



Elanor Investors Group

FY16 First Half Results Presentation

25 February 2016

Agenda

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FY16 First Half Results Overview

Highlights for the period ended 31 December 2015

Financial Results

- Statutory net profit after tax for the period of \$6.27 million
- Core Earnings for the period of \$5.74 million, or 8.12 cents per security reflecting a 22.8%¹ increase on 1HY15
- Distributions for the period of \$5.16 million, or 7.3 cents per security, reflecting a payout ratio of 90% of Core Earnings. The distribution reflects an increase of 40.5% on 1HY15

Establishment of new syndicates and fund exits/realisations

- Establishment of the Elanor Retail Property Fund comprising Manning Mall at a value of \$43 million and Glenorchy Plaza shopping centre in Glenorchy, Tasmania which was acquired for \$19 million
- Establishment of the Limestone Street Centre Syndicate, which acquired 38 Limestone Street, Ipswich for \$32 million
- Sale of Griffin Plaza shopping centre generating an IRR of 26% for the investors in that syndicate. In addition, Manning Mall Syndicate investors were provided the opportunity to redeem their investment generating an IRR of 24% as part of the establishment of the Elanor Retail Property Fund

Growth in funds under management






- New funds under management of \$100 million with a net increase in funds under management of \$44 million since 30 June 2015 to \$390 million

Balance sheet assets and co-investments

- In December 2015 Parramatta City Council approved a planning proposal in relation to the Merrylands Property, including rezoning to B4 mixed use with an increase in the maximum height of building control to 31 metres (9 storeys) and an increase in the maximum floor space ratio to 2.25:1
- Co-investments in the Elanor Retail Property Fund (\$3.1 million, 11%) and Limestone Street Centre Syndicate (\$1.4 million, 8%)

