

Elanor 

COMMERCIAL
PROPERTY
FUND

ELANOR COMMERCIAL PROPERTY FUND

FY20 Results Presentation

20 August 2020

Contents

Section		Page No.
1	FY20 Results Overview	3
2	Portfolio Overview	7
3	Financial Results	16
4	Outlook	20
5	Appendices	22

Elanor 

COMMERCIAL
PROPERTY
FUND

FY20 Results Overview

Exceeded IPO Forecasts

Strong Performance



- ✓ FY20 FFO 9% above PDS forecast
- ✓ Conservative payout ratio (80% of FFO)
- ✓ Gearing at midpoint of target range (35% gearing)
- ✓ FY21 FFO Guidance \$24.5m (14.5% above PDS Forecast)

Enhanced Income Security



- ✓ Diversified portfolio with total assets increased to ~\$374m
- ✓ Increased exposure to Government tenants following acquisition of Garema Court, Canberra, ACT
- ✓ Maintained high Portfolio occupancy with minimal short / medium term expiries

Pro-active Management



- ✓ Renewal of Bunnings lease at Mount Gravatt – PDS forecast assumed vacancy from October 2020
- ✓ Capital management initiatives delivering results ahead of PDS forecast (all-in debt costs at 2.09% versus 3.00% in PDS) with 3 and 5 year debt tranches



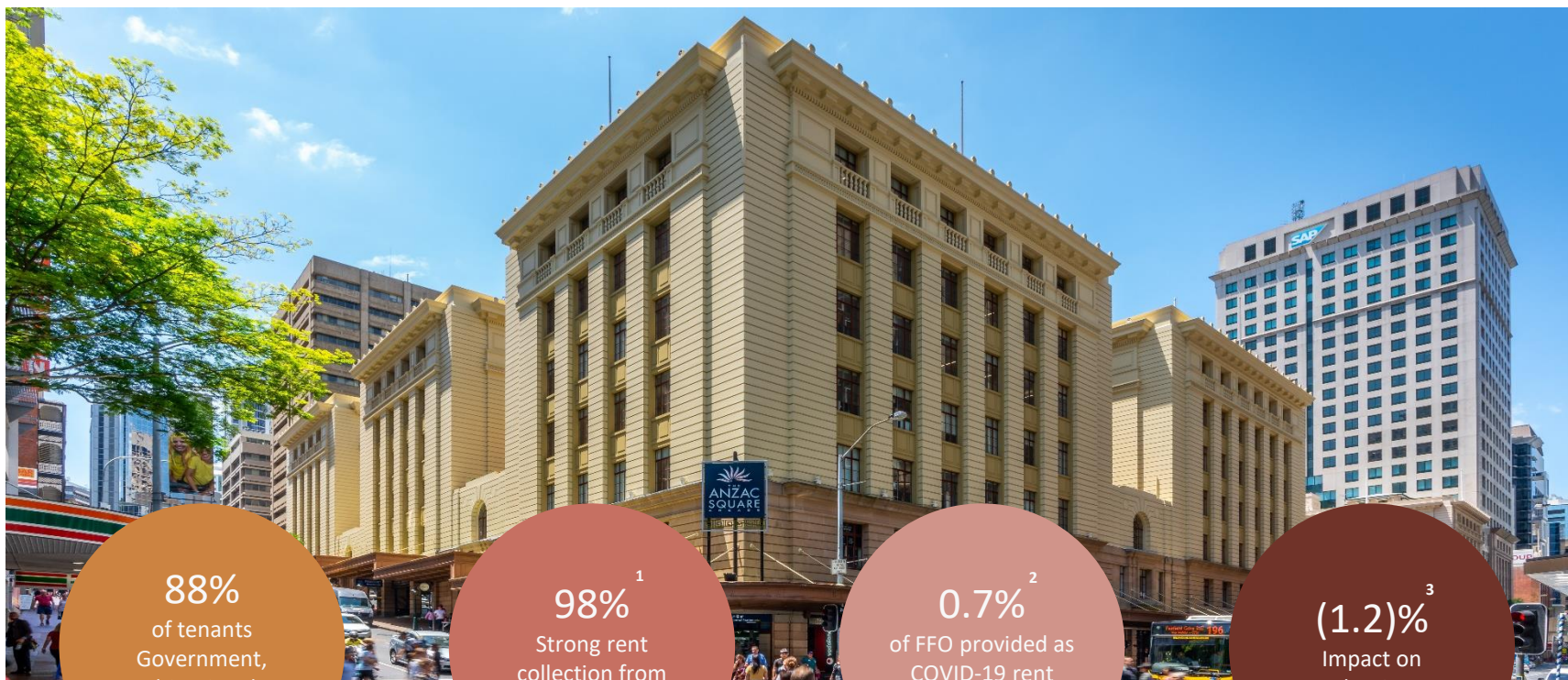
Garema Court, Canberra, ACT



Workzone West, Perth, WA

Resilience Through COVID-19

ECF has performed strongly throughout the COVID-19 period



88%
of tenants
Government,
Multinational or
ASX listed

**High Quality
Tenants**

98%¹
Strong rent
collection from
April to June

**Strong Rent
Collection**

0.7%²
of FFO provided as
COVID-19 rent
waivers

**Minimal Rent
Waivers**

(1.2)%³
Impact on
valuations

**Minimal Valuation
Impact**

1. As of 31 July 2020 98% of rent relating to April to June 2020 has been collected, with outstanding amounts either waived or subject to deferrals which have been agreed with tenants under the National Code of Conduct for Commercial Leases

