

Elanor Retail Property Fund

FY22 Results Presentation

coles

coles



- 1 FY22 Highlights
- 2 Privatisation and Delisting
- 3 Portfolio Overview
- 4 Appendix 1: FY22 Financial Results
- 5 Appendix 2: Portfolio Summary

ACKNOWLEDGEMENT OF COUNTRY

Elanor is proud to work with the communities in which we operate, to manage and improve properties on land across Australia and New Zealand.

We pay our respects to the traditional owners, their elders past, present and emerging and value their care and custodianship of these lands.





FY22 Highlights

FY22 results highlights



Funds From Operations (FFO)

\$9.0m

7.0c per security including \$0.6 million COVID provision (0.5c per security)

Distributions per security

6.66c

95% payout ratio

2HY22 rent collections

97%

100% of tenants trading¹

NTA per security

\$1.19

Portfolio Weighted Average Cap Rate²

7.05%

Tightened 0.3% from June 2021
Portfolio weighted average cap rates:

- Sub-Regional 7.1%
- Neighbourhood 7.0%

Gearing³

18.2%

Gearing substantially below target range of 30% to 40%

1. Calculated as percentage of leased NLA open and trading 30 June 2022
2. Excluding Tweed Mall which is classified as held for sale
3. Debt less cash / total assets less cash



Privatisation and Delisting

ERF securityholders approve privatisation and delisting

On 19 August 2022

99.8%

of ERF securityholders voted in favour of the **privatisation of ERF**. Settlement and delisting of ERF will occur in early November 2022.

The transaction includes the following interrelated steps:

Tweed Mall to be sold for \$87 million (independent market value); \$0.36 per security distributed as special distribution to ERF securityholders

An off-market security buy-back to acquire up to 100% of ERF securities at a price of \$0.79 per security

ERF to be delisted and become EPIF, an open-ended, unlisted, multi sector income real estate fund

The privatisation:

Follows an extensive strategic review to optimise value for ERF securityholders to reflect the value of the Fund's underlying assets

Represents an attractive premium to ERF's historical trading price

Provides ERF securityholders the flexibility to either retain some or all of their investment in an unlisted, open-ended, multi-sector, real estate fund, Elanor Property Income Fund ("EPIF")

Total value for ERF securityholders (per security)

Securityholders who remain invested in EPIF

\$1.24¹

\$0.36 special distribution and \$0.88² expected NTA of EPIF on privatisation of ERF

Securityholders that participate in the buy-back

\$1.15³

\$0.36 special distribution and \$0.79 buy-back;



1. Reflects a 16.7% premium to the trading price of ERF securities immediately prior to the announcement of the proposed privatisation of ERF on 24 June 2024

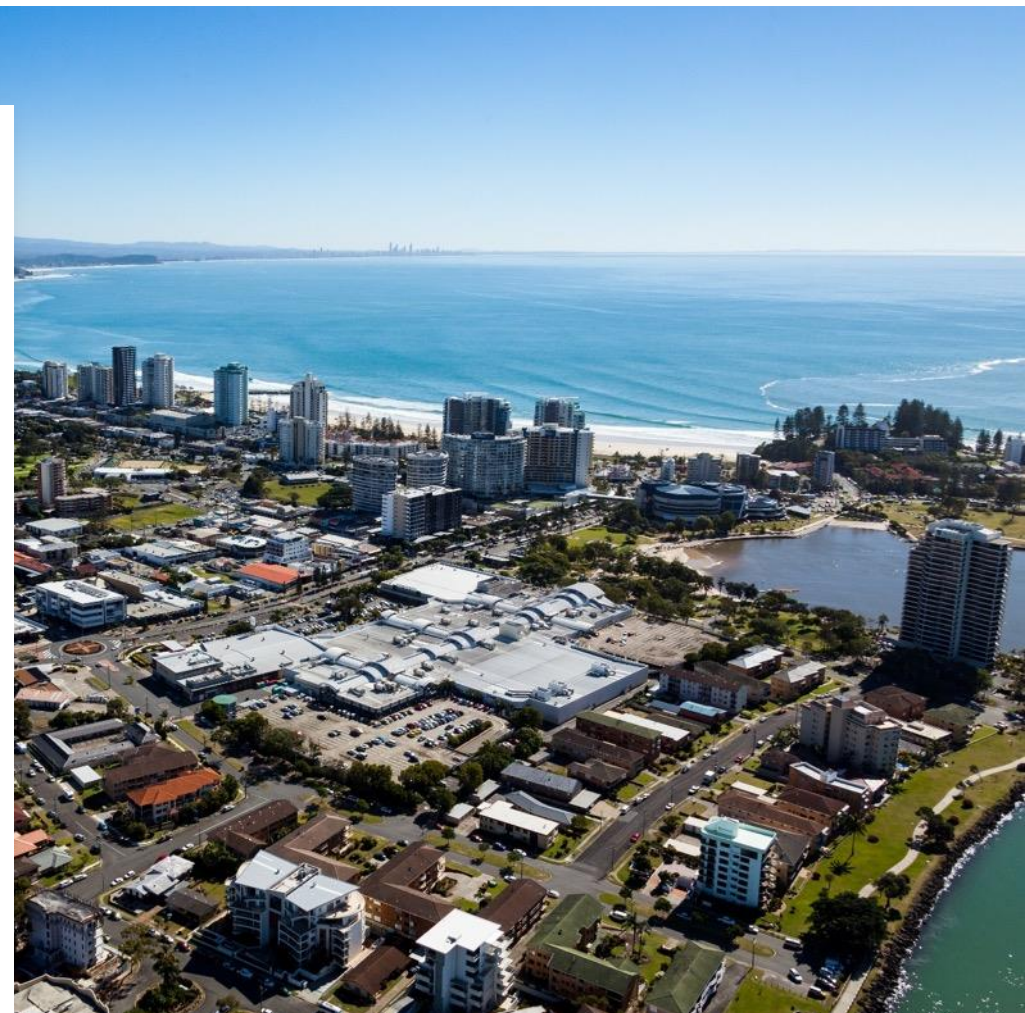
2. The expected NTA per security is based on a target gearing of 40% at delisting. To achieve this gearing level a minimum participation of \$43.8 million in the buy-back facility is required, representing 65.5% of eligible participants (including ENN)

