Notice of Meetings of Securityholders

and Explanatory Statement

Elanor | RETAIL PROPERTY FUND

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Notice of Meetings and Explanatory Statement should be read in its entirety. If you are in any doubt about the information provided or the action you should take, you should consult your financial, taxation or other professional adviser. Should you wish to discuss the matters in this Notice of Meetings and Explanatory Statement, please contact the ERF Securityholder Information Line on 1300 631 217 for callers within Australia or +61 3 9415 4665 for callers outside of Australia between 8:30am and 5:30pm Sydney time Monday to Friday.

Notice of Meetings of Securityholders

Notice is hereby given that meetings of securityholders of Elanor Retail Property Fund I (ARSN 615 291 220) (**ERPF I**) and Elanor Retail Property Fund II (ARSN 615 291 284) (**ERPF II**) (together **Elanor Retail Property Fund** or **ERF**) (**ERF Securityholders**) will be held:

Friday, 19 August 2022
at 11.00am Sydney time
Computershare Investor Services
Level 3, 60 Carrington Street, Sydney NSW 2000

for the purpose of transacting the items of business set out in this Notice of Meetings, being the approval of (i) a buy-back of ERF Securities (**Buy-Back**); (ii) the disposal of all of ERF's interests in the Tweed Mall (iii) the proposed amendment of constitutions of ERPF I and ERPF II and (iv) the proposed privatisation and delisting of ERF (**Privatisation**) (together, the **Proposal**).

Due to the continuing impacts of the COVID-19 pandemic, ERF reserves the right to conduct the Meetings as virtual online meetings and, in that event, ERF Securityholders will be advised of the procedures for attending and voting by email to their email addresses recorded with ERF and by ASX announcement.

If you wish to vote by proxy, please complete and return the Proxy Form provided to you by following the instructions set out in the Notice of Meetings in sufficient time so that it is received by Computershare no later than 11am Sydney time, Wednesday 17 August 2022.

This Notice of Meetings is issued by Elanor Funds Management Limited (ACN 125 903 031) (**EFML**) in its capacity as responsible entity for ERPF I and ERPF II (**Responsible Entity**).

The attached Explanatory Statement is provided to supply ERF Securityholders with information to enable ERF Securityholders to make an informed decision regarding the Resolutions set out in this Notice of Meetings. The Explanatory Statement is to be read in conjunction with this Notice of Meetings.

Terms and abbreviations are defined in the Glossary at the end of this Notice of Meetings and Explanatory Statement.

The Directors of Elanor Funds Management Limited as Responsible Entity, unanimously recommend that you vote in favour of all the Resolutions, in the absence of a superior proposal, and subject to the Independent Expert continuing to conclude that the Proposal is fair and reasonable to the ERF Securityholders.

The Independent Expert, BDO Corporate Finance (East Coast) Pty Ltd, has concluded that the Proposal is fair and reasonable to the ERF Securityholders. BDO's conclusion should be read in context with the full Independent Expert's Report set out in Appendix 1 of this booklet.

The Directors recommend that ERF Securityholders vote IN FAVOUR of all Resolutions.

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Letter from the Chair

20 July 2022

Dear ERF Securityholder,

On 24 June 2022, Elanor Funds Management Limited (ACN 125 903 031) in its capacity as Responsible Entity of Elanor Retail Property Fund I and Elanor Retail Property Fund II, announced the proposed privatisation of Elanor Retail Property Fund. ERF Securityholders are being asked to consider and vote on four inter-conditional Resolutions to facilitate the Proposal.

Proposal

The Proposal includes the following interrelated steps:

1

Tweed Mall to be sold for its independent valuation of $87.0 million with the net proceeds distributed to ERF Securityholders by way of a special distribution of $0.36 per security (**Special Distribution**)

2

An off-market security Buy-Back to acquire up to 100% of ERF securities (**ERF Securities**) at a price of $0.79 per security (**Buy-Back**)

3

ERF to be delisted and become the Elanor Property Income Fund (**EPIF**), an open-ended, multi sector property fund generating reliable income from real estate fund assets with an NTA of between $0.84 to $0.95 per security (**Delisting**)

The Proposal represents an attractive premium to the last trading price of ERF and provides ERF Securityholders the flexibility to either retain some or all of their investment in EPIF.

- Securityholders who remain invested in EPIF will receive between $1.20 to $1.31 of Total Value per security, representing a 12.7% to 22.6% premium to the last trading price[1]
- Securityholders that participate in the Buy-Back will receive a Total Consideration $1.15 per security representing a 7.9% premium to the last trading price[1]

Having taken into consideration the range of strategic options, the Board believes the Proposal is in the best interests of ERF Securityholders as it provides ERF Securityholders with the opportunity to redeem or retain their ERF Securities at an attractive premium to recent trading history.

1 The last trading price, 30-day VWAP and 3-month VWAP calculations are as of 23 June 2022 and are based on IRESS market volume.

The Elanor Property Income Fund

ERF Securityholders will have the opportunity to retain an investment in an open-ended multi-sector managed fund to be named Elanor Property Income Fund (following the privatisation of ERF). EPIF will be seeded with ERF's high investment quality portfolio of secure income assets (Manning Mall, Gladstone Square, Glenorchy Plaza and Northway Plaza). ERF's current management structure will be retained following the Privatisation, with EPIF continuing to be managed by Elanor Asset Services Pty Limited (**EAS** or the **Manager**) and governed by the Board.

ERF Securityholders who remain in the Elanor Property Income Fund would receive the Special Distribution of $0.36 per security and, immediately after delisting, hold EPIF securities with an NTA per security of between $0.84 and $0.95 resulting in approximately $1.20 to $1.31 of Total Value per security (4.6% to 13.7% premium to the Buy-Back price).

The Value per ERF Security implies the following premia:

Total Value per ERF Security	$1.20 to $1.31	Premia[1,2]
Last trading price	$1.07	12.7% to 22.6%
30-day VWAP	$1.05	13.9% to 23.8%
3-month VWAP	$1.06	13.1% to 22.9%

ERF Securityholders who remain in the Elanor Property Income Fund will be entitled to any distribution in relation to the performance of ERF from 1 July 2022 to the date of the Privatisation.

Details of the Elanor Property Income Fund are provided to ERF Securityholders in the Explanatory Statement accompanying the Notice of Meetings.

Special Distribution to ERF Securityholders

As the first step of the Proposal, ERF's Tweed Mall property will be sold for its independent valuation ($87.0 million) through a syndication into a new unlisted single asset fund, the Tweed Mall Fund (**TMF**) (**Tweed Mall Transaction**).

As a result of the Tweed Mall Transaction, all ERF Securityholders will receive a Special Distribution of $0.36 per ERF Security funded by the net proceeds received from the Tweed Mall Transaction after transaction costs and retiring debt.

ERF Security Buy-Back offer

Following the Tweed Mall Transaction and payment of the Special Distribution, ERF Securityholders will have the opportunity to participate in a Buy-Back offer for 100% of their ERF Securities where they can select either:

i. to receive cash of $0.79 per ERF Security for their existing holding; or

ii. to retain their exposure to an open-ended, multi-asset unlisted real estate fund, the Elanor Property Income Fund.

2 Further details on the effect of Buy-Back participation on the EPIF rollover premium are in section 2.1.1 of the Explanatory Statement.

The Buy-Back (at a price of $0.79 per ERF Security) and the Special Distribution (of $0.36 per ERF Security) would result in ERF Securityholders who elect to participate in the Buy-Back offer receiving a Total Consideration of $1.15 per ERF Security.

The Buy-Back price will be reduced by the value of any further distributions declared, proposed or paid beyond 30 June 2022, including any distributions in relation to the performance of ERF from 1 July 2022 to the date of the Privatisation.

The Total Consideration of $1.15 per ERF Security implies the following premia:

Total Consideration per ERF Security	$1.15	Premia[1]
Last trading price	$1.07	7.9%
30-day VWAP	$1.05	9.0%
3-month VWAP	$1.06	8.2%

The Buy-Back will be funded by a new $67.5 million leveraged debt facility provided by MA Investment Management Ltd. All ERF Securityholders will be entitled to retain the distribution in respect of the 6-months ended 30 June 2022.

ERF's largest Securityholder, MA Asset Management (**MAAM**) will undertake not to participate in the Buy-Back and to retain securities in EPIF after delisting.

Elanor Investors Group (**ENN**) intends to maintain an investment of approximately $15 million in EPIF and will invest a maximum of $13 million in the Tweed Mall Fund (the combined investment of approximately $28 million is equivalent to the value of its current holding in ERF). ENN will redeem some of its existing holding in ERF in the Buy-Back ($4.5 million), in addition to ENN's proceeds from the Special Distribution, which will be invested in the Tweed Mall Fund.

Unanimous support of the Board

After careful consideration (including consideration of the various advantages and disadvantages of the Proposal, risk factors associated with the Proposal and alternative strategies), the Directors have concluded that the Proposal is in the best interests of ERF Securityholders and unanimously recommend that you vote in favour of the Resolutions for the reasons outlined below and in this document. The Directors will be voting their own respective holdings in favour of the Resolutions (to the extent they are not excluded from voting on the Resolutions).

Reasons to vote in favour of the Proposal

The Directors are of the view that the advantages of the Proposal and other matters which may be relevant to an ERF Securityholders' decision to vote in favour of the Resolutions, include the following:

- **Certain value**: the Proposal provides ERF Securityholders with an opportunity to remain invested in an open-ended, multi-sector, real estate fund with secure income and reliable monthly distributions, quarterly liquidity options, and value certainty for their securities at $1.20 to $1.31 per security (reflecting the $0.36 Special Distribution and between $0.84 and $0.95 of NTA per security in EPIF);

- **Opportunity to redeem or retain**: ERF Securityholders will be given the flexibility to either redeem their existing holding (in full or part), or retain their investment in the open-ended, multi-sector managed fund, the Elanor Property Income Fund;
- **An attractive premium**: ERF Securityholders who elect to participate in the Buy-Back will receive a total cash consideration of $1.15 per security (reflecting $0.36 Special Distribution and $0.79 Buy-Back), representing a premium to the prevailing security price; and
- **Certainty of outcome**: the Directors believe the Proposal will receive strong support from non-associated Securityholders and is therefore likely to be approved.

Further details in relation to the advantages of the Proposal can be found in Sections 3.1 and 3.2 of the Explanatory Statement.

Reasons to vote against the Proposal

The Directors are of the view that the potential disadvantages of the Proposal and other matters which may be relevant to an ERF Securityholder's decision to vote against the Resolutions, include the following:

- the ERF Securityholder may disagree with the conclusions of the Directors about the benefits of the Proposal;
- the Proposal may change the risk profile for ERF Securityholders, including exposure to changes in interest rates as a result of increased gearing, increased tenant and asset concentration; and
- the ERF Securityholder may disagree with the conclusions of the Independent Expert that the Tweed Mall Transaction, the Buy-Back and the Privatisation are fair and reasonable to the ERF Securityholders.

Further details in relation to the disadvantages of the Proposal can be found in Sections 3.3 and 3.4 of the Explanatory Statement.

Resolutions

There are four inter-conditional Resolutions that must be passed by ERF Securityholders in the Meetings to approve the Proposal. The Resolutions are set out in the Notice of Meetings and described in further detail in Sections 2 and 6.9 of the Explanatory Statement.

How to Vote

The Meetings will be held on Friday, 19 August 2022 at 11:00am at Computershare Investor Services, Level 3, 60 Carrington Street, Sydney NSW 2000 for the purpose of voting on the Resolutions. Due to the continuing impacts of the COVID-19 pandemic, ERF reserves the right to switch the Meetings to virtual online meetings and, in that event, ERF Securityholders will then be advised of the procedures for attending and voting by email to their email addresses recorded with ERF and by ASX announcement. **ERF Securityholders are strongly encouraged to lodge a directed Proxy Form prior to the Meetings in accordance with the instructions in the Notice of Meetings.**

Your vote is important

Full details of the Proposal, including matters which you should consider, are included in the Notice of Meetings and Explanatory Statement and I encourage you to read these carefully (including the report from the Independent Expert attached as Appendix 1 to the Explanatory Statement). If you have any questions, please contact the toll-free Information Line on 1300 631 217 (within Australia) and +61 3 9415 4665 (outside Australia) between 8:30 am and 5:00 pm AEST Monday to Friday.

Your Directors would like to take this opportunity to thank you for your support and are unanimously recommending that you vote in favour of the Resolutions. The various ways you can cast your vote are set out in the Notice of Meetings and accompanying Explanatory Statement.

Yours sincerely,

Paul Bedbrook
Chair

Items of Business

Resolution 1 – Buy-Back of ERF Securities

To consider and, if thought fit, pass the following Resolution as an ordinary resolution:

*"Subject to Resolutions 2, 3 and 4 set out in the notice convening these meetings (**Notice of Meetings**) being passed, for the purposes of the Corporations Act 2001 (Cth) as modified by the ASIC Relief, the constitutions of ERF I and ERF II and for all other purposes, approval is given to the Responsible Entity of Elanor Retail Property Fund, to undertake a Buy-Back of stapled securities in Elanor Retail Property Fund as described in and in accordance with the terms detailed in the Explanatory Statement accompanying this Notice of Meetings."*

Resolution 2 – Disposal of Tweed Mall

To consider and, if thought fit, pass the following Resolution as an ordinary resolution:

"Subject to Resolutions 1, 3 and 4 set out in the Notice of Meetings being passed, for the purpose of Listing Rule 10.1 and for all other purposes, approval is given for the Responsible Entity of Elanor Retail Property Fund to dispose of 100% of its interests in Tweed Mall through a syndication into the Tweed Mall Fund, as described in the Explanatory Statement accompanying this Notice of Meetings."

Resolution 3 – Amendment to the Constitutions

To consider and, if thought fit, pass the following Resolution as a special resolution:

"Subject to Resolutions 1, 2 and 4 set out in the Notice of Meetings being passed, the constitutions of ERPF I and ERPF II each be amended in the manner set out in the constitutions tabled by the Chair and initialled for the purpose of identification, with effect from the conclusion of the Meetings."

Resolution 4 – Privatisation and Delisting of ERF from Australian Securities Exchange (ASX)

To consider and, if thought fit, pass the following Resolution as a special resolution:

"Subject to Resolutions 1, 2 and 3 set out in the Notice of Meetings being passed, for the purpose of Listing Rule 17.11 and for all other purposes, Elanor Retail Property Fund's removal from the Official List of ASX on a date to be decided by ASX (being a date no earlier than one month after the date this Resolution is passed) is approved and that the Directors of the Responsible Entity be authorised to do all things reasonably necessary to give effect to the delisting."

Voting exclusion statement

Section 253E of the *Corporations Act 2001 (Cth)* (**Corporations Act**) provides that a responsible entity of a managed investment scheme and its associates are not entitled to vote their interest on any Resolution if they have an interest in the Resolution other than as a member, unless the vote is cast as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form.

In accordance with section 253E, no votes may be cast in respect of the Resolutions by the Responsible Entity or any of its associates, unless the vote is cast as a proxy for a person who is entitled to vote and in accordance with the directions on the Proxy Form.

Further, in accordance with the Listing Rules, ERF will disregard any votes cast in favour of any Resolution by or on behalf of:

- EFML (being the Responsible Entity of ERF) or any of its associates; or
- MAAM or any of its associates.

However, this does not apply to a vote cast in favour of a Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair of the meetings as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

How to Vote

These Voting Notes should be read together with, and form part of, the Notice of Meetings.

ERF Securityholders eligible to vote

In accordance with sections 1074E(2)(g)(i) of the Corporations Act and regulation 7.11.37 of the Corporations Regulations, ERF has determined that for the purposes of the Meetings, all ERF Securities will be taken to be held by the registered holders at 7:00pm Sydney time on Wednesday, 17 August 2022.

Accordingly, ERF Security transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meetings.

Admission to Meeting

If you will be attending the Meetings and you will not appoint a proxy, please bring your Proxy Form (accompanying this Notice of Meetings) to the meetings to help speed admission. Your Proxy Form contains identification details that can be scanned upon entry. You will be able to register from 10:00am on the day of the Meetings. If you do not bring your Proxy Form with you, you will still be able to attend and vote at the Meetings, but representatives from Computershare will need to verify your identity.

Due to the continuing impacts of the COVID-19 pandemic, ERF reserves the right to conduct the Meetings as virtual online meetings and, in that event, ERF Securityholders will then be advised of the procedures for attending and voting by email to their email addresses recorded with ERF and by ASX announcement.

Proxies

If you are eligible to vote but do not plan to attend the Meetings, you are encouraged to complete and return a Proxy Form. You are entitled to appoint one or two proxies. Where two proxies are appointed, you may specify the number or proportion of votes that each may exercise, failing which each may exercise half of the votes.

A proxy need not be an ERF Securityholder. If you want to appoint one proxy, you can use the form provided. If you want to appoint two proxies, please follow the instructions on the Proxy Form. If you sign and return a Proxy Form and do not nominate a person to act as your proxy, the Chair will be appointed as your proxy by default.

ERF Securityholders are strongly encouraged to lodge a Proxy Form prior to the Meetings in accordance with the instructions in this Notice of Meetings.

Where to Lodge Your Proxy

You may lodge a proxy by following the instructions set out on the Proxy Form accompanying this Notice. To be effective the proxy must be received by Computershare in accordance with the instructions on the Proxy Form at the postal address, fax number or website below, not later than 11:00am Sydney time on Wednesday, 17 August 2022:

Post to: Computershare Investor Services Pty Limited GPO Box 242, Melbourne VIC 3001 Australia

Fax to: 1800 783 447 or +61 (3) 9473 2555 (if overseas)

Lodge online at: www.investorvote.com.au (see the Proxy Form for online lodgement instructions)

For Intermediary Online subscribers (custodians) go to **www.intermediaryonline.com**

Corporate Representatives

A corporate ERF Securityholder wishing to appoint a person to act as its representative at the Meetings may do so by providing that person with:

- a letter, certificate or form authorising him or her as the corporate ERF Securityholder's representative, executed in accordance with the corporate ERF Securityholder's constitution; or
- a copy of the resolution appointing the representative, certified by a secretary or Director of the corporate ERF Securityholder.

A form may be obtained from the Computershare website at **www.investorcentre.com** under the information tab "Downloadable Forms".

