



ASX Announcement

21 August 2017

New Funds Management Initiative

Elanor Investors Group (ENN or Elanor) is pleased to announce the establishment of a new multi-asset managed fund, the Elanor Metro and Prime Regional Hotel Fund (Fund or EMPR).

EMPR will comprise a portfolio of 3 Australian Hotels with strong, diversified cash flows and significant and high quality medium term development and redevelopment potential.

EMPR will be seeded by an Elanor owned property, the Ibis Styles Eaglehawk Canberra.

At inception, the Fund will have an asset portfolio valued at approximately \$73.2 million, incorporating the following properties:

Asset	Location	Rooms
Ibis Styles Eaglehawk Canberra	Sutton, NSW	151
Ibis Styles Canberra	Ainslie, ACT	207
Byron Bay Hotel and Apartments	Byron Bay, NSW	43

The Fund's strategy is founded on ENN's proven track record in originating and actively managing hotel accommodation assets to deliver strong performance. EMPR provides a diversified Australian hotel portfolio of 3 high investment quality assets, with a total of 401 rooms. The initial portfolio of assets are forecast to provide an average distribution yield of approximately 7.5% over the first five years. Furthermore, the initial portfolio provides opportunities for yield enhancement initiatives as well as significant and high quality medium term development and redevelopment opportunities.

ENN CEO, Glenn Willis, said: "Establishing the Fund reflects a key strategic objective of ENN as it represents a further seeding of a fund with an Elanor owned property, Ibis Styles Eaglehawk Canberra. This asset is a high investment quality asset with strong cash flows that underpins the forecast average distribution yield for the Fund. Importantly, ENN will continue to benefit from the performance of this property given it will initially hold a co-investment of approximately 20% of the Fund's equity."

ENN's Chief Investment Officer and Head of Hotels Tourism and Leisure, Marianne Ossovani, added: "In addition to focussing on the multiple operational opportunities within the Fund, a key strategic objective of EMPR is to realise on the multiple repositioning and development opportunities presented by the initial portfolio of assets. The Fund intends to make further acquisitions of additional high investment quality hotel assets in accordance with the Fund's strategy."

The acquisition increases ENN's owned and managed assets to approximately \$894 million.

Overview of Elanor Metro and Prime Regional Hotel Fund

Seed Asset	Ibis Styles Eaglehawk Canberra
Acquired Assets	Ibis Styles Canberra and Byron Bay Hotel and Apartments
Fund Size	\$80.6 million (including transaction costs)



Equity	\$44.0 million
Borrowings	\$36.6 million (50% of purchase price)
Forecast Distributions	Average of approximately 7.5% p.a. over 5 years
Manager	Elanor Funds Management Limited (AFSL 398196 / ACN 125 903 031)

Equity Funding

Equity investor interest in the new Fund has been very positive and ENN is in the process of finalising allocations.

Consistent with its strategy of aligning interests with investors, ENN will initially subscribe for a co-investment of approximately 20% of the Fund's equity.

Management Fee Arrangements

The management fees payable to ENN as manager of the Fund are:

- Arrangement and acquisition fee: 1.0% of purchase price, payable at settlement
- Ongoing base management fee: 1.0% of gross asset value of the Fund per annum, payable monthly
- Performance fee: 20% of Fund return (after all fees and expenses) above an IRR hurdle of 10%, and 25% of Fund return (after all fees and expenses) above an IRR hurdle of 15%.

ENDS.

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