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21 February 2022

Company Announcements Office
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

Attached is the Elanor Retail Property Fund (ASX: ERF) HY22 Results Presentation.

Yours sincerely,

Symon Simmons
Company Secretary
Elanor Funds Management Limited

Authority and Contact Details

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

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Elanor RETAIL PROPERTY FUND

ASX: ERF
21 February 2022

Elanor Retail Property Fund

HY22 Results Presentation

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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.

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HY22 Highlights

HY22 Results Highlights

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Funds From Operations (FFO)

$4.05m

3.17c per security
$0.6 million COVID-19 provision

Distributions per security

3.01c

95% payout ratio

HY22 rent collections

94%

- 97% excluding Tweed Mall (impacted by Queensland border closures)
- 100% tenants trading at 31 December 2021

NTA per security

$1.22

Moranbah sold at book value for $28.0 million

Portfolio Weighted Average Cap Rate

7.0%

Portfolio weighted average cap rates:

- Sub-Regional 6.9%
- Neighbourhood 7.2%

Gearing[1]

18.3%

- Gearing substantially below target range of 30% to 40% (providing significant investment capacity)
- Investment capacity of $50m (35% gearing)

1. Debt less cash / total assets less cash

Positioned for Strong Income and Capital Growth

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Income Growth

ERF is well positioned to grow FFO and distributions in 2H22

100% of tenants trading post easing of COVID-19 restrictions

94% collection rate expected to improve given Queensland border reopening

Leasing momentum to benefit from continued sales growth across portfolio

Capacity for Earnings Accretive Acquisition

$50m of balance sheet capacity facilitates earnings accretive acquisition

Capital Growth from executing Repositioning Projects

Repositioning sub-regional to supermarket anchored shopping centres by leveraging Elanor's leading retail asset and development management capability

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Portfolio demonstrating strong and resilient income

Tweed Mall now benefiting from Queensland border reopening in December 2021

94% of HY22 rent collected (97% excluding border impact on Tweed Mall)

Property	State	Leased Occupancy	Trading Occupancy (NLA)[1]	Actual HY22 Collections
Tweed Mall	NSW	97%	99%	90%
Manning Mall	NSW	94%	99%	94%
Gladstone Square	QLD	82%	100%	97%
Glenorchy Plaza	TAS	99%	100%	98%
Northway Plaza	QLD	94%	100%	99%
Total		**95%**	**100%**	**94%**

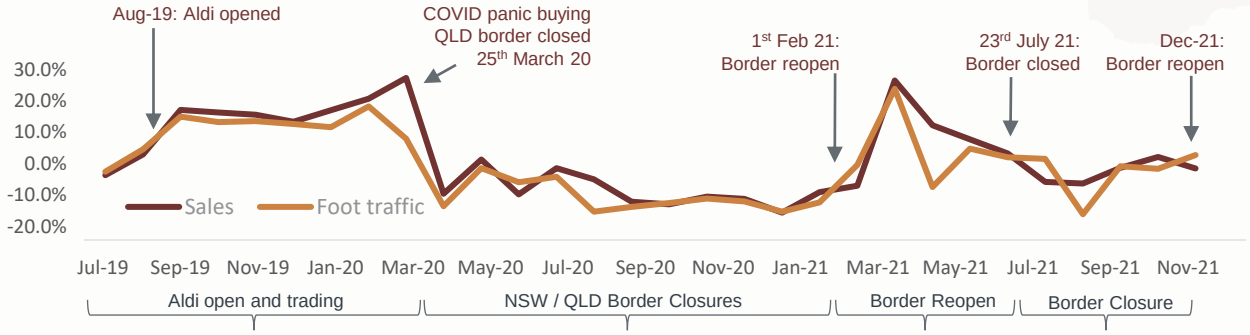
1. Calculated as percentage of leased NLA open and trading 31 December 2021