1. Based on the weighted average number of securities on issue for the respective half year periods

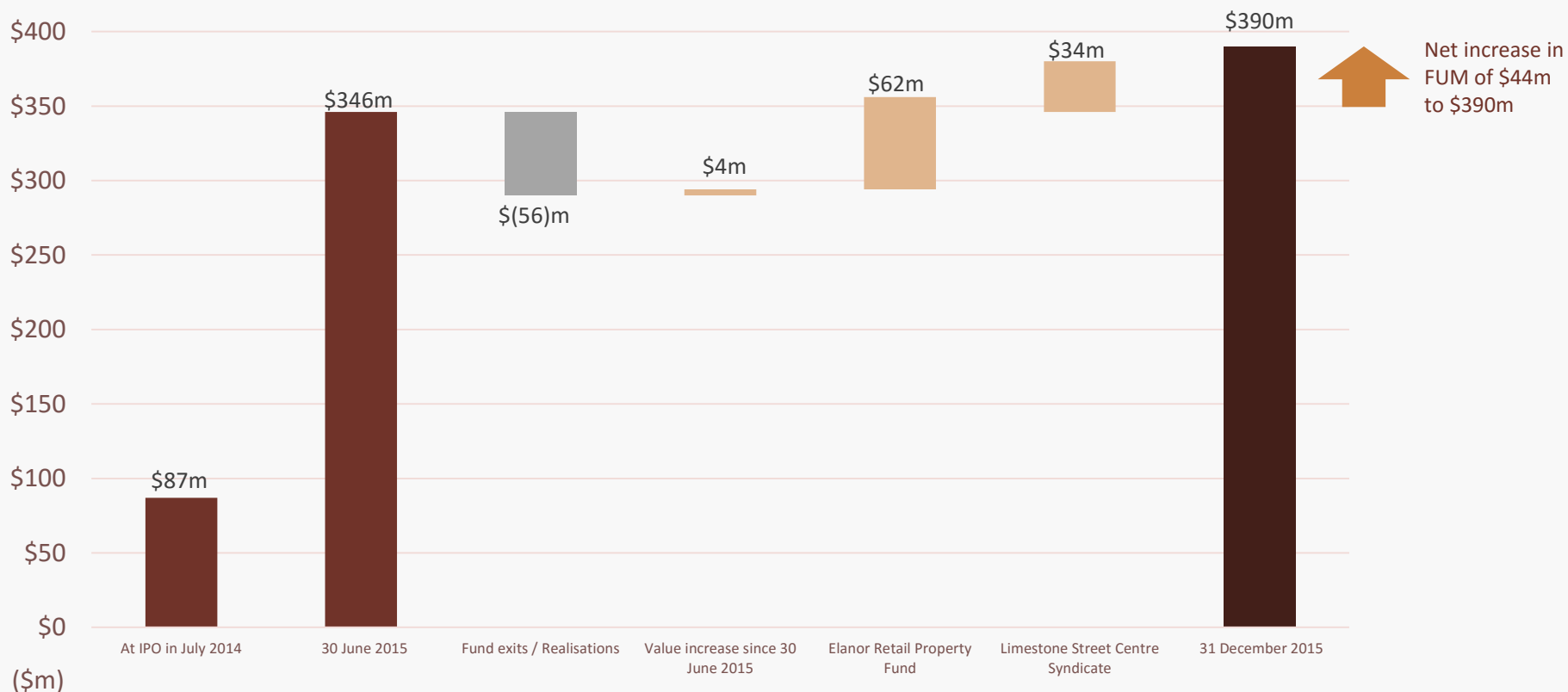
Key metrics

Metric	1HY16 / 31 December 2015	Increase on 1HY15 or 30 June 2015
Core Earnings per security	8.1c	 + 22.8%
Distributions per security	7.3c	 + 40.5%
Net asset value per security	\$1.42	 + 2.7%
Funds under management	\$390m	 + \$44m
Group funds under management and balance sheet investments	\$514m	 + \$10.8%

Growth in Funds Management

- ENN’s key strategic objective is to grow its funds management business by identifying and originating investments that deliver strong performance for both ENN and its capital partners
- Since 30 June 2015, ENN has increased funds under management by \$44 million to \$390 million

