



ASX Announcement

5 December 2024

Elanor Investors Group

Market Update

Elanor Investors Group (“Elanor” or “Group”) provides the following update on the stabilisation of its balance sheet, asset realisation program and simplification of the business.

Update on Challenger Life mandate

As part of the Group’s July 2023 acquisition of Challenger’s Australian real estate funds management business, Elanor became the investment manager for Challenger Life Company’s (“**CLC**”) commercial real estate portfolio under an investment management agreement (“**IMA**”).

Elanor is pleased to advise that, further to its announcement on 1 November 2024, the Challenger Life Company’s Review (“**CLC Review**”) has now completed, and Elanor will continue to provide full asset management services across CLC’s commercial real estate portfolio in accordance with the IMA on its current terms. CLC will continue to monitor the progress of Elanor’s business stabilisation.

Tony Fehon, Managing Director said “We are pleased to confirm the completion of the CLC Review. We appreciate the support of all stakeholders, including the Group’s major securityholders, during this challenging period. I would also like to acknowledge and thank our staff for the commitment they have shown in these difficult circumstances to continue managing the real estate assets of our capital partners. We are well advanced on the execution of our strategy to strengthen the Group’s balance sheet and simplify the business.”

Asset Realisation Program Update

Since 1 July 2024, approximately \$190 million of assets across the Group’s managed funds have transacted (exchanged contracts or settled). In aggregate, the asset realisation program is tracking at approximately 4.7% discount to 30 June 2024 book values. A similar value of assets across the Group’s managed funds are in exclusive due diligence processes at comparable metrics.

We are pleased to confirm the recent settlement of the sale of Manning Mall and Northway Plaza, in the Elanor Property Income Fund (“**EPIF**”), for a combined gross sale price of \$53.4 million, representing a 7% discount to the June 2024 book value. The net sale proceeds will be used to repay EPIF debt and pay a return of capital of 12.9 cents per security to EPIF investors, including Elanor.

EPIF’s remaining asset, Gladstone Square, is expected to be sold in the coming months. The sale of Gladstone Square will conclude the asset realisation program for EPIF in preparation for the fund to be wound up.

Pleasingly, the divestment program for the Elanor Hotel Accommodation Fund (“**EHAF**”) is tracking above book value with the ibis Styles Port Macquarie and Mantra Pavilion Wagga Wagga assets recently exchanging contracts at a combined value of \$24.25 million, representing a 1% discount to the June 2024 book value. To date, the EHAF asset divestment program has transacted assets at a combined realisation value of \$53.5 million, representing a 12.3% premium to book value. As the next phase of the divestment strategy progresses, JLL continue to receive strong “pre-marketing” interest for the remaining EHAF assets which have been strategically grouped into three separate tranches, to be marketed throughout 2025.

As part of Elanor’s stated strategy to exit the hotels, tourism and leisure sector, Elanor has completed the transition of day-to-day hotel operations for EHAF to an experienced third-party hotel operator, 1834 Hotels. 1834 Hotels operate over 40 hotels across Australia, with a specialisation in regional locations, and are focused on improving hotel performance and value, during the divestment program.



Balance Sheet Stabilisation

On 1 November 2024, Elanor refinanced the Group's existing senior secured debt facility through a new \$85 million debt bridging facility from Keyview Financial Group (the "**Keyview Facility**"). Elanor will repay the Keyview Facility debt over time through the previously announced asset realisation program which is expected to release over \$100 million of Elanor's balance sheet capital over the next 18 months.

Under the terms of the Keyview Facility, following the initial \$70 million drawdown, Elanor expects to be in a position to draw a further \$15 million following the restructuring of the Group's unsecured corporate notes ("**Notes**").

As the revised Keyview Facility did not facilitate the refinancing of the Notes as originally anticipated, the Group will shortly issue a Circulating Resolution for approval by Noteholders, that includes a waiver of covenant breaches and revised Note terms that:

- Increase the Note coupon to a fixed rate of 15% p.a., payable monthly;
- Grant 2nd ranking security for the Notes;
- Simplify the financial covenants with a focus on gearing;
- Provide more flexibility for early redemption, on a monthly basis, in full or in part;
- Following the full repayment of Keyview debt, provide for aggregate debt repayment milestones for the Notes of A\$10 million by June 2026 and A\$20 million by September 2026; and
- Extend the term of the Notes to 31 December 2026.

The outcome of the Circulating Resolution is expected to be determined within the next two weeks. Elanor will update the market following confirmation of the Circulating Resolution outcome.

Release of FY24 Financial Results and AGM

The Group's FY24 results, Appendix 4E and Annual Report are expected to be finalised as soon as possible following completion of the restructure of the Notes.

Elanor will confirm the date for its Annual General Meeting ("**AGM**") promptly following finalisation of the Annual Report.

Following the finalisation of the FY24 results and lodgement of the Appendix 4E and Annual Report with the ASX, Elanor will request ASX to lift the suspension of Elanor's securities.

Strategic Review

Further to the above, Elanor will continue its strategic review to examine all strategic options to restore and deliver value to all securityholders. Elanor will actively consider approaches made by third parties and engage further with interested parties on proposals which maximise securityholder value, including a sale of the business. There is no certainty that the review process will result in a transaction.

Elanor will continue to keep the market informed in accordance with its ongoing continuous disclosure obligations.

ENDS.



This announcement has been authorised for release by the Elanor Investors Group Board of Directors. For further information regarding this request, 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 \$6.0 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.