

Preliminary FY21 Results, Strategic Acquisition, Equity Raising and FY22 Earnings Guidance

- Strong FY21 result - FFO 12.54 cents per security and Distributions of 10.03 cents per security (preliminary and unaudited figures)
- Portfolio valuation uplift of \$5.9 million to \$384.5 million, with weighted average capitalisation rate of 6.6% (preliminary and unaudited figures at 30 June 2021)
- Proposed acquisition of 50 Cavill Avenue, Surfers Paradise (**Cavill Avenue**) for total consideration of \$113.5 million (excluding transaction costs) (**the Acquisition**)
- Launch of a fully underwritten \$84.7 million equity raising to partially fund the Acquisition¹
- FY22 guidance of:
 - FY22 FFO per security of 10.8 cps (FY22 FFO yield of 9.8% on equity raising issue price)
 - FY22 DPS of 9.4 cps (FY22 DPS yield of 8.5% on equity raising issue price)

Elanor Funds Management Limited (**EFML**) as responsible entity for Elanor Commercial Property Fund I and Elanor Commercial Property Fund II, collectively the Elanor Commercial Property Fund, (**ECF**) is pleased to announce:

FY21 Results

A strong FY21 result, with preliminary and unaudited figures at 30 June 2021 including:

- FFO per security of 12.54 cents (20% higher than PDS forecast)
- Distributions per security of 10.03 cents (conservative payout ratio of 80%)
- Portfolio value of \$384.5 million resulting in NTA per security of \$1.22 (\$1.16 at June 2020)
- Gearing of 35%² (mid-point of ECF's target range)

Strategic Acquisition

EFML has entered into an agreement to acquire Cavill Avenue for a purchase price of \$113.5 million (excluding transaction costs). The Cavill Avenue acquisition represents a passing yield of 7.0% and a capitalisation rate of 6.8%. Settlement of the Acquisition is expected to occur on Tuesday, 31 August 2021.

Asset	Asset value (\$m)	NLA (sqm)	Passing yield	Cap rate	WALE (by income)
50 Cavill Avenue, Surfers Paradise, QLD	113.5	16,648	7.0%	6.8%	3.1

¹ Subject to the terms and conditions of an underwriting agreement which is summarised in the Key Risks section of the Investor Presentation

² Calculated as net debt divided by total assets less cash

ECF Fund Manager, David Burgess commented: “50 Cavill Avenue is the pre-eminent commercial building on the Gold Coast, a region that is very well positioned for further strong economic growth. This investment typifies ECF’s strategy of acquiring assets that have strong competitive advantages in their respective markets. 50 Cavill Avenue is a high investment quality acquisition for the Fund, acquired at a capitalisation rate of 6.8% and significantly below replacement cost.”

ENN CEO, Glenn Willis commented: “The performance of ECF during FY21 has been exceptionally strong in challenging market conditions. The acquisition of 50 Cavill Avenue further enhances the Fund’s portfolio of high investment quality commercial office properties invested in favourably positioned markets. Furthermore, this asset, in addition to ECF’s other properties, presents significant opportunities to enhance value for securityholders.”

Equity Raising Details

To partially fund the Acquisition, ECF is undertaking a fully underwritten \$84.7 million equity raising at an issue price of \$1.10 per security (**Equity Raising**), comprising:

- A 1 for 5 Accelerated Non-Renounceable Entitlement Offer to raise \$45.0 million; and
- An Institutional Placement to raise \$39.7 million.

The issue price of \$1.10 per security represents a:

- 4.8% discount to the last traded price of \$1.155 on Friday, 30th July 2021
- 3.5% discount to TERP³ of \$1.14

The Equity Raising will result in the issue of approximately 77 million new ECF securities, increasing ECF’s market capitalisation by 36% to approximately \$321 million⁴ post Equity Raising.

New securities issued under the Equity Raising will rank equally with existing ECF securities from the date of issue and will be entitled to the September 2021 quarterly distribution.