GROWTH IN EXTERNAL FUNDS UNDER MANAGEMENT¹



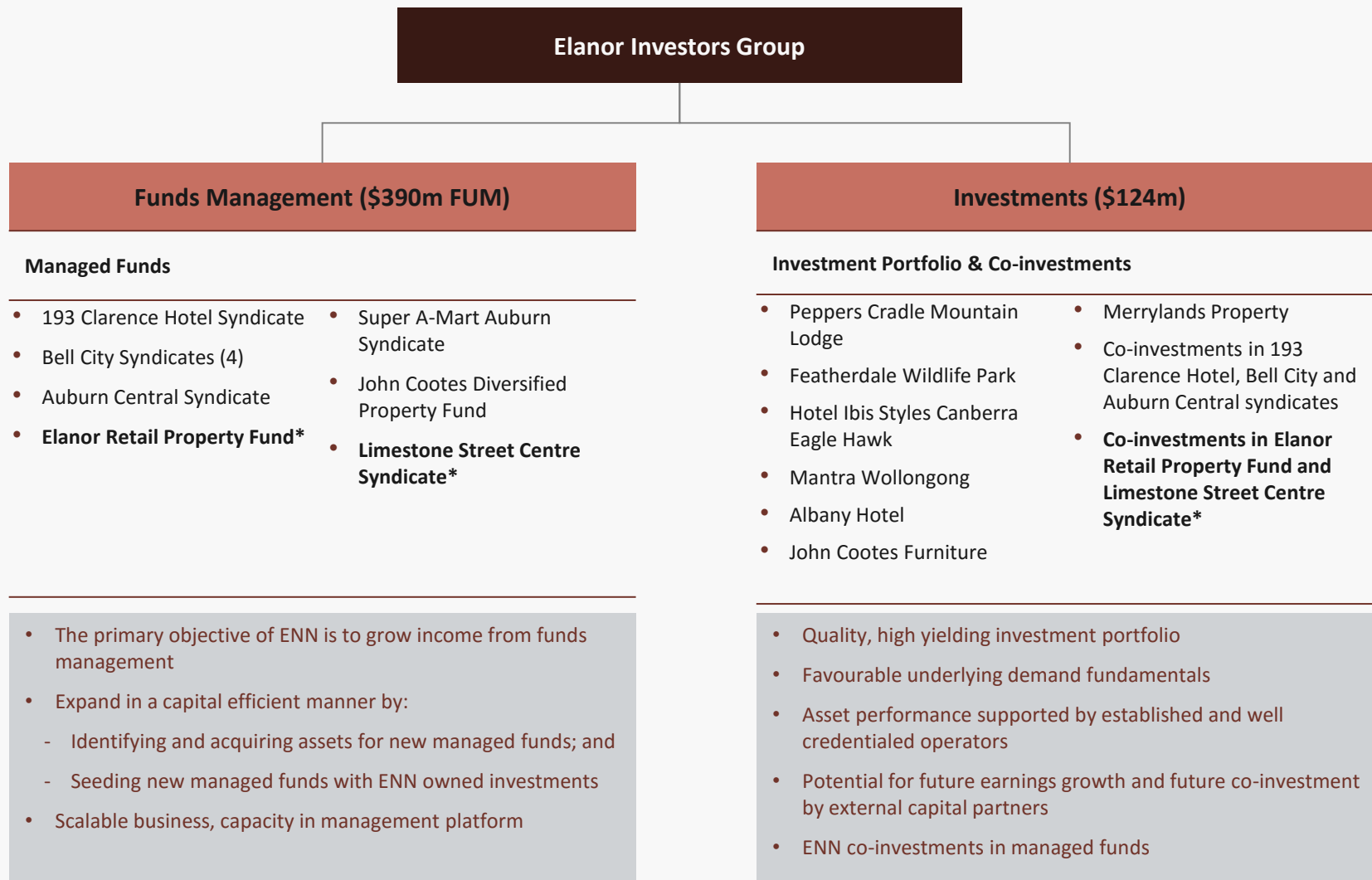
1. Consistent with the basis on which ENN’s base management fees are calculated, figures reflect the Gross Asset Value of the various managed funds (which in some instances includes stamp duty and fund establishment costs)