2. Amount of rent waived as a % of FFO since 6 December 2019 IPO. Annualised impact on FFO 0.4%

3. Based on reduction in asset valuations from 31 December 2019 to 30 June 2020

FY20 Key Metrics and FY21 Outlook

Funds from Operation	6.57c 9% higher than PDS forecast
Distributions Per Security	5.25c Annualised 9.25% distribution yield ¹
NTA Per Security	\$1.16 \$1.17 as at December 2019
Weighted Avg Portfolio Cap Rate ²	6.9% Down 10 bps due to re-leasing
Portfolio WALE ³	4.3 years Minimal short term expiries
Gearing ⁴	35.4% Mid-point of target gearing range
FY21 FFO Outlook	\$24.5m or 12.0 cents per security

- \$13.4m Funds from Operation, 9% higher than PDS forecasts
- Actual rent waivers for COVID-19 of \$0.1m, only 0.7% of FFO. Further provision of \$0.4m (3.0% of FFO) at 30 June 2020
- Conservative Core Earnings payout ratio of 80%
- IPO forecast payout ratio of 86.9%
- 1.2% decline in valuations compared to 31 December 2019
- No change to value of Garema Court (acquired February 2020)
- Slightly lower capitalisation rate due to inclusion of Garema Court
- Stable capitalisation rates reflecting attractive yield premium
- Strong WALE with minimal expiries
- 7.9% expiring in FY21, 7.4% in FY22, 3.1% in FY23
- Average debt maturity of 3.7 years
- Weighted average cost of debt 2.09% p.a.
- PDS FY21 FFO forecast of \$21.4m plus approximately \$3.1m of incremental FFO from the acquisition of Garema Court, re-leasing Bunnings and re-finance of the debt facility

1. From 6 December 2019 IPO, based on \$1.00 security price as at 13 August 2020
 2. Weighted based of Valuations as at 30 June 2020
 3. WALE based on gross income
 4. Net debt / (total assets less cash)

Elanor 

COMMERCIAL
PROPERTY
FUND

Portfolio Overview

Resilient Portfolio

Strategically positioned assets

- Invested in recovering markets at attractive yields
- Assets competitively positioned in markets with lower levels of supply

Minimal short term lease expiries

- Long WALE of 4.3 years
- 7.9% expiring in FY21, 7.4% in FY22, 3.1% in FY23

Quality tenant base

- 88% of tenants Government, Multinational or ASX listed companies
- Exposure to industries less adversely affected by COVID-19 including Government, Infrastructure and IT

Minimal COVID-19 impact

- Only 0.7% of FFO impacted by COVID rent waivers
- 8 tenants provided with Code of Conduct rent waiver

Debt structure

- 3 and 5 year debt tranches with first expiry in 2023
- 35% geared, at midpoint of target gearing range



Portfolio Enhancements from the Acquisition of Garema Court (February 2020)

Garema Court Acquisition

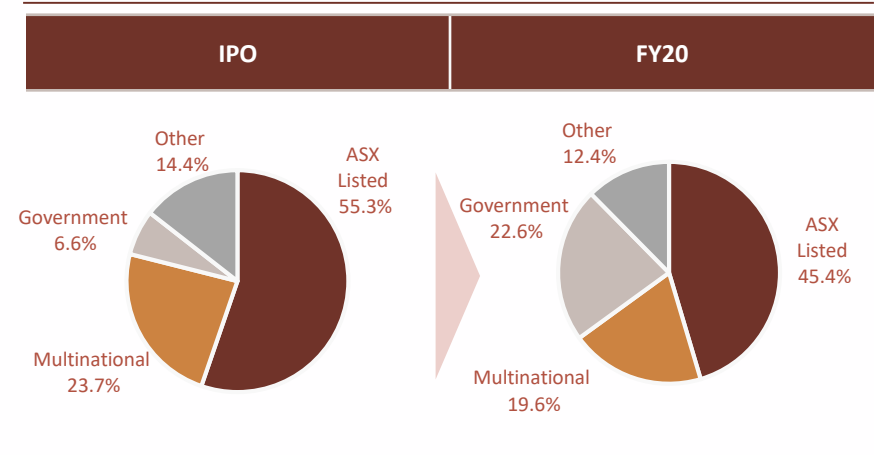
Asset Overview		
Interest	(%)	100%
Major Tenant	Commonwealth Govt (95% of asset) ¹	
Asset value	(\$m)	71.5
NLA	(sqm)	11,442
Cap rate	(%)	6.50%
Occupancy	(%)	100%
WALE	(years)	3.7

Portfolio Metrics

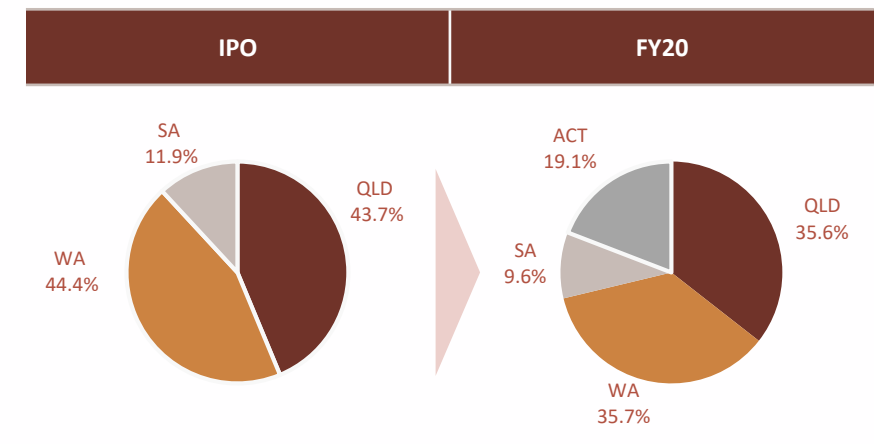
	IPO	FY20	Change	% change
Number of assets (#)	6	7	1	16.7%
Portfolio value (\$m)	306.4	373.5	67	21.9%
WACR (%)	7.0%	6.9%	(0.1%)	n.a.
NLA (sqm)	47,735	59,177	11,442	24.0%
Occupancy (%)	96.8%	96.6%	(0.2%)	n.a.
WALE (years)	4.9	4.3	(0.6)	(12.2%)