3. Reflects a 7.9% premium to the trading price of ERF securities immediately prior to the announcement of the proposed privatisation of ERF on 24 June 2024

ERF revised delisting timetable¹



Buy-Back Record Date	Friday, 26 August 2022
Tweed Mall Special Distribution Record Date	Monday, 10 October 2022
Buy-Back Closing Date	Friday, 21 October 2022
Tweed Mall Special Distribution Settlement Date	Monday, 24 October 2022
Settlement Date of Buy-Back	Monday, 31 October 2022
ERF Delisting Date ²	Friday, 4 November 2022



1. Timetable subject to change at the discretion of the Responsible Entity
2. Subject to final delisting approval by ASX

Benefit from retaining an investment in EPIF

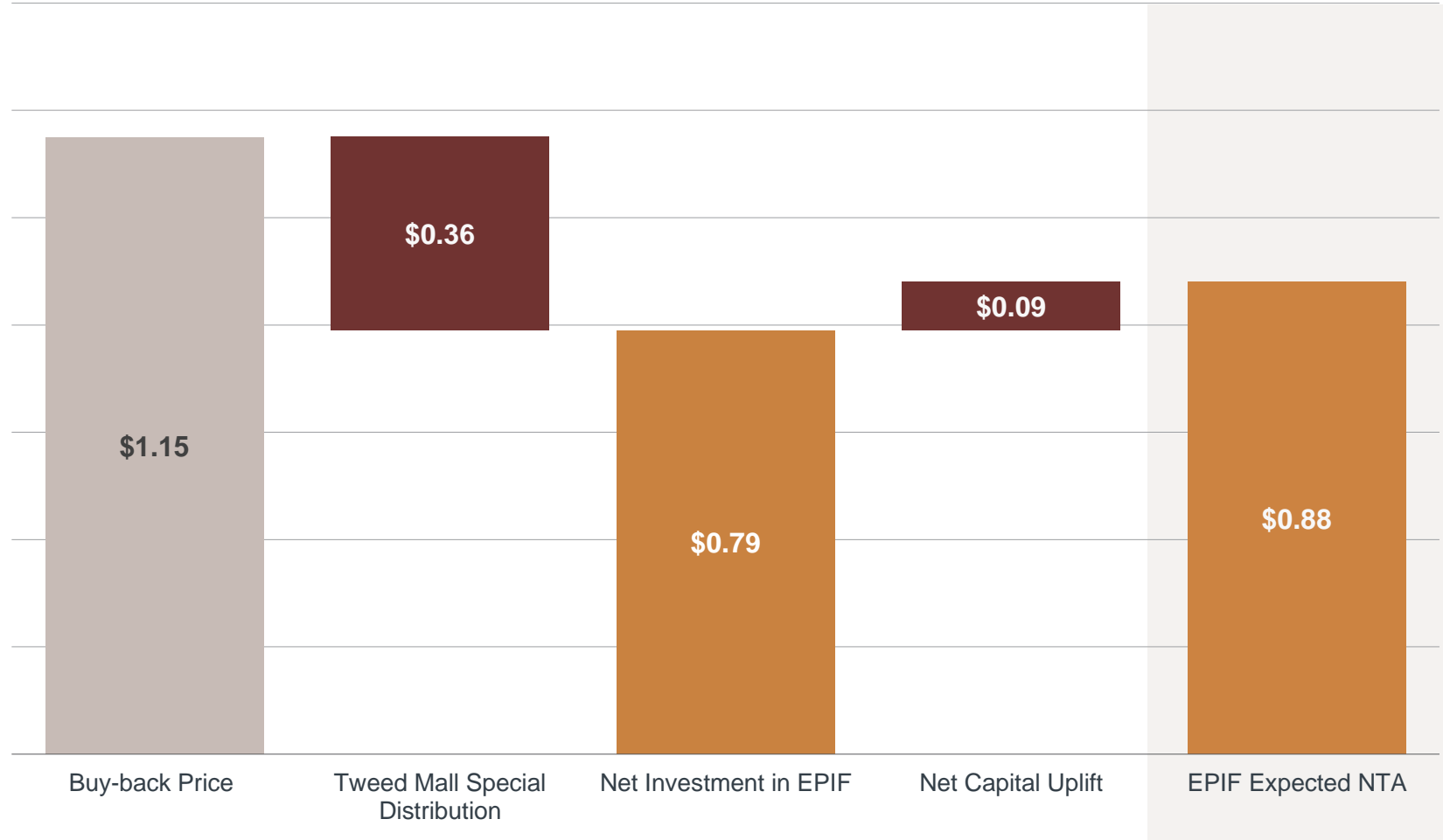
EPIF's target yield of 5.5% to 6.0%



ERF securityholders who retain their investment in EPIF will benefit from:

An uplift in the capital value of their investment to reflect EPIF's expected NTA per security

A higher distribution yield than EPIF's target yield due to the net investment in EPIF being lower than EPIF's expected NTA per security



Elanor Property Income Fund