How the Chair will vote undirected proxies

The Chair intends to vote any undirected proxies in favour of the Resolutions.

If you wish, you can appoint the Chair as your proxy and direct the Chair to cast your votes contrary to the above stated voting intention or to abstain from voting on a Resolution. Simply mark your voting directions on the Proxy Form before you return it.

Important Notes

Concurrent meetings

Each Security consists of a unit in ERPF I and a unit in ERPF II. The responsible entity of ERPF I and ERPF II is EFML. The units are "stapled" together and quoted jointly on the ASX.

As ERPF I and ERPF II are separate entities, each is required to conduct a separate meeting. The Chair of the meetings has determined that because the Resolutions to be proposed at the two meetings and the persons eligible to vote on the Resolutions are the same, both meetings will be conducted concurrently so that, from an administrative and attendee point of view, the conduct of the meetings will be as if they were one single meeting.

Quorum

The Constitutions of ERPF I and ERPF II provide that three ERF Securityholders present in person or by proxy, attorney or representative who are entitled to vote shall be a quorum for the Meetings.

Required voting thresholds

The vote on the Resolutions will be conducted by way of a poll.

On a poll, each ERF Securityholder has one vote for each Security held at 7:00pm Sydney time on Wednesday, 17 August 2022.

- If a Resolution is an ordinary resolution, it will be passed if more than 50% of the votes cast on the Resolution are in favour.
- If a Resolution is a special resolution, it will be passed if more than 75% of the votes cast on the Resolution are in favour.

Attendance

If you plan to attend the Meetings, we ask that you arrive at the venue at least 30 minutes prior to the time designated for the Meetings so that we may check the number of your ERF Securities and register your attendance.

Appointment of Chair

Pursuant to the authority of EFML under clause 22.7 of the Constitutions, the Chair of the Board, Mr Paul Bedbrook, is to be the Chair of the Meetings. Failing him, another person appointed by EFML will act as Chair of the Meetings.

By order of the Board

Symon Simmons
Company Secretary

Wednesday, 20 July 2022

Explanatory Statement

Important Notices

What is this document?

This Explanatory Statement is dated Wednesday, 20 July 2022 and is issued by EFML in its capacity as Responsible Entity of ERPF I and ERPF II of which the securities are stapled and listed on ASX as Elanor Retail Property Fund.

ERF is a stapled group comprising both ERPF I and ERPF II. Meetings of ERPF I and ERPF II are being held at the same time, as both ERPF I and ERPF II have identical securityholders since a unit in ERPF I is stapled to a unit in ERPF II. These stapled units are traded on ASX under the ticker code 'ERF'.

This Explanatory Statement has been prepared by the Responsible Entity and explains the business to be conducted at the Meetings. The purpose of the Explanatory Statement is to provide all information to ERF Securityholders which is known to the Responsible Entity which it believes is material to the decision on how to vote on the Resolutions in the Notice of Meetings. The Explanatory Statement forms part of and should be read in conjunction with the Notice of Meetings.

The purpose of this Explanatory Statement and the Notice of Meetings is to:

- provide information about a proposed Delisting of ERF, as described further in this Explanatory Statement and the Notice of Meetings and to provide such other information that may be considered material to ERF Securityholders in determining how to vote on Delisting and the other Resolutions set out in in the Notice of Meetings;
- provide disclosure of, and information regarding how to participate in, an off-market Buy-Back (**Buy-Back**) which is being offered by the Responsible Entity as a mechanism for ERF Securityholders to apply to exit their investment in ERF prior to the Delisting (if approved) should you wish to do so;
- provide information about a proposed disposal of Tweed Mall by ERF through a syndication into a new unlisted single asset fund, Tweed Mall Fund, the net proceeds of which will fund a proposed ERF Securityholder distribution, as described further in this Explanatory Statement and the Notice of Meetings and to provide such other information that may be considered material to ERF Securityholders in determining how to vote on that proposed Tweed Mall Transaction as set out in in the Notice of Meetings; and
- provide information about Elanor Property Income Fund (being ERF after it is Privatised) and its features, as described further in this Explanatory Statement and the Notice of Meetings and to provide such other information that may be considered material to ERF Securityholders in determining whether to participate in the Buy-Back.

All information in this document forms part of the Notice of Meetings.

This Explanatory Statement and the Notice of Meetings:

- is not a product disclosure statement under Chapter 7 of the Corporations Act; and
- does not contain all information which would be required to be included in a product disclosure statement under Chapter 7 of the Corporations Act.

It is therefore important that you read previously disclosed publicly available information about ERF (for example on the Elanor website at **https://www.elanorinvestors.com/erf/** or on ASX's website at **https://www2.asx.com.au/markets/company/erf**) before deciding how to vote of the Resolutions or whether or not you wish to participate in the Buy-Back.

If you have any queries or are uncertain about any aspect of the Buy-Back, the Privatisation, the changes to the Constitutions or the Tweed Mall Transaction, you should consult your financial, legal, tax or other professional adviser.

When making an investment decision in connection with the Buy-Back, you should consider the risk factors set out in Section 11 of this Explanatory Statement carefully and in light of your individual circumstances. The risks identified in Section 11 are non-exhaustive indicators of factors which may affect the financial and operating performance of ERF.

None of the Responsible Entity, their advisors nor any other person guarantees:

- any specific rate of return in respect of ERF Securities or EPIF Securities;
- the performance of ERF or EPIF;
- repayment of capital from ERF or EPIF; or
- any particular tax treatment.

How to participate in the Meetings

The Meetings will be held on Friday, 19 August 2022 at 11:00am at Computershare Investor Services, Level 3, 60 Carrington Street, Sydney NSW 2000 for the purpose of voting on the Resolutions. Due to the continuing impacts of the COVID-19 pandemic, ERF reserves the right to switch the Meetings to virtual online meetings and, in that event, ERF Securityholders will then be advised of the procedures for attending and voting by email to their email addresses recorded with ERF and by ASX announcement. ERF Securityholders are strongly encouraged to lodge a directed Proxy Form prior to the Meetings in accordance with the instructions in the Notice of Meetings.

No investment advice

The information contained in this Explanatory Statement and the Notice of Meetings does not constitute financial product advice and has been prepared without reference to your particular investment objectives, financial situation, taxation position and needs.

It is important that you read the Explanatory Statement and the Notice of Meetings in its entirety before making any investment decision and any decision on how to vote on the Resolutions or whether to participate in the Buy-Back. If you are in any doubt on how to vote on the Resolutions, in relation to the Buy-Back, the Privatisation, the changes to the Constitutions, the Tweed Mall Transaction, or any action to be taken, you should contact your financial, legal, tax or other professional adviser.

Preparation and responsibility

This Explanatory Statement and the Notice of Meetings have been prepared by the Responsible Entity. Subject to law, the Responsible Entity and its Directors and officers do not assume any responsibility for the fairness, accuracy, correctness or completeness of any information contained in the Explanatory Statement and the Notice of Meetings.

To the maximum extent permitted by law, neither of the Responsible Entity and the Manager nor any of their respective directors, officers, employees, agents or associates accepts any liability for any loss arising from the use of this Explanatory Statement and the Notice of Meetings.

The information in this Explanatory Statement and the Notice of Meetings remains subject to change without notice. The Responsible Entity reserves the right to withdraw or vary the timetable for implementing the Resolutions without notice.

Forward looking statements

This Explanatory Statement and the Notice of Meetings may contain statements which are considered to be forward-looking.

Forward looking statements can generally be identified by the use of forward looking words such as 'expect', 'anticipate', 'likely', 'intend', 'propose', 'should', 'could', 'may', 'predict', 'plan', 'will', 'believe', 'forecast', 'estimate', 'target', and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the outcome and effects of the Sale of Tweed Mall and the Special Distribution, the Buy-Back offer, the Privatisation and Delisting of ERF and the establishment of EPIF.

Forward looking statements may involve significant element of subjective judgment, assumptions as to future events, and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, the Responsible Entity (and its officers, employees, agents or associates). In addition, the uncertainty and risks created by the COVID-19 pandemic increase the difficulty of making such judgements and analysis.

Unforeseen or unpredictable events and various risks could affect the future results of ERF following the implementation of the Proposal, causing results to differ from those which are expressed, implied or projected in any forward-looking statements. Given these uncertainties, it is prudent not to place undue reliance on any forward-looking statements. Refer to Section 11 (*Risks Factors*) of this Explanatory Statement for a summary of certain general and ERF specific risk factors that may affect ERF. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. Investors should consider the forward-looking statements contained in this Explanatory Statement in light of these disclosures.

The forward-looking statements are based on information available to the Responsible Entity as at the date of this Explanatory Statement and the Notice of Meetings. Except as required by law or regulation (including the Listing Rules), the Responsible Entity undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Past performance

Investors should note that past performance, including past security price performance, cannot be relied upon as an indicator of (and provides no guidance as to) future ERF performance including future security price performance.

Defined terms

Capitalised terms used in this Explanatory Statement and the Notice of Meetings are defined in the Glossary.

Time

Unless stated otherwise, all times expressed in this Explanatory Statement and the Notice of Meetings refer to Sydney time.

Times and dates in this Explanatory Statement and the Notice of Meetings are (except where historical) indicative only and subject to change. Refer to the "Key dates" Section for more details.

Currency and financial data

Unless stated otherwise, all references to dollars, $, cents or ¢ are to Australian dollars and financial data is presented as at the date stated. Any discrepancies between totals and the sum of components in the tables contained in this Explanatory Statement are due to rounding.

Updated information

ERF may update the information contained in this Explanatory Statement and the Notice of Meetings via the ASX announcements platform and on its website at **https://www.elanorinvestors.com/erf/.**

Privacy

The Responsible Entity may collect personal information in the process of conducting the Meetings and implementing the Resolutions, if approved.

Such information may include the ERF Securityholder’s name, contact details and securityholding, and the name of persons they have appointed to act as a proxy, corporate representative or attorney at the Meetings. The primary purpose of collecting personal information is to assist the Responsible Entity to conduct the Meetings and implement the Resolutions, including the Sale of Tweed Mall and the Special Distribution, the Buy-Back offer, the Tweed Mall Transaction and the Privatisation and Delisting, if approved. Personal information collected will not be used for any other purpose.

Personal information of the type described above may be disclosed to print, mail and other service providers and related bodies corporate of the Responsible Entity. ERF Securityholders and persons appointed to act as a proxy, corporate representative or attorney at the Meetings have certain rights to access their personal information that has been collected and may contact the Responsible Entity in the first instance if they wish to access their personal information.

Key information

Key dates

The following are the key dates in relation to the Proposal:

Event	Date
Dispatch of the Notice of Meetings and the Explanatory Statement	Wednesday, 20 July 2022
Last time and date for receipt of Proxy Forms (including proxies lodged online) or powers of attorney by the Registry for the Meeting	Wednesday, 17 August 2022 at 11:00am (Sydney time)
Time and date for determining eligibility to vote at the Meetings	Wednesday, 17 August 2022 at 7:00pm (Sydney time)
Securityholder Meetings	Friday, 19 August 2022 at 11:00am (Sydney time)
Ex-Entitlement Date for Buy-Back and Special Distribution	Thursday, 25 August 2022
Buy-Back and Special Distribution Record Date	Friday, 26 August 2022
Opening Date for Buy-Back	Tuesday, 30 August 2022
Dispatch of the Buy-Back Booklet	Wednesday, 31 August 2022
Settlement of Tweed Mall disposal	Thursday, 6 October 2022
Tweed Mall Special Distribution to ERF Securityholders	Friday, 7 October 2022
Closing Date for Buy-Back	Friday, 21 October 2022
Announcement of the results of the Buy-Back	Monday, 24 October 2022
Settlement Date of Buy-Back	Monday, 31 October 2022
Suspension Date (date on which ERF Securities are suspended from trading on ASX)	Wednesday, 2 November 2022
ERF Delisting Date	Friday, 4 November 2022

All times and dates in the above timetable are references to the time and date in Sydney, New South Wales, Australia and all such times and dates are subject to change. The Responsible Entity may vary any or all of these dates and times and will provide notice of any such variation to the ASX. Certain times and dates are conditional on the approval of the Proposal by ERF Securityholders and the ASX. Any changes will be announced by the Responsible Entity to the ASX.

Frequently asked questions

Question	Answer	More information
Overview		
What is the Proposal?	The Proposal is to sell the Tweed Mall property to a syndicate of institutional, wholesale and sophisticated investors including ENN (**Syndicate**), to conduct a Buy-Back and to privatise ERF, as described in this Explanatory Statement. Prior to the Privatisation, Tweed Mall will be sold at its independent valuation which will provide ERF Securityholders with a Special Distribution funded by the net proceeds received from the Tweed Mall Transaction after transaction costs and retiring debt. The Buy-Back is proposed to provide ERF Securityholders with an additional opportunity to exit their investment in ERF in part or whole prior to the Privatisation. The Proposal is conditional on ERF Securityholders passing each of the Resolutions at the Meetings.	*Section 2*
What are the Resolutions?	At the Meetings, ERF Securityholders will be asked to consider, and if thought fit, to pass: • the Buy-Back Resolution to facilitate the Buy-Back on the terms set out in this Explanatory Statement; • the Tweed Mall Transaction Resolution to approve the sale of Tweed Mall through a syndication into the TMF; • the Constitution Amendment Resolution to approve proposed amendments to the Constitutions, which facilitate the Proposal and the operation of ERF as an unlisted entity post Privatisation; and • the Privatisation Resolution to approve the Delisting of ERF. Each of these Resolutions is inter-conditional and all must be passed in order for the Proposal to be implemented.	*Section 6.9*
What does the Board recommend?	The Board of ERF unanimously recommends that ERF Securityholders vote in favour of all the Resolutions, each of which is required to implement the Proposal, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Proposal is fair and reasonable to the ERF Securityholders. If they are entitled to do so, the Board members intend to vote in favour of the Resolutions in relation to their own ERF Securities (if	*Sections 4.4 and 4.3*

Question	Answer	More information
	any). In addition, all members of the Board who hold ERF Securities do not intend to participate in the Buy-Back and intend to retain their ERF Securities post Privatisation.	
What is the opinion of the Independent Expert?	**The Independent Expert, BDO Corporate Finance (East Coast) Pty Ltd, has concluded that the Proposal is fair and reasonable to the ERF Securityholders. BDO's conclusion should be read in context with the full Independent Expert's Report set out in Appendix 1 of this booklet.**	*Section 4.3*
What are the advantages of the Proposal?	Advantages of the Proposal for ERF Securityholders who elect to retain their investment in ERF (**Continuing Securityholders**) include: • the Proposal facilitates a Special Distribution to all ERF Securityholders from the Tweed Mall Transaction; • continued exposure to a portfolio of high investment quality secure income real estate assets; • the Proposal is expected to result in an annualised distribution yield for EPIF in the range of 5.5 – 6.0%; and • EPIF investors will receive monthly distributions and quarterly liquidity opportunities at NTA. Advantages of the Proposal for ERF Securityholders who elect to sell all of their securityholding through the Buy-Back (**Exiting Securityholders**) include: • the Proposal facilitates a Special Distribution to all ERF Securityholders from the Tweed Mall Transaction; • the Total Consideration represents a premium over ERF's recent trading prices; • the Proposal provides value certainty at a premium; and • the Buy-Back provides flexibility for partial participation by ERF Securityholders.	*Sections 3.1 and 3.2*
What are the disadvantages of the Proposal?	Disadvantages of the Proposal for Continuing Securityholders include: • the loss of access to trading on the ASX; • potentially higher gearing in EPIF; • the Listing Rules will no longer apply;	*Section 3.3 and 3.4*

Question	Answer	More information
	• capital raising through an issue of securities on the ASX will not be available; • Takeovers Provisions will no longer apply; and • the Proposal will incur Transaction costs. Disadvantages of implementation of the Proposal for Exiting Securityholders include: • there will be tax consequences for Exiting Securityholders; • losing the opportunity (if any) to consider a superior proposal in the future; and • Exiting Securityholders will not receive any future distributions and will lose their exposure to ERF's portfolio.	
What are the risks associated with the Proposal?	Various risks are associated with implementing the Proposal, including with respect to: • future liquidity opportunities; • Securityholder concentration; • Tax consequences for ERF Securityholders; • Increase in gearing; and • Listing Rules and Takeovers Provisions will no longer apply. This list is not exhaustive and you are directed to read the "Risks Factors" Section in this Explanatory Statement in full.	*Section 11*
What will happen if the Proposal is not implemented?	If the Proposal is not implemented, ERF Securities will continue to be traded on the ASX, the Buy-Back and the Tweed Mall Transaction will not proceed. Consequences if the Proposal does not proceed include: • the price of ERF Securities may continue to trade below NTA; and • ERF estimates it will have incurred approximately $4.0 million in costs in connection with the Proposal.	*Section 3.5 and 11.1*
Meeting details and voting		
When and where will the meetings be held?	The Meetings will be held at 11:00am (Sydney time) on Friday, 19 August 2022. The Meetings will be held at Computershare Investor Services, Level 3, 60 Carrington Street, Sydney NSW 2000 for the purpose of voting on the Resolutions. Due to the continuing impacts of the COVID-19 pandemic, ERF reserves the right to switch the	*Notice of Meetings on page 2*

Question	Answer	More information
	Meetings to virtual online meetings and, in that event, ERF Securityholders will then be advised of the procedures for attending and voting by email to their email addresses recorded with ERF and by ASX announcement.	
Can I attend the Meetings, and vote, online or in person?	The Meetings will be held at Computershare Investor Services, Level 3, 60 Carrington Street, Sydney NSW 2000 for the purpose of voting on the Resolutions. Further information about attending the Meetings can be found in the Notice of Meetings.	*Section 5.2 and Notice of Meetings on page 2*
Who is entitled to vote on the Resolutions?	You will be entitled to vote on the Resolutions if you are registered as an ERF Securityholder on the Register at 7.00pm on the date which is two days prior to the meetings (two days prior is currently expected to be Wednesday, 17 August 2022). Further, in accordance with the ASX Listing Rules, ERF will disregard any votes cast in favour of any Resolution by or on behalf of: • EFML (being the Responsible Entity of ERF) or any of its associates; or • MAAM or any of its associates.	*Notice of Meetings on page 2*
What are the ERF Securityholder approval thresholds for the Resolutions?	In relation to each of the Buy-Back Resolution and the Tweed Mall Transaction Resolution, the Requisite Majority of votes in favour required for the Resolution to pass is more than 50% of the total number of votes cast by ERF Securityholders entitled to vote on the Resolution. In relation to each of the Constitution Amendment Resolution and Privatisation Resolution, the Requisite Majority of votes in favour required for the Resolution to pass is at least 75% of the total number of votes cast by ERF Securityholders entitled to vote on the Resolution.	*Section 6.9*
How can I vote?	The Meetings will be held on Friday, 19 August 2022 at 11:00am at Computershare Investor Services, Level 3, 60 Carrington Street, Sydney NSW 2000 for the purpose of voting on the Resolutions. Due to the continuing impacts of the COVID-19 pandemic, ERF reserves the right to switch the Meetings to virtual online meetings and, in that event, ERF Securityholders will then be advised of the procedures for attending and voting by email to their email addresses recorded with ERF and by ASX announcement.	*Section 5.2.2 and* *Notice of Meetings on page 2*