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Business Overview

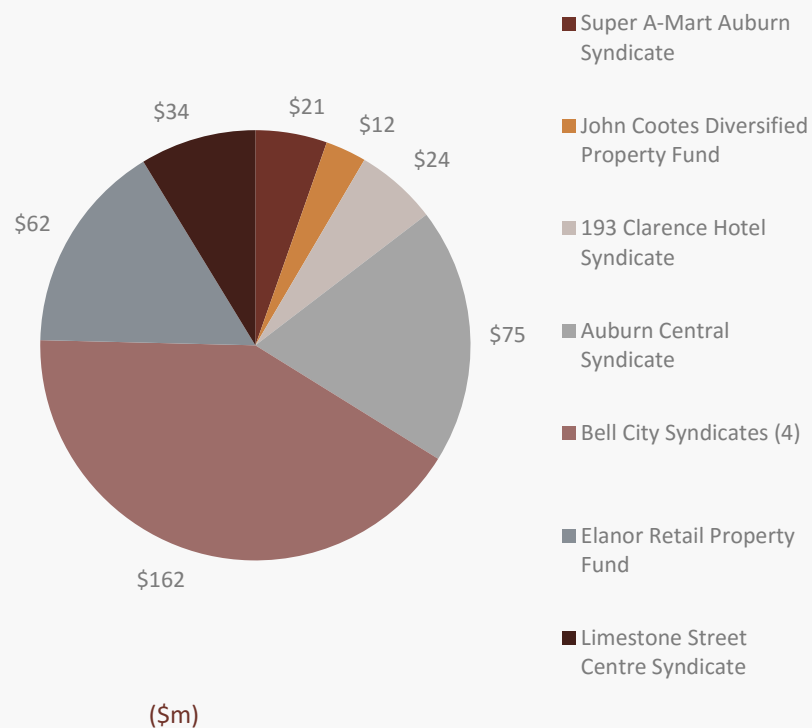
Business overview



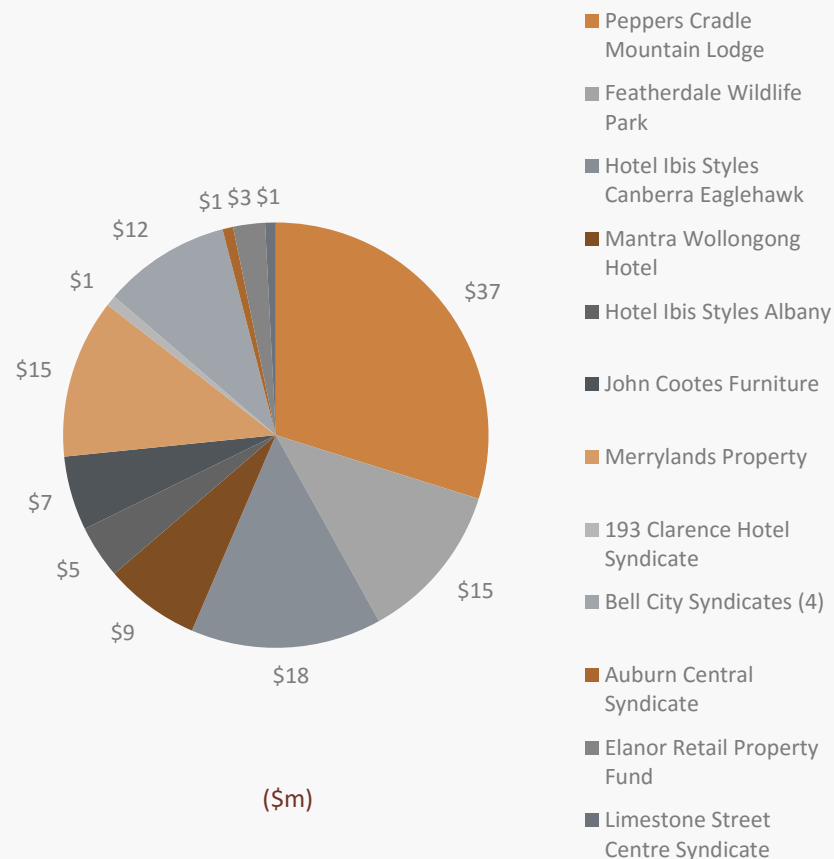
* Newly established or acquired since 30 June 2015

Assets and funds under management

MANAGED FUNDS - \$390m¹



INVESTMENTS - \$124m¹



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 (which in some instances includes stamp duty and fund establishment costs)



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Financial Results

Profit and Loss for the period ended 31 Dec 2015

Segment Revenue and EBITDA	Revenue (\$'000)	EBITDA (\$'000)
Funds Management	5,110	4,115
Hotels, Tourism and Leisure	18,036	5,147
Real Estate	39	38
Special Situations Investments	14,749	2,237
Other	62	-
Total Segment Revenue and EBITDA	37,996	11,537
Statutory NPAT		(\$'000)
Unallocated corporate costs		(2,382)
Depreciation and amortisation		(1,445)
Interest income		44
Borrowing costs		(673)
Income tax expense		(810)
Statutory Group net profit / (loss) after income tax		6,271
Reconciliation to Core Earnings		(\$'000)
John Cootes Furniture insurance recovery adjustment		(1,524)
Building depreciation expense		526
Distributions received/receivable for co-investments		379
Amortisation of intangibles		75
Straight lining of rental expense		15
Tax adjustments		(5)
Core Earnings		5,737

- Statutory net profit after tax of \$6.3 million
- Core Earnings of \$5.7 million, or 8.12 cents per security reflecting an 22.8% increase on 1HY15
- The strong Core Earnings result relative to 1HY15 was driven by material outperformance in ENN's funds management business which produced EBITDA for the period of \$4.1 million (vs. \$1.9 million 1HY15)
- EBITDA from Hotels, Tourism and Leisure assets of \$5.1 million was \$1.2 million higher than 1HY15
- EBITDA from the John Cootes Furniture business included an insurance recovery of \$1.5 million that has been excluded from Core Earnings (refer to Segment Performance)