An open-ended, multi-sector property fund generating reliable income from real estate assets that have strong, defensive attributes and differentiated competitive advantages

Investment strategy

EPIF, a multi-sector real estate fund, investing in assets with predictable, reliable, recurring income



Reliable Income

Reliable monthly income distributions from an initial portfolio of high investment quality real estate



Underlying Real Estate Value

Intrinsic real estate value underpinned by location fundamentals and differentiated competitive advantages



Multi-sector

Direct and indirect real estate investment for portfolio diversification across sector, location and tenancy mix



Quarterly Liquidity

20% p.a. of NAV
(5% per quarter)
Full liquidity every 5 years



Portfolio Overview

Portfolio demonstrating strong and resilient income

Strong rent collections and sales growth for Majors

97% of 2HY22 rent collected¹

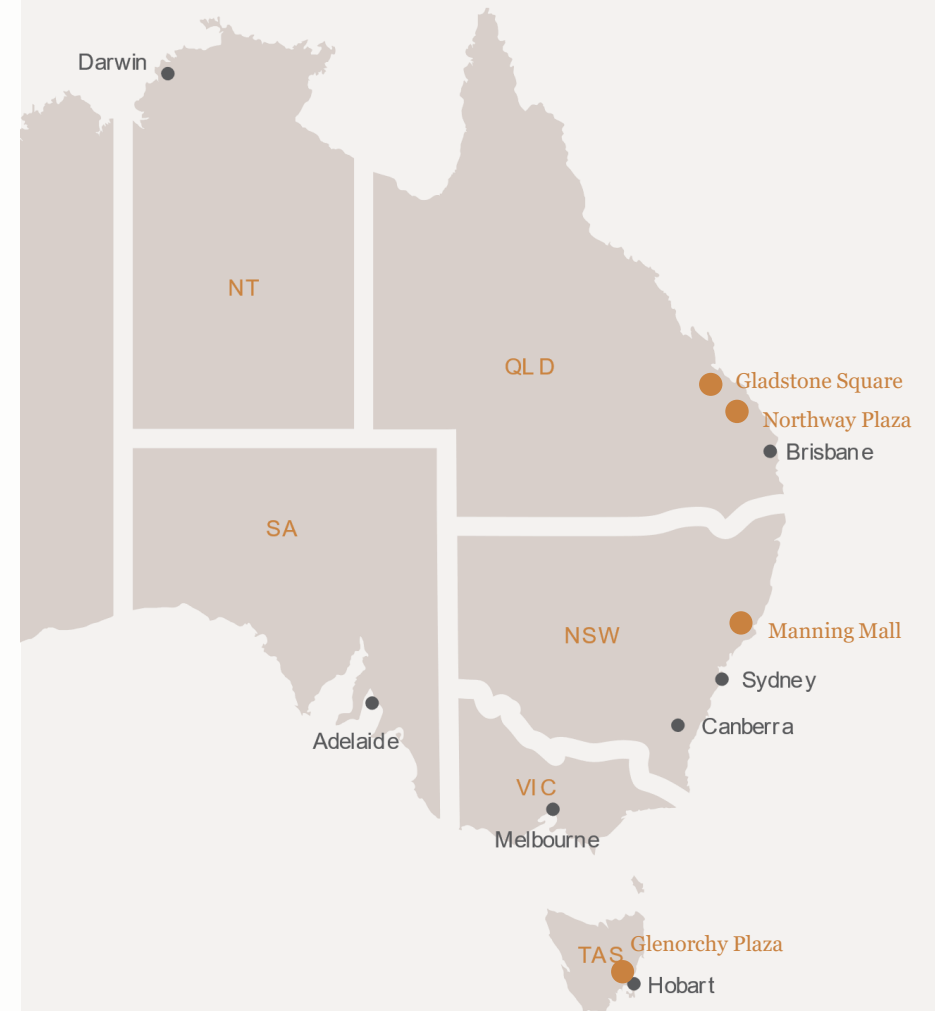
Property	State	Leased Trading Occupancy ²	Occupancy (NLA) ³	Actual 2HY22 Collections
Manning Mall	NSW	96%	100%	93%
Gladstone Square	QLD	81%	100%	97%
Glenorchy Plaza	TAS	100%	100%	100%
Northway Plaza	QLD	98%	100%	100%
Total		94%	100%	97%

