



ASX Announcement

9 September 2024

Elanor Investors Group Market Update

- Strengthened balance sheet
 - Sale of co-investment stake in ECF for approximately \$23.9 million, with proceeds used to reduce gearing and provide working capital
 - Other capital management initiatives and asset realisation programs underway
- Simplified business
 - Focus on the retail, office, healthcare and industrial sectors
 - Exit from the hotels, tourism and leisure sector
 - Orderly asset realisation programs in progress to return capital across five Elanor managed funds
- Executing cost management initiatives
- Orderly leadership transition implemented: Glenn Willis announces his retirement as CEO and Managing Director; Elanor Director, Tony Fehon, appointed interim Managing Director

Elanor Investors Group (“Elanor” or “Group”) today announces the actions being taken to strengthen the Group’s balance sheet and simplify the business, to optimise securityholder value over the long term. The Group’s strategic focus is to:

- Strengthen the balance sheet to increase capacity for growth through an orderly divestment of assets and other capital management initiatives to reduce the Group’s gearing.
- Simplify the business to focus on the opportunities within core real estate sectors of retail, office, healthcare and industrial.
- Execute cost management initiatives to drive profitability in the funds management platform.

Together, these strategic actions will create a capital light, scalable and focused funds management business that is well placed to deliver value to securityholders. Significant progress is expected to be achieved in the execution of these initiatives over the next 12 months.

An orderly leadership transition has been implemented to support the execution of this strategy.

Elanor Chairman Ian Mackie said: “Today’s announcement clearly defines the measures we are undertaking to simplify the business and best position the Group to deliver strong fund, mandate and securityholder performance over the longer term. Elanor has proactively engaged with its strategic institutional capital partners who have confirmed their support.”

In 2023 Elanor entered an asset management relationship with Challenger (CGF.AX), which included the issuance of Elanor equity and a distribution relationship. This partnership which manages real estate assets owned by Challenger Life Company has been fully integrated into Elanor’s funds management platform and remains a high priority for the Group to ensure its ongoing success.



Strengthen the balance sheet

Immediate action has been taken to reduce balance sheet gearing through the sale of Elanor's stake in the Elanor Commercial Property Fund. Furthermore, an orderly asset sale program is underway in relation to five Elanor managed funds.

Sale of co-investment in Elanor Commercial Property Fund (ASX: ECF)

Elanor has entered into a binding agreement for the sale of its 12.6% interest in ECF via an off-market sale to the Lederer Group for approximately \$23.9 million, representing a sale price of \$0.60 per ECF security.

Proceeds from the sale will be used to reduce the Group's senior secured fully revolving debt facility by \$15 million and for working capital requirements. Settlement of the sale of ECF securities is due on 13 September 2024.

Importantly, Elanor will continue as the Responsible Entity and Manager of ECF.

Other capital management initiatives

Elanor has agreed with its senior secured financier to undertake other capital management initiatives to raise funds of at least \$15 million by 31 October 2024 and to reduce the senior revolving debt facility by a further \$10 million prior to 15 November 2024.

Elanor has appointed Citigroup Global Markets Australia Pty Limited to assist in exploring appropriate capital management initiatives. In parallel, Elanor has appointed MA Moelis Australia Pty Ltd to explore debt refinancing options. Elanor will continue to assess financing options to strengthen the Group's balance sheet and provide the most flexible financing terms to support the Group's strategic initiatives.

Asset sale program

In May 2024, investors in the Elanor Property Income Fund ("EPIF") approved the orderly realisation of assets and return of capital. EPIF's divestment strategy is well advanced, with one asset divested and two assets in exclusive due diligence. All assets are expected to be divested this financial year.

Furthermore, we have commenced the strategic divestment of the hotel assets within the Elanor Hotel Accommodation Fund ("EHAF") with the proceeds to reduce the Fund's debt and return capital to EHAF investors.

Asset realisation programs are also in progress for several single asset retail managed funds, including Bluewater Square and Belconnen Markets.

The planned asset realisations are expected to release over \$100 million of Elanor's balance sheet capital over the next 18 months. Net gearing for the Group will be substantially reduced following execution of these initiatives.

Simplify the business

As disclosed on 23 August 2024, the Group will simplify its funds management platform to focus on the core real estate sectors of retail, office, healthcare and industrial, with the divestment of fund assets in the hotels, tourism and leisure sector. This divestment program has already commenced and is planned to be substantially completed by 30 June 2025.

Cost management initiatives

Following the integration of the Challenger and ADIC real estate funds management mandates, the Group is executing a range of cost management initiatives to grow the profitability of the funds management platform.



These cost management initiatives are expected to achieve a sustainable reduction in the Group's run-rate corporate overheads and grow funds management EBITDA margin.

Orderly leadership transition to support strategy execution

After founding the Elanor business more than 10 years ago, Glenn Willis has advised the Board of his retirement as CEO and Managing Director, effective immediately.

Non-Executive Director, Tony Fehon, has been appointed as interim Managing Director (on terms to be finalised), and will lead the company through the transition phase. Glenn will work with Tony on an effective handover. Tony was appointed to the ENN Board of Directors in August 2019 and has extensive experience in operational and leadership roles in the financial services and funds management sector, including at Macquarie Group. His understanding of the company and industry experience will provide the necessary leadership continuity so the team can stay focused on managing assets and delivering investment returns.

The Board will commence a search for a new CEO once the Group is further advanced in the execution of its stabilisation strategy.