Question	Answer	More information
	If you would like to vote but cannot attend the Meetings, you can vote by appointing a proxy, attorney or corporate representative (if applicable) to vote on your behalf, including by lodging your Proxy Form online at **www.investorvote.com.au** and following the instructions on your Proxy Form.	
Privatisation		
What is the Privatisation?	The Privatisation is the proposed delisting of ERF from the Official List of ASX under Listing Rule 17.11 as described in this Explanatory Statement (**Privatisation** or **Delisting**).	*Sections 1, 2, 3, 4 and 6*
When will the Privatisation occur?	If ERF Securityholders approve the Proposal by passing each of the Resolutions at the Meetings, it is expected that ERF will be delisted on Friday, 4 November 2022.	*Key Information*
Buy-Back		
What is the Buy-Back and Buy-Back Price?	The Buy-Back is the offer to buy back up to 100% of ERF Securities on issue. The Buy-Back Price is $0.79 per ERF Security. The Buy-Back together with the Special Distribution from the Tweed Mall Transaction ($0.36 per ERF Security) will result in Exiting Securityholders receiving a Total Consideration of $1.15 per ERF Security.	*Sections 2.1.3, 2.2, and 8*
How is the Responsible Entity funding the Buy-Back?	The Buy-Back will be funded via a senior loan financed by MA Investment Management Ltd of up to $67.5 million.	*Section 2.1.3, 2.2 and 12.3*
Who can participate in the Buy-Back?	Persons who are registered as a holder of ERF Securities as at the Record Date, currently expected to be Friday, 26 August 2022, are eligible to participate in the Buy-Back unless they are Ineligible Securityholders who will not be entitled to participate in the Buy-Back and will continue to hold ERF Securities in EPIF after delisting. Ineligible Securityholders will be able to participate in the Unlisted Liquidity Facility after delisting. An Ineligible Securityholder is a person who resides, or who is acting on behalf or for the account of a person who resides, outside of Australia and New Zealand. The Responsible Entity has determined, and has applied for and received in-principle approval for relief from ASIC, to provide that it	*Section 5.2*

Question	Answer	More information
	would be unreasonable to extend the Buy Back to Ineligible Securityholders having regard to the number and value of ERF Securities held by Ineligible Securityholders and the costs of complying with the legal and regulatory requirements which would apply. Any ERF Securities acquired after the Record Date will have no entitlement to participate in the Buy-Back.	
What is the size of the Buy-Back and how many ERF Securities can I sell in the Buy-Back?	The Responsible Entity offers to buy back up to 100% of the ERF Securities held by each ERF Securityholder. The maximum number of the ERF Securities which will be bought back is 84.9 million, where 100% of ERF Securityholders (excluding MAAM and including ENN to a small extent) elect to participate into the Buy-Back (**Buy-Back Limit**). ERF has secured a $67.5 million debt facility, which, at the Buy-Back price of $0.79 per ERF Security, allows for full participation of all ERF Securityholders. MAAM has undertaken not to participate in the Buy-Back and ENN will participate to a small extent (approximately $4.5 million).	*Sections 8.1 and 8.2.1*
When and how can I participate in the Buy-Back?	At this stage, you do not need to make any election in relation to the Buy-Back. If the Resolutions are passed at the Meetings, the Eligible Securityholders as at the Record Date will be provided with further information on how to elect to participate in the Buy-Back, including receiving a personalised Buy-Back Participation Form.	*Section 5.3*
What opportunity will I have to sell my ERF Securities before ERF is Privatised?	If the Proposal proceeds and you do not wish to maintain your investment in EPIF, you will be able to apply to sell your ERF Securities via the Buy-Back at a fixed price of $0.79 per ERF Security. Alternatively, you may choose to sell your ERF Securities on-market at any time at the prevailing market price, subject to available liquidity up until the proposed Suspension Date being Wednesday, 2 November 2022. Any ERF Securities you sell after the Ex-Entitlement Date (expected to be Thursday, 25 August 2022) will have no entitlement to participate in the Buy-Back.	*Sections 2.1.3 and 8.2.3*

<table>
<tr><th>Question</th><th>Answer</th><th>More information</th></tr>
<tr><td colspan="3">Special Distribution</td></tr>
<tr><td>What is the Special Distribution?</td><td>Prior to the proposed Privatisation, Tweed Mall will be sold for its current independent valuation ($87.0 million), through a syndication to become the TMF for which EFML is proposed to act as trustee and manager. The Syndicate will comprise:
• institutional, wholesale and sophisticated investors, who will hold an initial equity interest of approximately $15.3 million in TMF; and
• ENN, which will underwrite an equity interest of approximately $13.0 million in TMF.
All Eligible Securityholders will receive a Special Distribution of $0.36 per ERF Security funded by the net proceeds received from the Tweed Mall Transaction after transaction costs and retiring debt.</td><td>Section 2.1.2 and 9.1</td></tr>
<tr><td>How is the Responsible Entity funding the Special Distribution?</td><td>The Special Distribution will be funded from the net proceeds received from the Tweed Mall Transaction after transaction costs and retiring debt. TMF will be funded by:
• a $15.3 million equity investment committed by new institutional, wholesale and sophisticated investors;
• a new $62.5 million leveraged debt facility provided by MA Investment Management Ltd; and
• ENN will underwrite approximately $13.0 million of TMF, this will be funded by reinvestment of ENN's net proceeds from the Special Distribution and redeeming some of its existing holding in ERF in the Buy-Back (approximately $4.5 million).</td><td>Section 9.1</td></tr>
<tr><td>Who can receive the Special Distribution?</td><td>Persons who are registered as a holder of ERF Securities as at the Record Date, currently expected to be Friday, 26 August 2022, are eligible to receive the Special Distribution.</td><td>Section 9.3</td></tr>
</table>

Question	Answer	More information
Elanor Property Income Fund		
How will ERF operate as an unlisted vehicle?	If delisted, ERF will comprise two unlisted Australian unit trusts, being ERPF I and ERPF II, which will continue to be stapled together and both continue to be registered managed investment schemes. Expected terms for the operation of ERF as an unlisted vehicle following implementation of the Proposal are detailed in Section 2.3.2.	*Section 2.3*
What opportunity will I have to sell my ERF Securities once ERF is no longer listed?	If ERF is Delisted, EPIF will provide a quarterly liquidity facility capped at 20% of the fund's net assets per annum with a full liquidity option after 5 years (Unlisted Liquidity Facility). The Unlisted Liquidity Facility is subject to conditions, caps and other limitations, and there is no guarantee that liquidity will be available under the Unlisted Liquidity Facility at any particular price, on any particular timing, or at all. If liquidity is available under the Unlisted Liquidity Facility, an investor's application for liquidity may be scaled back.	*Section 2.3*
What is EPIF's strategy?	EPIF will be an open-ended, multi-sector property fund generating reliable income from real estate assets that have strong, defensive attributes and differentiated competitive advantages to deliver superior investment performance. Key features include: • Reliable monthly distributions from a high investment quality initial portfolio of secure income retail assets; • Real estate diversification across sector, location and tenancy mix; and • Leading liquidity structure – 5% of net assets quarterly (20% p.a.) at NTA.	*Section 2.3.2*

Question	Answer	More information

What are the EPIF key portfolio metrics?

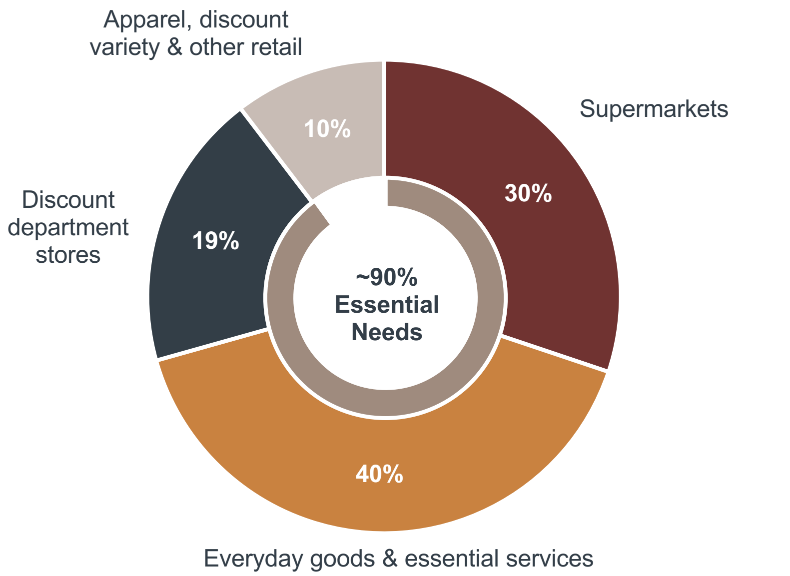
Key portfolio metrics	
Independent value ($m)	106.2
Lettable area (sqm)	30,356
Values/sqm ($)	3,498
Cap rate	7.05%
Occupancy (by lettable area)	92.6%
WALE by area (yrs)	3.8
WALE by gross rent (yrs)	3.9

Section 2.3.3

What is the current EPIF portfolio tenant profile?

EPIF's initial portfolio comprises ~90% "essential needs" retail tenants

"Essential needs" tenants are diversified across resilient sectors



Section 2.3.3

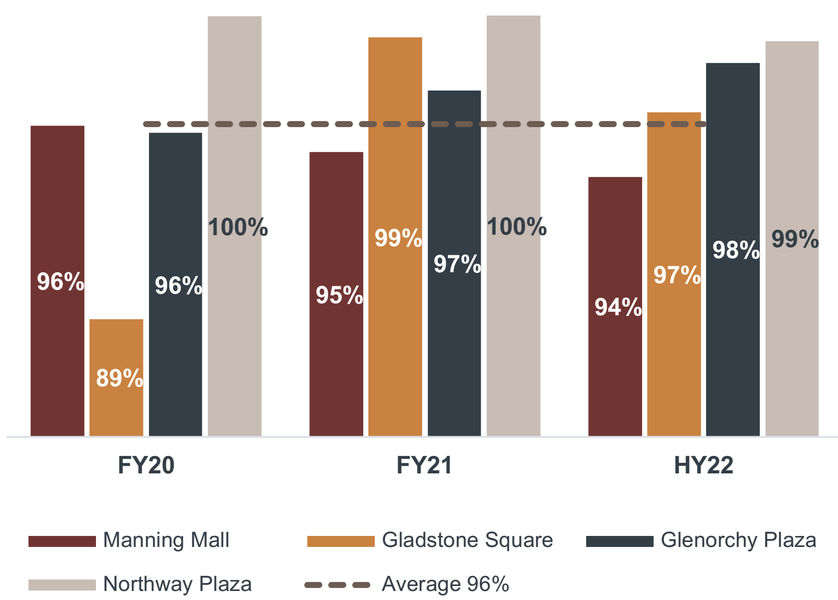
What are the reliable income attributes of EPIF?

Despite COVID and its challenges, the EPIF portfolio's secure income attributes have seen it average 95%+ rent collection, and 94% occupancy since FY20.

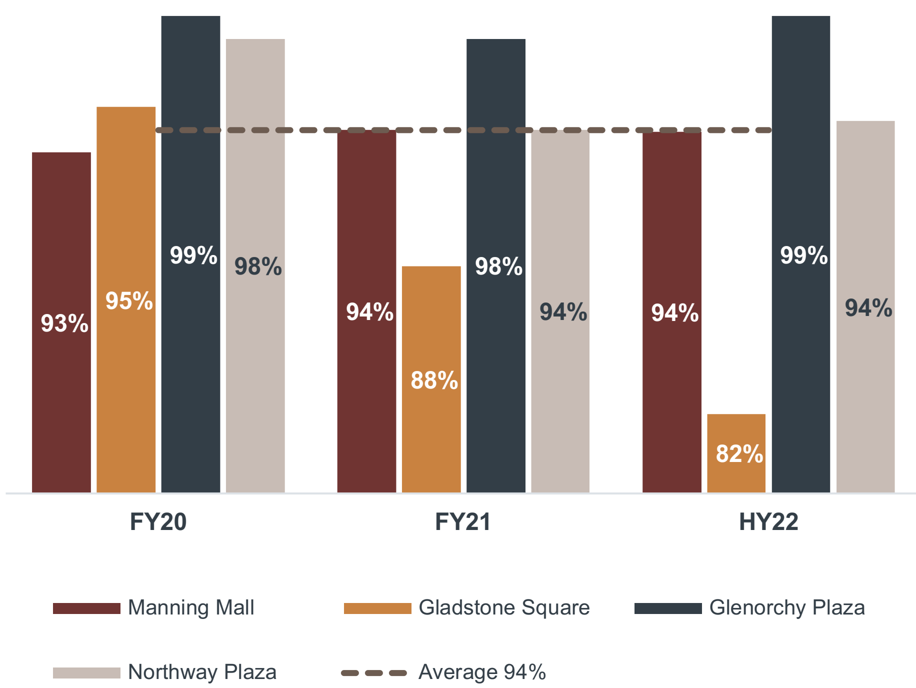
Section 2.3.3

Question	Answer	More information

EPIF rent collection since FY20



EPIF Occupancy since FY20



Other questions		
Can I sell my ERF Securities now?	Yes. You can sell your ERF Securities on-market (subject to demand) at any time before the Suspension Date at the prevailing market price at that time.	*Section 2.1.3*
What are the taxation implications of the Proposal?	The tax implications of the Proposal will depend on your personal circumstances, and whether or not you decide to participate in the Buy-Back. A general outline of the main Australian tax implications of the Proposal is set out in Section 10 of this Explanatory Statement. This outline is general in nature. You should consult with your own tax advisers for detailed tax advice regarding the Australian and, if applicable, foreign tax implications of the Privatisation, and participation in the Buy-Back in light of your personal circumstances before making a decision as to how to vote on the Resolutions, and whether to participate in the Buy-Back.	*Section 10*
When will the results and outcome of the Buy-Back be known?	The outcome of the Buy-Back is expected to be announced on Monday, 24 October 2022.	*N/A*
Will I have to pay brokerage fees in respect of the Buy-Back?	No brokerage fees will be payable by Exiting Securityholders on the sale of ERF Securities to the Responsible Entity under the Buy-Back.	*N/A*
Where can I get further information?	If, after reading this Explanatory Statement, you have any questions regarding the Proposal, please call 1300 631 217 (within Australia) or +61 3 9415 4665 (outside Australia), or consult your legal, investment or other professional adviser.	*N/A*

1. Background to the Proposal

ERF was listed on the ASX in November 2016 as an externally managed real estate investment fund focused on investing in neighbourhood and sub-regional shopping centres with a high proportion of non-discretionary focused retailers.

Since listing in November 2016, ERF has consistently traded at a discount to its NTA despite the strong performance of the Fund's underlying assets. ERF has executed a number of strategic initiatives to address the Fund's trading price discount to NTA, including:

- the sale of Auburn Central at a 4.9% premium to book value, followed by a special distribution of 12 cents per security;
- the sale of Moranbah Fair at book value; and
- an on-market buy-back programme (undertaken throughout 2020 and 2021).

Further to the above, and as a result of the prevailing discount of ERF's trading price to NTA, the Board conducted a strategic review of the Fund as detailed in Section 3.6 of the Explanatory Statement. Having taken into consideration the range of strategic options, the Board is proposing the sale of Tweed Mall and a $0.36 per security Special Distribution, an off-market security buy-back offer for up to 100% of the securities held by eligible ERF Securityholders and the Privatisation of ERF. Accordingly, the Proposal has been developed to give ERF Securityholders the option to either remain invested in an unlisted fund with continued exposure to the underlying asset class of ERF or have their ERF Securities bought back for a price close to NTA.

The Board believes the Proposal has the following merits:

Certain value

The Proposal provides ERF Securityholders with an opportunity to remain invested in an open-ended, multi-sector, real estate fund with reliable monthly distributions, quarterly liquidity options, and value certainty for their securities of between $1.20 to $1.31 of Total Value per security

Opportunity to redeem or retain

ERF Securityholders will be given the flexibility to either redeem their existing holding (in full or part), or retain their investment in the open-ended, multi-sector managed fund, the Elanor Property Income Fund

An attractive premium

ERF Securityholders who elect to participate in the Buy-Back will receive a total cash consideration of $1.15 per Security representing a significant premium to the prevailing Security price.

Certainty of outcome

The Proposal is expected to receive strong support from non-associated ERF Securityholders and is therefore likely to be approved

The Board of ERF continues to believe in the fundamentals underpinning the ERF portfolio, remaining aligned and committed to ERF Securityholders to deliver long term value.

2. Summary of the Proposal and Resolutions

2.1 What is the Proposal

At a high level, the Proposal will operate as follows:

2.1.1 Privatisation of ERF to become Elanor Property Income Fund

ERF Securityholders will have the opportunity to retain an investment in an open-ended multi-sector managed fund to be named Elanor Property Income Fund (following the Privatisation of ERF). EPIF will be seeded with ERF's high investment quality portfolio of secure income assets (Manning Mall, Gladstone Square, Glenorchy Plaza and Northway Plaza).

ERF Securityholders who do not participate in the Buy-Back and remain in the Elanor Property Income Fund would receive the Special Distribution of $0.36 per security and, immediately after delisting, hold EPIF securities with an NTA per security of between $0.84 and $0.95 resulting in approximately $1.20 to $1.31 of Total Value per security (4.6% to 13.7% premium to the Buy-Back price).

