

ASX Announcement

24 August 2022

**Elanor Commercial Property Fund Delivers Strong FY22 Result
Exceeded FY22 FFO Guidance**

- FY22 FFO of \$30.1 million or 10.94 cents per security¹
- FY22 Distributions of 9.40 cents per security (equating to a payout ratio of 86%)
- Portfolio value increased to \$609 million following the acquisitions of 50 Cavill Avenue and 19 Harris Street (including \$21.6 million valuation uplifts across the portfolio)
- NTA per security of \$1.20; Gearing at 30.8%; Interest rate hedging at 97.3%
- Significant leasing activity across the portfolio; 95.6% occupancy²

FY23 Earnings Guidance

- FY23 FFO Guidance of 11.0 cents per security and FY23 Distribution Guidance of 9.4 cents per security

Elanor Commercial Property Fund (“ECF” or the “Fund”) is pleased to announce its financial results for the year ended 30 June 2022 (“period”).

Highlights

- Funds from Operations (FFO) for the year of \$30.1 million or 10.94 cents per security
- Distributions of \$27.3 million or 9.40 cents per security (equating to a payout ratio of 86%)
- Acquisitions completed during the year:
 - 50 Cavill Avenue, Surfers Paradise, QLD for \$113.5 million in August 2021, funded by a fully underwritten equity raising of \$84.7 million and a new debt facility of \$39.7 million
 - A 49.9% stake in the Harris Street Fund which owns the \$185 million commercial office property located at 19 Harris Street, Pyrmont, NSW, in May 2022. ECF’s investment in the Fund represented a proportionate net tangible asset value of \$43.5 million at acquisition.

The acquisition was funded through an equity raising of \$36.6 million, with Elanor Investors Group supporting the acquisition with an \$8.4 million manager contribution to the Fund. The contribution resulted in a total net purchase price of \$35.1 million reflecting a 15.6% discount to the NTA value of the acquisition

- The Fund’s properties increased in value by \$21.6 million over the period, growing the value of the Fund’s portfolio to \$609 million
- The Fund’s gearing was 30.8% at 30 June 2022 (34.5% at 30 June 2021), at the lower end of the Fund’s target range
- ESG initiatives have been successfully executed across the portfolio, including WorkZone West achieving a Carbon Neutral certification and a 6-Star NABERS energy rating. A gap analysis to create a roadmap for a carbon neutral portfolio is in progress

¹ Based on the weighted average number of securities on issue during the period

² Weighted by area, excluding any rental guarantees and including heads of agreements

Successful execution of key leasing initiatives

- A range of key leasing initiatives have been successfully executed across the portfolio with a total of 16,782m² being leased during the year (excluding short-term lease extensions)
- Key leasing achievements during the period included:
 - 12 leases executed at 50 Cavill Avenue, totalling 4,898m², with an average lease term of approximately 5 years
 - 10-year lease to Abacus dx, a multinational medical, pathology and laboratory equipment manufacturer, over 2,250m² (34 Corporate Drive)
 - 10-year lease to Hub Australia over 1,300m² (200 Adelaide Street)
 - 7-year lease to Alliance Pharmaceuticals over 2,000m² (34 Corporate Drive)
 - 5-year HOA (with lease executed post 30 June 2022) to ITV Studios Australia over approx. 2,000m² (19 Harris Street)
 - 4-year lease to Coles over 1,000m² (Nexus Centre)
- The Fund's occupancy was 95.6% at 30 June 2022 (significantly above market occupancy of 86%)
- The Fund's WALE is 3.4 years (by income), with less than 6.5% of leases expiring in FY23

David Burgess, Co-Head of Real Estate and ECF Fund Manager, said: "ECF has delivered strong performance over the period, exceeding FFO guidance and growing NTA. This result is due to our disciplined investment approach and the execution of strategic asset management initiatives."

We made two transformative acquisitions in 50 Cavill Avenue and 19 Harris Street, in line with our strategy of acquiring assets with differentiated positions in their markets and creating value accretive opportunities for our Securityholders. These assets are already performing ahead of expectation, with positive leasing outcomes demonstrating our capability in capturing demand for high-quality, well positioned commercial office assets. As an active asset manager, we are confident in our ability to deliver strong distributions and grow value for ECF Securityholders."

Summary of Financial Results

A summary of the key financial results for the year ended 30 June 2022 is as follows:

Key Financial Results:	30 June 2022
FFO (\$'000)	30,120
FFO (cents per weighted average stapled security)	10.94
Distributions (cents per stapled security)	9.40
Total Assets (\$'000)	580,330
Net Assets (\$'000)	379,734
Net Tangible Assets (\$ per stapled security) ¹	1.20
Gearing (net debt / total assets less cash) (%)	30.8
Gearing (look-through) (%) ²	36.3

1. NTA per security is \$1.21 on the basis of the full amortisation of the Manager Contribution to equity

2. Adjusted for equity accounted investment of 19 Harris Street, Pyrmont NSW

Commenting on the result, ENN CEO, Glenn Willis, said: “ECF continues to perform strongly having exceeded its FY22 FFO Guidance. The Fund’s strong performance is a direct result of our disciplined, risk-first approach to investing in assets that deliver strong, sustainable income. With the Fund’s properties invested in favourably positioned markets, there are significant opportunities to further enhance value for Securityholders.”

Outlook and FY23 Guidance

ECF’s key strategic objective is to provide strong risk-adjusted returns by investing in commercial office properties that have clearly differentiated and sustainable competitive advantages and are located in established commercial precincts.

A range of strategic leasing and other targeted asset management initiatives are progressing well. These include further amenity upgrades, sustainability related enhancements to drive increased rents and significant lease renewals to increase the capital value of the Fund’s properties. The Fund is well positioned to grow Securityholder value.

ECF provides the following FY23 Earnings Guidance:

- **FY23 FFO Guidance of 11.0 cents per security**
- **FY23 Distribution Guidance of 9.4 cents per security**

Please refer to the FY22 Results Presentation and financial statements lodged with ASX today for further details of ECF’s FY22 results.

Investor Briefing

Elanor Commercial Property Fund (ECF) will be holding an Investor Briefing Conference Call on Wednesday 24 August 2022 at 2:00pm, to present and discuss the Fund’s FY22 results. The Conference details are:

Toll-Free Dial In: 1800 558 698 or +61 2 9007 3187

Conference ID: 100235071

Commencement: 2.00pm AEST

Pre-Registration: <https://s1.c-conf.com/diamondpass/100235071-lsm2gf8.html>

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

For further information regarding this announcement please contact:

Glenn Willis
Managing Director and CEO
Elanor Investors Group
Phone: (02) 9239 8400

About Elanor Commercial Property Fund

Elanor Commercial Property Fund (ASX: ECF) is an externally managed real estate investment trust that invests in Australian commercial office assets. It was listed on the ASX in 2019 and currently owns 9 office assets with a combined valuation of \$609 million.

www.elanorinvestors.com/ECF