1. Excluding Tweed Mall which is classified as held for sale
2. By lettable area, including signed heads of agreement
3. Calculated as percentage of leased NLA open and trading 30 June 2022

21% sales growth for 'Majors' since Dec-19

Major Sales (MAT) ¹	Pre-COVID Jun-22 vs. Dec-19	Last 12 Months Jun-22 vs. Jun-21
Supermarkets	16.6%	2.8%
DDS	38.1%	1.1%
Total Majors	20.6%	2.5%

1. Excluding Tweed Mall which is classified as held for sale

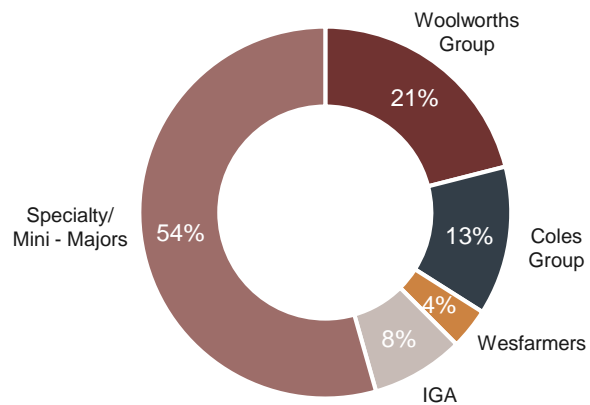


Secure income shopping centres with value upside

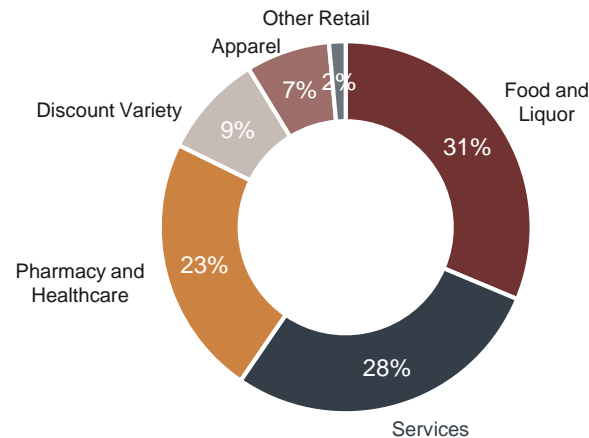
Supermarket, everyday goods and essential services retail portfolio

Property Name	Centre Type	State	Value (\$m)	Cap Rate	Lettable Area (sqm)	Gross Rent (\$m)	Occupancy ¹	WALE (by Area)	WALE (by Gross Rent)	No. of Tenants ²
Manning Mall	Sub-Regional	NSW	36.7	7.00%	10,742	4.1	95.8%	2.0yrs	2.6yrs	32
Gladstone Square	Neighbourhood	QLD	30.5	7.00%	6,842	2.5	81.4%	7.7yrs	7.6yrs	17
Glenorchy Plaza	Sub-Regional	TAS	19.8	7.25%	8,726	2.0	100.0%	2.9yrs	2.8yrs	15
Northway Plaza	Neighbourhood	QLD	19.2	7.00%	4,046	1.7	98.1%	4.5yrs	4.8yrs	11
Total			106.2	7.05%	30,356	10.3	94.1%	3.9yrs	4.2yrs	75

