

17 February 2020

Company Announcements Office
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

Attached is the Elanor Commercial Property Fund (ASX:ECF) 1HFY20 Results Announcement.

Yours sincerely,



Symon Simmons
Company Secretary
Elanor Funds Management Limited

Authority and Contact Details

This announcement has been authorised for release by the Board of Directors of Elanor Funds Management Limited

For further information regarding this announcement please contact:

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ASX Announcement

17 February 2020

Elanor Commercial Property Fund Delivers 1HFY20 Result On Track to PDS Forecast

Elanor Commercial Property Fund (“ECF” or “Fund”) is pleased to announce its interim financial results for the half year ended 31 December 2019.

Highlights

- Statutory net loss for the six month period of \$0.94 million.
- The securities of the Fund were listed on the ASX on 6 December 2019 (IPO). After transaction and establishment costs of \$7.44 million, the Group recorded a consolidated statutory loss of \$10.09 million for the period from 6 December 2019 to 31 December 2019.
- Funds from Operations (FFO) post IPO were \$1.46 million or 0.71 cents per stapled security. This financial result is consistent with the forecast for the period from listing to 31 December 2019 as reflected in the pro forma forecast from listing to 30 June 2020 set out in the PDS for the Group.
- At IPO, the Fund raised total equity of \$173.6 million, and used this funding to acquire the 200 Adelaide Street property and the remaining 48.5% interest in WorkZone West. As part of the listing, the Fund retired debt facilities of \$64.9 million.
- On 9 December 2019, the Fund acquired 200 Adelaide Street, Brisbane for \$44.2 million. 200 Adelaide Street is a high quality, heritage office building located in the Brisbane CBD with 5,957 sqm of net lettable area. The property benefits from recent capital works programs and is in a prime CBD location with direct access to Brisbane’s Central Railway Station, and within a short walk to Brisbane’s premier shopping strip – Queen St Mall.
- On 23 December 2019, the Fund announced the acquisition of Garema Court, 140-180 City Walk, Canberra, ACT for \$71.5 million. Garema Court is an A Grade office building with ground floor retail situated in a premium location in the Civic precinct of the Canberra CBD. The asset has a total net lettable area of 11,438 sqm and is located in a precinct benefiting from significant amenity and public transport, including the new light rail terminus. Settlement is expected to occur on 28 February 2020.
- Following completion of the Garema Court acquisition, ECF will have a portfolio of seven investment grade commercial properties located in Brisbane, Perth, Canberra and Adelaide, with a combined value of \$378 million.
- Gearing of the Fund of 18.5% as at 31 December 2019.

Commenting on the result, ENN CEO, Glenn Willis, said: “The Fund is committed to growing the value of its investment portfolio and continues to evaluate high quality commercial properties to enhance risk-adjusted returns and improve the portfolio quality of the Fund and diversification.”

Overview and strategy

The Fund is an externally managed real estate investment fund investing in Australian commercial property, focusing on high investment quality commercial properties.

The Fund's objective is to provide above average risk adjusted returns through a combination of regular distributions and capital growth. To achieve this objective, the Fund's strategy is to:

- Invest in commercial properties located in major metropolitan areas or established commercial precincts;
- Implement leasing and active asset management to grow the income and value of the properties;
- Acquire additional investment grade commercial properties that satisfy the fund's investment criteria and enhance overall portfolio quality; and
- Maintain a conservative capital structure with a target Gearing range between 30% and 40%.

Outlook

The Fund is well positioned to enhance value for security holders in the short term. Following completion of the Garema Court transaction, forecast earnings for the Fund is an annualised proforma FFO yield of approximately 9.5% against the FY21 PDS forecast FFO yield of 8.4%.

Please refer to the financial statements lodged with ASX today for further details regarding ECF's H1FY20 result.

This announcement has been authorised for release by the Elanor Funds Management Limited Board of Directors.

Glenn Willis
Managing Director and Chief Executive Officer
Elanor Investors Group
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