1. Based on NLA

Tenant Type (by income)



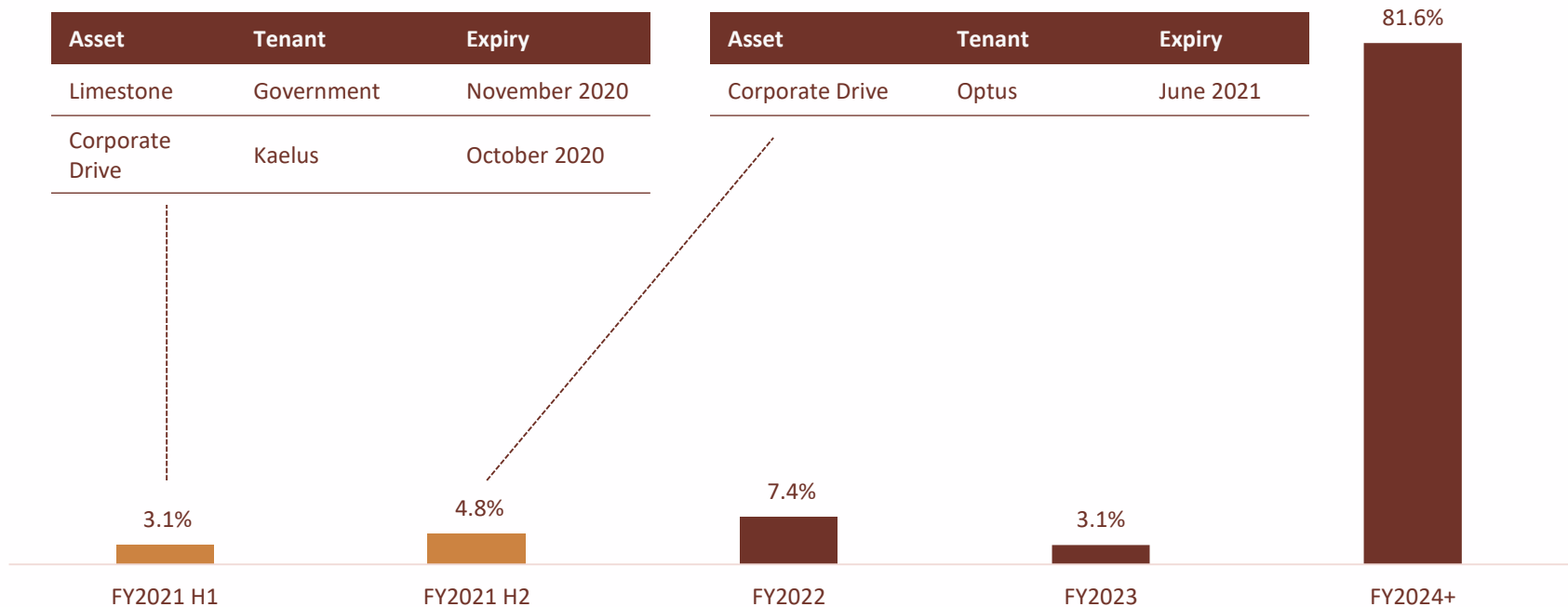
Geographic Split (by value)



Minimal Expiries Over Next 3 Years

4.3 year WALE with less than 8% of lease income expiring in each of the next three years