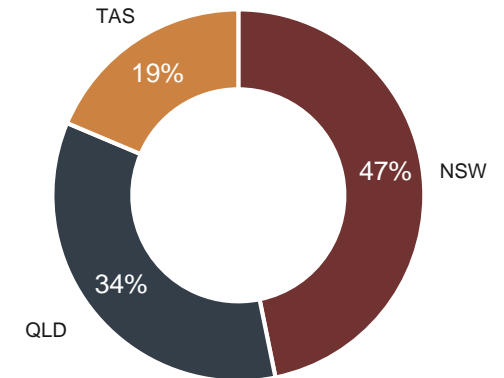
Key Tenants (Gross Rent)



Specialty/Mini-Major Tenants (Gross Rent)



Geographic Diversification (Asset Value)



1. By lettable area, including signed heads of agreement

2. Includes majors, mini-majors, discount department stores, specialties and other (kiosks, ATMs, carwashes, offices, roof top leases to telecommunication providers)

3. IGA

Portfolio valuation movements

Weighted average capitalisation rate of 7.05%



Portfolio valuation reflects a weighed average capitalisation rate of

7.05%

0.34% tightening since June 2021

Property	Centre Type	Valuation	Jun-22 Value (\$m)	Jun-21 Value (\$m)	Change (\$m)
Manning Mall	Sub-Regional	Independent	36.7	36.1	0.6
Gladstone Square	Neighbourhood	Internal	30.5	30.0	0.5
Glenorchy Plaza	Sub-Regional	Internal	19.8	18.9	0.9
Northway Plaza	Neighbourhood	Internal	19.2	17.0	2.2
Investment Property Carrying Value			106.2	102.0	4.2