Debt Funding Details

ECF has agreed terms in respect of a new \$39.7 million debt facility to partially fund the Acquisition (**New Debt Facility**). The New Debt Facility has a 5-year term and forecast all-in cost of 2.3% p.a. on a fully hedged basis.

Underwriting

The Equity Raising is fully underwritten by the Joint Lead Managers MA Moelis Australia Advisory Pty Ltd, Ord Minnett Limited and Shaw and Partners Limited.

ENN Commitment

Elanor Investors Group (ASX:ENN), ECF’s largest securityholder, has committed to sub-underwrite up to \$10 million of the retail component of the Entitlement Offer and will hold between 11% and 14% co-investment stake post Equity Raise depending on the take up of the Entitlement Offer⁵, thereby providing strong alignment with investors.

³ Theoretical ex-rights price (“TERP”) includes securities issued under the Placement, Institutional Entitlement and Early Retail Offer and the Retail Entitlement Offer. TERP is calculated by reference to the closing price of ECF’s securities as traded on ASX of \$1.155 on 30th July 2021, being the last trading day prior to the announcement of the Entitlement Offer

⁴ Based on 281 million securities at TERP of \$1.14 per security. TERP is a theoretical calculation only and the actual price at which ECF securities trade immediately following the ex-date for the Entitlement Offer may be different from TERP

⁵ Elanor will not receive any fees under the sub underwriting arrangement. The sub underwriting arrangement will be terminated in the same circumstances as the underwriting agreement

FY22 Guidance

ECF is pleased to provide the following guidance for FY22 including the impact of the Acquisition, Equity Raising and New Debt Facility (together, **Transaction**), subject to current market conditions and no unforeseen events:

- FY22 FFO per security of 10.8 cps (FY22 FFO yield of 9.8% on issue price)
- FY22 DPS of 9.4 cps (FY22 DPS yield of 8.5% on issue price)

Pro-forma NTA is expected to be \$1.15 with pro-forma gearing of 35% post Transaction.

Key Dates

Event	Date
Trading halt and announcement of the Acquisition and Equity Raising, institutional placement and institutional entitlement offer opens	Monday, 2 August 2021
Institutional placement and institutional entitlement offer closes	Monday, 2 August 2021
Announce results of institutional entitlement offer and placement	Tuesday, 3 August 2021
Trading re-commences on an ex-entitlement basis	Tuesday, 3 August 2021
Record date for entitlement offer at 7:00pm (Sydney time)	Wednesday, 4 August 2021
Retail entitlement offer opens at 9:00am (Sydney time)	Monday, 9 August 2021
Early retail acceptances due by 5:00pm (Sydney time)	Thursday, 12 August 2021
Settlement of the institutional placement, institutional entitlement offer and early retail entitlement offer	Friday, 13 August 2021
Allotment and ASX quotation of securities issued under institutional placement, institutional and early retail entitlement offer	Monday, 16 August 2021
Retail entitlement offer closes at 5:00pm (Sydney time)	Friday, 20 August 2021
Announce results of retail entitlement offer	Tuesday, 24 August 2021
Settlement of the retail entitlement offer	Thursday, 26 August 2021
Allotment and of new securities under the retail entitlement offer	Friday, 27 August 2021
ASX quotation and normal trading under retail entitlement offer	Monday, 30 August 2021
Despatch of holding statements	Monday, 30 August 2021
Settlement of the Acquisition	Tuesday, 31 August 2021

All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Sydney time.

Additional Information

Additional information about the Transaction, including key risks, is contained in the ECF investor presentation released to the ASX today.

Investor Briefing Teleconference

ECF will hold an Investor Briefing on the Transaction on 2 August 2021, as follows:

Dial In: 1800 123 296 (or +61 2 8038 5221)
Conference ID: 5813077
Commencement: 10.30am Sydney Time

ENDS

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 Chief Executive Officer
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 7 office assets with a combined valuation of \$384.5 million.

www.elanorinvestors.com/ECF