



ASX Announcement

20 December 2023

**Step Change Growth in Funds Under Management -
Continuing to Execute FUM Growth Initiatives;
HY24 Forecast Distribution**

- Growth in Funds Under Management from \$3.0 billion to over \$6.2 billion with the following funds management achievements:
 - Acquisition of the Challenger Real Estate funds management business for \$37.7 million (transaction EBITDA multiple of ~3x¹)
 - Secured Abu Dhabi Investment Council (ADIC) real estate funds management mandate with the Challenger Transaction
 - Completion of 55 Elizabeth Street (Brisbane) managed fund acquisition for \$172 million, successfully raising \$109 million in equity from wholesale capital partners
 - Established \$250 million joint venture with ICON Developments to develop a prime Australian industrial and logistics portfolio
- Forecast HY24 base funds management fees of \$20.2 million (HY23: \$11.9 million). Annualised run rate base funds management fees as at 31 December 2023 of approximately \$41 million, a 78% increase on base management fee income for FY23
- Forecast HY24 Core Earnings of \$8.0 million, or 5.2 cents per security
- Forecast HY24 Distribution range of 4.6 cents to 4.9 cents per security, with a point estimate of 4.75 cents per security

Glenn Willis, Elanor CEO, commented: “We are pleased to have executed one of our key objectives for the Group to grow funds under management through strategic acquisitions. The acquisition of Challenger’s \$3.2 billion real estate funds management business is materially earnings accretive and delivers significant growth in both recurring funds management income and recurring funds management EBITDA for the Group. Combining Elanor’s real estate funds management capability with Challenger’s market leading capital raising platform positions us for further strong growth in funds under management.

We are seeing an increasing number of high investment quality real estate opportunities in the current market as evidenced by the recently completed 55 Elizabeth Street acquisition, a ‘deep value’ investment for our managed fund capital partners. We are pleased with the success of the \$109 million capital raising with Fidante, Challenger’s capital raising platform, generating strong demand from wholesale and sophisticated investors.

We are pleased with the Group’s pipeline of high quality funds management opportunities emerging from the prevailing investment environment. Furthermore, we continue to focus on strengthening the Group’s balance sheet through initiatives to recycle our co-investment positions to grow securityholder value.”

¹ Transaction EBITDA represents forecast FY24 funds management EBITDA normalised for corporate overheads and expected synergies



HY24 Funds Management Highlights

While market conditions remain challenging, the Group continued to grow FUM, executing the following funds management initiatives during the period:

- Acquisition of Challenger's \$3.2 billion real estate funds management business in July 2023
- Acquisition of 55 Elizabeth Street, Brisbane for \$172 million into a new Elanor managed fund. 55 Elizabeth Street is a fully leased, prime grade, carbon neutral Brisbane CBD commercial office building leased to the Commonwealth Government. The Fund's \$109 million capital raising closed oversubscribed, following strong demand from wholesale capital partners
- Established joint venture with ICON Developments (wholly owned subsidiary of Japanese Developer, Kajima Corporation) to develop a targeted \$250 million prime Australian logistics portfolio. Commenced exclusive due diligence to acquire a brownfield development opportunity in the north of Melbourne, Victoria
- Acquisition of the Panorama Retreat & Resort, located in the Dandenong Ranges, VIC, for \$10 million by Elanor Hotel Accommodation Fund (EHAF) following the repositioning and rebranding of the property into a regional accommodation hotel
- Acquisition of Leura Gardens in the Blue Mountains, NSW for \$20 million by EHAF, growing the portfolio of high investment quality regional and luxury accommodation hotel properties to approximately \$480 million.

HY24 Earnings

Executing the Group's funds management growth objectives continues to drive growth in recurring funds management income, with HY24 base funds management income forecast to be \$20.2 million (HY23: \$11.9 million). Annualised run rate base management fees for the Group as at 31 December 2023 is approximately \$41 million, reflecting a 78% increase on base management fee income for the year ending 30 June 2023.

The Group is acutely focused on growing Funds Management EBITDA, and EBITDA margin, by leveraging the Group's funds management platform to grow funds management income and realise scale efficiencies.

Prevailing market conditions, impacting consumer confidence across the Group's retail, hotels and leisure parks sectors, has resulted in lower co-investment earnings for the Group of \$2.9 million in HY24 (HY23: \$4.8 million). The Group's hotel operator fees, which are linked to the operating performance of the EHAF portfolio, were also lower than anticipated as hotel occupancy continues to recover.

We expect co-investment income, and related hotel operator fees, to improve in 2H24.

Forecast Distribution

Elanor announces its forecast distribution range for the six months ending 31 December 2023 of 4.6 cents to 4.9 cents per security, with a point estimate of 4.75 cents per security. This forecast result reflects Core Earnings of \$8.0 million, or 5.2 cents per security for the six-month period.



Distribution Timetable

The timetable for the ENN distribution for the six months ending 31 December 2023 is as follows:

- Ex-Date: 28 December 2023
- Record Date: 29 December 2023
- Payment Date: 29 February 2024

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

Elanor Investors Group (ASX: ENN) is a real estate investment and funds management group with approximately \$6.2 billion in funds under management across Australia and New Zealand.

Elanor's key sectors of focus are the commercial office, retail, healthcare, hotels, tourism and leisure and industrial sectors. Elanor has a proven track record from acquiring and unlocking value in real estate assets that provide strong income and capital growth potential.

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