



ASX Announcement

19 August 2021

Significant Hotel Funds Management Initiative

- Establishment of \$346 million hotel fund, Elanor Hotel Accommodation Fund, positioning the Fund for significant growth
- EHAF is a diversified portfolio of 14 high investment quality accommodation properties, with a focus on the luxury and regional hotel sectors
- EHAF transaction will release approximately \$25 million of capital to ENN and generate a net gain on sale of \$10.5 million
- EHAF transaction is subject to approval of ENN Securityholders; voting intentions exceeding 50% of eligible securities have been obtained in support of the transaction

Elanor Investors Group (**ENN** or **Group**) is pleased to announce:

Strategic Funds Management Initiative

Elanor Funds Management Limited has successfully completed a managed fund capital raising to establish the Elanor Hotel Accommodation Fund (**EHAF** or **Fund**). EHAF will comprise a portfolio of 14 high investment quality accommodation hotels valued at \$346 million, with a focus on hotels in the luxury and regional sectors.

This transaction involves Elanor Metro and Prime Regional Hotel Fund (**EMPR**) completing a pro-rata entitlement offer to existing wholesale investors, and an offer to new wholesale and sophisticated investors, to acquire the Group's interests in the Elanor Luxury Hotel Fund (**ELHF**) and Albany Hotel Syndicate (**AHS**). At completion, the combined fund will be renamed to the Elanor Hotel Accommodation Fund.

EHAF's strong growth prospects are supported by the growing demand in the luxury and regional tourism sectors. The Fund is forecasting a three-year average distribution yield of 10% p.a., with Elanor guaranteeing an 8% p.a. return to 30 June 2022. The base case IRR for the Fund is 20% p.a. which is to be delivered through ongoing operational efficiencies to enhance both income and capital value.

The Fund's strategy is to grow the portfolio to over \$500 million, in the short term, to pursue a liquidity event (including a potential ASX listing).

ENN will initially hold a co-investment stake in EHAF of approximately 45% following the capital raising and intends to sell down this interest to 15%.

ENN Head of Hotels Tourism and Leisure, Marianne Ossovani, said: "We are confident of continuing to deliver strong returns for investors through our integrated hotel operating and asset management platform and look forward to growing the EHAF portfolio to over \$500 million in the short term."

Strong Result for ENN

The EHAF transaction will initially release approximately \$25 million of capital for the Group to redeploy into further funds management growth initiatives. The sale of the Group's interests in ELHF and AHS realises a net gain on sale of \$10.5 million, reflecting the operational and capital improvements executed at the assets during the Group's holding period.



An additional \$3.9 million of funds management transaction fees are payable to the Group on completion of the EHAF transaction. Recurring management fees of approximately \$3.5 million p.a. will be generated from the Fund.

The transaction reduces ENN's pro-forma gearing, as at 30 June 2021, to approximately 11%.

ENN CEO, Glenn Willis, said: "This is a significant funds management initiative for Elanor. This transaction realises a gain on sale of \$10.5 million and initially releases over \$25 million in growth capital for our funds management business. We are also pleased with the significant investor support for the transaction and look forward to introducing further capital partners to EHAF as we grow the Fund."

ENN Securityholder Approval

The EHAF transaction is subject to ENN Securityholder approval, required under ASX listing rule 10.1 in respect of the disposal by ENN of its interests in ELHF and AHS to EMPR (a related party of ENN).

The ENN Securityholder meetings to consider the EHAF transaction are scheduled to occur on or around 30 September 2021. Further details will be provided in a Notice of Meeting and Explanatory Statement to be dispatched to ENN Securityholders shortly.

Voting intention statements in support of the EHAF transaction have been obtained from eligible ENN Securityholders or their advisors representing more than 50% of securities eligible to vote on a resolution to approve the EHAF transaction.

The Board of Elanor Investors Group has concluded that the disposals of a part of the Group's interests in ELHF and its interests in the AHS is in the best interests of ENN Securityholders and unanimously recommend that ENN Securityholders vote in favour of the transaction.

ENDS

This announcement has been authorised for release by the Elanor Investors Group Board of Directors.

For further information regarding this announcement please contact:

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About Elanor Investors Group

Listed on the Australian Securities Exchange in 2014, Elanor Investors Group (ASX: ENN) is an investment and funds management business with \$2.3 billion in assets under management across Australia and New Zealand. Elanor's key sectors of focus are commercial office, healthcare real estate, retail real estate and hotels, tourism and leisure. Elanor's investment management objective is to acquire and unlock value in real estate assets that provide strong income and capital growth potential.

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