



ASX Announcement

22 August 2023

**Growth in Value of Funds Management Platform;
Well Positioned for Strong Growth in Securityholder Value**

- FY23 Core Earnings of \$12.5 million, or 10.15 cents per security
- Strong growth in funds management income to \$49.5 million, a 20% increase on FY22
- Recurring funds management income of \$34.1 million, a 19% increase on FY22
- Stable managed fund property valuations – decreased by less than 0.7% during the year on a like-for-like basis
- \$6.2 billion of funds under management following acquisition of Challenger’s real estate funds management business on 7 July 2023 (128% increase from \$2.7 billion at 30 June 2022)

Elanor Investors Group (“ENN” or “Group”) is pleased to announce its financial results for the year ended 30 June 2023 (“period”).

Highlights

- Core Earnings for the year of \$12.5 million (10.15 cents per security)
- FY23 Distributions of 9.13 cents per security (90% payout ratio); 2H23 Distribution of 1.62 cps
- Growth in funds under management of \$250 million to \$3.0 billion at 30 June 2023 (9% increase since 30 June 2022);
- FY23 funds management EBITDA increased by 16% to \$17.1 million
- Elanor’s funds under management is now \$6.2 billion following the acquisition of Challenger’s real estate funds management business on 7 July 2023
- Proforma FY23 recurring funds management income of \$51.0 million¹ (78% increase on actual FY23 of \$34.1 million)
- Stable managed fund property valuations – decreased by less than 0.7% during the year on a like-for-like basis, with portfolio value increasing by 3.2% including value-add capital expenditure
- NTA per security of \$1.23; Gearing of 31.7% at 30 June 2023 (30.2% as at June 2022)

Commenting on the results, ENN CEO, Glenn Willis, said: “We are pleased with the performance of the Group’s managed fund investments over the year in challenging market conditions. The resilience of the Group’s managed fund investments and stability of asset valuations reflect our risk first approach to real estate investing and highly active approach to asset management.

We are particularly pleased to have executed on a key objective of the Group to grow funds under management through strategic acquisitions. The successful integration of Challenger’s real estate business into our funds management platform has realised significant transaction synergies for the Group and underpins our forecast incremental funds management EBITDA of over \$12 million in FY24.

Combining Elanor’s real estate funds management capability with Challenger’s market leading capital raising platform delivers significant size and scale benefits and positions us for further strong growth.”

¹ Assumes the acquisition of Challenger’s real estate funds management business completed on 1 July 2022. The proforma reflects incremental base management fees, leasing fees and development fees of \$16.1m, \$0.6m and \$0.2m respectively.



Acquisition of Challenger's real estate funds management business

The acquisition of Challenger's real estate funds management business was completed on 7 July 2023 and successfully integrated into Elanor's funds management platform during July 2023. The transaction delivers significant Securityholder value through:

- Material Earnings Accretion – based on forecast incremental FY24 funds management EBITDA of \$12 million, reflecting a transaction EBITDA multiple of ~3x
- Strengthened recurring funds management fees – increasing annualised run-rate base management fees to \$40.7 million² (from \$26.3 million in FY23)
- Step-change in size and scale – increasing funds under management from \$3.0 billion to \$6.2 billion
- Positioning for growth – with Challenger becoming Elanor's largest Securityholder (13.6%) and Abu Dhabi Investment Council holding 3%
- Exclusive distribution agreement with Fidante combines Elanor's leading real estate funds management platform with Challenger's best in class capital raising capability

Glenn Willis said: "The acquisition was a milestone achievement for Elanor as we execute on our key strategic objective to become the leading Australian real estate funds management group known for driving exceptional investment returns for our capital partners."

Summary of Financial Results

A summary of the Group's financial results for the period is set out below:

Summary financial results	Group 30 June 2023	Group 30 June 2022
Core Earnings (\$'000)	12,529	18,259
Distributions payable to Securityholders (\$'000)	11,276	16,433
Core Earnings per stapled security (cents)	10.15	14.98
Core Earnings per weighted average stapled security (cents)	10.40	15.56
Distributions per stapled security (cents)	9.13	13.48
Gearing (net debt / total assets less cash) (%) (equity accounted)	31.7	30.2

Funds Management

The Group generated funds management income of \$49.5 million (FY22: \$41.3 million), a 20% increase on the prior comparative period.