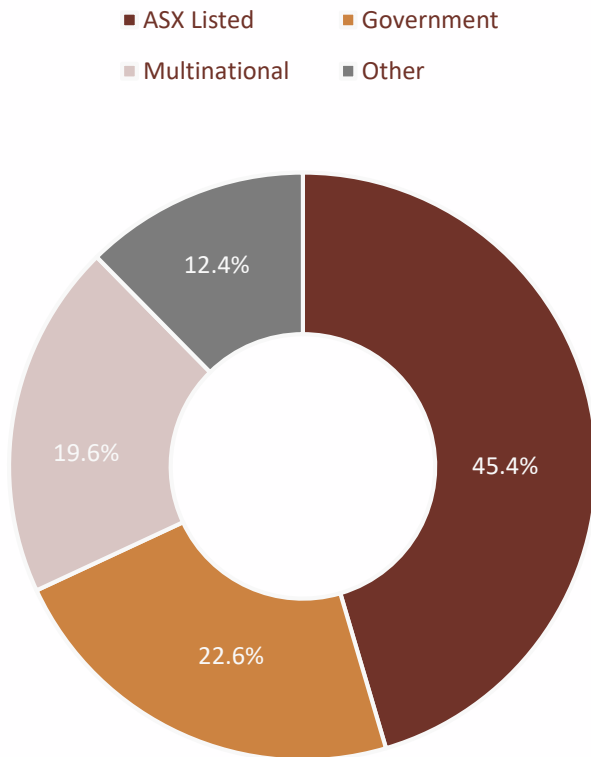
Portfolio Expiry Profile¹



1. By income

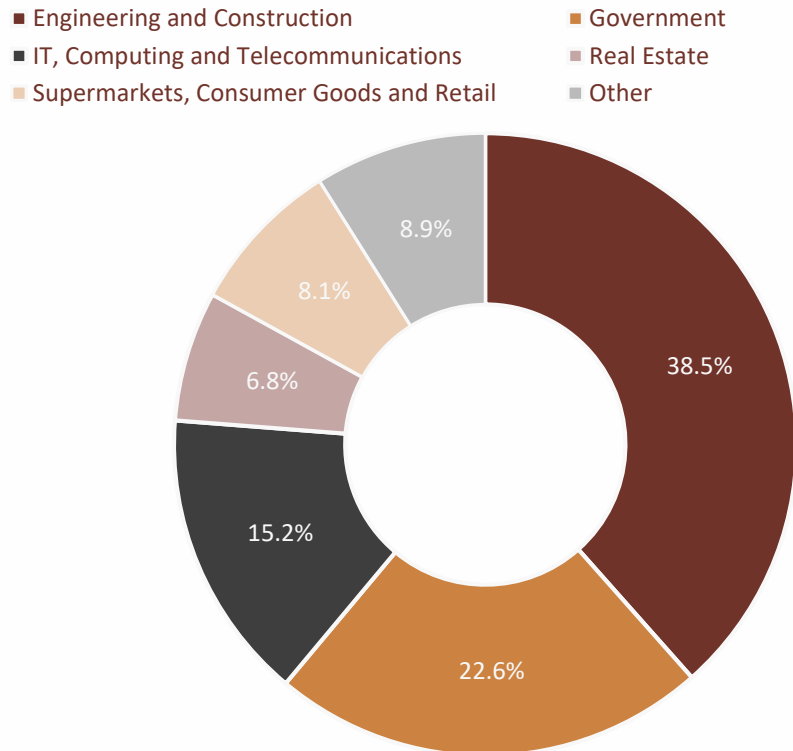
Exposure to Resilient Industry Sectors

Tenant Type (by income)












Approximately 88% of the portfolio is leased to Government, large Multinationals and ASX listed companies

Industry Type (by income)



