

ASX Announcement

09 September 2024

**Strategic Partnership and potential ECF rights issue**

- ECF enters strategic partnership with Lederer Group
  - Lederer Group acquires 12.6% interest to take holding to 14.0%
  - Lederer Group commits a further \$50 million in capital to support the Fund
- ECF commits to acquire at least its 49.9% pro-rata share of the Harris Street Fund Capital Notes, subject to sourcing suitable funding
  - Rights issue being explored by ECF to fund subscription for the Capital Notes
  - Citigroup Global Markets Australia Pty Limited and MA Moelis Australia Advisory Pty Ltd are advising on the potential rights issue
- FY25 Distribution guidance of at least 7.5 cents maintained
- Objective to reduce gearing to lower end of target range

Elanor Funds Management Limited as responsible entity (“RE”) of Elanor Commercial Property Fund (“ECF” or “Fund”) is pleased to announce a strategic partnership with Lederer Group and proposed participation in the Harris Street Fund capital notes issuance.

**Strategic partnership with Lederer Group**

- Lederer Group has agreed to acquire Elanor Investors Group’s (ASX: ENN) 12.6% interest in ECF to become the largest unitholder in ECF with a 14.0% equity interest.
- Lederer Group and ECF to enter strategic partnership that will see the Lederer Group:
  - have participation on a new investment committee (one of four positions alongside representatives of the RE and investment manager of ECF). The new investment committee to oversee any material ECF investment or divestment initiatives, including major capex, and will make non-binding recommendations to the RE of ECF in relation to those matters having regard to the best interests of all ECF unitholders. The Board of the ECF RE will not be obliged to act on those recommendations;
  - receive customary reporting information for a strategic investment of this nature; and
  - commit a further \$50 million in capital to ECF to support the fund.
- Elanor Managing Director, Tony Fehon said “We are very pleased to have facilitated the Lederer Group strategic partnership through the sale of Elanor’s interest in ECF. This partnership is a strong endorsement in the ECF team and the long-term outlook for the Fund. Elanor and the Lederer Group have an aligned vision for ECF and we look forward to developing the strategic partnership to grow unitholder value.”
- Lederer Group Chairman, Paul Lederer said “We acknowledge that quick wins in office are in short supply. But, as long-term portfolio investors, we are a big believer in the Australian office market - because we are a big believer in the future of Australian cities. Over time, we expect to see good

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returns for patient capital invested with great teams. We have the patience and ECF has the great team. We are delighted to expand our portfolio position and enter this arrangement with ECF.”

#### **ECF to support Harris Street Fund and potential rights issue**

- ECF has committed to acquire at least its 49.9% pro-rata share of the Harris Street Fund Capital Notes (as referred to in the ECF FY24 Preliminary Results Presentation released to ASX on 30 August 2024) subject to sourcing suitable funding.
- Citigroup Global Markets Australia Pty Limited and MA Moelis Australia Advisory Pty Ltd are advising on a potential rights issue in ECF to fund both ECF’s commitment to the Harris Street Fund and to provide further capital to fund near term capex and incentives.
- Lederer Group’s equity commitment of \$50 million includes an offer to take up 100% of its entitlement and sub-underwrite any potential rights issue at an indicative offer price of 60 cents per ECF security.
- ECF will actively explore the rights issue. However, any equity raising is subject to market conditions, final RE Board approval, regulatory approvals and securing suitable underwriting support for the rights issue.
- David Burgess, Fund Manager of ECF said “Having assessed the available options, we believe it is in the best interests of all ECF unitholders for ECF to participate in the Harris Street Fund Capital Notes issuance. This note issuance is forecast to generate strong returns over the 2.7 year expected hold period and reinforces ECF’s existing 49% interest in Harris Street Fund. We are actively exploring a potential equity raising to fund this investment and provide further working capital over the next 2 years.”

#### **Responsible Entity Leadership Change**

- Glenn Willis has advised the Board of his retirement as CEO and Managing Director of Elanor Investors Group, including Elanor Funds Management Limited, the Responsible Entity of ECF.
- Non-Executive Director, Tony Fehon, has been appointed as interim Managing Director of Elanor Investors Group.
- Further information in relation to the leadership changes noted above will be announced today by Elanor Investors Group (ASX: ENN).

#### **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.

The Fund’s portfolio is near full occupancy and strong leasing momentum continues for future expiries. The execution of asset management initiatives and lease renewals is a priority to maintain high occupancy and grow rental income. Any potential rights issue in conjunction with asset sales are being progressed with an objective to reduce gearing to the lower end of the Fund’s 30 - 40% target range. ECF’s FY25 distribution guidance of at least 7.5 cents will be maintained.

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.

[www.elanorinvestors.com/ECF](http://www.elanorinvestors.com/ECF)

### **Forward-looking statements**

This announcement contains certain forward-looking statements. The words ‘anticipate’, ‘believe’, ‘aim’, ‘estimate’, ‘expect’, ‘intend’, ‘may’, ‘plan’, ‘project’, ‘will’, ‘should’, ‘seek’ or other similar words (and include, without limitation, statements regarding intent, belief or expectations, plans or strategies) are intended to identify forward-looking statements. Indications of, and guidance on, future earnings, distributions, financial position and performance are also forward-looking statements.

These forward-looking statements are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of ECF and its related bodies corporate and affiliates and each of their respective directors, securityholders, officers, employees, partners, agents, advisers and management. **Investors are strongly cautioned not to place undue reliance on forward looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by recent geopolitical tensions.** Forward-looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in those statements and any projections and assumptions on which these statements are based.

To the maximum extent permitted by law, no guarantee, representation or warranty, express or implied, is made as to the fairness, accuracy, reliability, likelihood of achievement or reasonableness of any forward-looking statements contained in this announcement. The forward-looking statements are based on information available to ECF as at the date of this announcement. Except as required by applicable laws or regulations, none of ECF, its representatives or advisers undertakes to provide any additional information or revise the statements in this announcement, whether as a result of a change in expectations or assumptions, new information, future events, results or circumstances.

### **Authority and contact details**

This announcement has been authorised for release by the Board of Elanor Funds Management Limited (ACN 125 903 031) as responsible entity of Elanor Commercial Property Fund I (ARSN 636 623 099) and Elanor Commercial Property Fund II (ARSN 636 623 517) (together comprising ECF).