Balance Sheet as at 31 December 2015

Balance Sheet as at 31 December 2015	(\$'000)
Assets	
Cash	9,161
Receivables	5,976
Inventories	4,161
Property, plant and equipment	87,214
Land and buildings (non-current inventory)	12,950
Equity accounted investments	18,723
Intangibles	7,745
Deferred tax assets	931
Other	540
Total assets	147,401
Liabilities	
Payables	5,706
Interest bearing liabilities	36,750
Other	4,875
Total liabilities	47,331
Net assets	100,070
Number of Securities (million)	70.645
NAV per security	\$1.42
NTA per security	\$1.31
Gearing (ND / TA less cash)	20.0%

- Increase in net asset value per security from \$1.38 at 30 June 2015 to \$1.42 at 31 December 2015
- Hotels, Tourism and Leisure properties are accounted for in Property, plant and equipment
- Land and buildings (non-current inventory) on the balance sheet represents the portion of the Merrylands property not occupied by John Cootes Furniture. The portion that is occupied is included in Property, plant and equipment
- The total value of Merrylands Property in the balance sheet is \$14.8 million, which reflects cost¹

1. Including acquisition and capitalised costs

Property valuations

- ENN's Board of Directors determined not to obtain updated external independent valuations for the Hotels, Tourism and Leisure properties as at 31 December 2015 given that external independent valuations were prepared for Peppers Cradle Mountain Lodge, Ibis Styles Canberra Eaglehawk Hotel, Mantra Wollongong and Ibis Styles Albany Hotel as at 30 June 2015
- The fair value of the Hotels, Tourism and Leisure properties as at 31 December 2015 has been assessed to be equivalent to their fair value as at 30 June 2015
- ENN's only other directly held investment property, Merrylands Property, is held at cost of \$14.8 million¹

Valuation of Hotels, Tourism and Leisure properties		
	30 June 2015 (\$m)	31 December 2015 (\$m)
Peppers Cradle Mountain Lodge	37.0	37.0
Featherdale Wildlife Park	15.0	15.0
Ibis Styles Canberra Eaglehawk Hotel	17.7	17.7
Mantra Wollongong	8.5	8.5
Ibis Styles Albany Hotel	5.3	5.3
Total	83.5	83.5

1. Including acquisition and capitalised costs

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Segment Performance

Funds Management

Overview

- Management of investment funds on behalf of third party investors
 - Approximately \$390 million funds under management
- ENN earns acquisition fees, ongoing base management fees and performance fees

Performance

	1HY16 (\$m)	1HY15 (\$m)	Variance (%)
Revenue (\$m)	5.1	2.1	+ 242.8%
Expenses (\$m)	1.0	0.2	+ 500.0%
EBITDA (\$m)	4.1	1.9	+ 215.8%

Commentary

- Material outperformance relative to 1HY15
- Established 2 new managed funds during the period – Elanor Retail Property Fund and Limestone Street Centre Syndicate
- Fund exits/realisations generated strong performance fees
- New funds under management of \$100m with a net increase in funds under management of \$44m from \$346m to \$390m
- Increase in expenses primarily driven by an increase in fund expense recoveries (corresponding amount included in revenue)
- EBITDA for the period of \$4.1m vs. \$1.9m in 1HY15
- Funds management division is a key focus for ENN
- Well resourced, scalable platform with capacity to grow
- A number of new funds management initiatives under consideration, including recycling balance sheet capital to seed new funds
- ENN has co-investments in 193 Clarence Hotel Syndicate, Bell City Syndicates, Auburn Central Syndicate, Elanor Retail Property Fund and Limestone Street Centre Syndicate totaling \$18.7m