Portfolio's tenants operate in industries less affected by COVID-19

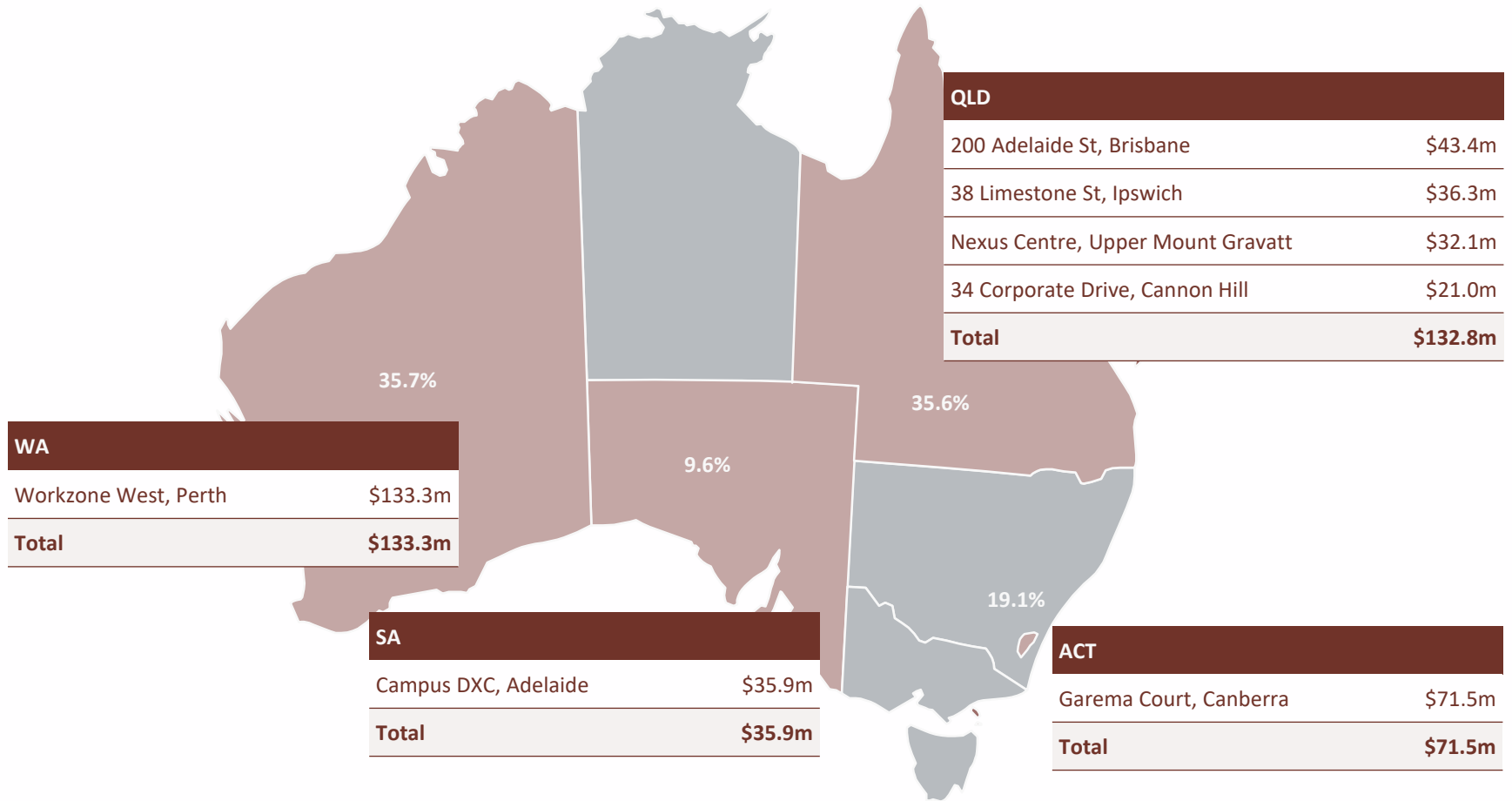
Long Leases to High Quality Tenants

Top Ten Tenants	% of Total Income	Expiry (FY)	2021	2022	2023	2024	2025+	
 CIMIC ¹	38.5%	2026	[Bar spanning 2021-2025+]					
Government Tenants	22.6%	Various	[Bar spanning 2021-2024]					
 DXC.technology	9.2%	2026	[Bar spanning 2021-2025+]					
 hub AUSTRALIA	6.1%	2029	[Bar spanning 2021-2025+]					
 OPTUS	3.5%	2021	[Bar for 2021]	[Blank]				
 Wesfarmers ²	2.9%	2025	[Bar spanning 2021-2025+]					
 coles	2.6%	2022	[Bar spanning 2021-2022]					
 CLEMINGER BBDO	1.9%	2025	[Bar spanning 2021-2025+]					
 Uniting	1.1%	2026	[Bar spanning 2021-2025+]					
 nab	0.9%	2026	[Bar spanning 2021-2025+]					
Total	89.2%							

1. Tenant is CPB Contractors, a wholly owned subsidiary of CIMIC Group
 2. Tenant is Bunnings, a wholly owned subsidiary of Wesfarmers Group

Strategically Located Portfolio

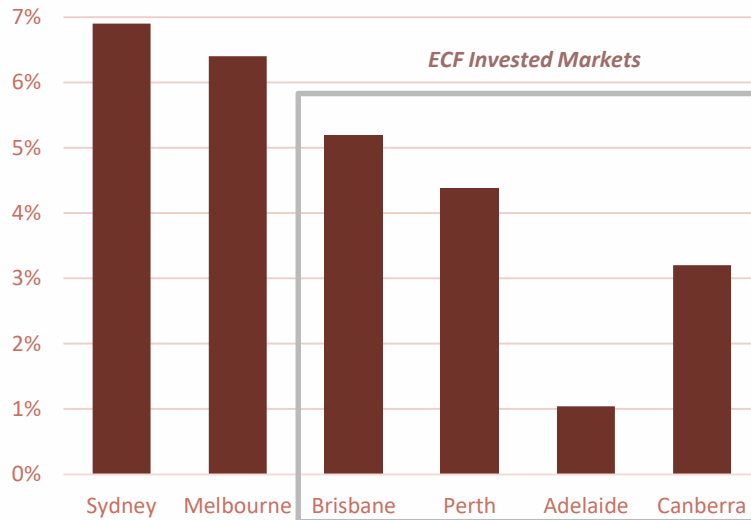
The ECF portfolio is well diversified with assets strategically located in recovering markets



Assets Located in Markets that Represent Value

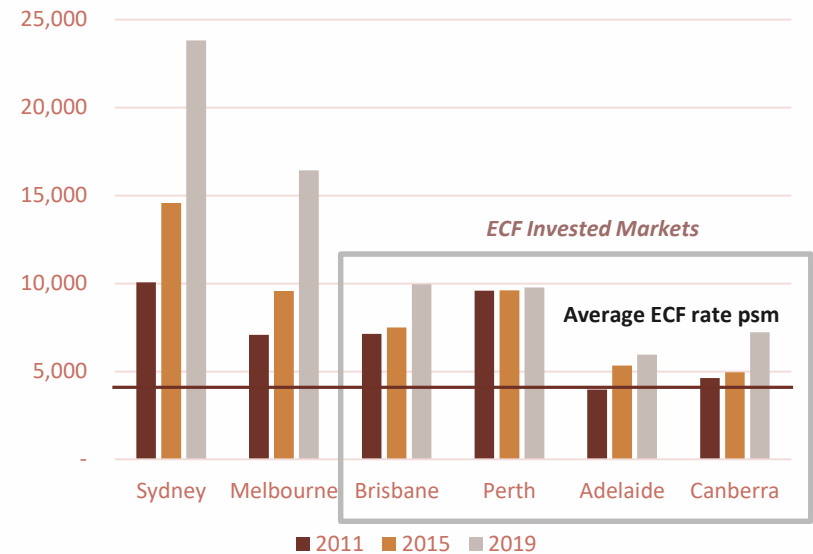
Portfolio weighted to markets that represent value

Supply % of Stock¹



ECF investments exposed to markets with lower levels of supply

Average Capital Value \$psm¹



ECF investments located in markets that have not experienced material capital growth

1. Source: JLL

Assets with Competitive Advantage

Assets provide value enhancement opportunities; assets have significant competitive attributes

Garema Court, Canberra



- **Opportunity:** Extending the asset's WALE resulting in cap rate compression

- **Competitive Advantage:** Prime Civic location with access to transport and amenity, building suitable for both public and private tenants

Campus DXC, Adelaide



- **Opportunity:** Expand facility for existing tenant and extend lease – result in additional NLA and cap rate compression

- **Competitive Advantage:** High Quality campus style building benefiting from location, surrounding amenity and large car park

Workzone West, Perth



- **Opportunity:** Convert sub-lease tenants to direct leases. Rental growth opportunities with market rents below economic rents and limited competition following withdrawal of comparable accommodation

- **Competitive Advantage:** High quality Prime Grade building in near city market with large floor plates, long WALE to strong covenant

Limestone Street, Ipswich



- **Opportunity:** Opportunity to develop surplus land into additional 2,000 sqm of NLA, opportunity to target Healthcare tenants and benefit from cap rate compression

- **Competitive Advantage:** High car parking ratio in prime location

200 Adelaide Street, Brisbane



- **Opportunity:** Lease vacant space at rents higher than valuation assumptions, cap rate compression post leasing of Level 2

- **Competitive Advantage:** High quality heritage office accommodation in prime location with easy access to Brisbane Central train station that will attract premium rent