The Value per ERF Security implies the following premia:

Total Value per ERF Security	$1.20 to $1.31	Premia[3]
Last trading price	$1.07	12.7% to 22.6%
30-day VWAP	$1.05	13.9% to 23.8%
3-month VWAP	$1.06	13.1% to 22.9%

EPIF's unlisted structure will provide value at the prevailing NTA of the fund with quarterly redemptions Further details of the Elanor Property Income Fund are available in section 2.3.

2.1.2 Sale of Tweed Mall and Special Distribution

Prior to the proposed Privatisation, ERF's Tweed Mall asset is to be sold for its current independent valuation ($87 million) through a syndication into a new Elanor Investors Group unlisted single asset fund, the Tweed Mall Fund. The Tweed Mall Fund will be open to investment by wholesale and sophisticated investors.

As a result of the sale, all ERF Securityholders will receive a Special Distribution of $0.36 per security funded by the net proceeds received from the sale of Tweed Mall after transaction costs and retiring debt. It is anticipated that the Special Distribution will be paid to ERF Securityholders following settlement of the Tweed Mall Fund at the beginning of October 2022.

2.1.3 Security Buy-Back offer

Prior to the proposed Privatisation, ERF Securityholders will have the opportunity to participate in an off-market buy-back offer for up to 100% of their ERF securities. ERF Securityholders who elect to participate in

[3] The last trading price, 30-day VWAP and 3-month VWAP calculations are as of 23 June 2022 and are based on IRESS market volume

the Buy-Back would receive cash of $0.79 per security and the Special Distribution of $0.36 per security, resulting in a Total Consideration of $1.15 per security.

All ERF Securityholders will be entitled to retain the distribution of up to 3.62 cents in respect of the half year ending 30 June 2022.[4]

The Buy-Back will be funded by a new $67.5 million leveraged debt facility provided by MA Investment Management Ltd to the extent that it is required.

ERF's largest securityholder MA Asset Management Ltd (**MAAM**) (19.9%) has agreed not to participate in the Buy-Back and to retain its securities in EPIF after delisting.[5]

Elanor Investors Group (**ENN**) intends to maintain an investment of approximately $15 million in EPIF and will invest a maximum of $13 million in the Tweed Mall Fund (the combined investment of approximately $28 million is equivalent to the value of its current holding in ERF). ENN will redeem some of its existing holding in ERF in the Buy-Back ($4.5 million), in addition to ENN's proceeds from the Special Distribution, which will be invested in the Tweed Mall Fund.

The Proposal, if implemented, will result in delisting ERF and is expected to occur on Friday, 4 November 2022.

In addition to selling through the Buy-Back, ERF Securityholders can sell their ERF Securities on-market at any time (subject to demand) up until the proposed Suspension Date which is expected to be Wednesday, 2 November 2022. If investors sell their securities on-market they will be paid two ASX trading days (T+2) after the date on which the relevant trade takes place under the ASX settlement process.

2.2 Buy-Back Price

The Buy-Back Price of $0.79 per ERF Security and Special Distribution from the Tweed Mall Transaction of $0.36 per ERF Security would result in Exiting Securityholders receiving a Total Consideration of $1.15 per ERF Security. The Total Consideration of $1.15 would see ERF Securityholders who elect to exit their investment in ERF under the Buy-Back realise a premium to historical trading prices:

Total Consideration per ERF Security	$1.15	Premia[6]
Last trading price	$1.07	7.9%
30-day VWAP	$1.05	9.0%
3-month VWAP	$1.06	8.2%

Considering that funding for the Buy-Back will partially be borne by non-participating ERF Securityholders who choose to remain in ERF, it was important to establish an equitable price that balances the interests of Exiting Securityholders and the Continuing Securityholders who are funding that exit and choosing to remain invested in EPIF. The Board believes that the Buy-Back Price of $0.79 per ERF Security and Special Distribution from the Tweed Mall Transaction of $0.36 per ERF Security resulting in a Total Consideration of $1.15 per ERF Security is an equitable price that balances these interests. As part of the Proposal, ERF Securityholders will have the choice to sell some of their securities into the Buy-Back and retain some of their securities if they do not wish to exit in full.

[4] The Buy-Back price will be reduced by the value of any further distributions declared, proposed or paid beyond 30 June 2022.
[5] Subject to certain conditions being satisfied including no superior proposal.
[6] The last trading price, 30-day VWAP and 3-month VWAP calculations are as of 23 June 2022 and are based on IRESS market volume

MAAM has undertaken to the Responsible Entity that it will not sell their ERF Securities into the Buy-Back. ENN will participate in the Buy-Back to a small extent ($4.5 million) to assist with funding the acquisition of its investment in TMF. MAAM and ENN have also expressed a preference not to increase their stake in EPIF. MAAM and ENN have advised the Responsible Entity that while they continue to believe in the strong fundamentals underpinning the investment and attractiveness of the investment strategy, both groups will already have a significant stake in EPIF at the implementation of the Proposal and, consistent with their broader business and investment strategy, would ideally prefer for EPIF to be more widely held.

2.3 Elanor Property Income Fund

2.3.1 Overview

Once the Privatisation has occurred, EPIF will enable ERF Securityholders to maintain their exposure to ERF's high investment quality portfolio of secure income assets, excluding the Tweed Mall asset which will be sold prior to the Transaction.

ERF's existing corporate entities and management structure will be retained if it is delisted with ERF continuing to be a registered managed investment scheme, managed by the existing Manager and governed by the Board.

In EPIF, the Responsible Entity intends to offer a market leading quarterly liquidity facility at 5.0% of net assets quarterly (20% p.a.).

The Unlisted Liquidity Facility is expected to be funded through funds from operations and demand for new securities in EPIF. However, the ability for the Responsible Entity to offer investors quarterly liquidity after the Privatisation will depend upon many factors including EPIF remaining liquid, having sufficient cash reserves after the payment of distributions, available capacity under its debt facilities, and importantly its ability to attract new investors.

Having regard to these conditions and limitations of the Unlisted Liquidity Facility, it is important to note that there is no guarantee that liquidity in EPIF will be available at any particular price, on any particular date, or at all. If liquidity is available, an investor's application for liquidity may be scaled back.

In order to better align the Constitutions with an unlisted fund structure, if the Proposal is approved, the Constitution Amendments will change the trustee fee provisions so that, if ERF is delisted, the fees are calculated for the change to EPIF (as further detailed in section 6.9.3), and provides for the Unlisted Liquidity Facility in the unlisted environment. Further information on the Constitution Amendments is set out in Section 6.9. Copies of the Constitution Amendments showing the proposed amendments can be accessed at **https://www.elanorinvestors.com/erf/.**

2.3.2 Summary of EPIF features

EPIF will be an open-ended, multi-sector property fund generating reliable income from real estate assets that have a defensive tenancy mix and differentiated competitive advantages in their markets to deliver superior investment performance.

Key features include:

- Reliable monthly income distributions from a high investment quality initial portfolio of secure income retail assets;
- Real estate diversification across sector, location and tenancy mix; and
- Leading liquidity structure – 5% of net assets quarterly (20% p.a.) at NTA.

The table below summarises the key features of the EPIF following the Privatisation of ERF, including the proposed Unlisted Liquidity Facility.

Feature	Summary
Fund structure	EPIF will comprise of two unlisted funds which are stapled together, and both are registered managed investment schemes.
Responsible Entity	Elanor Funds Management Limited ABN 39 125 903 031, AFSL 398196 will continue to act as responsible entity of EPIF.
Manager	Elanor Asset Services Pty Limited, a wholly-owned Subsidiary of Elanor Investors Group, will continue to act as the investment manager of EPIF.
Base currency	EPIF will continue to be denominated in Australian dollars (**AUD**).
Fund investment objective	EPIF's key objective is to provide reliable monthly distributions from investing in real estate assets in Australia and New Zealand that deliver strong, secure income.
Minimum suggested time frame for holding investment	3 to 5 years or more.
Minimum additional investment	$1,000
Management fees, performance and other	**Acquisition Fee:** 1.5% of purchase price of an Asset **Management Fee:** 0.65% Gross Asset Value **Disposal Fee:** 1.5% of sale price of an Asset **Performance Fee:** 20% of outperformance above an 8% per annum benchmark return
EPIF Security pricing frequency	Monthly unit pricing.
Investment term	Open ended fund.
Applications for further EPIF Securities post Privatisation	Details will be included in the EPIF Product Disclosure Statement to be released at a later date.

Feature	Summary
Liquidity	Quarterly with the first liquidity opportunity for EPIF investors on 31 March 2023.
Withdrawal limits	5.0% of the funds net assets per quarter (20.0% per annum) with a full withdrawal option every 5 years.
Withdrawal pricing	Withdrawals will be priced at the prevailing EPIF NTA.
Valuation policy	Asset valuations to be carried out on a semi-annual basis.
Funding of withdrawals	Withdrawals are expected to be funded through funds from operations and demand for new securities in EPIF. The ability for the Responsible Entity to offer investors quarterly liquidity after the Privatisation will depend upon many factors including EPIF remaining liquid, having sufficient cash reserves after the payment of distributions, available capacity under its debt facilities, and importantly, its ability to attract new investors.
Distributions	Distributions will be paid monthly with an expected annualised distribution yield range of 5.5% – 6.0%[7]
Gearing	Target gearing range of 30 to 40%
Investor reporting	Quarterly

[7] Yield calculated based on NTA of EPIF

2.3.3 Summary of the portfolio

(a) Portfolio key metrics

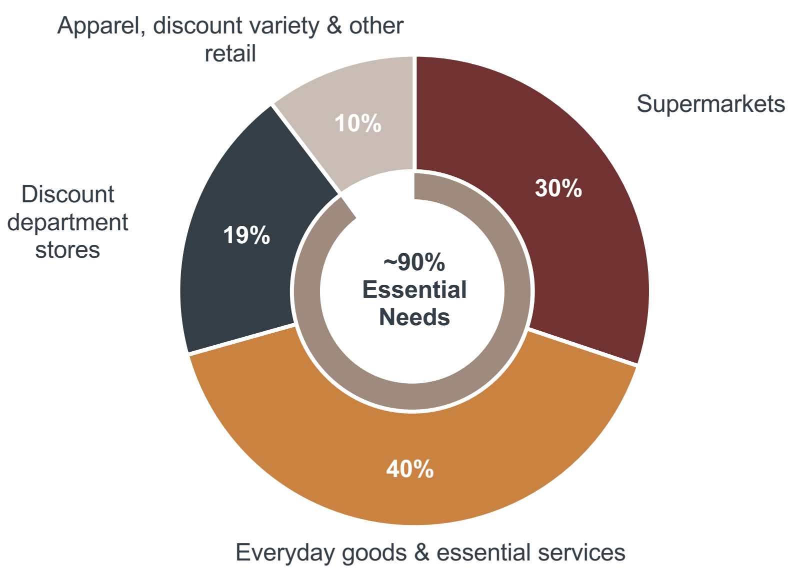
On Completion, the portfolio will comprise of four seed assets situated across New South Wales, Queensland and Tasmania. The properties are independently valued at $106.2 million, reflecting a WACR of 7.05%. The Portfolio is 92.6% occupied with a WALE by gross rent of 3.9 years.

	NSW Manning Mall	QLD Gladstone Square	TAS Glenorchy Plaza	QLD Northway Plaza	Total
Independent value ($m)	36.7	30.5	19.8	19.2	**106.2**
Lettable area (sqm)	10,742	6,842	8,726	4,046	**30,356**
Values/sqm ($)	3,416	4,458	2,269	4,745	**3,498**
Cap rate	7.00%	7.00%	7.25%	7.00%	**7.05%**
Occupancy (by lettable area)	93.1%	81.4%	100.0%	94.4%	**92.6%**
WALE by area (yrs)	1.8	7.7	2.9	4.2	**3.8**
WALE by income (yrs)	2.0	7.6	2.8	4.3	**3.9**

(b) Portfolio diversification

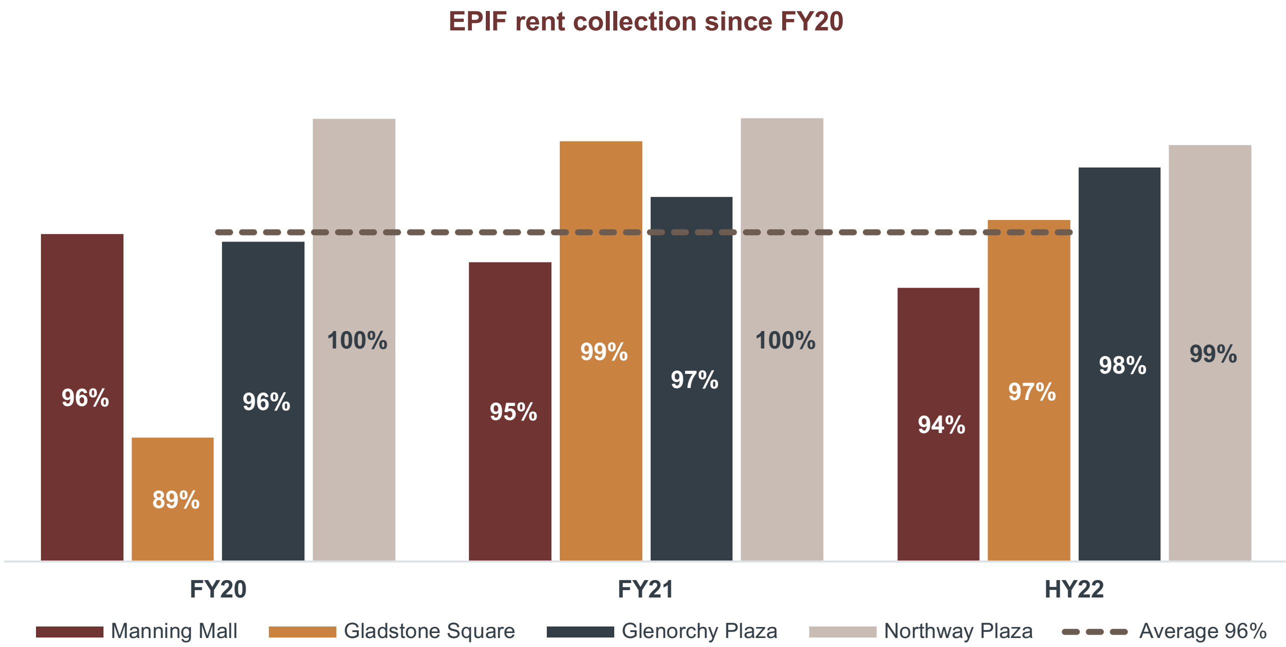
EPIF will consist of diversified portfolio of predominantly “essential needs” retail tenants comprising 90% of the portfolio.

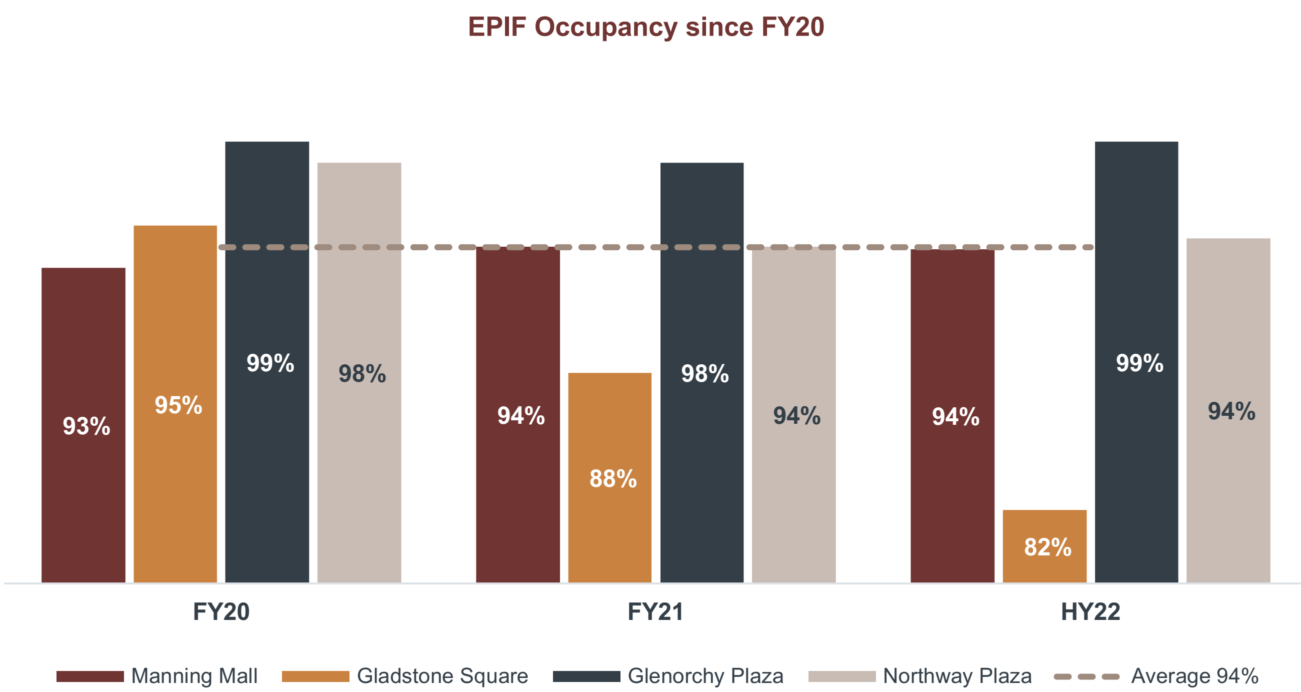
“Essential needs” tenants are diversified across resilient sectors



(c) EPIF secure income portfolio profile

Despite COVID-19 and its challenges, the EPIF portfolio's secure income attributes have seen it average 95%+ rent collection. Active management via repositioning and strong leasing outcomes has contributed to the sustained income profile of the assets. The management of EPIF will remain in place and is expected to continue to execute on its active management initiatives.



