



Elanor Investors Group

**Acquisition of Challenger Real Estate and
strategic partnership with Challenger Group**

ASX: ENN
6 April 2023

Transaction summary

Acquisition of Challenger's \$3.4bn Australian real estate funds management business; formation of strategic partnership with Challenger Group

- Elanor Investors Group (ASX:ENN) (“**Elanor**”) and Challenger Limited (ASX:CGF) (“**Challenger**”) have entered into agreements for Elanor to acquire 100% of Challenger's Australian real estate funds management platform, known as Challenger Real Estate (“**CRE**”), and form a broader strategic partnership (the “**Transaction**”)
- Challenger Real Estate manages \$2.7bn of real estate assets on behalf of the Challenger Life Company (“**CLC**”) and a further \$0.6bn for other institutions
- Elanor will be Challenger's real estate funds management partner in Australia and New Zealand and Fidante (Challenger's multi-affiliate funds management business) will exclusively distribute Elanor's real estate managed funds

Transaction consideration

- Elanor will pay a maximum consideration of \$41.8m, which represents an attractive forward EBITDA multiple (after expected synergies)¹
- The Consideration is subject to clawback provisions (of up to 50% over 3 years) based on minimum base management fee targets
- Elanor will issue 27.4m securities to Challenger as consideration for the acquisition of CRE. Challenger will become Elanor's largest securityholder with up to an 18.2% interest²

Financially compelling transaction

- Transaction expected to deliver material earnings accretion in FY24
- Significant growth in base management fees, forecast to increase by 60% from FY22³
- Pro-forma base management fees represent ~75% of total funds management fees³

Implementation and timing

- The Transaction is expected to complete on 30 June 2023. Completion is subject to certain conditions including ENN securityholder approval and other regulatory approvals

Source: FactSet and IRESS as at 05 April 2023

1. Based on certain milestones being achieved
2. Issue price based on ENN's 1-month VWAP on an ex-entitlement basis. The securities issued to Challenger will not be entitled to ENN's 2H23 distribution
3. Pro-forma adjusted for the impact of annualised base management fees of the acquisition on ENN's FY22 total funds management revenue

Strategic rationale



Material earnings accretion

- ✓ Financially compelling with the Transaction expected to deliver material FY24 earnings accretion



Strengthened recurring management fees

- ✓ Significant growth in base management fees, forecast to increase by 60% from FY22¹
- ✓ Pro-forma base management fees represent ~75% of total funds management fees¹



Step-change in ENN size and scale

- ✓ Significant step-change in size and scale with Elanor growing AUM >2x to \$6.4bn
- ✓ 22% increase in market capitalisation to \$223m²




Partnership positions Elanor for continued strong growth

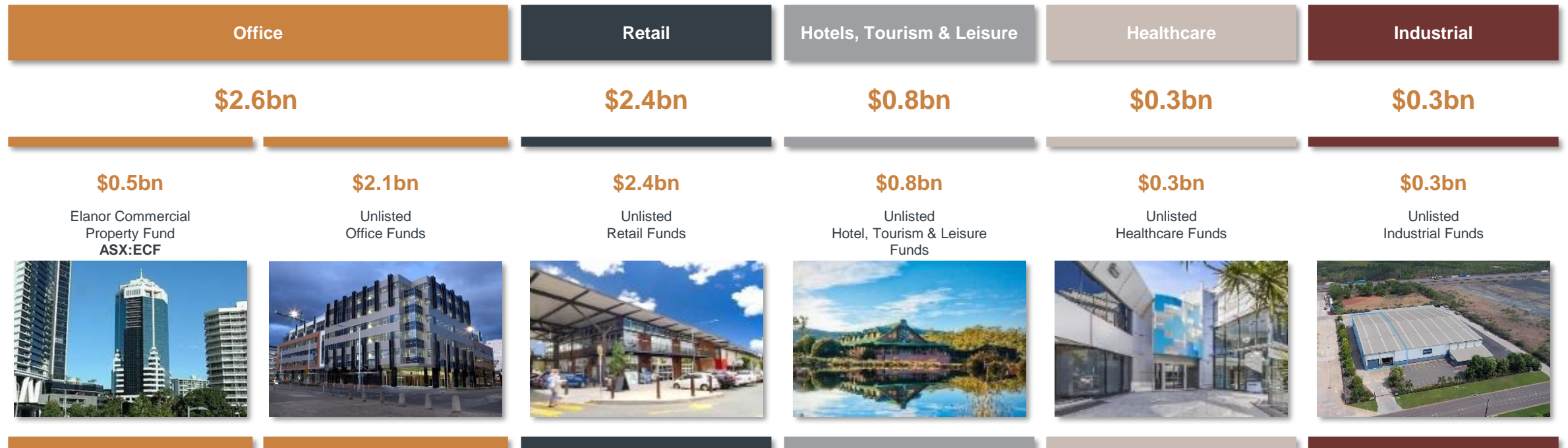
- ✓ Distribution agreement that will leverage Fidante's ~\$90bn+ funds management and capital raising platform
- ✓ ENN will be Challenger's Australia and New Zealand real estate funds management partner