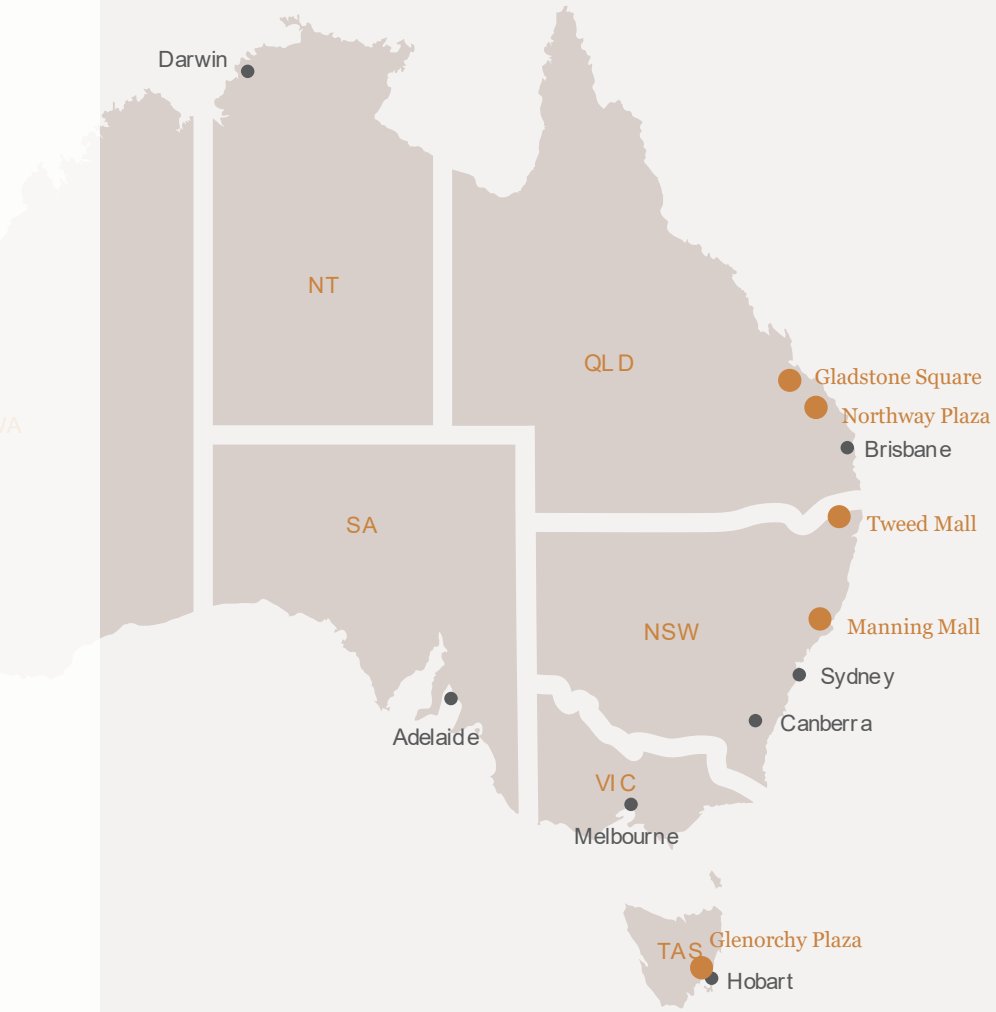
7.9% sales growth for 'Majors' since Dec-19

Major Sales (MAT)	Pre-COVID Dec-21 vs. Dec-19	Last 12 Months Dec-21 vs. Dec-20
Supermarkets[1]	5.0%[2]	1.4%
DDS	21.6%	0.3%
Total Majors	**7.9%**	**1.2%**

1. Tweed Mall sales impacted by Queensland border closure, see below
2. Supermarket sales growth 14.3% since Dec-19, excluding Tweed Mall

Tweed Mall sales growth, from July 2019 - Rebound forecast in 2H22





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Strategy and Business Overview

ERF: Secure and Growing Income with Value Upside

Investment Focus

Secure Income Real Estate Fund with Value Upside

Focus on investing in Supermarket anchored retail assets with strong sustainable cash flows