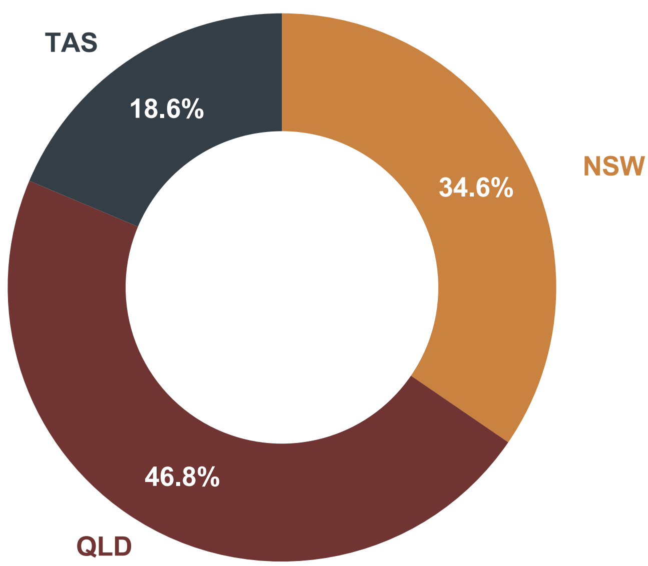


(d) Major tenants

Major Tenants	% Income
coles	12.6%
BIGW	11.8%
Woolworths	10.3%
IGA	8.6%
Target	7.4%
THE REJECT SHOP	3.1%
GreaterBank	2.4%
Guardian Let's talk about you. COOPERS PHARMACY TAREE - WINGHAM - CHATHAM	2.4%
Ramsay Pharmacy Part of Ramsay Health Care	2.3%
LIQUORLAND	2.2%
Total	**63.0%**

(e) Geographic disposition

Geographic diversification (by Asset Value)



2.3.4 Further information

A retail product disclosure statement is expected to be released around the time of the Privatisation which will contain further information about the unlisted fund. All material information relating to the unlisted fund as at the Announcement Date which has not been previously announced on ASX has been included in the Explanatory Statement. If new material information emerges following the despatch of the Explanatory Statement the Responsible Entity will consider it and notify ERF Securityholders via the ASX announcements platform and on its website at **https://www.elanorinvestors.com/erf/.**

In consideration for MAAM agreeing to not participate in the Buy-Back, MAAM and Elanor Investment Nominees Pty Limited as trustee for the Elanor Investment Trust (**EIT**) have entered into an agreement whereby EIT will seek to facilitate the sale of MAAM's holding in the EPIF over a 15-month period following the Delisting Date.

3. Advantages and Disadvantages of the Proposal

3.1 Advantages of the Proposal for Continuing Securityholders

3.1.1 The Proposal facilitates a Special Distribution to all Eligible Securityholders from the Tweed Mall Transaction

Prior to the proposed Privatisation, ERF's Tweed Mall asset is to be sold for its current independent valuation ($87 million) through a syndication into a new Elanor Investors Group unlisted single asset fund, the Tweed Mall Fund. The Tweed Mall Fund will be open to investment by wholesale and sophisticated investors.

As a result of the sale, all ERF Securityholders will receive a Special Distribution of $0.36 per security funded by the net proceeds received from the sale of Tweed Mall after transaction costs and retiring debt. It is anticipated that the Special Distribution will be paid to ERF Securityholders following settlement of the Tweed Mall Fund on Friday, 7 October 2022.

3.1.2 Continued exposure to asset class in a more competitive fund structure

ERF Securityholders who do not participate in the Buy-Back and elect to maintain their investment in EPIF are expected to benefit from the continuity of management and high investment quality portfolio of secure income seed assets (Manning Mall, Gladstone Square, Glenorchy Plaza and Northway Plaza).

ERF's existing corporate entities and management structure will be retained in the unlisted structure with the fund continuing to be managed by the Manager and governed by the Board.

Under the unlisted fund structure, new applications for securities will be processed based on the fund's Unit Pricing Policy (reflecting NTA) whilst EPIF's target gearing range will be increased to 30% – 40%. As such, relative to ERF, EPIF is expected to have increased access to, and a lower cost of, capital increasing its ability to secure highly sought after assets and continually improve the quality of its portfolio.

3.1.3 The Proposal is expected to result in an annualised distribution yield in the range of 5.5 – 6.0%

The Proposal is expected to result in an EPIF annualised distribution yield of 5.5% - 6.0% paid monthly in arrears.[8] The exact impact of the Proposal on ERF's distribution yield will depend upon participation in the Buy-Back and the subsequent number of ERF Securities bought back.

[8] Yield calculated based on NTA of EPIF

3.1.4 The EPIF structure is expected to provide value at the prevailing NTA of the fund

ERF Securityholders who elect to participate in the Buy-Back would receive cash of $0.79 per security and the Special Distribution of $0.36 per security, resulting in a Total Consideration of $1.15 per security.

ERF Securityholders who do not participate in the Buy-Back would receive the Special Distribution of $0.36 per security and, immediately after delisting, hold EPIF securities with an NTA per security of between $0.84 and $0.95 resulting in approximately $1.20 to $1.31 of Total Value per security (4.6% to 13.7% premium to the Buy-Back price). For further details on the effect of Buy-Back participation on the EPIF rollover premium refer to section 2.1.1.

If the Proposal proceeds, EPIF will provide a quarterly liquidity facility capped at 20% of the fund's net assets per annum, with a full liquidity option after 5 years. For details of the Unlisted Liquidity Facility including the applicable conditions and limits, see Section 2.3. As set out in Section 2.3 of this Explanatory Statement, the Unlisted Liquidity Facility may not be available for any particular quarter and its availability will depend upon many factors including EPIF remaining liquid, having sufficient cash reserves, available capacity under its debt facilities or the demand for new ERF Securities from existing and new investors. There is no guarantee that liquidity will be available at any particular price or at all.

3.2 Advantages of the Proposal for Exiting Securityholders

3.2.1 The Proposal facilitates a Special Distribution to all Eligible Securityholders from the Tweed Mall Transaction

Prior to the proposed Privatisation, ERF's Tweed Mall asset is to be sold for its current independent valuation ($87 million) through a syndication into a new Elanor Investors Group unlisted single asset fund, the Tweed Mall Fund. The Tweed Mall Fund will be open to investment by wholesale and sophisticated investors.

As a result of the sale, all ERF Securityholders will receive a Special Distribution of $0.36 per security funded by the net proceeds received from the sale of Tweed Mall after transaction costs and retiring debt. It is anticipated that the Special Distribution will be paid to ERF Securityholders following settlement of the Tweed Mall Fund on Friday, 7 October 2022.

3.2.2 The Total Consideration represents a premium over ERF's recent trading prices

Under the proposed Buy-Back, ERF Securityholders who wish to exit rather than maintain their investment in EPIF will have an opportunity to apply to sell their ERF Securities for a Total Consideration of $1.15 per ERF Security, free of brokerage fees. This will allow Eligible Securityholders to realise:

- 7.9% premium to the last close price of ERF Securities prior to the Announcement Date;
- 9.0% premium to the 30-day VWAP of ERF Securities up to and including Thursday, 23 June 2022 (being the last day of trading prior to the Announcement Date); and
- 8.2% premium to the 3-month VWAP of ERF Securities up to and including Thursday, 23 June 2022 (being the last day of trading prior to the Announcement Date).

3.2.3 The Proposal provides value certainty at a premium

ERF Securityholders wishing to exit will have an opportunity to receive value certainty for their securityholding under the Buy-Back, delivering immediate value at a compelling price.

The maximum size of the Buy-Back of $67.1 million is sufficient to allow for the liquidation of 100% of all ERF Securities, excluding securities owned by MAAM who have undertaken to the Responsible Entity that they do not intend to participate in the Buy-Back, and ENN who will participate to a small extent (approximately $4.5 million) to help fund the proposed acquisition of its investment in TMF.

In addition to selling through the Buy-Back, ERF Securityholders can sell their ERF Securities on-market at any time (subject to demand) up until the proposed Suspension Date being Wednesday, 2 November 2022.

If it is approved by ERF Securityholders, the Proposal will be subject to limited conditions. The Responsible Entity retains an absolute discretion not to proceed with the Proposal at any time if it determines that it is in the best interest of ERF Securityholders to do so.

3.2.4 The Buy-Back provides flexibility for partial participation by Eligible Securityholders

All ERF Securityholders have an equal opportunity to participate in the Buy-Back and also have flexibility to tailor their level of participation to suit their individual circumstances. Additionally, Exiting Securityholders will not have to pay brokerage or appoint a stockbroker to sell their securities pursuant to the Buy-Back.

3.3 Disadvantages of the Proposal for Continuing Securityholders

3.3.1 The loss of access to trading on the ASX

As a result of the Privatisation, Continuing Securityholders will no longer be able to trade in ERF Securities on the ASX. If ERF Securityholders wish to sell their ERF Securities on ASX, they will need to do so before the entity is removed from the Official List of the ASX.

However, following the Privatisation, the Responsible Entity expects to provide quarterly liquidity offers under the Unlisted Liquidity Facility but there is unlikely to be any opportunity to realise your investment between the quarterly liquidity offers. As a result, depending on your expectation of the level of liquidity available on ASX and the size of your holding, you may consider that you would have less access to liquidity following the Privatisation.

3.3.2 Potentially higher gearing in EPIF

Gearing exposes EPIF to any changes in interest rates and increases its exposure to movements in the value of its property portfolio or performance measures. As a result of the transaction, and dependent on the level of Buy-Back participation, EPIF's gearing may increase. EPIF intends to target a gearing range of 30 – 40% and will look to reduce gearing to these levels, if necessary, dependant on the level of Buy-Back participation.

If EPIF's level of gearing increases over the term of its debt financing, this will increase the volatility of earnings and increase the level of financial risk, including the risk of default under EPIF's financing facilities. Higher gearing may also affect EPIF's ability to refinance its financing facilities.

3.3.3 Listing Rules will no longer apply

If the Privatisation is implemented, the Listing Rules will no longer apply to ERF. In particular, ERF Securityholders will forgo the protections afforded by the Listing Rules in respect of matters including:

- ERF will not be required or able to provide continuous disclosure of material information via the ASX announcements platform – however, as an unlisted disclosing entity ERF will be required to disclose certain material new information which it intends to do by making announcements available on its website;

- there will no longer be restrictions on the ability of ERF to issue new securities (including the restriction on issuing more than 15.0% of ERF's issued capital in any 12-month period without ERF Securityholder approval, i.e. the so-called placement capacity);
- there will no longer be restrictions on making significant changes to ERF's activities without ERF Securityholder approval;
- ERF will not be subject to the requirement to obtain ERF Securityholder approval for material transactions with related parties (approval of related party transactions will still be required under the Corporations Act where the transaction is not on arm's length terms or is not otherwise exempt); and
- the requirement for ERF to report on its compliance with ASX Corporate Governance Council's Principles and Recommendations will no longer apply.

However, ERF will continue to be subject to oversight by ASIC and bound by the provisions of the Corporations Act which apply to it, including the provisions applicable to registered managed investment schemes.

3.3.4 Capital raising through an issue of securities on the ASX will not be available

If the Privatisation is implemented, EPIF will not have the ability to raise capital from the issue of securities on the ASX in the future. However, ERF has not raised any capital by way of issuing securities in the ASX since its listing. The main way for EPIF (as an unlisted registered managed investment scheme) to raise equity funds will be by way of an offer of Securities pursuant to a full form product disclosure statement or by way of a placement of securities to sophisticated and professional investors and other investors who do not require a product disclosure statement.

If the Proposal proceeds, EPIF will issue a product disclosure statement and target market determination that will be available from the Delisting Date. EPIF will be an open-ended fund, and the Responsible Entity intends to invite applications from all existing ERF Securityholders and new investors to acquire additional securities on a regular basis.

3.3.5 Takeovers Provisions will no longer apply

In relation to ERF, the takeovers provisions set out in Chapter 6 of the Corporations Act (**Takeovers Provisions**) only apply to Listed trusts. Following the Privatisation, the Takeovers Provisions will no longer apply to ERF.

As a result, there will be no requirement for a person to make a takeover offer to all ERF Securityholders in order to acquire a greater than 20% interest in ERF. Such a person would also not be required to make offers to all ERF Securityholders on the same terms (e.g., such a person could buy ERF Securities from some investors at a higher price than it offers to others).

ERF Securityholders will also not be able to apply to the Takeovers Panel in the event that there is a transaction which impacts the control of ERF in circumstances which are considered to be unacceptable.

3.3.6 The Proposal will incur Transaction costs

The costs of implementing the Proposal will be borne by ERF. The funding of these transaction costs may result in lower FFO per ERF Security, if it were not for the earnings benefit of funding the Buy-Back through an increase in ERF's borrowings and the benefit of buying securities under the Buy-Back at a discount to NTA.

3.4 Disadvantages of the Proposal for Exiting Securityholders

3.4.1 Tax consequences for Exiting Securityholders

There will be tax consequences for ERF Securityholders, which may include capital gains tax payable on their sale proceeds.

Further information on the relevant tax consequences for Australian residents is contained in Section 10 of this Explanatory Statement.

3.4.2 Lose the opportunity (if any) to consider a superior proposal

ERF Securityholders may lose the opportunity (if any) to consider a superior proposal if the proposed Privatisation and associated Buy-Back are implemented.

The Board has considered the possibility of a superior proposal from a third party. As at the date of this Explanatory Statement, no superior proposal has been communicated to the Board. If a superior proposal emerges before the Meetings, the Board will consider it and notify ERF Securityholders by an appropriate ASX announcement and via ERF's website at **https://www.elanorinvestors.com/erf.**

3.4.3 Exiting Securityholders will receive no further distributions and will lose their exposure to ERF's portfolio

Exiting Securityholders will not receive any future distributions and will lose their exposure to ERF's portfolio and the financial performance of the portfolio.

3.5 Consequences if the Proposal does not proceed

3.5.1 ERF Security price may continue to trade below NTA

If the Proposal does not proceed, ERF Security's price may continue to trade below NTA. There may be limited opportunities for investors to sell large positions or for a large number of investors to sell small positions within any reasonable time frame.

3.5.2 Costs

In the event the Resolutions are not all passed by the Requisite Majorities, ERF estimates that it will incur approximately $4.0 million in costs in connection with the Proposal.

3.6 Alternatives to the Proposal considered by the Board

The Board believes that the Proposal is an attractive option to deliver liquidity to those ERF Securityholders who wish to exit their investment at a premium whilst also providing an opportunity for other ERF Securityholders to elect to retain their investment in ERF.

In reaching this view, the Board considered the following alternatives:

3.6.1 Remaining Listed / continuing with the status quo

By continuing to actively manage the existing portfolio, ERF Securityholders could realise upside from potential further improvements in earnings and the market in which ERF operates, beyond what is already implied in current independent valuations.

However, management has historically delivered strong operational and financial outcomes without appropriate corresponding security price performance and therefore future improvements may not deliver a satisfactory outcome from the perspective of ERF Securityholders.

3.6.2 Sale of the entire portfolio to a third party

The Board understands that Elanor Investors Group continues to be a strong believer in the fundamentals underpinning the investment and attractiveness of the retail asset class.

The Board has not received any inbound proposals to acquire the portfolio and has not sought to run a process to solicit a proposal as they did not consider that it would be in the best interests of ERF Securityholders to do so.

An entire portfolio transaction would also trigger a termination fee payable to the Manager which would need to be factored into the evaluation of any such proposal. If an alternative proposal emerges before the Meetings, the Board will consider it and notify ERF Securityholders as appropriate.

3.6.3 Orderly sale of individual assets

Conducting a sale of some or all of ERF's portfolio through an orderly sale of individual assets in order to fund a partial or full buy-back or equivalent return of investors' capital would be complex and carry with it a number of execution risks and associated costs:

- ERF currently has five assets and the process for the sale of all or a material number of assets is likely to take considerable time and would therefore be subject to potential changes in current market conditions;
- each sale would be subject to transaction costs of approximately 2.0% - 3% of gross asset value. This would reduce the net asset value attributable to ERF Securityholders post asset sales by up to 5 cents per ERF Security;
- the most attractive properties may be able to be sold (on acceptable terms) more readily leaving the remaining investors exposed to a portfolio of relatively less attractive assets. These remaining assets may then be more difficult to find buyers for at fair value on a standalone basis. If they were then sold, this may result in a portion of the portfolio being sold below fair value which could negate the potential theoretical benefits of an individual asset sale process;
- the sale of assets and resulting reduction in the size and scale of ERF via a buy-back or other return of capital would likely lead to a reduction in ERF's operating efficiency and a reduction in the liquidity in the trading of ERF Securities which would negatively impact those investors who do not exit their investment; and
- Transaction and termination fees payable to the Manager would need to be factored into the decision to pursue an orderly sale of individual assets.

4. Board Recommendations and Intentions

4.1 Current Directors' Interests

The Directors' current interests as ERF Securityholders are set out below:

Name	Securityholding	Voting Power
Paul Bedbrook	-	-
Glenn Willis	278,775	0.218%
Nigel Ampherlaw	109,630	0.086%
Tony Fehon	60,000	0.047%
Su Kiat Lim	-	-
Karyn Baylis	-	-

4.2 The Independent Expert's opinion

The Independent Expert, BDO Corporate Finance (East Coast) Pty Ltd, has concluded that the Proposal is fair and reasonable to the ERF Securityholders.

BDO's conclusion should be read in context with the full Independent Expert's Report set out in Appendix 1 of this booklet.

4.3 Recommendations and Intentions of the Directors

An independent committee of the Board was established by the Responsible Entity, which provided a unanimous recommendation in favour of the Proposal to the Board. After careful consideration, the Directors unanimously recommend that ERF securityholders vote in favour of all the Resolutions. The Directors will be voting their holdings in favour of the Resolutions (to the extent they are not excluded from voting on the Resolutions).

5. What should you do in relation to the Proposal

5.1 Read the Notice of Meetings and Explanatory Statement in its entirety

This Explanatory Statement contains information that is material to your decision whether or not to approve the Proposal by voting in favour of the Resolutions. This Explanatory Statement also contains disclosure regarding the Buy-Back, the Special Distribution and the Tweed Mall Transaction. Accordingly, you should read this Explanatory Statement in its entirety before making a decision on how to vote on the Proposal or whether, and how, to participate in the Buy-Back. If the Resolutions are approved, ERF Securityholders on the Record Date will be provided with details on how to elect to sell ERF Securities under the Buy-Back.

If you are in any doubt about the information provided or the action you should take, you should consult your financial, taxation or other professional adviser.

