

ASX Announcement

22 August 2023

**Delivers Strong FY23 Result
Achieved FY23 Earnings Guidance; Strong Leasing Success**

- FY23 FFO of \$34.9 million or 11.01 cents per security¹
- FY23 Distributions of 9.40 cents per security (equating to a payout ratio of 85%)
- NTA per security of \$1.00; Gearing at 35%; Interest rate hedging at 79%
- Significant leasing activity across the portfolio; increasing occupancy to 98.4%²

FY24 Distribution Guidance

- FY24 Distribution Guidance of 8.5 cents per security³

Elanor Commercial Property Fund (“ECF” or “Fund”) is pleased to announce its financial results for the year ended 30 June 2023 (“period”).

Highlights

- Funds from Operations (FFO) for the year of \$34.9 million or 11.01 cents per security
- Distributions of \$29.8 million or 9.4 cents per security (at a payout ratio of 85%)
- Property valuations decreased by 8.5% (\$51.6 million) from 30 June 2022, as a result of market conditions and softening capitalisation rates (FY23 WACR: 6.95%; FY22 WACR: 6.09%)
- Occupancy increased to 98.4% at 30 June 2023 from 95.6% at 30 June 2022
- Gearing of 35.1% as at 30 June 2023 (Target range of 30% to 40%)
- Weighted average debt term to maturity is 2.6 years; Interest rate hedging of 78.9%
- Entered agreements for the conditional sale of Nexus Centre and Limestone Street, with net sale proceeds to reduce gearing. Proforma gearing post asset sales of 26.2%

Successful Execution of Key Leasing Initiatives

- 38 leasing transactions were successfully completed over the period across 25,429m²
- Minimal rental income (6%) to be secured for FY24 (majority in 2H24)
- Key leasing achievements during the period include:
 - Renewal of the Department of Education and Employment lease over 10,870m² at Garema Court
 - 5-year renewal to Accor over 2,790m² at 50 Cavill Avenue
 - 5-year lease to West Moreton Health, a Queensland Government Health Provider, over 2,700m² at Limestone Street bringing commercial occupancy to 100%

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

² Weighted by area including heads of agreements

³ Assumes proposed asset sales complete in November 2023, with net proceeds applied to reduce gearing

Successful Execution of Key Leasing Initiatives (cont)

- New 6-year lease to McGrath Real Estate, ASX-listed residential real estate service provider, across 935m² at 19 Harris Street

David Burgess, Co-Head of Real Estate and ECF Fund Manager, said: “We have achieved strong leasing results for ECF over the period resulting in portfolio occupancy increasing to over 98%. As a result, the Fund has achieved its FY23 earnings guidance, generating strong FFO and distributions for the financial year. The strength of ECF’s result is due to our disciplined investment approach and the execution of strategic asset management initiatives across the portfolio.

Rising interest rates has resulted in ECF’s portfolio capitalisation rate increasing to 6.95%, thereby impacting the NTA of the Fund. Despite the reduction in the Fund’s NTA, ECF remains well positioned to deliver strong income returns to Securityholders.”

Summary of Financial Results

A summary of the key financial results for the year ended 30 June 2023 is as follows:

Key Financial Results:	30 June 2023
FFO (\$’000)	34,858
FFO (cents per weighted average stapled security)	11.01
Distributions (cents per stapled security)	9.40
Total Assets (\$’000)	524,757
Net Assets (\$’000)	317,799
Net Tangible Assets (\$ per stapled security) ¹	1.00
Gearing (net debt / total assets less cash) (%)	35.1
Gearing (look-through) (%) ²	40.7

1. NTA per security is \$1.00 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 deliver strong income returns in challenging commercial office market conditions. With the Fund’s properties favourably positioned in their respective markets, ECF is well positioned to maintain its high occupancy levels and drive rental growth.”

Outlook

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.

The Fund will continue to pursue opportunities to generate rental growth through the execution of leasing and other asset management initiatives across the portfolio. Furthermore, we continue to actively manage the capital structure of the Fund and evaluate opportunities to grow Securityholder value.

Please refer to the FY23 Results Presentation and financial statements lodged with ASX today for further details of ECF’s FY23 results.

Investor Briefing

Elanor Commercial Property Fund (ECF) will be holding an Investor Briefing Conference Call on Tuesday 22 August 2023 at 1pm (Sydney time), to present and discuss the Fund's FY23 results. The Conference details are:

Toll-Free Dial In: 1800 809 971 or +61 2 9007 3187

Conference ID: 10031956

Commencement: 1.00pm AEST

Pre-Registration: <https://s1.c-conf.com/diamondpass/10031956-jip4b7.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:

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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 \$558 million.

www.elanorinvestors.com/ECF