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22 February 2021

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) 1HFY21 Results Presentation.

Yours sincerely,

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

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# Elanor Investors Group

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1H FY21 Results Presentation

ASX: ENN

22 February 2021



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# 1H FY21 Results Highlights

# 1

# Well Positioned for Growth



## 1HFY21 Core Earnings

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Funds Management income increased 79% on 1HFY20

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No distribution on \$120m co-investment in hotel funds and Waverley Gardens as a result of COVID-19 pandemic (distributions to recommence in 2HFY21)

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No performance fees or transaction income (short term prospects, including sell-down of hotel co-investments) (1HFY20; \$10.2m)



## Well positioned for growth

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\$200m of new FUM since 30 June 2020

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Strong pipeline of Funds Management opportunities

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Substantial investor demand

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Substantial balance sheet growth capital



## Strong investment performance

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

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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
<b>Fund management Income</b>			
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
	<b>14.9</b>	<b>8.3</b>	
<b>Co-Investment Income<sup>1</sup></b>	<b>3.0</b>	<b>4.4</b>	No distribution from hotel funds and Waverley Gardens in 1HFY21; distributions expected to recommence in 2HFY21
<b>Transaction Income</b>	<b>-</b>	<b>10.2</b>	Strong pipeline
<b>Corporate Costs</b>	<b>8.8</b>	<b>9.1</b>	Scalable platform
<b>STI<sup>2</sup></b>	<b>-</b>	<b>2.2</b>	
	<b>8.8</b>	<b>11.3</b>	

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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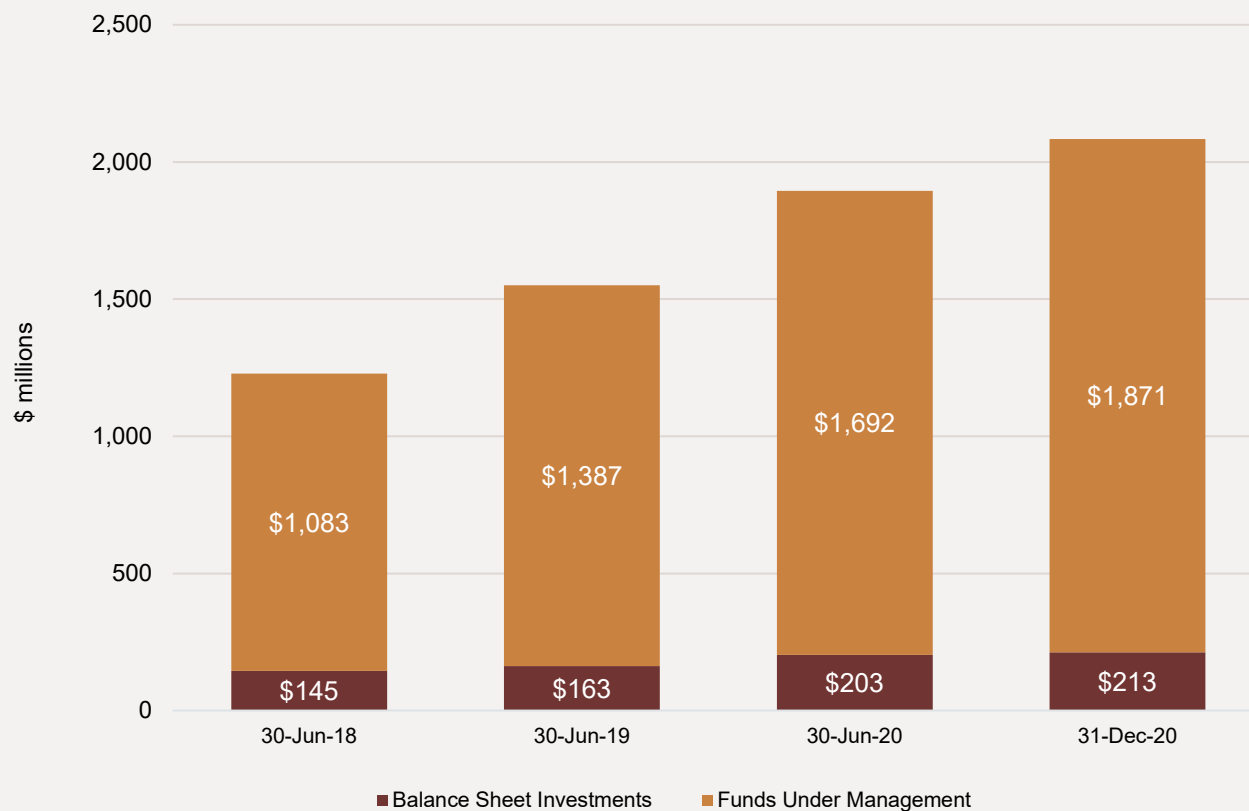
# Funds Management Platform