Answers to some common questions are contained in the section of this Explanatory Statement titled 'Frequently Asked Questions'. If you have any questions about the Proposal, please call the ERF Securityholder Information Line on 1300 631 217 for callers within Australia or +61 3 9415 4665 for callers outside of Australia between 8:30am and 5:30pm Sydney time Monday to Friday.

5.2 Vote on the Resolutions

5.2.1 Overview

If you are an ERF Securityholder on Wednesday, 17 August 2022 at 7:00pm (Sydney time) (subject to any update to that timing before the Meetings which would be announced on ASX), you are entitled to vote on the Resolutions at the Meetings. The Meetings will be held on Friday, 19 August 2022 at 11:00am at Computershare Investor Services, Level 3, 60 Carrington Street, Sydney NSW 2000 for the purpose of voting on the Resolutions.

Further information about attending the Meetings can be found in the Notice of Meetings.

The Resolutions must be passed by the Requisite Majorities of ERF Securityholders for the Proposal to proceed.

Please see Section 6.9 of this Explanatory Statement for further details on the approvals required for the Resolutions.

If you have any questions about the Resolutions, please call the ERF Securityholder Information Line on 1300 631 217 for callers within Australia or +61 3 9415 4665 for callers outside of Australia between 8:30am and 5:30pm Sydney time Monday to Friday.

If you are in any doubt on how to vote on the Resolutions or the action to be taken, you should contact your financial, legal, tax or other professional adviser without delay.

5.2.2 How to vote

Proxy Forms, powers of attorney and certificates of appointment of corporate representatives must be lodged no later than 48 hours before the Meetings, which as at the date of this Explanatory Statement is 11.00am (Sydney time) on Wednesday, 17 August 2022.

As an ERF Securityholder, it is your right to vote on whether the Proposal proceeds. Your vote is important and you are strongly encouraged to vote on the Resolutions.

An ERF Securityholder can vote by doing one of the following:

Voting in person

The Meetings will be held on Friday, 19 August 2022 at 11:00am at Computershare Investor Services, Level 3, 60 Carrington Street, Sydney NSW 2000 for the purpose of voting on the Resolutions. Further information about attending the Meetings can be found in the Notice of Meeting; OR

Voting by proxy

By completing and returning to the Registry the enclosed Proxy Form for the Meetings, which must be received by the Registry by no later than 48 hours before the Meetings, currently 11.00am (Sydney time) on Wednesday, 17 August 2022 at:

Mailing Address
Computershare Investor Services Pty Ltd
GPO Box 242
Melbourne VIC 3001 Australia

Fax
1800 783 447 or
+61 (3) 9473 2555 (if overseas)

Alternatively, you can lodge your Proxy Form online at www.investorvote.com.au (see the Proxy Form for online lodgement instructions) (for Intermediary Online subscribers (custodians) go to www.intermediaryonline.com), and following the instructions on the Proxy Form:

Voting by attorney

By providing the Registry the original (or certified copy) of the instrument appointing an attorney by no later than 11.00am (Sydney time) on Wednesday, 17 August 2022 (unless a copy has already been provided to the Registry); OR

Voting by corporate representative (in the case of a body corporate)

By appointing a corporate representative to act as its representative. The appointment must comply with section 250D of the Corporations Act. A corporate ERF Securityholder or corporate proxy should obtain a certificate of appointment of body corporate form from the Registry, and complete and sign the form in accordance with the instructions on it.

Please refer to the voting instructions (including the voting exclusion statement) in the Notice of Meetings where these voting options are set out in full.

5.3 What should you do in relation to the Buy-Back

At this stage, you do not need to make any election in relation to the Buy-Back. If the Resolutions are passed by the Requisite Majorities at the Meetings, Eligible Securityholders as at the Record Date will be provided with further information on how to elect to participate in the Buy-Back, including a personalised Buy-Back Participation Form.

Eligible Securityholders are persons who are registered as a holder of ERF Securities as at the Record Date, currently expected to be Friday, 26 August 2022.

Participation in the Buy-Back is optional. If you do not wish to sell any of your ERF Securities, you will not need to take any action in respect of the Buy-Back. In that case, if the Proposal proceeds you will continue to hold ERF Securities in what will then be the Elanor Property Income Fund.

If you wish to sell some or all of your ERF Securities through the Buy-Back and you are an Eligible Securityholder, you will need to complete and return your Buy-Back Participation Form to your broker (for CHESS Holdings) or the Registry (for Issuer Sponsored Holdings) by 5.00pm on the Buy-Back Closing Date, currently scheduled to be Friday, 21 October 2022.

If you are in any doubt about the information provided or the action you should take, you should consult your financial, taxation or other professional adviser. If you have any questions about the Buy-Back, please contact the ERF Securityholder Information Line on 1300 631 217 for callers within Australia and +61 3 9415 4665 for callers outside of Australia between 8:30am and 5:30pm (Sydney time) Monday to Friday.

6. Further Information regarding the Proposal

6.1 Overview of the Proposal

As explained above, the Responsible Entity is seeking approval for the Proposal due to ERF consistently trading at a discount to NTA since ERF's listing on the ASX in November 2016. Despite the strong performance of the ERF's underlying assets, the ERF Security price has lagged trading at a 3-month VWAP of $1.06 per ERF Security as at the Announcement Date.

If the Resolutions are passed by the Requisite Majorities, ERF Securityholders that elect to retain their holding will maintain exposure in an unlisted fund structure where they will be offered liquidity at a price that approaches NTA on the terms set out in Section 2 of this Explanatory Statement.

ERF Securityholders that sell their ERF Securities under the Buy-Back will receive a Total Consideration of $1.15 of cash per ERF Security sold which represents a 7.9% premium to the last close prior to the Announcement Date.

If the Proposal does not proceed, ERF may continue to trade at a discount to NTA, and without a catalyst its potential value may not be realised. In addition, ERF will incur approximately $4.0 million of costs in connection with the Proposal.

6.2 Issued capital

The current number of ERF Securities on issue of 127.7 million will be reduced by any ERF Securities that are bought back under the Buy-Back. If the Buy-Back Limit is reached, it is estimated that ERF Securities on issue will be reduced by a net 84.9 million securities to 42.8 million ERF Securities.

6.3 Control of ERF

ENN's relevant interest is 18.0% of the ERF Securities on issue as at the Announcement Date and EFML, a Subsidiary of Elanor Investors Limited (which forms part of ENN), is the Responsible Entity of ERF.

ERF's largest securityholder MAAM (19.9%) has agreed not to participate in the Buy-Back and to retain its securities in EPIF after delisting.

Under the Proposal, the Buy-Back will be utilised to provide an exit opportunity for ERF Securityholders who do not wish to continue their investment in EPIF. Under the terms of the Buy-Back, all ERF Securityholders will have the opportunity to nominate the number of ERF Securities they wish to sell.

ENN's and MAAM's preference is not to increase their holding in ERF. However, under an extreme scenario where the Buy-Back is fully subscribed, ENN and MAAM could end up with a collective holding of up to 100.0% of EPIF Securities on issue at completion of the Proposal. The table below reflects respective holdings in EPIF after delisting at various Buy-Back take up levels.

Buy-Back take-up level	No take-up	Median take-up	Full take-up
$m take up of Buy-Back facility	0.0	33.6	67.1
% take up of Buy-Back facility	0%	50%	100%
MAAM ownership (%)	**20%**	**30%**	**60%**
ENN ownership (%)	**18%**	**20%**	**40%**
Non-Associated Securityholders (%)	**62%**	**50%**	**0%**

The Board has considered the potential control impacts of the Proposal and considers the impact of the Proposal to be reasonable on a control basis.

6.4 Change in governing rules

As set out in Sections 3.3.3 and 3.3.5, if the Proposal proceeds, the Listing Rules and the Takeovers Provisions will no longer apply to ERF. See those Sections for more information.

6.5 Ability to meet debt owed to third party creditors

The Responsible Entity intends to maintain ERF's existing target Gearing range of 30 – 40%.

It is proposed that Gearing will not exceed 40% over time. If the value of ERF's assets fall and Gearing increases above this level, the Responsible Entity will implement a strategy to restore the level of Gearing to 40% or below. To the extent required, asset sales may be pursued by the Responsible Entity following the Privatisation to reduce Gearing (having regard to all circumstances at the time including the outcome of the Buy-Back, market circumstances and trading conditions).

6.6 Operation of the business

ERF's existing management structure will be retained in the unlisted structure with the fund continuing to be managed by the existing Manager and governed by the Board.

Additionally, if the Resolutions are approved by the Requisite Majorities of ERF Securityholders, the Constitutions of ERPF I and ERPF II which form ERF will be amended so that the fees payable to the Manager when ERF is delisted are consistent with the Elanor Property Income Fund. This amendment is further described at Section 6.9 of this Explanatory Statement.

6.7 Privatisation and Delisting of ERF

ERF will cease to trade on ASX and will be delisted if ERF Securityholders approve the Proposal and it is implemented.

Set out in the "Key dates" Section above is an indication of the timetable for the Proposal.

6.8 Ongoing disclosure requirements

Following the Privatisation, ERPF I and ERPF II will become 'unlisted disclosing entities' for the purposes of the Corporations Act. As an unlisted disclosing entity, under s 675 of the Corporations Act and absent ASIC policy, if the Responsible Entity were to become aware of information that is not generally available, and that a reasonable person would expect to have a material effect on the price or value of the units in ERPF I and ERPF II, the Responsible Entity would be required to lodge a document with ASIC containing the information.

The Responsible Entity will comply with the approach set out in ASIC Regulatory Guide 198 for the ongoing disclosure of information relevant to EPIF. The Responsible Entity believes that EPIF Securityholders are likely to look for information of this kind on the EPIF website and as a result will disclose any material information on this website in a timely fashion in accordance with ASIC's good practice guidance set out in section C of its Regulatory Guide 198.

6.9 Approvals required for the Proposal

At the Meetings, ERF Securityholders will be asked to consider, and if thought fit, to pass the following Resolutions:

- **Resolution 1 – Buy-Back of Stapled Securities**

  To consider and, if thought fit, pass the following Resolution as an ordinary resolution:

  "Subject to Resolutions 2, 3 and 4 set out in the notice convening the meetings (Notice of Meetings) being passed, for the purposes of the Corporations Act 2001 (Cth) as modified by the ASIC Relief, the constitutions of each of those trusts and for all other purposes, approval is given to the Responsible Entity of Elanor Retail Property Fund, to undertake a Buy-Back of ERF Securities in Elanor Retail Property Fund as described in and in accordance with the terms detailed in the Explanatory Statement accompanying this Notice of Meetings."

- **Resolution 2 – Disposal of Tweed Mall**

  To consider and, if thought fit, pass the following Resolution as an ordinary resolution:

  "Subject to Resolutions 1, 3 and 4 set out in the Notice of Meetings being passed, for the purpose of Listing Rule 10.1 and for all other purposes, approval is given for the Responsible Entity of Elanor Retail Property Fund to dispose of 100% of its interests in Tweed Mall through a syndication into the Tweed Mall Fund, as described in the Explanatory Statement accompanying this Notice of Meetings."

- **Resolution 3 – Amendment to the Constitutions**

  To consider and, if thought fit, pass the following Resolution as a special resolution:

  "Subject to Resolutions 1, 2 and 4 set out in the Notice of Meetings being passed, the constitutions of ERPF I and ERPF II each be amended in the manner set out in the constitutions tabled by the Chair and initialled for the purpose of identification, with effect from the conclusion of the Meetings."

- **Resolution 4 – Privatisation and Delisting of ERF from Australian Securities Exchange (ASX)**

  To consider and, if thought fit, pass the following Resolution as a special resolution:

  "Subject to Resolutions 1, 2 and 3 set out in the Notice of Meetings being passed, for the purpose of Listing Rule 17.11 and for all other purposes, Elanor Retail Property Fund's removal from the Official List of ASX on a date to be decided by ASX (being a date no earlier than one month after the date this Resolution is passed) is approved and that the Directors of the Responsible Entity be authorised to do all things reasonably necessary to give effect to the delisting."

Each Resolution is subject to, and conditional on, each other Resolution being passed.

6.9.1 Further information regarding the proposed amendments to the Constitutions

If each of the Resolutions is passed by the Requisite Majorities, the Constitutions of ERPF I and ERPF II will be amended in the manner set out in proposed form of the amended Constitutions which can be accessed at **https://www.elanorinvestors.com/erf/referencematerials/**. In accordance with section 601GC(2) of the Corporations Act, the Constitution Amendments will take effect when the Constitution Amendments are lodged with ASIC.

The nature and purpose of the material Constitution Amendments is set out below.

6.9.2 Amendment to the names of the Trusts

ERPF I and ERPF II will be renamed to EPIF I and EPIF II respectively.

6.9.3 Amendment of fees and expenses provisions

Schedule 3 of the Constitutions provides for payment of certain fees to the Responsible Entity whilst ERPF I and ERPF II are Listed.

The proposed amendments in Schedule 4 of the amended Constitutions set out the fees for ERPF I and ERPF II associated with the Proposal.

The changes are:

- an Underwriting Fee of 2.0% plus GST of Net Asset Value being a fee payable with respect to a Reorganisation Proposal which includes the Proposal; and
- a Syndication Fee of 0.5% of Property Value being a fee payable with respect to a Reorganisation Proposal which includes the Proposal.

Similarly revised clause 14.13 ensures that the Responsible Entity can pay for any expenses relating to the Proposal.

We note that these fees are those which are set out in the Constitutions and do not cover all of the fees and expenses payable by ERPF I and ERPF II. Other costs including Performance Fees, Acquisition Fees and Disposal Fees that were set out in the IPO PDS are incurred under the Investment Management Agreement and the Property Management Agreement. Therefore, the proposed on-going fees set out in 2.3.2 will, other than the Management Fee, be incurred under either the Investment Management Agreement or the Property Management Agreement.

The Responsible Entity will amend the Investment Management Agreement for the Acquisition Fee, Disposal Fee and to contain different formulas for the calculation of the Performance Fee while the Trusts are not Listed. The Investment Management Agreement currently provide for calculation of the Performance Fee as 20% of the outperformance of the Stapled Securities over a 8% per annum benchmark return.

6.9.4 Amendments to provide for Redemption Procedures for Unlisted Liquidity Facility

Clause 13 of the Constitutions provides for redemption procedures for the Trusts. These provisions are not currently aligned with the redemption procedures for a liquid unlisted registered management investment scheme described in the Unlisted Liquidity Facility.

The proposed amendments set out in clause 13 of the Constitution Amendments provides the Responsible Entity with the power to implement the Unlisted Liquidity Facility.

6.9.5 Amendments to support implementation of proposals approved by members

The proposed amendments set out in clause 1.1 and 14.5 of the Constitution Amendments provides the Responsible Entity with general powers to implement proposals approved by members by special resolution. These amendments are in line with market standard provisions for registered managed investment schemes and may facilitate the operation of EPIF as an unlisted entity.

7. Financial impact and consequences for ERF Securityholders if the Proposal proceeds

7.1 Financial impact on ERF if the Proposal proceeds

Under the Proposal, ERF Securityholders can elect to retain their exposure to ERF in the unlisted fund structure or exit through the proposed Buy-Back at the fixed Buy-Back Price of $0.79 per ERF Security.

Set out below is EPIF's pro forma balance sheet as at Delisting (**Pro Forma Balance Sheet**) which has been adjusted to show the impact of implementing the Proposal. The scenario set out below assumes that a net 42.5 million ERF Securities are acquired under the Buy-Back funded by EPIF's new debt facilities and cash which results in pro forma Gearing of 30% at Delisting.

7.2 Pro forma Balance Sheet

Set out below is the Pro Forma Balance Sheet of EPIF to illustrate the expected impact of the Proposal. The pro forma adjustments have been made to EPIF's balance sheet as at 31 December 2021. The pro forma adjustments reflect the sale and transfer of Tweed Mall, impact of the Buy-Back, associated transaction costs and additional debt funding as if they had occurred as at 31 December 2021.

The below Pro Forma Balance Sheet for EPIF is presented in an abbreviated form insofar as it does not include all of the disclosures, statements and comparative information required by Australian Accounting Standards. The Responsible Entity Directors are responsible for the preparation and presentation of the Pro Forma Balance Sheet.

ERF Securityholders should note that the Pro Forma Balance Sheet is provided for illustrative purposes only and is not represented as being indicative of ERF's view of its financial position upon completion of the Proposal. The actual NTA and financial position is dependent on a range of factors including take-up under the Buy-Back, and trading conditions among other factors.

Elanor RETAIL PROPERTY FUND

Consolidated pro forma balance sheet

		31 Dec-21	Revals.[1]	Sale of Tweed Mall[2]	Capital return[3]	Buy-Back[4]	Adj.[5]	Pro forma 31 Dec-22
Cash and cash equivalents	[$m]	12.2	-	42.3	(45.7)	-	(4.0)	**4.7**
Investment property	[$m]	191.2	2.0	(87.0)	-	-	-	**106.2**
Other assets	[$m]	1.4	-	(1.5)	-	-	-	**(0.0)**
Total assets	**[$m]**	**204.7**	**2.0**	**(46.2)**	**(45.7)**	**-**	**(4.0)**	**110.9**
Borrowings	[$m]	41.7	-	(41.7)	-	33.6	-	**33.5**
Distribution payable	[$m]	3.8	-	(2.8)	-	-	-	**1.1**
Other liabilities	[$m]	4.0	-	(1.8)	-	-	-	**2.2**
Total liabilities	**[$m]**	**49.5**	**-**	**(46.2)**	**-**	**33.6**	**-**	**36.9**
Net tangible assets (NTA)	**[$m]**	**155.2**	**2.0**	**-**	**(45.7)**	**(33.6)**	**(4.0)**	**74.0**
Stapled securities on issue	[#m]	127.7				(42.5)		**85.2**
NTA per security	[$]	1.22						**0.87**
Gearing	[%]	15%						**30%**

Notes:
1. Independent valuations of the Fund's portfolio have increased by $2 million to $193.2 million.
2. Syndication and disposal of Tweed Mall into an unlisted single asset fund.
3. ERF Securityholders will receive a Special Distribution of $0.36 per security funded by the net proceeds received from the sale of Tweed Mall after transaction costs and retiring debt.
4. Reflects an Expected Buy-Back of $33.6 million or 42.5 million ERF Securities at $0.79 per security which represents 50.0% of eligible participants. If there is less than 50.0% participation in the Buy-Back then gearing may reduce and the NTA per security may also reduce.
5. Transaction costs including third party advisors and upfront debt facility costs. $4.0 million have been provided for and hence the payment of them has a minor impact on NTA.