Strong cash generation capability with strong value and earnings accretion

Elanor has a track record of delivering strong investment returns from retail real estate

Experienced Management Team

Deep experience and strong capability across acquisition, asset management, leasing, retail repositioning and development management

Secure and Growing Income with Value Upside

$191.2m

Secure cash flows from strongly performing supermarkets/anchor retailers with capital growth from repositioning retail tenants to essential needs goods and services and unlocking assets' highest and best real estate use

TWEED MALL | MANNING MALL | Gladstone Square | Northway PLAZA | Glenorchy Plaza

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ERF: Portfolio Initiatives

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ERF continues to focus on growing securityholder value through active leasing, value accretive repositioning and further supermarket based retail investments

Growing income and capital value

Tweed Mall – Neighbourhood Repositioning

- Income growth following reopening of Queensland border in December 2021
- Transform Tweed Mall from a Sub-Regional into a triple supermarket Neighbourhood centre
- Replace DDS with full line supermarket and improving essential needs focus
- Extract mixed use value via strategic master planning

Manning Mall – Neighbourhood Repositioning

- Income growth following easing of NSW trading restrictions in October 2021
- Reposition Manning Mall from a Sub-Regional to a Neighbourhood centre
- Replace DDS with essential needs goods and services mini-majors

Gladstone Square

- Strongly performing supermarket leased until 2036
- Improve occupancy by leasing to everyday goods and services retailers
- Liquor lease extended for five year term

Glenorchy

- DDS MAT growth of 40% since December 2019
- Percentage rent forecast in 2022 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 sites on surplus land

ERF: Capital Management

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ERF continues to focus on growing securityholder value to reflect the NTA of the Fund

FY22 Capital Management

Special distribution
12.0 cents per security paid in August 2021 following divestment of Auburn Central at a premium to book value

18.3% gearing
$25.0 million debt repaid from Moranbah Fair sale proceeds

Investment Capacity

The Fund has $50 million of borrowing capacity to:

- acquire earnings accretive, secure income, retail investments
- complete asset repositioning projects

while maintaining a 35% gearing level

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Portfolio Overview

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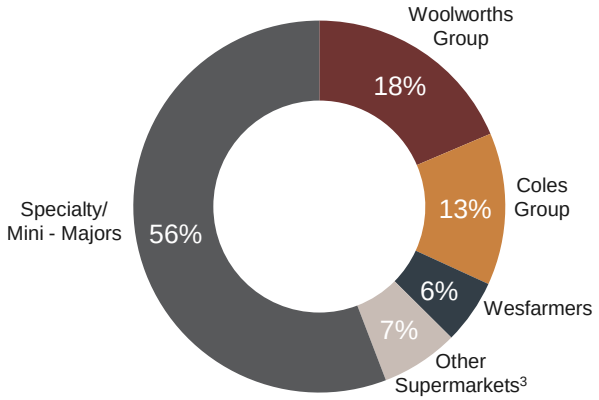
Secure Income Shopping Centres with Value Upside

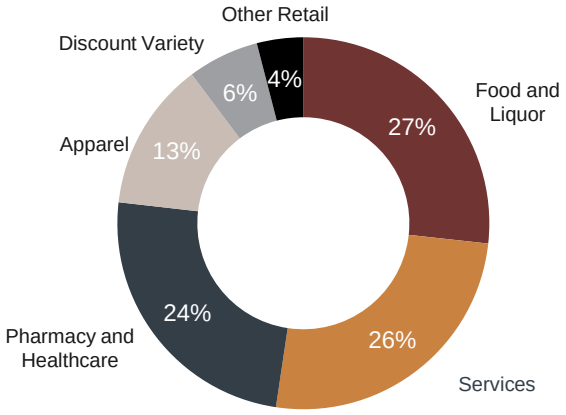
Supermarket, everyday goods and essential services retail portfolio