Managed Funds	Gross asset value (\$m)
Super A-Mart Auburn Syndicate	21.1
John Cootes Diversified Property Fund	12.3
193 Clarence Hotel Syndicate	24.2
Bell City Funds (4)	162.1
Auburn Central Syndicate	75.3
Elanor Retail Property Fund	61.6
Limestone Street Centre Syndicate	33.5
Total	390.1

Hotels, Tourism and Leisure

Overview

- Portfolio of hotels, tourism and leisure assets
 - Direct operating exposure
 - High yielding
 - Real estate backed
- Strong sector of focus for ENN given management expertise in this area and opportunities that fit with ENN's operating strategy

Performance

	1HY16 (\$m)	1HY15 (\$m)	Variance (%)
Revenue (\$m)	18.0	15.4	+ 16.9%
Expenses (\$m)	12.9	11.5	+12.1%
EBITDA (\$m)	5.1	3.9	+ 30.8%

Assets

Valuation (\$m)

Peppers Cradle Mountain Lodge	37.0
Featherdale Wildlife Park	15.0
Hotel Ibis Styles Canberra Eaglehawk	17.7
Mantra Wollongong Hotel	8.5
Hotel Ibis Styles Albany	5.3
Total	83.5

Commentary

- ENN's portfolio of hotels, tourism and leisure assets performed broadly in line or ahead of budget during the period, with total EBITDA of \$5.1m, +30.8% on 1HY15
- Each asset achieved growth in EBITDA over 1HY15

Special Situations Investments

Overview

- Target investment opportunities which demonstrate attractive operating cashflows with a high level of real estate asset backing
- Seek to create value by improving business and unlocking real estate value
- Target investments with a forecast IRR of at least 15%+

Performance

	1HY16 (\$m)	1HY15 (\$m)	Variance (%)
Revenue (\$m)	14.7	9.7	+152.0%
Expenses (\$m)	12.5	8.8	+142.7%
EBITDA (\$m)	2.2	0.9	+240.0%

Assets	Cost (\$m)
John Cootes Furniture	7.0
Merrylands Property	14.8
Total	21.8

Commentary

- In late July 2015 the John Cootes Furniture warehouse in Yennora sustained major damage as a result of fire. The warehouse is owned by the John Cootes Diversified Property Syndicate which is managed by ENN – the property is fully insured and the required business interruption insurances are in place. In respect of the John Cootes Furniture business, insurance claims for loss of stock and plant and equipment have been fully settled at \$2.0m and \$1.7m respectively. To date, progress claims of \$1.3m have also been received for business interruption
- Of the \$5.0m of insurance recoveries included in revenue, \$1.5m has been deducted in arriving at Core Earnings because these proceeds will be used to purchase replacement plant and equipment required by the business
- In December 2015 and January 2016 new stores were opened in Fyshwick and Warners Bay respectively – trading at these stores has been promising

Merrylands Property - update

- In December 2015 Parramatta City Council approved a planning proposal in relation to the Merrylands Property including rezoning the site to B4 mixed use, increasing the maximum height of building control to 31 metres (9 storeys) and increasing the maximum floor space ratio to 2.25:1
- ENN believes that the Merrylands Property is very materially undervalued at its carrying value at cost of \$14.8m
- ENN is presently considering the most appropriate approach to realising value for the Merrylands Property in the short term



Aerial view of Merrylands Property

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Strategy and Outlook

Strategy and outlook

- ENN is well positioned to continue to grow earnings and value for its securityholders
- ENN's core strategy is focused on:
 - **Growing its funds management business by**
 - Increasing income from funds management
 - Seeding new managed funds with ENN owned investments
 - Co-investing with external capital partners
 - **Actively managing its investment portfolio to**
 - Realise earnings and capital growth potential from ENN owned investments
 - Selectively acquire quality high yielding assets with capital growth and co-investment potential
- The Group is establishing a new multi asset managed fund, the Elanor Hospitality and Accommodation Fund (Fund). The Fund will comprise a portfolio of 6 Australian Hotels (including Cradle Mountain Lodge and Wollongong Hotel) with strong, diversified cash flows and significant redevelopment potential. At inception the Fund will have an asset portfolio of approximately \$95 million. Consistent with its strategy of aligning interests with investors, the Group will initially subscribe for a co-investment of approximately 40% of the Fund's equity. The Group intends to apply the majority of the net proceeds it receives from the transaction to reduce debt. The balance of the net proceeds will be utilised for working capital and future investment purposes.
- Following Parramatta City Council unanimously approving a planning proposal for the rezoning of the Merrylands Property, ENN is presently in a position to consider the most appropriate approach to realising value for the property in the short term
- Based on the current operating performance of its assets and pipeline of potential funds management opportunities, ENN anticipates continued growth in Core Earnings in FY16