Elanor 

COMMERCIAL
PROPERTY
FUND

Financial Results

Funds From Operations

Funds From Operations	FY20 \$'000
Statutory Net Loss	(2,301)
Adjustment to remove pre-IPO profit ¹	(8,906)
Transaction and establishment costs	8,834
Fair value adjustments on investment property	15,797
Straight lining of rental income	(963)
Amortisation expense	964
Funds From Operations since IPO	13,425

- Statutory net loss of \$2.3m for FY20 ended 30 June 2020
- Funds From Operations (FFO) of \$13.4m or 6.57 cents per security represents FFO from the listing of Elanor Commercial Property Fund on 6 December 2019 to 30 June 2020
- FY20 FFO includes rent waivers for COVID-19 of \$0.1m and a further provision of \$0.4m at 30 June 2020
- Distribution of 5.25 cents per security post IPO (representing 80% of FFO)

1. The statutory Net Loss includes the net profit made by the fund prior to its listing on the Australian Securities Exchange on 6 December 2019

Balance Sheet

Balance Sheet as at 30 June 2020	\$'000
Assets	
Cash	6,813
Receivables	970
Other assets	737
Investment properties	373,500
Total assets	382,020
Liabilities	
Payables	3,201
Rent received in advance	837
Interest bearing liabilities	139,572
Derivative financial instruments	1,990
Total liabilities	145,600
Net assets	236,420
Number of securities ('000)	204,400
NAV per security	\$1.16
NTA per security	\$1.16
Gearing (ND / TA less cash)	35.4%

- Net tangible asset value per security of \$1.16 at 30 June 2020
- Interest bearing debt less cash of \$132.8m at 30 June 2020
- Gearing ratio at midpoint of target range at 35.4%, providing strong liquidity position

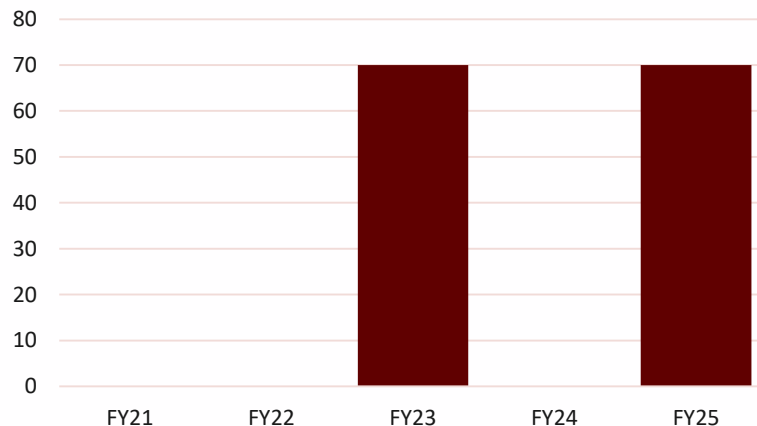
Debt and Capital Management

30 June 2020

Facility limit (\$m)	147.0
Drawn debt (net of cash) (\$m)	132.8
Gearing	35.4%
% debt hedged	100%
Weighted average cost of debt (p.a.)	2.09%
Average debt facility maturity (years)	3.7
Average swap / hedge maturity (years)	3.7

- Gearing of 35.4% (within ECF's target gearing range of 30% – 40%)
- Weighted average cost of debt is approximately 2.09% p.a.
- Weighted average term to maturity of the Fund's debt is 3.7 years
- Debt is 100% hedged
 - Target range for fixed interest rate exposure of between 70% and 100% of drawn debt
 - Average swap / hedge maturity is 3.7 years
- Key Covenants
 - Loan-to-value ratio (LVR)¹ ≤ 45%
 - Interest Cover Ratio (ICR)² ≥ 3.00x, assessed semi-annually

Drawn Debt Maturity Profile (\$m)



1. LVR is calculated as drawn debt divided by the value of the Portfolio
 2. ICR is calculated as net rental income from the properties in the Portfolio divided by interest expense

Elanor 

COMMERCIAL
PROPERTY
FUND

Outlook

FY21 FFO PDS Forecast of \$21.4 million (10.5 cents per security)
excludes approximately \$3.1 million (1.5 cents per security) as a result
of:

- Acquisition of Garema Court
- Re-leasing of Bunnings at Upper Mount Gravatt from October 2020
- Re-finance of debt facility at materially lower rates than forecast

FY21 Key Focus

Continue to improve the quality and security of Fund's income
Actively manage assets to improve occupancy and extend WALE

Elanor 

COMMERCIAL
PROPERTY
FUND

Appendix

Portfolio Highlights



7

High quality assets



\$373m

Portfolio value



96.6%¹

Occupancy



4.3yrs²

Portfolio WALE



98.7%

Fixed rental reviews



~88%

Income from blue chip
tenants



3.8%

Weighted average
rent review



6.9%³

Weighted average
cap rate

1. Excludes rental guarantee available at 200 Adelaide St, portfolio occupancy 98.75% when including rental guarantee
2. By income as at 30 June 2020
3. Weighted based on valuations as at 30 June 20

Portfolio Summary

Cap rates, occupancy, WALE remaining stable

Asset	State	State	June-20 Value (\$m)	Value / sqm (\$)	Cap Rate (%)	Occupancy (%)	WALE by income (yrs)
WorkZone West, Perth	External	WA	133.3	8,541	6.75%	99.5%	5.2
200 Adelaide St, Brisbane	External	QLD	43.4	7,277	6.75%	78.6% ¹	7.2
Limestone Centre, Ipswich	Internal	QLD	36.3	5,054	7.50%	93.6%	2.2
Campus DXC, Adelaide	Internal	SA	35.9	5,709	7.25%	100.0%	5.2
NEXUS Centre, Mt Gravatt	External	QLD	32.1	4,343	7.25%	97.2%	3.0
34 Corporate Drive, Cannon Hill	External	QLD	21.0	3,953	7.00%	100.0%	0.7
Garema Court, Canberra	Internal	ACT	71.5	6,249	6.50%	100%	3.7
Total			373.5	6,310	6.9%	96.6%	4.3