Step-change in AUM to \$6.4bn

AUM will double to \$6.4bn across Elanor's multi sector real estate platform

Elanor post Transaction

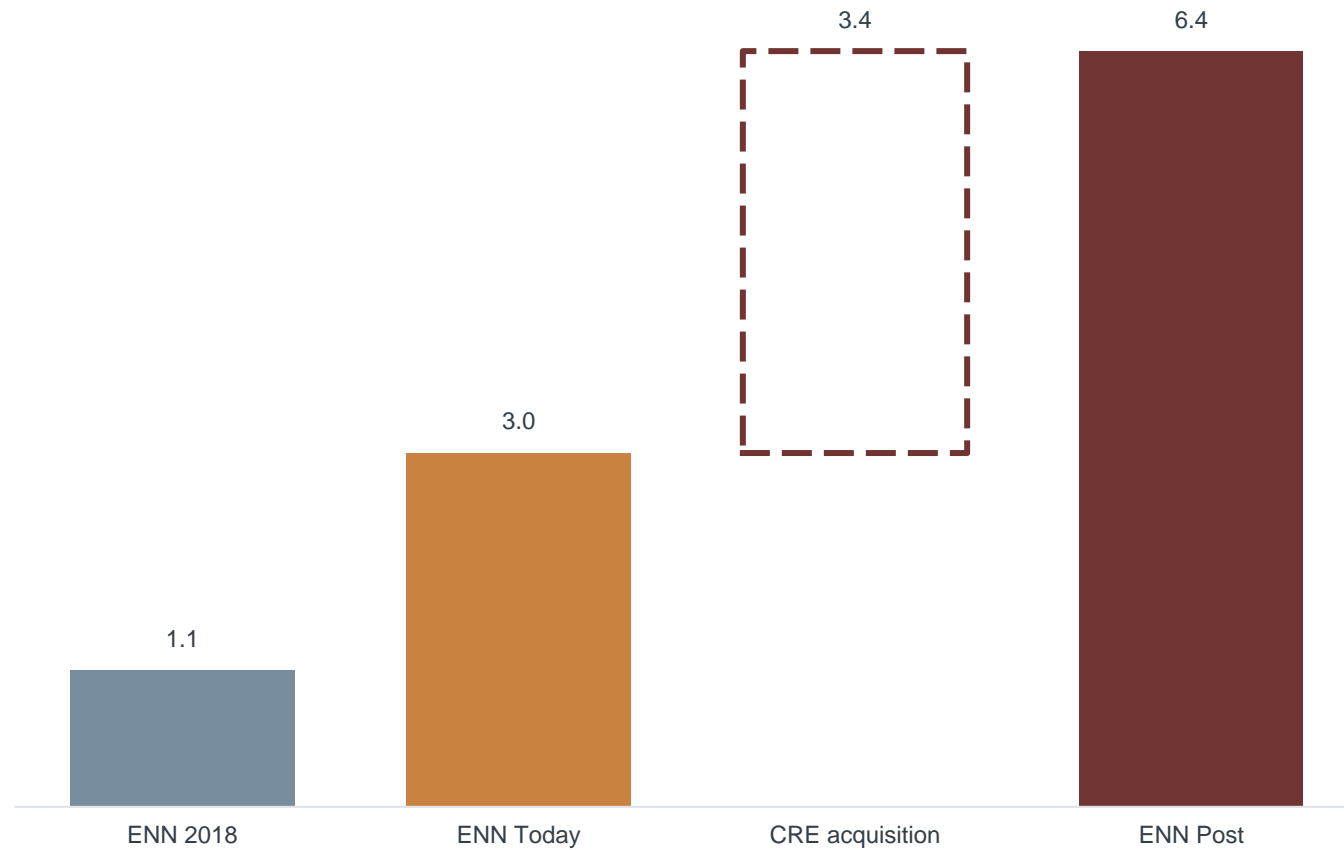
 **\$6.4bn¹**
AUM