Additionally, after 10 years with the business, Paul Siviour has also announced his retirement from his role as the Group's Chief Operating Officer, effective immediately. Paul will assist with a seamless transition to appropriate succession arrangements.

These leadership changes ensure strong leadership of the Group through this transition period and supports execution of the Group's long term vision.

Elanor Chairman Ian Mackie said: "On behalf of the Board, I would like to thank Glenn for his leadership and contribution to Elanor since its listing 10 years ago and his stewardship of the significant growth in real estate funds under management. Glenn has grown the business from its inception with less than \$200 million in assets under management to \$6 billion in assets under management today.

"I'd also like to thank Paul for his dedication and significant contribution to Elanor over the last 10 years as part of his senior leadership role in the growth and development of the business.

"We are pleased to have Tony step into the interim role. Tony has the leadership skills, operational experience and understanding of our business to guide us through this transition phase. The Board has full confidence in a smooth leadership transition" Mr Mackie said.

CEO and Managing Director Glenn Willis commented: "It has been a privilege to have founded and led Elanor over the last decade. I am confident that the actions outlined by the Board today will enable the Group to successfully navigate this next phase for the business. I look forward to working with Tony through the transition."

Preliminary FY24 results¹

The Group expects its audited FY24 financial results to be available on 30 September 2024. A summary of the Group's unaudited results and key metrics are:

- Assets under management of approximately \$6.0 billion as at 30 June 2024 (\$3.0 billion at 30 June 2023).
- Preliminary FY24 recurring funds management income of approximately \$49 million, representing a 44% increase on FY23. Base recurring management fees increased by 73% to approximately \$40 million for the year.
- Preliminary FY24 recurring funds management EBITDA of approximately \$12.5 million (FY23: \$1.7m).

¹ Presented on the basis of equity accounting certain managed funds that are consolidated into the Group's statutory results



- Preliminary FY24 Core Earnings is \$12.9 million (FY23: \$12.5m).
- Net Tangible Assets per security: \$0.69 (\$0.94 including Contract Assets)

Strategic considerations

As previously disclosed, a number of approaches have recently been made by third parties, several of which remain under active consideration. Discussions remain preliminary, and there is currently no assurance that any particular outcome will eventuate.

Elanor has appointed Citigroup Global Markets Australia Pty Limited as exclusive financial adviser, and King Wood Mallesons as its legal adviser, in relation to the strategic review.

Elanor will continue to keep the market informed in accordance with its ongoing continuous disclosure obligations. No action is currently required by Elanor securityholders.

Seeking prompt reinstatement to quotation

Elanor requested a voluntary suspension of its securities from trading under ASX Listing Rule 17.2 on 23 August 2024 pending an update on its financial position. The suspension was then continued by the ASX under ASX Listing Rule 17.5 as a consequence of the delay in Elanor lodging its Appendix 4E for the financial year ended 30 June 2024.

Elanor is seeking prompt reinstatement of the quotation of its securities following the release of this announcement and the proposed lodgement of its Appendix 4E.

Forward-looking statements

This announcement contains certain forward-looking statements. The words 'anticipate', 'believe', 'aim', 'estimate', 'expect', 'intend', 'may', 'plan', 'project', 'will', 'should', 'seek' or other similar words (and include, without limitation, statements regarding intent, belief or expectations, plans or strategies) are intended to identify forward-looking statements. Indications of, and guidance on, future earnings, distributions, financial position and performance are also forward-looking statements.

These forward-looking statements are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Elanor and its related bodies corporate and affiliates and each of their respective directors, securityholders, officers, employees, partners, agents, advisers and management. Investors are strongly cautioned not to place undue reliance on forward looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by recent geopolitical tensions. Forward-looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in those statements and any projections and assumptions on which these statements are based.

To the maximum extent permitted by law, no guarantee, representation or warranty, express or implied, is made as to the fairness, accuracy, reliability, likelihood of achievement or reasonableness of any forward-looking statements contained in this announcement. The forward-looking statements are based on information available to Elanor as at the date of this announcement. Except as required by applicable laws or regulations, none of Elanor, its representatives or advisers undertakes to provide any additional information or revise the statements in this announcement, whether as a result of a change in expectations or assumptions, new information, future events, results or circumstances.



Investor Briefing

Elanor Investors Group (ASX: ENN) will be holding an Investor Briefing Conference Call on Tuesday, 10 September 2024 at 9.00am.

The webcast will be available via this link: <https://webcast.openbriefing.com/enn-inv-2024/>

The Conference Call details are:

Dial In: 1800 954 501 or +61 2 8072 4187
Conference ID: 10041905
Commencement: 9.00am AEST

Pre-register is also available via this link: <https://s1.c-conf.com/diamondpass/10041905-q8sgt5.html>

ENDS.

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

For further information regarding this request, please contact:

Investor enquiries:

Tony Fehon
Elanor Investors Group
Phone: (02) 9239 8400

Media enquiries:

Erica Borgelt
SEC Newgate Australia
Phone: 0413 732 951

About Elanor Investors Group

Elanor Investors Group (ASX:ENN) is a real estate investment and funds management group with approximately \$6.0 billion in funds under management across Australia and New Zealand.

Elanor's key real estate sectors of focus are the commercial office, retail, industrial and healthcare sectors. Elanor has a proven track record from acquiring and unlocking value in real estate assets that provide strong income and capital growth potential. For more information visit www.elanorinvestors.com.