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Appendices

Hotels, Tourism and Leisure assets summary

	Peppers Cradle Mountain Lodge	Featherdale Wildlife Park	Hotel Ibis Styles Canberra Eagle Hawk	Mantra Wollongong Hotel	Hotel Ibis Styles Albany
Asset Type	<ul style="list-style-type: none"> Hotel 	<ul style="list-style-type: none"> Wildlife park 	<ul style="list-style-type: none"> Hotel 	<ul style="list-style-type: none"> Hotel 	<ul style="list-style-type: none"> Hotel
Location	<ul style="list-style-type: none"> Cradle Mountain National Park, TAS 	<ul style="list-style-type: none"> Doonside, Western Sydney, NSW 	<ul style="list-style-type: none"> Sutton, NSW 	<ul style="list-style-type: none"> Wollongong, NSW 	<ul style="list-style-type: none"> Albany, WA
Facilities	<ul style="list-style-type: none"> 86 rooms, restaurant, bistro, 3 conference facilities, spa 	<ul style="list-style-type: none"> 3.1 hectare site, parking facilities for 60 vehicles, kiosk and retail store 	<ul style="list-style-type: none"> 151 rooms, restaurant and 310 sqm of conference facilities 	<ul style="list-style-type: none"> 54 individual apartments (44 serviced apartments) and conference facilities 	<ul style="list-style-type: none"> 50 rooms, bar and restaurant
Operator	<ul style="list-style-type: none"> Mantra Group 	<ul style="list-style-type: none"> Internal 	<ul style="list-style-type: none"> Accor 	<ul style="list-style-type: none"> Mantra Group 	<ul style="list-style-type: none"> Accor
Valuation ¹	<ul style="list-style-type: none"> \$37.0m 	<ul style="list-style-type: none"> \$15.0m 	<ul style="list-style-type: none"> \$17.7m 	<ul style="list-style-type: none"> \$8.5m 	<ul style="list-style-type: none"> \$5.3m
Asset description	<ul style="list-style-type: none"> Multi-award winning spa and wilderness style resort Site has undergone major expansion and re development since first opening in 1972 	<ul style="list-style-type: none"> Featherdale is a leading Australian wildlife park having traded for over 40 years Approximately 300 species of Australian wildlife 	<ul style="list-style-type: none"> 3.5 star hotel operated under the Accor owned Ibis Styles brand Close proximity to Canberra CBD, airport and major regional attractions 	<ul style="list-style-type: none"> 4.5 star serviced apartment hotel located in the Wollongong CBD 56 basement parking bays (46 allocated to serviced apartments) 	<ul style="list-style-type: none"> 4-star, 50 room hotel, strategically located on the entrance to Albany, approximately 3km from the CBD

1. All assets independently valued as at 30 June 2015 with the exception of Featherdale Wildlife Park which was subject to a Directors valuation