1. Excludes rental guarantee available at 200 Adelaide Street over the vacant space

Garema Court, Canberra, ACT

Overview

- Garema Court is a seven level, prominently located A Grade office building with 94% of the buildings income coming from AAA rated tenant Commonwealth of Australia.
- Garema Court is situated in the core of Canberra's CBD, benefiting from substantial amenity within walking distance and with quick access to public transport including bus interchange and light rail terminus.
- Constructed in 1996 the building has undergone periodic refurbishments in 2010, 2012 and 2019. These refurbishments have ensured the building is of a high standard and enabled the building to be highly environmentally efficient as seen by 5.5-star NABERS Energy rating (with Green Power).

Opportunities

- Extend WALE and enhance asset value by renewing Government Lease upon expiry in 2024

Key Metrics

Acquisition Price	A\$m	71.5 million
Valuation per sqm	A\$ / sqm	6,249
Cap-Rate	%	6.50%
Weighted average rent review	%	3.7%
WALE by income	yrs	3.7
NLA	sqm	11,442
Occupancy	%	100%

Asset Photo



Tenant Summaries

Major tenant	NLA (sqm)	% of total income	Lease expiry
Commonwealth of Australia	10,873	94 %	Aug-25

Workzone West, Perth, WA

Overview

- Workzone West is a seven-level, modern office building providing 15,602 sqm of NLA located on a large 5,688 sqm site
- The upper level is A-grade office accommodation, offering six large flexible floor plates averaging approximately 2,443 sqm
- Workzone West benefits from being fully-leased to CPB Contractors, a wholly owned subsidiary of ASX-listed CIMIC Group
- Workzone West is located within close proximity to the Perth Central Train Station, Perth's cultural centre that is undergoing a major redevelopment and the gentrifying entertainment precinct of Northbridge

Opportunities

- Enhancing value by implementing lease restructuring in the medium term

Key Metrics

Valuation	A\$m	133.3
Valuation per sqm	A\$/sqm	8,541
Cap-Rate	%	6.8%
Weighted average rent review	%	4.0%
WALE by income	yrs	5.2
NLA	sqm	15,602
Occupancy	%	99.5%

Asset Photo



Tenant Summaries

Major tenant	NLA (sqm)	% of total income	Lease expiry
CIMIC ¹	15,331	99.1%	Aug-25

1. Tenant is CPB Contractors, a wholly owned subsidiary of CIMIC Group

Overview

- 200 Adelaide St is a heritage office building located in the heart of Brisbane CBD providing 5,957 sqm of office accommodation
- The building has recently completed a significant capital works program including new lifts and refurbishing the lobby
- Offers highest quality office accommodation which will help attract premium rents
- The asset has direct under cover access to Brisbane Central train station

Opportunities

- Value creation by completing re-leasing on level 2

Key Metrics

Valuation	A\$m	43.4
Valuation per sqm	A\$/sqm	7,277
Cap-Rate	%	6.8%
Weighted average rent review	%	3.7%
WALE by income	yrs	7.2
NLA	sqm	5,957
Occupancy	%	78.6% ¹

1. Excluding rental guarantees

Asset Photo



Tenant Summaries

Major tenants	NLA (sqm)	% of total income	Lease expiry
HUB Australia	3,538	71.6%	Nov-28
Clemenger BBDO	1,045	22.4%	Apr-25

38 Limestone St, Ipswich, QLD

Overview

- Limestone Centre consists of dual-building business-park style office accommodation and ancillary retail in the Ipswich CBD, which is located ~31km from Brisbane CBD
- The building is located on an 8,064 sqm site, and comprises ~7,183 sqm of NLA across two buildings, including ~285 sqm of retail and 305 car bays
- Site includes 1,000 sqm parcel of vacant land (no value attributed to the land)
- Ipswich CBD has a strong tenant base of Government and health-industry tenants, who are strategically located to service the Ipswich corridor, including Ipswich hospital

Opportunities

- Opportunity to develop vacant land into additional 2,000 sqm of NLA. ECF will target pre-commitments from health services tenants prior to undertaking any development

Key Metrics

Valuation	A\$m	36.3
Valuation per sqm	A\$/sqm	5,054
Cap-Rate	%	7.5%
Weighted average rent review	%	3.0%
WALE by income	yrs	2.2
NLA	sqm	7,183
Occupancy	%	93.6%

Asset Photo



Tenant Summaries

Major tenants	NLA (sqm)	% of total income	Lease expiry
Government ¹	4,076	55.4%	Var
The Uniting Church	822	10.8%	Jul-25

1. Government owned entities

Campus DXC, Adelaide, SA

Overview

- Campus DXC is a two-level, modern, campus-style office building, which is solely leased to DXC Technology and benefits from a ~5.2yr WALE
 - First generation tenant that has made significant contribution to high quality fit out
- Campus DXC is situated on a 12,370 sqm site located 6km north-east of the Adelaide CBD, and comprises ~6,288 sqm of office space and 333 car bays
- Site includes 6,000 sqm of vacant land which is currently being used for overflow parking
- The location benefits from surrounding amenity including the nearby Marsden Shopping Centre which recently underwent a \$15m refurbishment

Opportunities

- Develop vacant land for existing tenant's expansion requirements

Key Metrics

Valuation	A\$m	35.9
Valuation per sqm	A\$ / sqm	5,709
Cap-Rate	%	7.3%
Weighted average rent review	%	3.5%
WALE by income	yrs	5.2
NLA	sqm	6,288
Occupancy	%	100.0%