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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

# Diversified FUM Across Elanor's Investment Sectors of Focus

31 Dec 2020	Retail	Office	Healthcare	Hotels, Tourism and Leisure	Total
	<b>\$772m</b> ASX: ERF \$239m Waverley \$182m Fairfield \$106m Riverside \$64m Hunters \$60m Bluewater \$55m Belconnen \$66m	<b>\$504m</b> ASX: ECF \$388m Burke \$81m Stirling \$35m	<b>\$188m</b> EHREF \$188m	<b>\$407m</b> EMPR \$178m ELHF \$176m EWPF \$53m	<b>\$1,871m</b>
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



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# Funds Management Results

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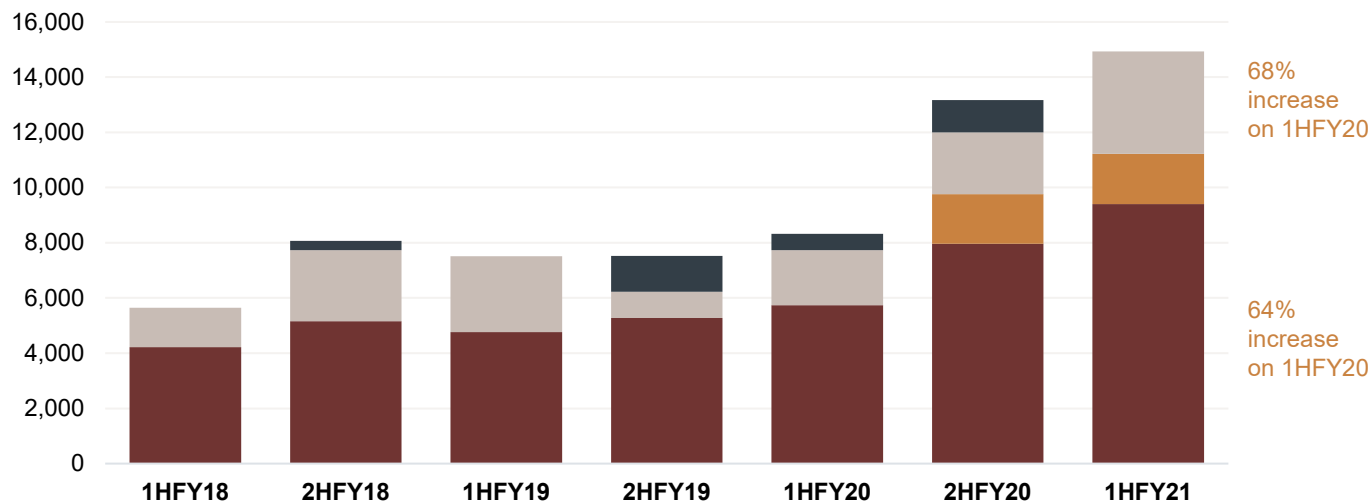
# Continued Growth in Funds Management Income



## 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
<b>Total</b>	<b>5,643</b>	<b>8,065</b>	<b>7,507</b>	<b>7,524</b>	<b>8,325</b>	<b>13,163</b>	<b>14,926</b>