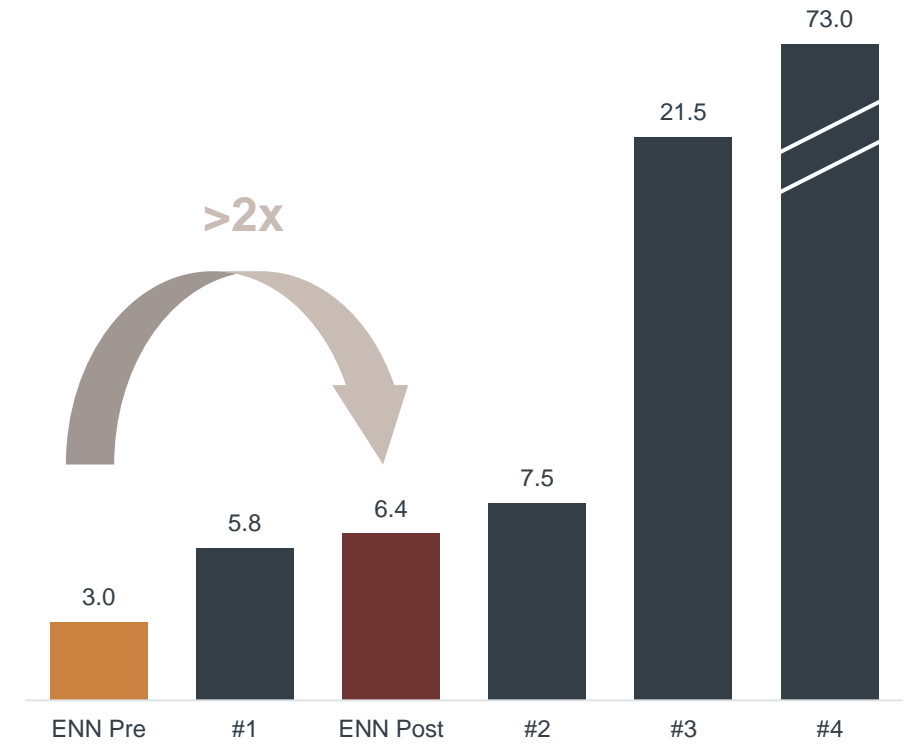
1. \$6.4bn AUM includes \$0.6bn of other institutional mandates

Step-change in AUM to \$6.4bn (continued)

Funds management platform AUM growth (\$bn)