Managed Funds summary

	Super A-Mart Auburn	JCF Property Syndicate	193 Clarence Hotel Syndicate	Bell City Syndicates (4)
Asset type	<ul style="list-style-type: none"> Retail warehouse 	<ul style="list-style-type: none"> Two retail showrooms and one retail warehouse 	<ul style="list-style-type: none"> Hotel 	<ul style="list-style-type: none"> Hotel, budget accommodation and commercial complex
Location	<ul style="list-style-type: none"> 311 Parramatta Road, Auburn, NSW 	<ul style="list-style-type: none"> Penrith, Yennora and Tuggerah, NSW 	<ul style="list-style-type: none"> 193-195 Clarence St, Sydney NSW 	<ul style="list-style-type: none"> 215 Bell Street, Preston Victoria
Gross asset value	<ul style="list-style-type: none"> \$21.1m 	<ul style="list-style-type: none"> \$12.3m 	<ul style="list-style-type: none"> \$24.2m 	<ul style="list-style-type: none"> \$162.1m
Asset description	<ul style="list-style-type: none"> Recently refurbished, single level retail warehouse fully leased to Super A-Mart The property has parking for 344 vehicles 	<ul style="list-style-type: none"> Two retail showrooms (Penrith and Tuggerah) and one warehouse (Yennora) leased to John Cootes Furniture 	<ul style="list-style-type: none"> 3.5 star hotel business operated by Mantra Group with 52 guest rooms and a range of bedding configurations Retail fast food restaurant (Oporto) located at ground floor 	<ul style="list-style-type: none"> 4 free standing interconnected buildings plus an annexure building Includes: hotel and residences, budget/student accommodation, extensive conference facilities, restaurants and café, 6 floor commercial office building, car spaces and a residential development site

Managed Funds summary

	Auburn Central Syndicate	Elanor Retail Property Fund	Limestone Street Centre Syndicate
Asset type	<ul style="list-style-type: none"> Sub-regional shopping centre 	<ul style="list-style-type: none"> Sub-regional shopping centres 	<ul style="list-style-type: none"> Commercial building
Location	<ul style="list-style-type: none"> Cnr Harrow Road and Queen Street, Auburn NSW 	<ul style="list-style-type: none"> 81 Manning Street, Taree, NSW and Main Road, Glenorchy, TAS 	<ul style="list-style-type: none"> 38 Limestone Street, Ipswich, QLD
Gross asset value	<ul style="list-style-type: none"> \$75.3m 	<ul style="list-style-type: none"> \$61.6m 	<ul style="list-style-type: none"> \$33.5m
Asset description	<ul style="list-style-type: none"> Constructed in 2004, Auburn Central forms the 'town centre' of a significant mixed use development that benefits from 450 apartments located above it Anchored by Woolworths and Big W, and complemented by 46 specialty stores 	<ul style="list-style-type: none"> Manning Mall: Single level shopping centre anchored by Coles and Target with 31 specialty stores, free standing Hungry Jacks and 431 parking spaces Glenorchy Plaza: 2 level shopping centre anchored by Big W with 14 speciality retailers and 302 parking spaces 	<ul style="list-style-type: none"> Multi-storey commercial building providing 7,184 square metres of commercial accommodation Building is erected on an 8,064 square metre regular shaped corner site with 3 street frontages Building comprises lower-ground level retail, ground level retail and office accommodation and a two level office building

Special Situations & Managed Co-Investments

Special Situations Investments

Asset	Location	Type of business	Value (\$m)
John Cootes Furniture	Operates from 9 sites; Merrylands, Penrith, Yennora, Tuggerah, Campbelltown, Bathurst, Taree, Fyshwick and Warners Bay (as of 25 January 2016) (all NSW or ACT)	Furniture retailer	7.0
Merrylands Property	Merrylands, NSW	Property associated with John Cootes Furniture	14.8
Total Special Situations			21.8

Managed Fund Co-Investments

Asset	Location	Type of business / asset	Value (\$m)
193 Clarence Hotel Syndicate	Sydney, NSW	Hotel	1.2
Bell City Syndicates (4)	Preston, VIC	Hotel, budget accommodation and commercial complex	12.4
Auburn Central Syndicate	Auburn, NSW	Sub-regional shopping centre	0.6
Elanor Retail Property Fund	Taree, NSW and Glenorchy, TAS	Sub-regional shopping centre	3.1
Limestone Street Centre Syndicate	Ipswich, QLD	Commercial office	1.4
Total Managed Co-Investments			18.7

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