Portfolio WALE¹

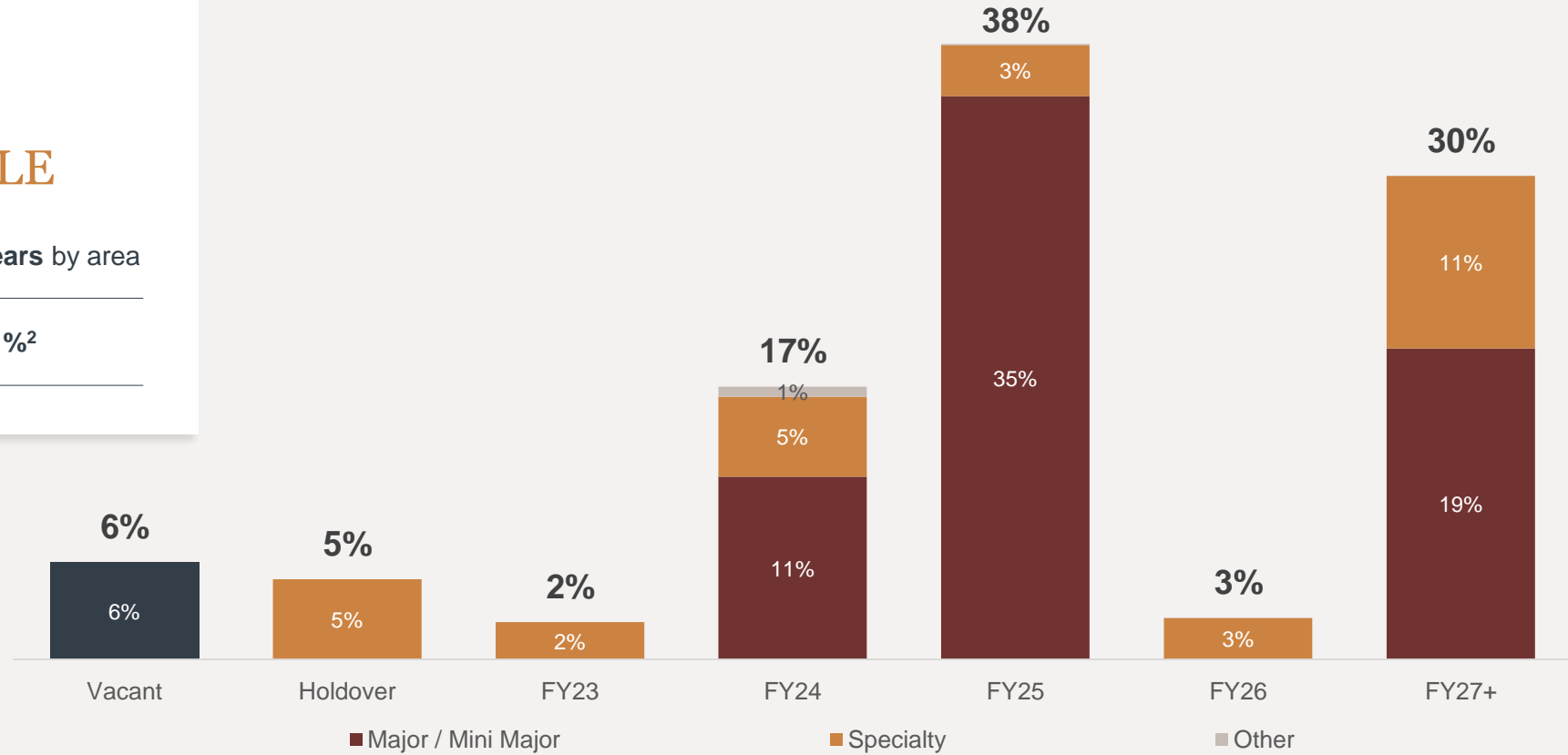


4.2 yrs WALE

by gross rental income **3.9 years** by area

Portfolio occupancy of 94.1%²

Lease Expiry Profile¹



1. Excluding Tweed Mall which is classified as held for sale
 2. By lettable area




ESG focus and initiatives

A core element of our mission is to grow the portfolio while striving to make positive and impactful social and environmental contributions to the communities in which we operate



ESG Focus

ESG Initiative

	<p>Solar</p> 	<ul style="list-style-type: none"> Completed installation of Solar Bay panels at Gladstone Square Additional rental income is expected during FY23 at Gladstone Square
<p>Environmental</p>	<p>Recycling and Waste Management</p> 	<p>Water harvesting and waste recycling being implemented across assets</p>
	<p>Energy Consumption</p>	<p>LED lighting upgrades underway at Tweed Mall, Manning Mall, Gladstone Square and Northway Plaza</p>
	<p>COVID Support</p> 	<ul style="list-style-type: none"> Installation of Vaccination Clinics at Tweed Mall, Manning Mall and Gladstone Square Fair and reasonable dealings with retailers during COVID-19 lockdowns
<p>Social</p>	<p>Community Support</p>	<ul style="list-style-type: none"> Justice of the Peace community services at all centres Creating community focused centres by increasing provision of medical, health and wellbeing services Numerous community groups welcomed across ERF's shopping centres, supporting Seniors Week, Red Cross, Lions Club and the Salvation Army

FY23 portfolio initiatives

The Fund's assets continue to present opportunities to grow securityholder value through leasing and other asset management initiatives



Improving income sustainability and capital value

Manning Mall – Neighbourhood Repositioning

- Strongly performing supermarket in percentage rent
- Introduce new mini-major, improving occupancy and tenancy mix
- Replace DDS with essential needs goods and services mini-majors

Gladstone Square

- Strongly performing supermarket leased until 2036
- New healthcare mini-major introduced in June 2021
- Liquor lease extended for five year term
- Leasing momentum building on 20% supermarket sales growth since December 2019

Glenorchy

- DDS MAT growth of 44% since December 2019
- 100% occupancy
- Percentage rent forecast in FY23 following closure of competing DDS

Northway Plaza

- Supermarket lease renewed for five years to 2026
- Liquor retailer and Australia Post leases extended for five-year term
- New value accretive pad site potential on surplus land



Appendix 1

FY22 Financial Results

FFO

Statutory net income of

\$3.5m

for FY22

FFO of

\$9.0m

or 7.01 cents per security

Distribution of

6.66 cents

per security (representing 95% of FY22
FFO)

Reconciliation to FFO	FY22 (\$'000)
Net profit	3,528
Amortisation expense	847
Transaction cost	5,735
Straight-lining of rental income	(134)
Fair value adjustments on investment property	(1,771)
Fair value adjustments on market-to-market derivatives	(933)
Other	1,684
FFO	8,956

FY22 result includes:

\$0.6m

COVID provisions (0.5c per security)

No income from Moranbah Fair following
divestment in August 2021

Debt repayment of **\$25.0 million** in August 2021



Balance sheet

Balance Sheet as at 30 June 2022	\$'000
Assets	
Cash	5,396
Receivables	1,423
Other assets	984
Investment properties	106,200
Assets classified as held for sale	90,536
Total assets	204,539
Liabilities	
Payables	3,456
Distributions payable	4,694
Interest bearing liabilities	41,689
Liabilities associated with assets classified as held for sale	3,244
Total liabilities	53,083
Net assets	151,456
Number of securities ('000)	127,713
NTA per security	\$1.19
Gearing (ND / TA less cash)	18.2%