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]
Tweed Mall	Sub-Regional	NSW	87.0	6.75%	23,266	8.1	97.4%	3.4yrs	3.6yrs	63
Manning Mall	Sub-Regional	NSW	36.4	7.00%	10,745	3.9	93.9%	2.2yrs	2.7yrs	29
Gladstone Square	Neighbourhood	QLD	30.0	7.25%	6,842	2.5	81.5%	8.1yrs	8.2yrs	17
Glenorchy Plaza	Sub-Regional	TAS	19.5	7.50%	8,726	2.0	99.0%	3.3yrs	3.1yrs	14
Northway Plaza	Neighbourhood	QLD	18.3	7.00%	4,045	1.6	94.4%	4.7yrs	5.2yrs	10
Total			**191.2**	**6.98%**	**53,623**	**18.0**	**94.7%**	**3.8yrs**	**4.1yrs**	**133**

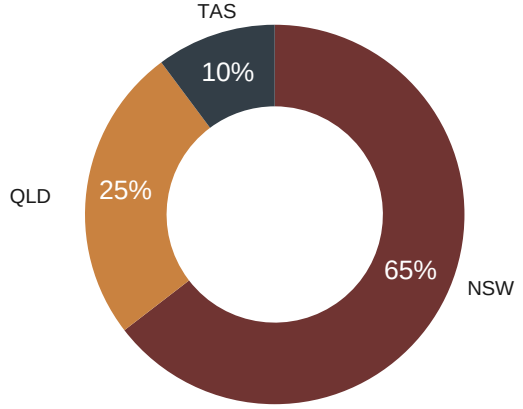
Key Tenants (Gross Rent)



Specialty/Mini-Major Tenants (Gross Rent)



Geographic Diversification (Asset Value)



1. By Lettable Area
2. Includes Majors, Mini-Majors, Discount Department Stores, Specialties and Other (Kiosks, ATMs, Carwashes, Offices, Roof top leases to telecommunication providers)
3. Aldi and IGA

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Portfolio Valuation Movements

Weighted average capitalisation rate of 7.0%

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7.0%

Portfolio valuation reflects a weighed average capitalisation rate of 7.0%

0.3% tightening since June 2021

Property	Centre Type	Valuation	Value Dec-21 ($m)	Value Jun-21 ($m)	Change ($m)
Tweed Mall	Sub-Regional	Independent	87.0	85.0	2.0
Manning Mall	Sub-Regional	Independent	36.4	36.1	0.3
Gladstone Square	Neighbourhood	Internal	30.0	30.0	-
Glenorchy Plaza	Sub-Regional	Internal	19.5	18.9	0.6
Northway Plaza	Neighbourhood	Internal	18.3	17.0	1.3
Investment Property Carrying Value (Post Moranbah Sale)			**191.2**	**187.0**	**4.2**
Moranbah Fair	Neighbourhood	-	-	28.0	(28.0)
Investment Property Carrying Value (Pre Moranbah Sale)			**191.2**	**215.0**	**(23.8)**