Asset Photo



Tenant Summaries

Major tenant	NLA (sqm)	% of total income	Lease expiry
DXC Technology	6,288	100.0%	Aug-25

Nexus Centre, Upper Mount Gravatt, Brisbane, QLD

Overview

- Nexus Corporate Centre is a four-level freestanding office building located within the Upper Mount Gravatt commercial district, which is located ~14km from the Brisbane CBD and is characterised by Government and large corporate tenants
- The building is located on a 6,455 sqm site and comprises 7,392 sqm of NLA across four floors with functional 2,005 sqm floorplates and 215 car bays
- The asset was constructed in 1990, and recently underwent cosmetic and mechanical refurbishment
- Main tenants include Coles (state office), Bunnings and NAB

Opportunities

- Enhance capital value by renewing existing tenants and extending WALE

Key Metrics

Valuation	A\$m	32.1
Valuation per sqm	A\$/sqm	4,343
Cap-Rate	%	7.25%
Weighted average rent review	%	3.4%
WALE by income	yrs	3.0
NLA	sqm	7,392
Occupancy	%	97.2%

Asset Photo



Tenant Summaries

Major tenants	NLA (sqm)	% of total income	Lease expiry
Bunnings Group	2,005	28.8%	Oct-24
Coles Supermarkets	2,005	27.6%	Dec-21
National Australia Bank	705	9.6%	Dec-25

Overview

- Corporate Drive is a high-quality office and warehouse asset located in the well-regarded Southgate Corporate Park, which is located 6km from the Brisbane CBD and neighbours other large corporate users
- The asset is situated on a 12,930 sqm site and has ~5,313 sqm of NLA split between Optus and Kaelus who are both multinational tenants offering strong covenants

Opportunities

- Enhance capital value by renewing existing tenants and extending WALE

Key Metrics

Valuation	A\$m	21.0
Valuation per sqm	A\$/sqm	3,953
Cap-Rate	%	7.0%
WALE by income	yrs	0.7
NLA	sqm	5,313
Occupancy	%	100.0%

Asset Photo



Tenant Summaries

Major tenants	NLA (sqm)	% of total income	Lease expiry
Optus	2,574	57.9%	Jun-21
Kaelus	2,739	42.1%	Oct-20

Disclaimer



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

This presentation has been prepared by Elanor Funds Management Limited as Responsible Entity for Elanor Commercial Property Fund I and the controlled entity, Elanor Commercial Property Fund II (collectively “Elanor Commercial Property Fund” or “Group”).

This presentation contains selected summary information relating to the consolidated financial report for Elanor Commercial Property Fund for the period ended 30 June 2020 (“Group’s Results”) and does not purport to be all-inclusive or to contain all of the information that may be relevant to any particular investor or which a prospective investor may require in evaluations for a possible investment in the Group. It should be read in conjunction with the Group’s continuous disclosure announcements lodged with the Australian Securities Exchange including the Group’s Results, which are available at www.asx.com.au. The recipient acknowledges that circumstances may change and that this presentation may become outdated as a result. This presentation and the information in it are subject to change without notice and the Group is not obliged to update this presentation.

This presentation is provided for general information purposes only. It is not a product disclosure statement, prospectus or any other disclosure document for the purposes of the Corporations Act and has not been, and is not required to be, lodged with the Australian Securities & Investments Commission. It should not be relied upon by the recipient in considering the merits of the Group or the acquisition of securities in the Group. Nothing in this presentation constitutes investment, legal, tax, accounting or other advice and it is not to be relied upon in substitution for the recipient’s own exercise of independent judgment with regard to the operations, financial condition and prospects of the Group. The information contained in this presentation does not constitute financial product advice. Before making an investment decision, the recipient should consider its own financial situation, objectives and needs, and conduct its own independent investigation and assessment of the contents of this presentation, including obtaining investment, legal, tax, accounting and such other advice as it considers necessary or appropriate. This presentation has been prepared without taking account of any person’s individual investment objectives, financial situation or particular needs. It is not an invitation or offer to buy or sell, or a solicitation to invest in or refrain from investing in, securities in the Group or any other investment product.

The information in this presentation has been obtained from and based on sources believed by the Group to be reliable. To the maximum extent permitted by law, the Group and its other affiliates and their respective directors, officers, employees, consultants and agents make no representation or warranty, express or implied, as to the accuracy, completeness, timeliness or reliability of the contents of this presentation. To the maximum extent permitted by law, no member of the Group accepts any liability (including, without limitation, any liability arising from fault or negligence on the part of any of them) for any loss whatsoever arising from the use of this presentation or its contents or otherwise arising in connection with it.

All dollar values are in Australian dollars (\$A or AUD) unless stated otherwise.

This presentation may contain forward-looking statements, guidance, forecasts, estimates, prospects, projections or statements in relation to future matters (“Forward Statements”). Forward Statements can generally be identified by the use of forward looking words such as “anticipate”, “estimates”, “will”, “should”, “could”, “may”, “expects”, “plans”, “forecast”, “target” or similar expressions in this presentation. Forward Statements including indications, guidance or outlook on future revenues, distributions or financial position and performance or return or growth in underlying investments are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No independent third party has reviewed the reasonableness of any such statements or assumptions. No member of the Group represents or warrants that such Forward Statements will be achieved or will prove to be correct or gives any warranty, express or implied, as to the accuracy, completeness, likelihood of achievement or reasonableness of any Forward Statement contained in this presentation. Except as required by law or regulation, the Group assumes no obligation to release updates or revisions to Forward Statements to reflect any changes.