**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



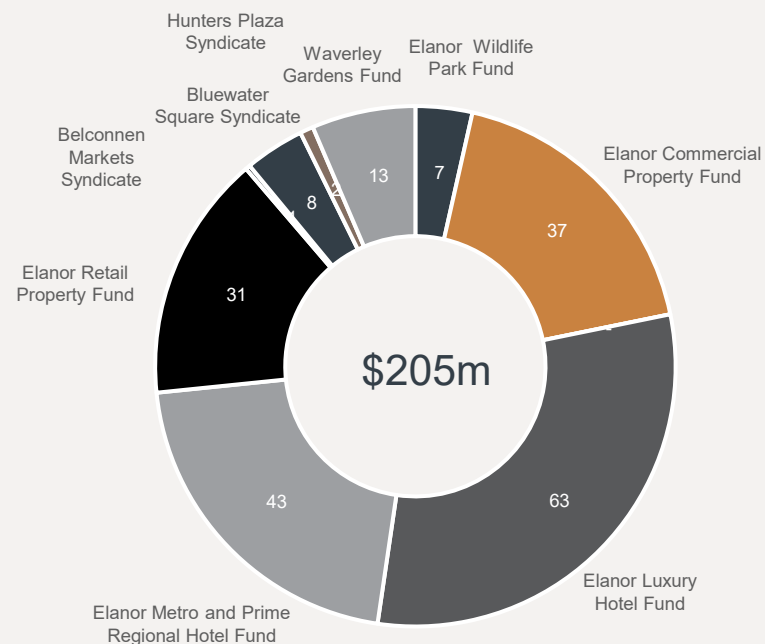
	Portfolio value(\$m)
31 December 2020	205
30 June 2020	195
30 June 2019	202



## 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)
<b>Office and Healthcare</b>				
Elanor Commercial Property Fund	38.3	15.0%	1.7	0.7
Elanor Health Real Estate Fund	-	-	0.1	-
			<b>1.8</b>	<b>0.7</b>
<b>Retail</b>				
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
			<b>1.2</b>	<b>2.2</b>
<b>Hotels, Tourism and Leisure</b>				
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%	-	-
			<b>-</b>	<b>1.5</b>
<b>GRAND TOTAL</b>			<b>3.0</b>	<b>4.4</b>



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# 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)	–
<b>EBITDA</b>	<b>9,085</b>	<b>13,517</b>
Depreciation and amortisation	(314)	(369)
<b>Operating profit before interest and tax</b>	<b>8,771</b>	<b>13,148</b>
Interest income	858	1,005
Borrowing cost	(2,665)	(2,737)
<b>Operating profit before tax</b>	<b>6,965</b>	<b>11,416</b>
Income tax (expense)/benefit	(1,416)	999
<b>Core Earnings</b>	<b>5,549</b>	<b>12,415</b>
Weighted Avg No of Securities ('000)	119,686	103,461
<b>Operating EPS (cents)</b>	<b>4.59</b>	<b>12.00</b>
<b>DPS (cents)</b>	<b>4.13</b>	<b>9.51</b>

# 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
<b>Total assets</b>	<b>276,545</b>

### 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
<b>Total liabilities</b>	<b>98,708</b>
<b>Net assets</b>	<b>177,837</b>

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

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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
<b>Office and Healthcare</b>							
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%
<b>Retail</b>							
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%
<b>Hotels, Tourism and Leisure</b>							
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% <sup>1</sup>
Equity Multiple	2.14x
Equity Contribution	\$54.4m
LVR	36%

### Retail Operating Metrics

	Acq.	Exit
GLA (sqm)	18,336	13,589
Occupancy	93%	99% <sup>2</sup>
WALE by GLA (years)	5.3	9.1
MAT (\$m)	84.4	134.5 <sup>3</sup>
Net Income (\$m p.a.) <sup>4</sup>	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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