Comparable ASX listed real estate peers AUM (\$bn)¹

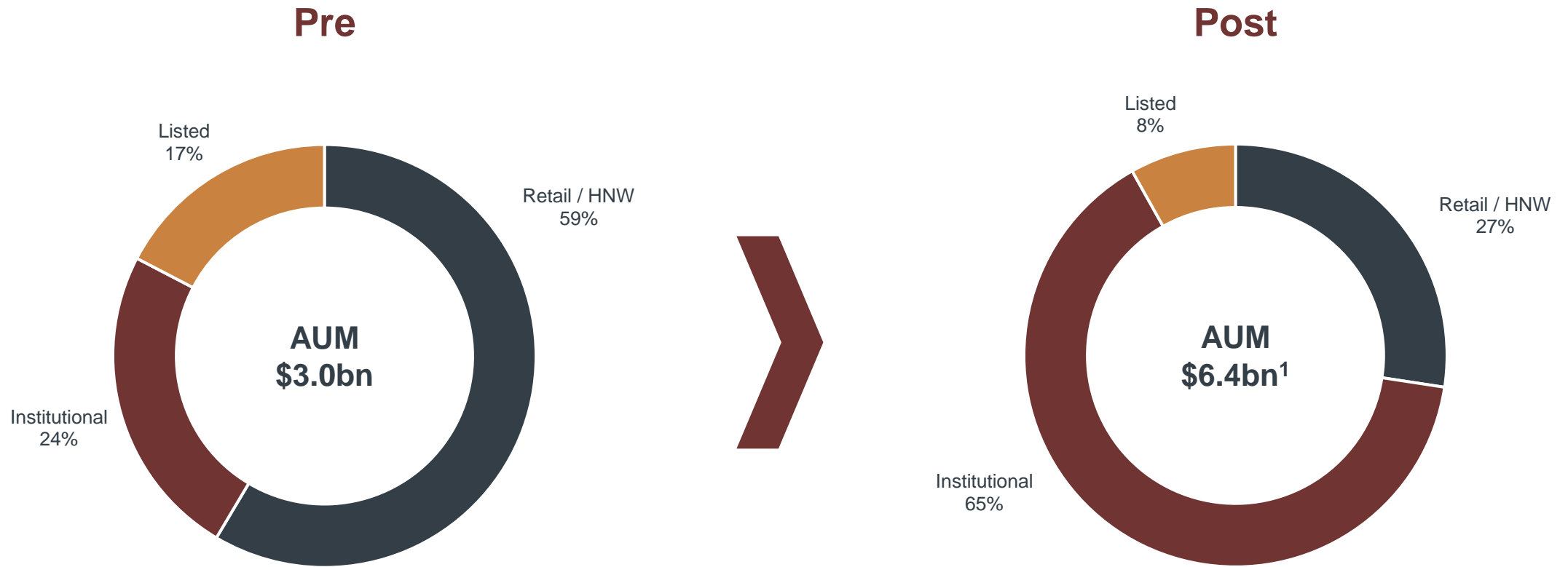


1. Compared with select ASX listed real estate funds management peers

Pro-forma AUM by capital source

The transaction delivers a significant increase in institutional AUM

ENN investor base by capital source



1. \$6.4bn AUM includes \$0.6bn of other institutional mandates

Benefits of the strategic partnership

Elanor and Fidante’s exclusive real estate distribution agreement combines a leading real estate platform with a “best in class” capital raising capability



Overview

- Leader in the origination of high investment quality real estate opportunities across sectors and geographies
- Differentiated investment capability with deep market knowledge and local intelligence
- Delivering investment value through astute origination and highly active asset management

High-calibre platforms

21%
Average realised IRR

\$6.4bn¹
AUM

#1
Zenith Distributor of the year

15,000
Financial planners & 15 major platforms

Partnership rationale

- ✓ Leverage Challenger’s “best in class” capital raising platform
- ✓ CLC to become a significant funds management mandate
- ✓ Strategic securityholding aligns interests to grow Elanor

- Market leading retail capital raising capability
- Integrated across multiple platforms
- Extensive research house relationships
- Global network of institutional investors

- ✓ Diversifies Challenger’s property footprint and exposure
- ✓ Accesses Elanor’s leading property capability (including asset origination and investment track record)

1. ENN post transaction AUM

Fidante is a capital raising powerhouse

Fidante's extensive capital raising platform will allow Elanor to target a significantly larger universe of investors