The pro forma Balance Sheet as a result of the Proposal could vary depending on the level of applications to sell ERF Securities under the Buy-Back.

Sensitivities

If take-up under the Buy-Back was $33.6 million pro forma Gearing would be 30% at delisting while pro forma NTA would be $0.84 per EPIF Security. If the Buy-Back is taken up at the maximum pro forma Gearing would increase to 61% while pro forma NTA would increase to $0.95 per EPIF Security.

Buy-Back take-up level	No take-up	Median take-up	Full take-up
$m take up of Buy-Back facility	0.0	33.6	67.1
% take up of Buy-Back facility	0%	50%	100%
Pro forma gearing (%)	**0%**	**30%**	**61%**
Pro forma NTA ($ / sec)	**0.84**	**0.87**	**0.95**

In the event that more than 65% of ERF Securityholders participate in the Buy-Back, the Responsible Entity will implement a strategy to restore the level of gearing to 40% or below. This may involve asset sales or the raising of additional equity to pay down debt.

8. Buy-Back

8.1 Overview of Buy-Back

8.1.1 What type of Buy-Back is proposed

The Buy-Back is an off-market buy-back for 100% of ERF securities. Under this proposed form of Buy-Back:

- the Responsible Entity offers to buy back up to 100% of the ERF Securities held by each ERF Securityholder;
- the maximum number of the ERF Securities which will be bought back is 84.9 million which equates to $67.1 million at the Buy-Back Price of $0.79 per ERF Security (Buy-Back Limit);
- Buy-Back agreements are not entered into before 5.00pm (Sydney time) on the Buy-Back Closing Date (expected to be Friday, 21 October 2022), having given all ERF Securityholders a reasonable opportunity to accept; and
- the terms of the Buy-Back are the same for all ERF Securityholders (subject to provision for Ineligible Securityholders).

8.1.2 Objective of the Buy-Back and alternatives considered

The Responsible Entity understands that some ERF Securityholders may not wish to continue to be invested in ERF as an unlisted vehicle. The Responsible Entity is implementing the Buy-Back to provide ERF Securityholders with an opportunity to exit or reduce their investment in ERF prior to Privatisation, at a premium to the recent trading prices of ERF Securities.

The Responsible Entity considered a number of alternatives for providing ERF Securityholders with liquidity opportunities prior to the Privatisation of ERF. It concluded that the Proposal involving the Buy-Back and then the Privatisation was in the best interests of ERF Securityholders because it strikes a balance to benefit both Exiting Securityholders and Continuing Securityholders.

The Buy-Back Price, which is further detailed in Section 8.2.2 of this Explanatory Statement, offers Exiting Securityholders a premium to the recent trading prices of ERF Securities and a price representing less of a discount to the NTA per ERF Security than those recent trading prices, and provides the potential for increased earnings and NTA per ERF Security for Continuing Securityholders.

8.1.3 When will the Buy-Back take place

The Buy-Back opens for acceptance on the Opening Date (scheduled for Tuesday, 30 August 2022) and valid Buy-Back Participation Forms must be received by 5.00pm on the Buy-Back Closing Date (expected to be Friday, 21 October 2022) (**Offer Period**). If the Resolutions are approved by the Requisite Majorities, personalised Buy-Back Participation Forms will be distributed to ERF Securityholders following the Record Date. In accordance with the timetable in the "Key Information" Section of this Explanatory Statement, the Responsible Entity reserves the right to change these dates. Any changes to the indicative timetable in the "Key Information" Section of this Explanatory Statement will be announced on ASX.

8.1.4 How to participate in the Buy-Back

Further information regarding how to participate in the Buy-Back will be distributed following the Meetings if the Resolutions are approved by the Requisite Majorities.

By issuing this Explanatory Statement, inviting ERF Securityholders to participate in the Buy-Back and setting the Buy-Back Price, the Responsible Entity is not making any recommendation or giving any advice to any ERF Securityholders on the value of ERF Securities or whether ERF Securityholders should sell their ERF Securities under the Buy-Back.

8.2 Key terms of the Buy-Back

8.2.1 Scope of the Buy-Back

As at the date of this Explanatory Statement, there are 127.7 million ERF Securities on issue. The Buy-Back Limit of 84.9 million ERF Securities represents approximately 66.5% of the total ERF Securities on issue.

Under the terms of the Buy-Back, the Responsible Entity is offering to purchase from each ERF Securityholder 100% of their ERF Securities.

Participation in the Buy-Back is voluntary. If you do not wish to participate, you do not have to take any action. If you wish to participate, you will not have to sell your ERF Securities.

8.2.2 Buy-Back Price

(a) *What is the price under the Buy-Back?*

Under the Buy-Back, the Responsible Entity is offering to buy ERF Securities back from ERF Securityholders for the Buy-Back Price of $0.79 per ERF Security.

(b) *How was the Buy-Back Price determined?*

The Buy-Back Price was determined by the Board having regard to recent trading prices of ERF Securities, the NTA per ERF Security post Tweed Mall Transaction, and other factors including the need to strike a balance which is fair to both Continuing Securityholders and Exiting Securityholders and the fact that funding of the Buy-Back will be effectively borne by Continuing Securityholders who choose to retain their investment in ERF post-Privatisation.

The Responsible Entity believes that $0.79 per ERF Security is a price which appropriately balances the interests of both Continuing Securityholders and Exiting Securityholders. The Buy-Back Price represents a 7.9% premium to the last close (prior to the Announcement Date) (to the benefit of Exiting Securityholders), as set out in more detail at Section 3.1 of this Explanatory Statement (to the benefit of Continuing Securityholders).

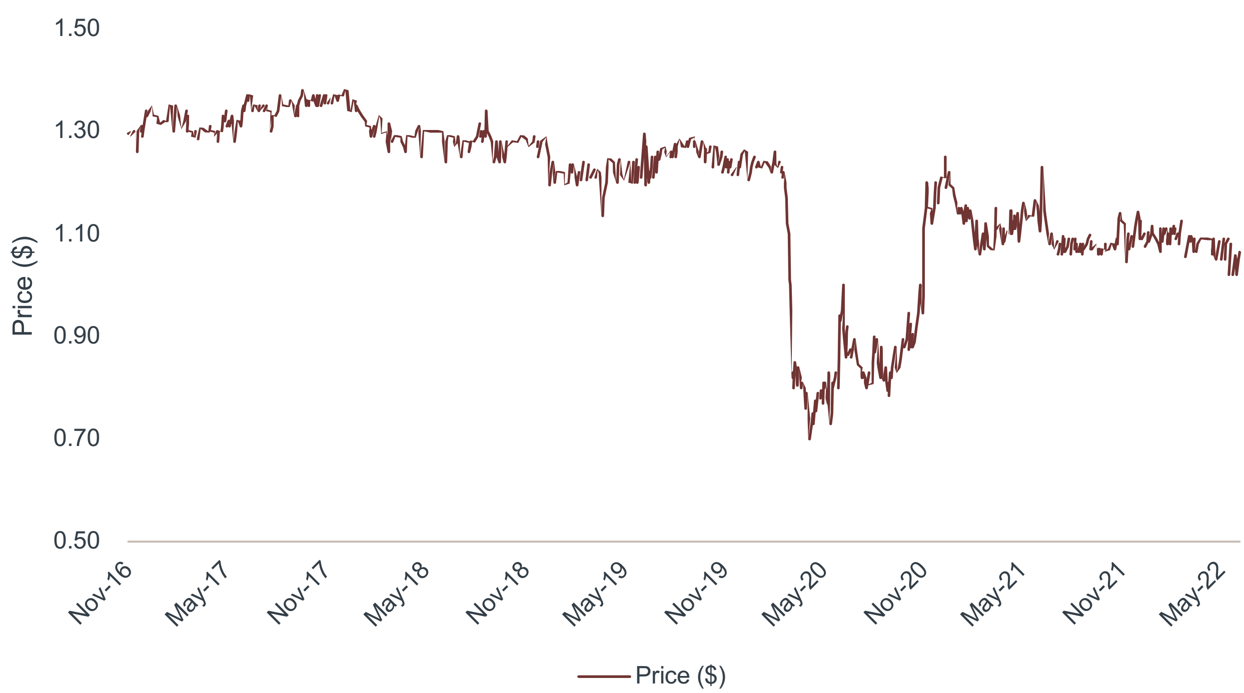
(c) *How have ERF Securities performed recently?*

The last trading price of ERF Securities on the ASX on Thursday, 23 June 2022, which was the last day of trading before the Announcement Date, was $1.07.

ERF's highest and lowest market sale prices and VWAP during each of the preceding 6 months were as follows:

Period	Low ($)	High ($)	VWAP ($)
December 2021	1.07	1.14	1.11
January 2022	1.07	1.12	1.10
Feb 2022	1.08	1.12	1.10
March 2022	1.06	1.13	1.08
April 2022	1.06	1.09	1.08
May 2022	1.05	1.09	1.07

The price performance of ERF Securities from IPO on 9 November 2016 to Thursday, 23 June 2022 is set out in the chart below.



The past performance of ERF Securities should not be taken as an indicator of future performance.

8.2.3 Cancellation of ERF Securities

ERF Securities which are bought back by the Responsible Entity will be cancelled once transferred to the Responsible Entity.

8.2.4 How will the Buy-Back be funded

The liquidity facility will be funded via a new senior loan financed by MA Investment Management Ltd of up to $67.5 million. Refer to Sections 2.1.3, 2.2 and 12.3 for detailed information regarding how the Buy-Back will be funded.

8.2.5 Effects of the Buy-Back on ERF

The financial effect of the Buy-Back (as a component of the Proposal) and the effect of the Buy-Back on control of ERF, are detailed in Section 6.3 of this Explanatory Statement.

8.2.6 Eligibility to participate

Persons who are registered as a holder of ERF Securities as at the Record Date, currently expected to be Friday, 26 August 2022, are eligible to participate in the Buy-Back unless they are Ineligible Securityholders who will not be entitled to participate in the Buy-Back.

An Ineligible Securityholder is a person who resides, or who is acting on behalf or for the account of a person who resides outside of Australia and New Zealand.

If you are an Ineligible Securityholder, you will not need to take any action in respect of the Buy-Back. If the Proposal proceeds you will continue to hold ERF Securities in what will then be the EPIF after delisting. Ineligible Securityholders will be able to participate in the Unlisted Liquidity Facility after delisting.

The Responsible Entity has determined, and has applied for and received in-principle approval for relief from ASIC to provide relief from the equal treatment provisions for foreign ERF Securityholders (see paragraph 12.1.2), on the basis that it would be unreasonable to extend the Buy Back to Ineligible Securityholders having regard to the number and value of ERF Securities held by Ineligible Securityholders and the costs of complying with the legal and regulatory requirements which would apply.

Any ERF Securities acquired after the Record Date (or any Ineligible Shareholders) will have no entitlement to participate in the Buy-Back.

8.2.7 Intentions of material ERF Securityholders to participate in the Buy-Back

ERF's largest securityholder MAAM (19.9%) has agreed not to participate in the Buy-Back and to retain its securities in EPIF after delisting.

Another material ERF Securityholder, Elanor Investors Group, will participate to a small extent (approximately $4.5 million) to assist with a co-investment in the syndication of the TMF.

8.2.8 Restrictions on the payment of Buy-Back Price

The Responsible Entity will pay ERF Securityholders the Buy-Back Price for each of their ERF Securities that are bought back unless it is prohibited from doing so.

8.2.9 Rights under the Buy-Back cannot be transferred

Participation in the Buy-Back is personal to each ERF Securityholder. ERF Securityholders cannot transfer or renounce their rights to participate in the Buy-Back.

9. Tweed Mall Transaction

9.1 Overview of Tweed Mall Transaction

Prior to the proposed Privatisation, Tweed Mall will be sold for its current independent valuation ($87.0 million) to a Syndicate which will operate as an unlisted single asset fund, TMF for which EFML is proposed to act as trustee and manager. The Syndicate will comprise institutional, wholesale and sophisticated investors including ENN. The Tweed Mall Transaction will be effected through renaming the existing sub-trusts of ERF that own the Tweed Mall property to become TMF, issuing new units in the TMF to incoming Syndicate investors and utilising the proceeds of the equity subscriptions and a new debt facility to redeem all units in TMF held by ERF.

All ERF Securityholders will receive a Special Distribution of $0.36 per ERF Security funded by the net proceeds received from the Tweed Mall Transaction after transaction costs and retiring debt.

TMF will be funded by:

- a $15.3 million equity investment committed by new institutional, wholesale and sophisticated investors;
- a new $62.5 million leveraged debt facility provided by MA Investment Management Ltd; and
- ENN will underwrite approximately $13.0 million of TMF, this will be funded by reinvestment of ENN's net proceeds from the Special Distribution and redeeming some of its existing holding in ERF in the Buy-Back (approximately $4.5 million).

9.2 Securityholders' approval required for Tweed Mall Transaction

Under ASX Listing Rule 10.1, ERF (or any of ERF’s child entities) must not acquire a substantial asset from, or dispose of a substantial asset to, specified persons or entities without the approval of holders of ERF Securities.

An asset is treated as a substantial asset if its value, or the value of the consideration for it, is 5% or more of ERF’s equity interests as set out in the latest accounts given to ASX under the Listing Rules. An entity’s equity interests are the sum of paid up capital, reserves, and accumulated profits or losses, disregarding redeemable preference share capital and outside equity interests, as shown in the consolidated financial statements.

The specified persons or entities to which Listing Rule 10.1 applies include:

- a related party of ERF;
- a child entity of ERF;
- a substantial holder in ERF who either alone or together with its associates has a relevant interest, or had a relevant interest at any time in the six months before the transaction, of at least 10% of the total votes attached to the ERF Securities;
- an associate of a person or entity referred to in paragraph (a), (b) or (c); or
- a person whose relationship to the Company or a person referred to in paragraphs (a) to (d) is such that, in ASX's opinion, the transaction should be approved by the security holders.

In relation to the Tweed Mall Transaction the subject of Resolution 2, TMF is considered to be a related party of ERF. Consequently, the Tweed Mall Transaction is required to be approved by the ERF Securityholders, given the value of the consideration provided by TMF for the Tweed Mall assets it will acquire exceeds 5% of the ERF's equity interests.

Accordingly, EFML has called the Meetings to comply with Listing Rule 10.1 in respect of the Tweed Mall Transaction.

Similarity, ASX Listing Rule 10.1 may also apply to ENN due to EFML being the trustee of TMF. ENN has sought an ASX waiver from ASX that Listing Rule 10.1 does not apply on the basis that EFML is only acting in a fiduciary capacity. If the waiver is not obtained, ENN securityholder approval might also be required in respect of the Tweed Mall Transaction and, in this respect, the Tweed Mall Transaction will be conditional on such ENN securityholders' approval being obtained.

9.3 Eligibility to receive a Special Distribution

Eligible Securityholders are persons who are registered as a holder of ERF Securities as at the Record Date, currently expected to be Friday, 26 August 2022.

10. Tax implications and considerations

The Manager does not provide taxation advice. Each ERF Securityholder must take full and sole responsibility for the associated taxation implications arising from the Special Distribution and Buy-Back.

The taxation information provided in this Explanatory Statement is general in nature and is based on the law and administrative practices of the Australian Taxation Office (**ATO**) as at the date of this Explanatory Statement.

The impact of tax varies according to individual circumstances and ERF Securityholders should seek their own tax advice in respect of the Special Distribution and Buy-Back.

The following summary is intended for Australian tax resident taxpayers and assumes that the ERF Securityholder holds ERF Securities on capital account for tax purposes, and do not hold the ERF Securities in the course of trading or dealing in securities or otherwise hold the ERF Securities on revenue account, as trading stock, or as a financial arrangement subject to the taxation of financial arrangements (**TOFA**) rules. It does not cover all tax implications of the Special Distribution and Buy-Back.

Existing structure

An investment in ERF Securities should be treated for Australian taxation purposes as an investment in each of the individual securities. As such, an ERF Securityholder should be regarded for Australian taxation purposes as holding one unit in ERPF I and one unit in ERPF II per ERF Security.

Each of ERPF I and ERPF II have previously made an election to be subject to tax under the attribution managed investment trust (**AMIT**) regime. The requirements to qualify as an AMIT are ongoing and need to be assessed in relation to each income year. The Responsible Entity will notify ERF Securityholders of any changes to the AMIT status of ERPF I and/or ERPF II.

For CGT purposes, the cost base (and reduced cost base) of each ERF Security will include the amount each ERF Securityholder paid to acquire the ERF Security plus any incidental capital costs of acquisition and disposal. The CGT cost base of each ERF Security acquired by an ERF Securityholder should be apportioned to the ERF Security on a reasonable basis. One possible method of apportionment is based on the relative net asset value of the individual entities. Please refer to the tax disclosures on the ERF website **https://www.elanorinvestors.com/erf/distributioninformation.**

The cost base (and reduced cost base) of each ERF Security may also have been reduced, for example as a consequence of the ERF Securityholder receiving tax deferred distributions in respect of an ERF Security or, for income years where ERPF I and ERPF II are subject to taxation under the AMIT regime, reduced or increased as set out in AMIT member annual (**AMMA**) statements issued to ERF Securityholders, broadly reflecting the difference between the amounts distributed to an ERF Securityholder and the taxable components attributed by the Responsible Entity to the ERF Securityholder pursuant to the AMIT rules.

10.1 Special Distribution

The Special Distribution will be funded through the sale of Tweed Mall. ERF is expected to realise a capital gain on the disposal of Tweed Mall and the Responsible Entity proposes to attribute any such capital gain to ERF Securityholders who receive the Special Distribution. Any capital gains attributed to ERF Securityholders should be aggregated with any other capital gains or capital losses that the ERF Securityholder may have in that income year, less any available net capital losses from prior income years, to determine the ERF Securityholder's net capital gain or capital loss for that year.

A net capital gain that is included in the ERF Securityholder's assessable income may be eligible for discount CGT treatment (refer below). A capital loss can only be offset against capital gains. Capital losses may be carried forward and offset against future taxable capital gains, although the utilisation of capital losses by certain entities is subject to the satisfaction of loss carry forward rules.