Portfolio WALE

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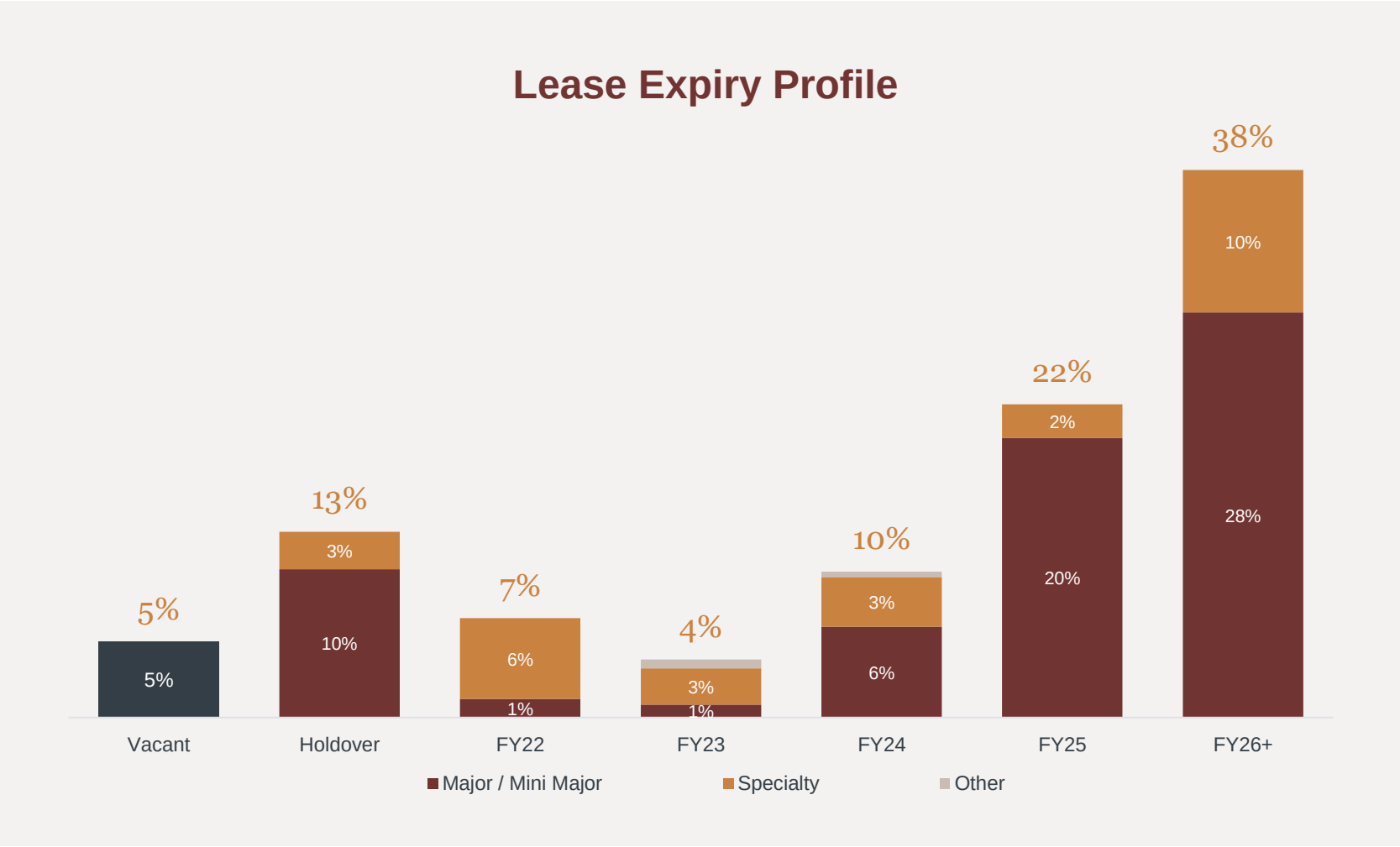
4.1 yrs WALE

by gross rental income
3.8 years by area

Portfolio occupancy of 94.7%[1]

Holdover provides flexibility ahead of major repositioning project (Tweed Mall DDS)



1. By Lettable Area

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ESG focus and initiatives

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

ESG Focus		ESG Initiative
Environmental	Solar	Collaborating with Solar Bay to install solar power at Tweed Mall and Gladstone Square Installation and subsequent rental income is expected by June 2022
	Recycling and Waste Management	Water harvesting and waste recycling being implemented across assets
	Energy Consumption	LED lighting upgrades underway at Tweed Mall, Manning Mall, Gladstone Square and Northway Plaza
Social	COVID-19 Support	• Installation of COVID-19 Vaccination Clinics at Tweed Mall and Gladstone Square • Fair and reasonable dealings with retailers during COVID-19 lockdowns
	Community Support	• Justice of the Peace at all centres • Creating community focused centres by increasing exposure to medical, health and wellbeing usages • Numerous community groups welcomed across ERF portfolio supporting Seniors Week, Red Cross, Lions Club and Salvation Army
Governance	Improved Systems, Procedures and Processes	• Refinement of lease approval and statutory document governance relating to Leasing Code • Established reporting dashboard to improve reporting framework and improve results