Overview

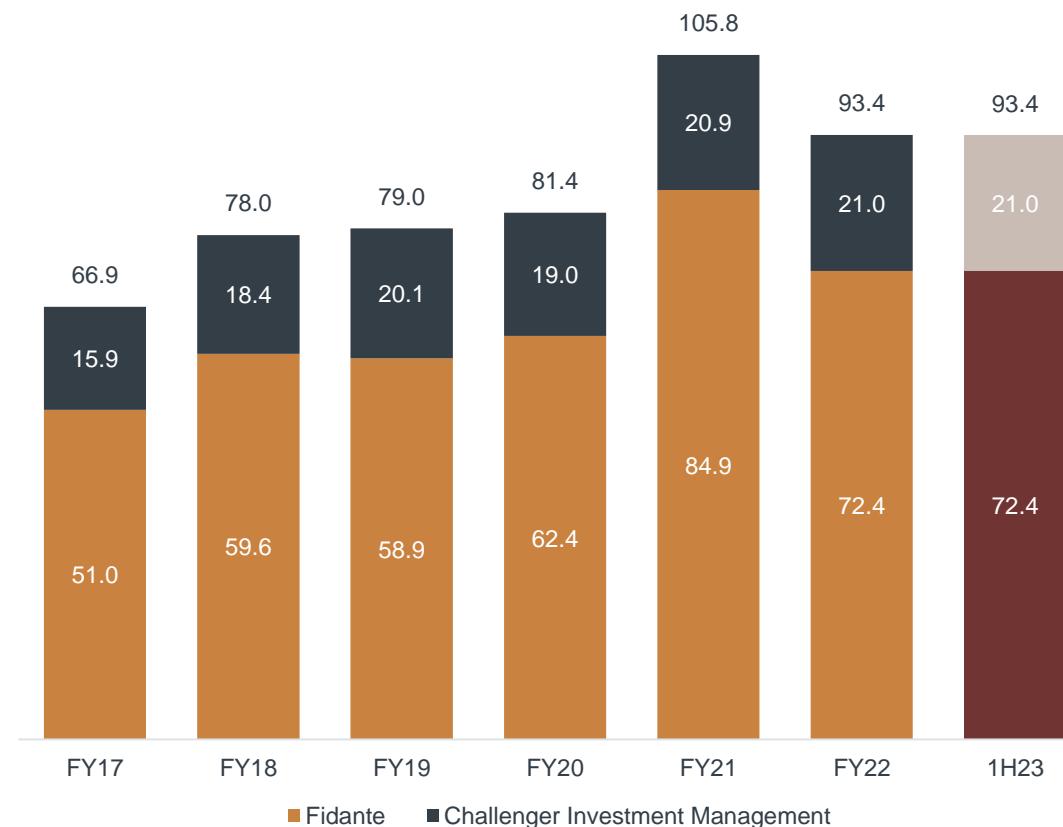
- Combination of complementary capital raising platforms
 - Elanor's current capital raising capability is focussed substantially on wholesale private capital investors
 - Fidante's capital raising platform is focussed on retail and institutional investors
- Elanor's capital raising team will transfer to Challenger and be dedicated to the distribution of Elanor's real estate investment offerings
- Elanor will be Fidante's real estate funds management partner in Australia and New Zealand bringing significant capital raising firepower

Award winning distribution platform

- Fidante has won the Zenith Fund Awards Distributor of the Year over the last 3 years