Funds Management Income	FY23 \$'000	FY22 \$'000
Management fees and related cost recoveries	28,245	23,610
Leasing and development management fees	5,839	5,076
Acquisition fees, equity raise fees and related cost recoveries	8,257	12,629
Performance fees	7,140	-
Total	49,481	41,315

² Pro-forma for the impact of the annualised base management fees of the Challenger acquisition on ENN's 30 June 2023 annualised run-rate base management fee income



During the year, Elanor increased its funds under management by \$250 million to \$3.0 billion. The growth in funds under management has been supported by growth in Elanor's institutional and private wholesale investors base, reflecting the Group's strong investment track record.

Significant funds management initiatives completed during the year include:

- Privatisation and delisting of the Elanor Retail Property Fund (ASX: ERF) (delivering ERF Securityholders a 15% premium to the trading price immediately prior to the privatisation announcement) and launch of the open-ended, unlisted, multi-sector Elanor Property Income Fund (EPIF) with an initial portfolio value of \$117 million
- Acquisition of the Tweed Mall shopping centre by the Tweed Mall Mixed-use Real Estate Fund for \$87 million
- Recapitalisation of the \$289 million Elanor Healthcare Real Estate Fund (EHREF) in December 2022 (providing a full liquidity event for investors) and establishment of a partnership with an Asian-based institutional real estate investor to grow EHREF's portfolio of core healthcare real estate assets
- Repositioning and refinancing of the Riverside Plaza shopping centre following execution of the value-add strategy at the Centre, generating a valuation uplift of \$49 million and a capital return to investors of 52 cents per unit (reflecting an IRR of 45% since the Fund's inception)
- Acquisition of four hotels, Sanctuary Inn Tamworth (NSW), Chateau Yering Hotel (VIC), Wildes Boutique Hotel (NSW), and Leura Gardens Resort (NSW) by Elanor Hotel and Accommodation Fund (EHAF) for a combined \$67.3 million (Leura Gardens Resort settled on 28 July 2023). Post-acquisition of the Leura Gardens Resort, EHAF has a diverse portfolio of 19 high investment quality accommodation hotel assets with a portfolio value of approximately \$470 million
- Acquisition of the Country Place conference and events centre located in the Dandenong Ranges (VIC) in November 2022, for \$6 million. The conference facility is being converted and repositioned into a significant regional accommodation hotel suitable for EHAF, and has recently been rebranded as Panorama Retreat and Resort
- Acquisition of Riverton Forum shopping centre, a dominant convenience-based shopping centre situated on a 6.3 hectare Perth metropolitan site, by the newly established Riverton Forum Fund for \$98.8 million
- Establishment of the Riverside Mixed-Use Development Fund for a mixed-use development on a strategic Queanbeyan CBD site. The development, expected to comprise 180 residential dwellings as well as street activated retail, has an estimated total project cost of \$67 million
- Addition of a new real estate funds management investment sector for the Group with the establishment of an industrial real estate investment capability.

Outlook

The Group's key strategic objective remains unchanged: to deliver investment outperformance for Elanor's capital partners and grow Securityholder value.

Elanor remains focused on its mission to be the leading real estate funds manager known for delivering exceptional investment returns for its capital partners and making impactful social and environmental contributions to our communities.

The Group is acutely focused on continuing to grow recurring funds management income and EBITDA, and executing its 'capital-lite' strategy to drive ROE and grow EPS.



Please refer to the FY23 results presentation and financial statements lodged with ASX today for further details of Elanor's FY23 result.

Investor Briefing

Elanor Investors Group (ASX: ENN) will be holding an Investor Briefing Conference Call on Tuesday, 22 August 2023 at 12.00pm, to present and discuss the Group's FY23 results. The Conference Call details are:

Dial In: 1800 809 971 or +61 2 9007 3187
Conference ID: 10031952
Commencement: 12.00pm AEST

For those wishing to pre-register: <https://s1.c-conf.com/diamondpass/10031952-gh86y3.html>

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 an investment and funds management business with \$6.2 billion in funds under management across Australia and New Zealand.

Elanor's key sectors of focus are the retail, commercial office, 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.

www.elanorinvestors.com