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HY22 Financial Results

FFO

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Statutory net income of

$2.7m

for HY22

FFO of

$4.05m

or 3.17 cents per security

Distribution of

3.01 cents

per security (representing 95% of HY22 FFO)

Reconciliation to FFO	HY22 ($'000)
Net profit	2,716
Amortisation expense	498
Transaction cost	370
Straight-lining of rental income	(90)
Fair value adjustments on investment property	(1,166)
Others	1,672
FFO	**4,050**

HY22 result includes:

$0.6m

COVID-19 provisions

No income from Moranbah Fair following divestment in August 2021

Debt repayment of **$25.0 million**

Balance Sheet

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Balance Sheet as at 31 December 2021	$'000
Assets	
Cash	5,275
Receivables	7,190
Other assets	1,122
Investment properties	191,150
Total assets	**204,737**
Liabilities	
Payables	3,438
Distributions payable	3,847
Rent received in advance	435
Interest bearing liabilities	41,683
Derivative financial instruments	105
Total liabilities	**49,508**
Net assets	**155,229**
Number of securities ('000)	127,712
NAV per security	$1.22
NTA per security	$1.22
Gearing (ND / TA less cash)	**18.3%**

Net Tangible Assets (NTA)

$1.22
per security

Net Debt

$36.4m

Gearing Ratio[1]

18.3%

1. Debt less cash / Total Assets less cash

Debt and Capital Management

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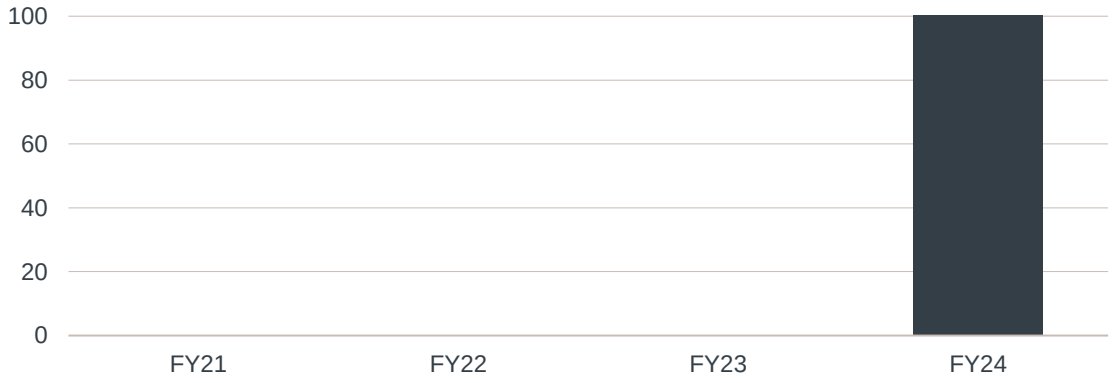
	31 December 2021
Facility limit ($m)	46.7
Drawn debt ($m)	41.7
Gearing	18.3%
% debt fixed or hedged	100%
Weighted average cost of debt (p.a.)	1.8%
Average debt facility maturity (years)	2.4
Average swap / hedge maturity (years)	1.4
Interest cover ratio	12.54x

Drawn Debt Maturity Profile (%)



The weighted average term to maturity of the Fund's debt is **2.4 years**

Gearing reduced to **18.3%** post divestment of Moranbah Fair

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 1.4 years

Key Covenants

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

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

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Strategy and Outlook

Strategy and Outlook

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Growing Income

- Execution of leasing initiatives to grow the income of the Fund
- $50m capacity for a highly accretive acquisition

Capital Growth

- Execution of repositioning initiatives to achieve accretive cash flows and value
- Investing in retail assets with strong sustainable cash flows and value upside

Securityholder Value

ERF is well positioned to grow securityholder value

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Appendix

Strong Operational and Strategic Upside

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Operational and Strategic Priorities