**Net Tangible
Assets (NTA)**

\$1.19
per security



Net Debt

\$36.3m



**Gearing
Ratio¹**

18.2%

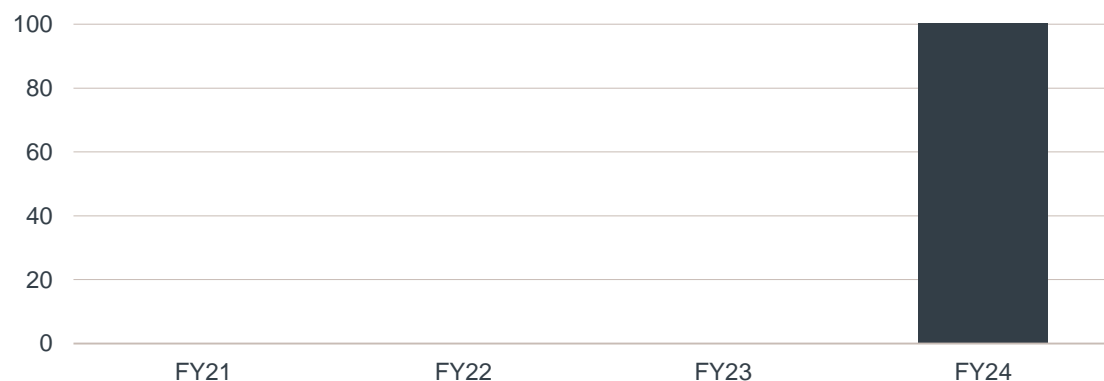
1. Debt less cash / Total Assets less cash

Debt and capital management

30 June 2022

Facility limit (\$m)	46.7
Drawn debt (\$m)	41.7
Gearing	18.2%
% debt fixed or hedged	100%
Weighted average cost of debt (p.a.)	1.8%
Average debt facility maturity (years)	1.9
Average swap / hedge maturity (years)	0.9
Interest cover ratio	11.61x

Drawn Debt Maturity Profile (%)



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



The weighted average term to maturity of the Fund's debt is **1.9 years**



Gearing reduced to **18.2%** post divestment of Moranbah Fair



Drawn debt **100% hedged** to May 2023 reflecting a 1.81% p.a. cost of debt



Target range for fixed interest rate exposure of between 70% and 100% of drawn debt



Average swap/hedge maturity is **0.9 years**



Key Covenants










- Loan-to-Value Ratio (LVR)¹ ≤ 50%
- Interest Cover Ratio (ICR)² ≥ 2.00x, assessed semi-annually



Appendix 2

Portfolio Summary

Retail comparable sales (June 2022)

				
Supermarket Anchors				
Other Anchor Retailers		-		-
Annual Retail Sales (\$m)	74.3	49.3	26.4 ³	26.2
Centre Sales (\$ / sqm p.a)	8,404	11,280	3,847	8,678
Supermarket Sales (\$/sqm p.a)	14,875	12,069	n/a ²	9,144
MAT change vs. Dec-19 (%)	16.4%	20.2%	n/a ²	11.4%
MAT change vs. Jun-21 (%)	1.8%	4.7%	n/a ²	2.3%
Specialty Sales ¹ (\$psqm / p.a)	8,050	n/a ²	n/a ²	n/a ²
YoY change (%)	(6.0%)	n/a ²	n/a ²	n/a ²
Specialty Occupancy Cost ¹	9.4%	n/a ²	n/a ²	n/a ²



Note: Analysis is limited to retailers who have traded and consistently reported sales for the 24 months ended 30 June 2021 (including temporary closures during COVID-19)

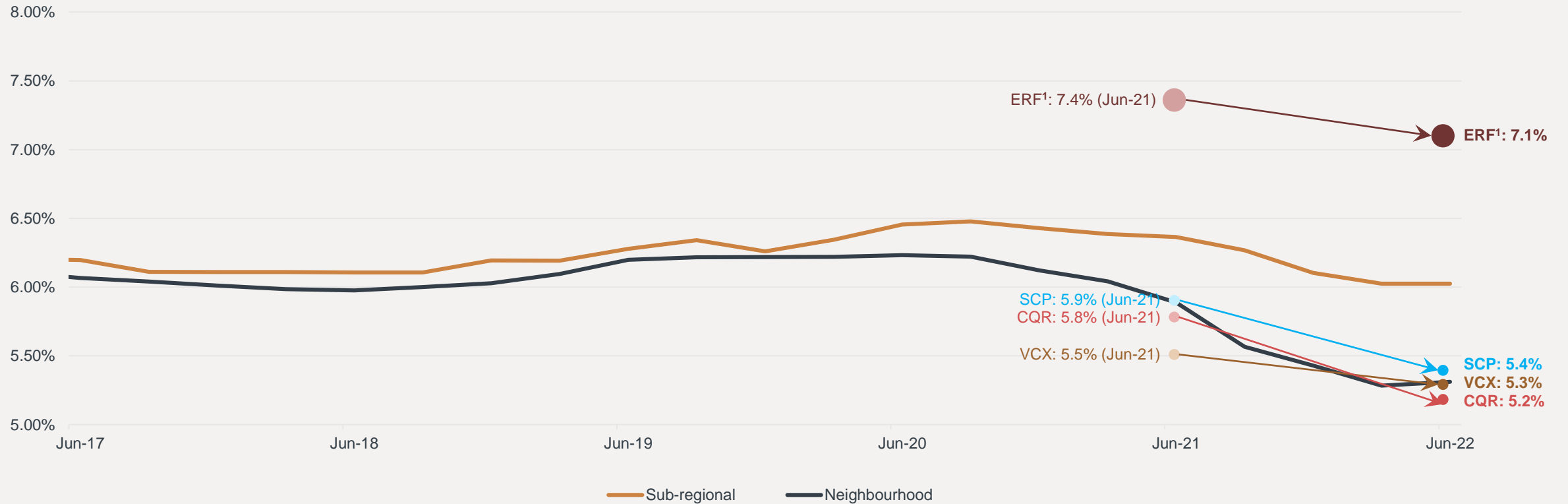
1. Excludes non retail categories of travel agents, post offices, gyms, medical / veterinary and offices

