Managed Funds. Elanor Retail Property Fund, Elanor Luxury Hotel Fund, Elanor Metro and Prime Regional Hotel Fund and Elanor Wildlife Park Fund suspended 2HFY20 distributions as a result of the operational and market impacts of the COVID-19 pandemic
- Balance sheet investment earnings incorporates the earnings of Featherdale Wildlife Park up to 29 November 2019 when it was sold to the Elanor Wildlife Park Fund
- Profit on sale of assets and Co-investments primarily comprises the profit on the sale of Featherdale Wildlife Park (not retained by the Group for growth capital) and the share of profit on the sale of Cradle Mountain Lodge by the Elanor Metro and Prime Regional Hotel Fund during the year

Adjusted Balance Sheet¹

Balance Sheet as at 30 June 2020	\$'000
Assets	
Cash	17,255
Receivables	6,514
Inventories	19
Financial assets	19,101
Other current assets	4,801
Property, plant and equipment	7,573
Equity accounted investments	197,839
Intangibles	600
Deferred tax assets	1,783
Total assets	255,485
Liabilities	
Payables and other current liabilities	5,306
Liabilities associated with assets held for sale	2,119
Other current liabilities	2,682
Interest bearing liabilities	88,064
Other non-current liabilities	248
Deferred tax liabilities	2,012
Total liabilities	100,431
Net assets	155,054
Number of securities (m)	119,579
NAV per security	\$1.30
NTA per security	\$1.29
Gearing (ND / TA less cash)	29.7%

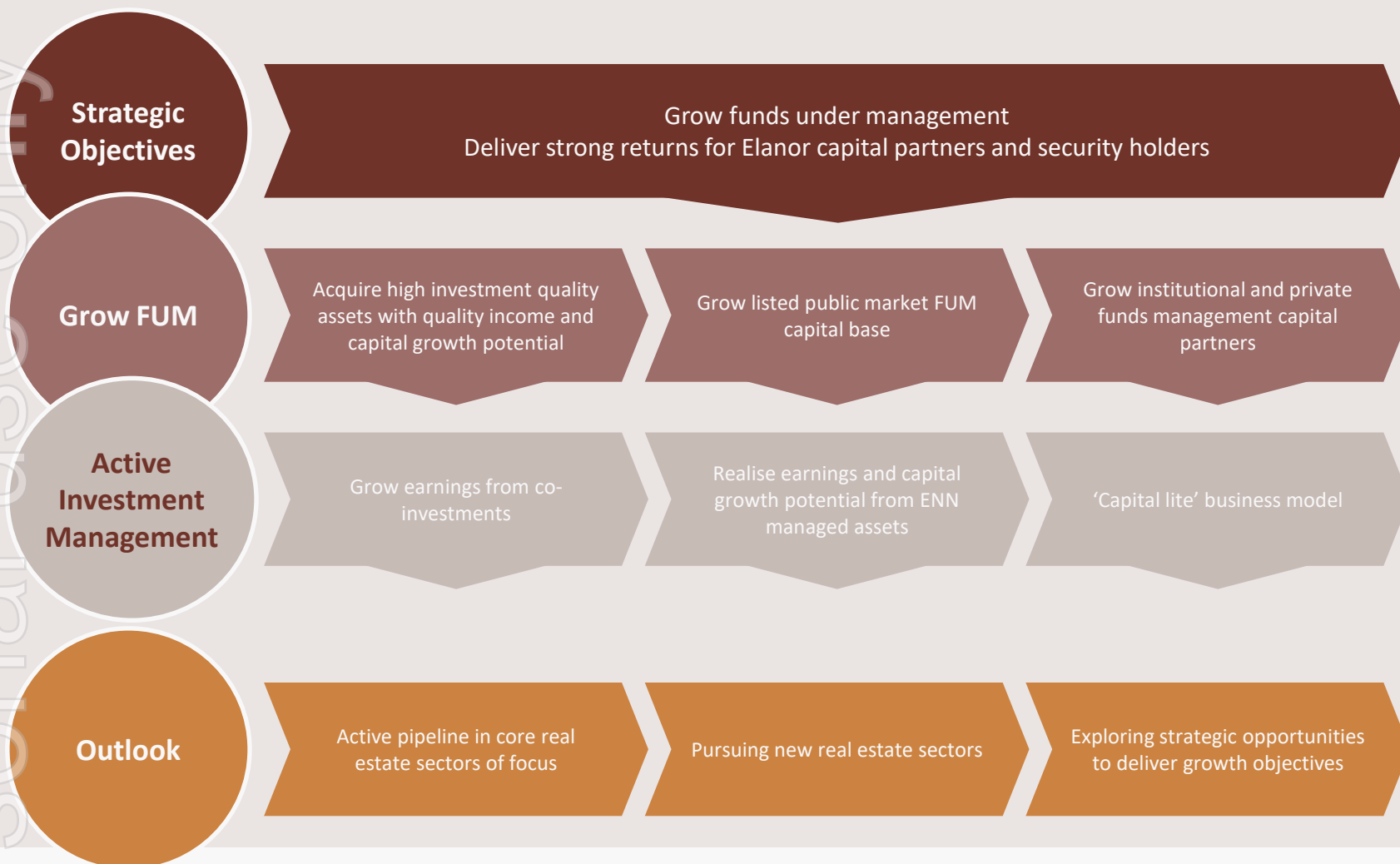
- Net assets of \$155.1m as at 30 June 2020 (\$159.1m as at 30 June 2019)
- Co-investment in Elanor Managed Funds of \$197.8m (\$123.8m as at 30 June 2019)
- Interest bearing debt of \$88.1m as at 30 June 2020 (\$83.5m as at 30 June 2019), including \$60m of unsecured 5 year Corporate Notes
- Gearing of 29.7%; secured gearing ratio of 4.7% at 30 June 2020

1. 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, not consolidation



Strategy and Outlook

ENN Strategy and Outlook



Disclaimer

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