			HY22 Progress / Status	Short Term <12 months	Medium Term 1 – 3 years
Tweed Mall	**Leasing**	Aldi and new specialty stores	Completed	Aldi opened Aug-19	
	Leasing	Replace DDS with major supermarket	In progress		
	Development	Mixed-use master-plan approval and staging	In progress		
	Development	Mixed-use development partnership and delivery	In progress		
Manning Mall	**Development**	Reposition DDS with essential needs retailers	Negotiating		
	Leasing	Improve occupancy with additional essential needs tenants	Ongoing		
Gladstone Square	**Leasing**	Improve occupancy with additional essential needs tenants	In progress		
Glenorchy Plaza	**Operational**	Monitor DDS sales growth/percentage rent	In progress		
	Capital Recycling	Consider divestment following percentage rent growth	Ongoing		
Northway Plaza	**Leasing**	Renewal of supermarket lease	Completed	Lease extended to Oct-26	
	Development	Develop pad sites	In progress		
	Capital Recycling	Consider divestment following pad site development	Ongoing		
Elanor Retail Property Fund	**Operational**	Drive cost/operating efficiencies through active asset management	Ongoing		
	Acquisitions	Acquisition of accretive, high investment quality shopping centres with value upside	Ongoing		

Leasing · Development · Operational · Capital Recycling · Acquisitions

Retail Comparable Sales (December 2021)

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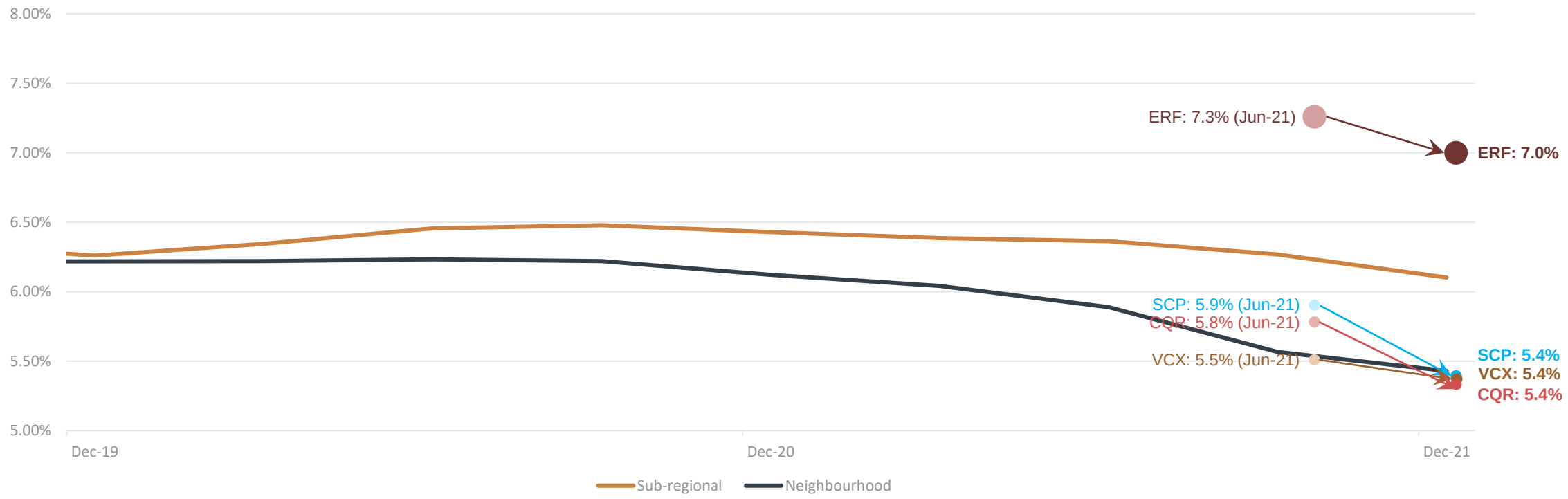
	Tweed Mall	Manning Mall	Gladstone Square	Glenorchy Plaza	Northway Plaza
Supermarket Anchors	coles, ALDI, Woolworths	coles	Woolworths		IGA
Other Anchor Retailers	Target	Target	-	BIGW	-
Annual Retail Sales ($m)	102.4[3]	73.5	47.7	25.7[4]	25.0
Centre Sales ($ / sqm p.a)	5,704	8,352	10,903	3,735	8,282
Supermarket Sales ($/sqm p.a)	8,295	14,755	11,773	n/a[2]	8,805
MAT change vs. Dec-19 (%)	(8.2%)	15.5%	17.3%	n/a[2]	7.3%
MAT change vs. Dec-20 (%)	0.0%	3.0%	4.5%	n/a[2]	(3.1%)
Specialty Sales[1] ($psqm / p.a)	5,407	9,008	n/a[2]	n/a[2]	n/a[2]
YoY change (%)	*1.3%*	*(3.0%)*	n/a[2]	n/a[2]	n/a[2]
Specialty Occupancy Cost[1]	11.9%	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 31 December 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. Excludes Aldi; pre QLD border closure in March 2020; monthly sales and footfall growth peaked at 20.7% and 18.2% yoy respectively
4. Big W DDS MAT has grown 40% 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