FUM (\$bn)¹



1. As at 31 December 2022

Elanor represents an attractive value proposition



\$1.48
Current price

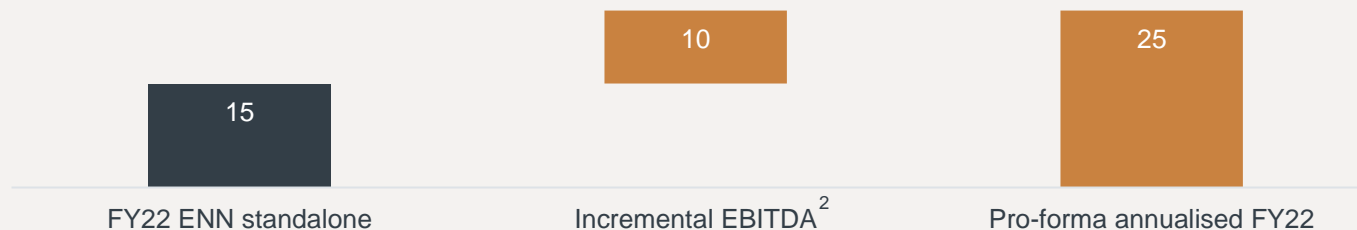


\$1.08¹
Pro-forma NTA
(post transaction)

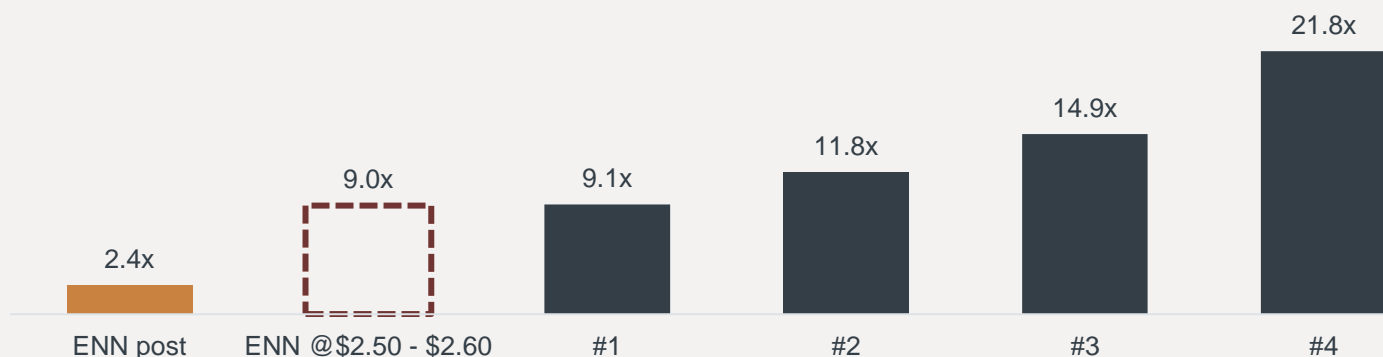


\$25m
FY22 Pro-forma annualised funds management
EBITDA

FY22 pro-forma funds management EBITDA (\$m)



FY22 annualised funds management EBITDA multiple (recurring)^{3,4,5}



Source: FactSet and IRESS as at 05 April 2023

1. Pro-forma NTA of \$1.08 per security has been calculated based on the 31 December 2022 reported NTA per security for ENN Group, adjusted for payment of \$2.5m transaction costs in cash, recognition of the total \$41.8m purchase price as management rights (intangible asset), and the issue of approximately 27.4m consideration securities
2. Incremental EBITDA represents CRE FY22 funds management EBITDA normalised for corporate overheads and other synergies
3. Compared with select ASX listed real estate funds management peers at respective close prices and 31 December NTA
4. \$2.50 - \$2.60 case based on ENN trading at the midpoint of ASX listed real estate funds management peers
5. Recurring Funds Management EBITDA (post corporate overhead) excludes performance fees

Transaction highlights

The Elanor logo is written in a stylized, cursive script font in a reddish-brown color. It is positioned in the top right corner of the slide, partially overlapping a background image of a modern city skyline with a prominent skyscraper.

Financially compelling transaction delivering material earnings accretion



Strengthened recurring funds management fees increasing base management fees by 60%. Pro-forma base management fees will represent ~75% of total funds management fees¹



Step-change in size and scale increasing AUM more than 2x from \$3.0bn to \$6.4bn



Strategic partnership provides access to Fidante's deep pool of retail and global institutional investors delivering future platform growth and firepower to execute strategic initiatives. Aligned interest with Challenger becoming Elanor's largest securityholder

1. Pro-forma adjusted for the impact of the annualised base management fees of the acquisition on ENN's FY22 total funds management revenue

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