2. Insufficient comparable specialty retailer sales data

3. Big W DDS MAT has grown 44% since December 2019

ERF portfolio capitalisation rates

ERF weighted average portfolio cap rate remains significantly higher than the sub-regional and neighbourhood shopping centre market and peers



Source: JLL and ASX
1. Excluding Tweed Mall which is classified as held for sale

Manning Mall, Taree, New South Wales



Overview

Single level shopping centre located in the CBD of Taree, New South Wales. High quality, non-metro location is well positioned for conversion into an essential goods and services neighbourhood centre

Anchored by a Coles supermarket leased to September 2024 together with Target expiring November 2023

Financial

Valuation	\$36.7 million
Valuation per m ²	\$3,416 per m ²
Cap Rate	7.00%
Occupancy	96%
WALE by income	2.6 years
Moving Annual Turnover (Comparable)	\$74 million

Physical

Site Area	29,742 m ²
Net Lettable Area (NLA)	10,742 m ²
Car Parks	417
Car Parking Ratio	3.9:100m ²

Key Tenants



Number of Specialties	29
-----------------------	----

Gladstone Square, Gladstone, Queensland

Gladstone Square

Overview

Single level neighbourhood shopping centre located in the CBD of Gladstone, Queensland

Anchored by a Woolworths supermarket leased to 2036, Chemist Warehouse, Reject Shop and Liquorland



Financial

Valuation	\$30.5 million
Valuation per m ²	\$4,458 per m ²
Cap Rate	7.00%
Occupancy	81%
WALE by income	7.6 years
Moving Annual Turnover (Comparable)	\$49 million

Physical

Site Area	19,186 m ²
Net Lettable Area (NLA)	6,842 m ²
Car Parks	304
Car Parking Ratio	4.4:100m ²

Key Tenants



Number of Specialties

25



Glenorchy Plaza, Hobart, Tasmania



Overview

Modern two level retail centre, located eight kilometres north of Hobart, Tasmania

Anchored by a strongly trading Big W DDS leased to 2025 (sales growth to continue following closure of competing DDS)

Located adjacent to the Woolworths anchored Glenorchy Central, driving foot traffic between the two centres

Financial

Valuation	\$19.8 million
Valuation per m ²	\$2,269 per m ²
Cap Rate	7.25%
Occupancy	100%
WALE by income	2.8 years
Moving Annual Turnover (Comparable)	\$26 million

Physical

Site Area	11,860 m ²
Net Lettable Area (NLA)	8,726 m ²
Car Parks	302
Car Parking Ratio	3.5:100m ²

Key Tenants



Number of Specialties 14

Northway Plaza, Bundaberg, Queensland



Overview

Single level neighbourhood shopping centre located in North Bundaberg, Queensland

Anchored by Cornetts IGA supermarket leased to 2026 (guaranteed by Metcash Limited)

Financial

Valuation	\$19.2 million
Valuation per m ²	\$4,745 per m ²
Cap Rate	7.00%
Occupancy	98%
WALE by income	4.8 years
Moving Annual Turnover (Comparable)	\$26 million

Physical

Site Area	23,990 m ²
Net Lettable Area (NLA)	4,046 m ²
Car Parks	241
Car Parking Ratio	6.0:100m ²

Key Tenants



Number of Specialties

11



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 Retail Property Fund I (ARSN 615 291 220) and Elanor Funds Management Limited As Responsible Entity For Elanor Retail Property Fund II as (ARSN 615 291 284), collectively Elanor Retail Property Fund ('ERF' or 'the Fund').

This presentation contains selected summary information relating to the consolidated financial report for ERF for the period ended 30 June 2022 ("Fund'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 Fund. It should be read in conjunction with the Fund's continuous disclosure announcements lodged with the Australian Securities Exchange including the Fund'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 Fund 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 Fund or the acquisition of securities in the Fund. 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 Fund. 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 Fund or any other investment product.

The information in this presentation has been obtained from and based on sources believed by the Fund to be reliable. To the maximum extent permitted by law, the Fund 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 Fund 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 Fund 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 Fund assumes no obligation to release updates or revisions to Forward Statements to reflect any changes.