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Tweed Mall, Tweed Heads, New South Wales

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Overview

Triple supermarket single DDS shopping centre with inherent defensive investment attributes

Well-located lifestyle precinct; 4km from the Gold Coast International Airport, adjacent to Tweed River and 500 metres from Pacific coastline

Strongly growing metropolitan area with increasing mixed-use development potential

Financial

Valuation	**$87.0 million**
Valuation per m^2	**$3,739 per m^2**
Cap Rate	**6.75%**
Occupancy	**97%**
WALE by income	**3.6 years**
Moving Annual Turnover (Comparable)	**$102 million**

Physical

Site Area	**50,005 m^2**
Net Lettable Area (NLA)	**23,266 m^2**
Car Parks	**942**
Car Parking Ratio	**4.1:100m^2**
Key Tenants	
Number of Specialties	**65+**

Manning Mall, Taree, New South Wales

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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	**$36.4 million**
Valuation per m^2	**$3,388 per m^2**
Cap Rate	**7.00%**
Occupancy	**94%**
WALE by income	**2.7 years**
Moving Annual Turnover (Comparable)	**$74 million**

Physical

Site Area	**29,742 m^2**
Net Lettable Area (NLA)	**10,745 m^2**
Car Parks	**417**
Car Parking Ratio	**3.9:100m^2**
Key Tenants	coles
Number of Specialties	**30+**

Gladstone Square, Gladstone, Queensland

Gladstone Square

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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	**$30.0 million**
Valuation per m^2	**$4,385 per m^2**
Cap Rate	**7.25%**
Occupancy	**82%**
WALE by income	**8.2 years**
Moving Annual Turnover (Comparable)	**$48 million**

Physical

Site Area	**19,186 m^2**
Net Lettable Area (NLA)	**6,842 m^2**
Car Parks	**335**
Car Parking Ratio	**4.9:100m^2**
Key Tenants	
Number of Specialties	**25**

Glenorchy Plaza, Hobart, Tasmania

Glenorchy Plaza

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Overview

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

Anchored by a strongly trading Big W DDS leased to 2025 (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	**$19.5 million**
Valuation per m^2	**$2,235 per m^2**
Cap Rate	**7.50%**
Occupancy	**99%**
WALE by income	**3.1 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	BIGW
Number of Specialties	**14**

Northway Plaza, Bundaberg, Queensland

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Northway PLAZA

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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	**$18.3 million**
Valuation per m^2	**$4,512 per m^2**
Cap Rate	**7.00%**
Occupancy	**94%**
WALE by income	**5.2 years**
Moving Annual Turnover (Comparable)	**$25 million**

Physical

Site Area	**23,990 m^2**
Net Lettable Area (NLA)	**4,045 m^2**
Car Parks	**230**
Car Parking Ratio	**5.1:100m^2**
Key Tenants	IGA, Malouf PHARMACIES, Australia Post
Number of Specialties	**11**

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