The difference between any capital gain from the sale of Tweed Mall attributed to an ERF Securityholder and the Special Distribution should not be assessable to the ERF Securityholder, but should reduce the cost base (and reduced cost base) of the relevant ERF Securities held by the ERF Securityholder. However, an ERF Securityholder's cost base will not be reduced where the non-assessable amount relates to the part of any capital gain of ERPF I that has been sheltered by the CGT discount. To the extent that the reduction exceeds an ERF Securityholder's cost base in the relevant ERF Security, a capital gain should arise for the ERF Securityholder. Such capital gain may be eligible for discount CGT treatment (refer below). Where this happens, the cost base and reduced cost base of the relevant ERF Security in the hands of the ERF Securityholder are reduced to nil.

Information on the split between the capital gain and capital components will be provided to ERF Securityholders in their AMMA statements or distribution statements (as relevant).

10.2 Buy-Back

Each security in ERPF I and ERPF II is a separate CGT asset. The Buy-Back of ERF Securities will constitute a disposal of the ERF Securities for CGT purposes, and may result in a capital gain and/or capital loss to an ERF Securityholder.

It is not expected that the Responsible Entity will attribute any taxable components of ERPF I or ERPF II to ERF Securityholders in respect of the Buy-Back proceeds. A capital gain will, however, arise to an ERF Securityholder where the capital proceeds from the Buy-Back of an ERF Security is greater than the cost base of the ERF Security for CGT purposes. A capital loss will arise if the capital proceeds on the Buy-Back of an ERF Security are less than the reduced cost base of the ERF Security for CGT purposes. In certain circumstances ERF Securityholders may be deemed, for CGT purposes, to have received market value capital proceeds for each ERF Security, where this is different to the Buy-Back Price.

Any capital gain or capital loss realised by an ERF Securityholder in respect of the Buy-Back should be aggregated with any other capital gains or capital losses that the ERF Securityholder may have in that income year, less any available net capital losses from prior income years, to determine the ERF Securityholder's net capital gain or capital loss for that year. A net capital gain may be eligible for discount CGT treatment (refer below). A capital loss can only be offset against capital gains. Capital losses may be carried forward and offset against future taxable capital gains, although the utilisation of capital losses by certain entities is subject to the satisfaction of loss carry forward rules.

Discount CGT treatment

Discount CGT treatment may be available to reduce any net capital gain realised by an ERF Securityholder in respect of the Special Distribution and/or the Buy-Back of an ERF Security. If the security in ERPF I and ERPF II has been held for at least 12 months, an ERF Securityholder may, after offsetting capital losses of the ERF Securityholder, be able to discount the resulting capital gain by one half in the case of an individual or trust, or one third in the case of a complying superannuation entity.

An ERF Securityholder who disposes of ERF Securities (including under the Buy-Back) within 12 months of acquiring them, or disposes of them under an agreement entered into within 12 months of acquiring the ERF Securities, will not be eligible for discount CGT treatment.

Any net capital gain, after applying discount CGT treatment (where applicable), is included in the ERF Securityholder's assessable income.

10.3 Elanor Property Income Fund

Stamp duty

Subsequent to the Buy-Back and once the ERF Securities cease to be quoted for trading on the ASX, ERF will cease to be a public landholder and ERPF I and ERPF II will become private unit trusts with an indirect interest in dutiable property for the purposes of the Queensland duties legislation and private landholder unit trusts for New South Wales, and Tasmanian duties purposes. Depending on the take up of the Buy-Back, ERF may not satisfy the requirements of a public unit trust scheme as defined in the Queensland duties legislation.

In the case where ERF does not satisfy the public unit trust requirements, the Manager has applied to the Queensland revenue authority for concessional stamp duty treatment for a 12-month period post Privatisation. If the concessional treatment is granted, ERF will have 12 months to meet the widely held public unit trust definition for Queensland stamp duty purposes and, provided it meets this requirement within the 12 months, no stamp duty should apply to dealings in ERF units (including within this 12-month period) unless the dealing causes ERF to cease to be widely held. If ERF does not meet this requirement within the timeframe, or the concessional treatment is not granted, until the Manager is able to take such steps as are necessary to cause ERF to satisfy the requirements of a public unit trust, this means that any change in the proportionate interests of unitholders in ERF can be charged with Queensland duty (i.e. there is no minimum threshold, in contrast to the position for landholder duty).

This duty is generally charged based on a person's increased proportionate interest in ERF, multiplied by the gross market value of the Queensland assets, multiplied by the appropriate rate of duty. The rates of duty increase in line with the product of the first two variables, up to a maximum rate of 5.75% where the Queensland assets are not residential land. Where the increased proportionate interest multiplied by the Queensland asset value is $1 million or more, the rate of duty is $38,025 plus 5.75% of the amount that exceeds $1 million. At values between $540,000 and $1 million, the marginal rate is 4.5% and at values between $75,000 and $540,000 the marginal rate is 3.5%.

This cost will be treated as an operating cost until such time as the Manager is able to take steps as to cause ERF to be a public unit trust. The Responsible Entity will make filings on behalf of investors who would otherwise be required to request an assessment from the Queensland Revenue Office.

In other relevant jurisdictions, duty should not apply to changes in proportionate interests of unitholders in ERF unless the unitholder (alone or together with related or associated persons) obtains an aggregate holding of 50% or more in ERF.

11.Risk Factors

This Section describes some of the potential risks associated with the Proposal and an investment in EPIF:

- Section 11.1 sets out risks associated with implementation of the Proposal, and risks preventing or delaying implementation of the Proposal.
- Section 11.2 sets out general risks related to EPIF and its business.

These risks could, if they were to eventuate, have a material adverse effect on EPIF's financial position, operating and financial performance and the value of the EPIF Securities. Many of the circumstances giving rise to these risks are partially or completely outside the control of the Responsible Entity or its Directors or management and either cannot be mitigated or can only be partially mitigated.

You should note that this Section 11 is a summary only and is not an exhaustive list of the risks relating to ERF and the Proposal. There may be additional risks and uncertainties not currently known to ERF, or not currently considered material, which may have a material adverse effect on ERF's financial position, operating and financial performance and the value of the ERF Securities.

Before deciding whether to participate in the Buy-Back, ERF Securityholders should carefully read this Explanatory Statement in its entirety and specifically consider the risks in this Section 11.

This Explanatory Statement does not take into account the investment objectives, financial situation, or the particular needs or risk profiles of individual ERF Securityholders. You should carefully consider the following risks, as well as the other information contained in this Explanatory Statement, and seek professional advice from your accountant, tax adviser, stockbroker, lawyer, or other professional adviser before making any decision in relation to your ERF Securities.

11.1 Risks associated with the Proposal

11.1.1 Risks associated with implementation of the Proposal

This Section sets out some of the key risks relating to the Proposal. These are additional to those risks set out in Section 11.2 that apply to your current investment in ERF Securities.

(a) Liquidity

If the Proposal is implemented, ERF will be delisted. As such, there will be no public market for the sale and purchase of ERF Securities following implementation of the Proposal, nor is there expected to be any such market in the future. ERF Securityholders who retain their ERF Securities may have limited opportunities to sell their ERF Securities, other than under the Unlisted Liquidity Facility. The Unlisted Liquidity Facility is subject to conditions, caps and other limitations, and there is no guarantee that liquidity will be available under the Unlisted Liquidity Facility at any particular price, on any particular timing, or at all. Further, EPIF intends to maintain target gearing of 30 – 40%. As such, in a scenario where Buy-Back participation results in gearing above the target, the Board would exercise its discretion to provide the Unlisted Liquidity Facility until gearing is below the maximum target level.

If liquidity is available under the Unlisted Liquidity Facility, an investor's application for liquidity maybe scaled back. Refer to Section 2.3 for further details of the Unlisted Liquidity Facility. ERF's status as an unlisted group may affect the ability of an ERF Securityholder to find a buyer for their ERF Securities at a price acceptable to the ERF Securityholder (notwithstanding that the financial performance of ERF and its business or the financial statements of ERF might suggest the value of those ERF Securities is higher).

(b) Securityholder concentration

The table below reflects respective holdings in EPIF after delisting at various Buy-Back take up levels.

Buy-Back take-up level	No take-up	Median take-up	Full take-up
$m take up of Buy-Back facility	0.0	33.6	67.1
% take up of Buy-Back facility	0%	50%	100%
MAAM ownership (%)	**20%**	**30%**	**60%**
ENN ownership (%)	**18%**	**20%**	**40%**
Non-Associated Securityholders (%)	**62%**	**50%**	**-**

Accordingly, these parties will continue to be in a position to exert significant influence over matters relating to ERF and may control ERF. Although the interests of these ERF Securityholders and other ERF Securityholders are likely to be aligned in most cases, there may be instances where their respective interests diverge. For example, the Manager may obtain higher Performance Fees if ERF undertakes transactions and raises additional capital which may not coincide with the preferences of particular ERF Securityholders.

(c) Tax consequences for ERF Securityholders

If the Proposal proceeds, there may be tax consequences for ERF Securityholders. There will be capital gains tax consequences for Eligible Securityholders who hold their securities on capital account and participate in the Buy-Back.

The Buy-Back may result in ERPF I and ERPF II ceasing to qualify as “managed investment trusts” for income tax purposes, this would impact on the availability of certain concessions, including concessional managed investment trust withholding tax rates for non-Australian resident ERF Securityholders.

If the take up of the Buy-Back proceeds in such a way that EPIF does not qualify as a “public unit trust scheme” for Queensland duty purposes, the Unlisted Liquidity Facility and any proposed future equity raising may give rise to Queensland duty for investors. The Manager intends to take all reasonable steps to enable EPIF to become a “public unit trust scheme” as soon as is practical to mitigate possible adverse Queensland duty implications. Further, the syndication of Tweed Mall into a separate unlisted fund, will result in any capital gains realised from the sale of the property being attributed to ERF Securityholders.

Further information on the tax consequences of the Proposal is set out in Section 10. ERF Securityholders should seek their own professional advice regarding the individual tax consequences of the Proposal.

(d) Increase in gearing

As a result of the Buy-Back, the level of gearing of the Trusts will increase. As described in Section 11.2.4 below, gearing exposes EPIF to any changes in interest rates and increases its exposure to movements in the value of its property portfolio or performance measures, potentially leading to an increase in the volatility of earnings. A higher level of borrowings also increases the risk associated with the use of debt, including having to sell assets or raise equity on disadvantageous terms in order to keep within loan covenants, or of being unable to sell assets or raise equity and defaulting on loan covenants, or being unable to refinance when the loan term expires.

The maximum size of the Buy-Back of $67.1 million would result in day one gearing of 60.9%. This loan could be repaid on establishment of new capital facilities without penalties, the Manager intends to refinance and pay the loan back as soon as practical. The Manager does, however, seek to encourage ERF Securityholders to retain their investment in EPIF.

If the value of EPIF's assets fall and gearing increases above the targeted gearing level of 30 – 40%, the Responsible Entity will implement a strategy to restore the level of gearing to 40% or below. To the extent its required, asset sales may be pursued by the Responsible Entity following the Privatisation to reduce gearing. However, there is no guarantee that sale opportunities on commercially appropriate terms will be available to the Responsible Entity for this purpose.

(e) Listing Rules and Takeovers Provisions will no longer apply

If the Proposal is implemented, ERF will no longer be subject to the Listing Rules or Takeovers Provisions. Refer to Sections 3.3.3 and 3.3.5 for further information.

(f) Change in control risk

The Responsible Entity has reviewed ERF's material contracts and is not aware of any material contract which will have a termination right or other adverse right that it considers likely to be triggered as a result of the Proposal. However, there is a risk that change in control provisions in contracts to which ERF is a party may be triggered by the Proposal or by changes in the ownership of ERF once Delisted. In such a case, this may give the counterparty a right to terminate the relevant contract, which in turn has the potential to affect EPIF's operations and financial performance.

11.1.2 Risks preventing or delaying implementation of the Proposal

(a) Financing

While the Responsible Entity has obtained financing, the funding arrangements contain conditions and termination events as summarised in Section 12. If a condition of that funding could not be satisfied or a termination event was triggered and the relevant funder relied on that matter to not provide the funding, the Buy-Back may not be able to be implemented which may affect the ability of the Responsible Entity to implement the Proposal and to Privatise ERF.

(b) ERF Securityholder approval and conditions

The Proposal is subject to a number of conditions, including ERF Securityholder approval of the Resolutions. Each of the Resolutions is inter-conditional and must be passed by the Requisite Majorities for the Proposal to proceed. There is a risk that ERF Securityholder approval may not be obtained. If any Resolutions are not passed by the Requisite Majorities, you will not be able to participate in the Buy-Back and ERF Securities will continue to be Listed.

11.1.3 Risks if the Proposal is not implemented

If the Proposal is not implemented, ERF Securityholders will continue to hold their ERF Securities, which will continue to be traded on the ASX. There may be relatively few potential buyers or sellers of the ERF Securities on the ASX at any time. This may increase the volatility of the market price of the ERF Securities and if the Proposal does not proceed, the price of ERF Securities may fall. In these circumstances the price at which ERF Securities may trade on the ASX, and the liquidity of ERF Securities, is uncertain. Further, ERF will have incurred transaction costs in relation to the Proposal even if it does not proceed.

11.1.4 Tax consequences for ERF Securityholders

To the extent that ERPF I and ERPF II are not classified as “public trading trusts”, ERF will generally not be subject to Australian income tax, including capital gains tax, under current Australian income tax legislation provided that the Responsible Entity attributes all taxable components to ERF Securityholders under the AMIT regime (where applicable). Consequently, distributions made by ERF will be on a ‘pre-tax’ basis with any Australian income tax in respect of ERF’s income being payable by, or on behalf of, ERF Securityholders rather than the Responsible Entity. Changes in ERF’s business activities could result in ERF incurring tax on its income, such that distributions would be paid on a ‘post-tax’ basis, as well as other potential adverse implications.

Furthermore, changes to Australian tax legislation or regulations, or the interpretation thereof by the courts, may impact on the manner or basis of taxation of ERF or ERF Securityholders.

Changes in the tax status of ERF, for example if ERPF I and/or ERPF II ceased to be AMITs, could have adverse taxation consequences for ERF Securityholders.

An investment in ERF Securities involves tax considerations which differ for each ERF Securityholder. ERF Securityholders are encouraged to seek professional tax advice in connection with holding ERF Securities.

11.2 General Risks

11.2.1 Global health pandemics

Global health pandemics, such as COVID-19, can cause significant disruption to consumer behaviours and activity levels, in the sectors in which EPIF operates, as well as to securities markets and global and regional economic conditions and cycles. These pandemics can therefore directly and adversely impact the operation of EPIF’s assets, including through changes in consumer behaviours, and the introduction laws and regulations designed to supress the transmission of viruses and disease.

11.2.2 Property valuations

The Responsible Entity has obtained independent valuations for each of the properties in the portfolio and will periodically confirm those values by engaging an independent valuer in accordance with ERF’s valuation policy. Valuations ascribed to each property will be influenced by a number of ongoing factors affecting the Australian property market generally, as well as EPIF in particular, including:

- supply and demand for retail properties;
- general property market conditions; and
- the ability to attract and implement economically viable rental arrangements.

In addition, the independent valuations of the Properties included in this Explanatory Statement are the best estimates of the independent valuers at a certain point in time and may not reflect the actual price a property would realise if sold. The independent valuations are subject to a number of assumptions which may not be accurate. A reduction in the value of any Property may have a negative impact on EPIF’s income statement and may adversely affect the value of EPIF Securities. It may also impact on EPIF’s financing arrangements.

11.2.3 Rental income

Distributions made by EPIF are largely dependent upon the rents received from its property portfolio and the expenses incurred during operations. Rental income may be adversely affected by a number of factors, including:

- overall macroeconomic conditions;
- local real estate conditions;
- competition from other shopping centres;
- the perceived attractiveness of the shopping centre for prospective tenants and shoppers;
- the financial condition of tenants and their turnover, which affects the rental income received from specialty tenants;
- increases in rental arrears and vacancy periods;
- extensions of incentives offered to attract prospective tenants;
- additional expenses associated with re-leasing the tenancies or enforcement action;
- potential impact of internet sales on turnover or profitability of tenants;
- changes in retail tenancy laws; and
- external factors including terrorist attacks, significant security incidents, Acts of God or a major world event.

Any negative impact on rental income (including a failure of existing tenants to perform obligations under existing leases in accordance with their terms) could materially adversely affect EPIF's financial performance and distributions.

11.2.4 Gearing risk

Gearing exposes EPIF to any changes in interest rates and increases its exposure to movements in the value of its property portfolio or performance measures. As a result of the transaction, and dependent on the level of Buy-Back participation, EPIF’s gearing may increase. EPIF intends to target a gearing range of 30 – 40% and will look to reduce gearing to these levels, if necessary, dependant on the level of Buy-Back participation.

If EPIF’s level of gearing increases over the term of its debt financing, this will increase the volatility of earnings and increase the level of financial risk, including the risk of default under EPIF’s financing facilities. Higher gearing may also affect EPIF’s ability to refinance its financing facilities.

11.2.5 Funding and extension and refinancing of debt

EPIF's ability to raise funds from either debt or equity markets in the future, on favourable terms for future activities, depends on a number of factors, including the:

- state of debt and equity markets at the time;
- general economic and political climate;
- appetite of finance providers to provide debt to retail asset owners;
- appetite of finance providers to provide debt to unlisted vehicles as opposed to Listed vehicles;
- performance, reputation and financial strength of EPIF; and
- value of EPIF's business and properties in its portfolio.

If EPIF raises further equity funding this may dilute the interest of EPIF Securityholders if they are not provided with an opportunity to participate, or do not participate, in the equity issue.

There is a risk that EPIF may not be able to refinance its debt before expiry or may not be able to do so on as favourable terms as its current financing facilities.

11.2.6 Facility undertakings and covenants risk

Under EPIF's financing facilities, EPIF is subject to a number of undertakings and covenants, including in relation to loan to value levels and interest cover ratios. An event of default would occur if EPIF fails to maintain these financial covenants. This may be caused by unfavourable movements in interest rates (to the extent interest rates are not hedged) or deterioration in the income or the value of EPIF's properties in its portfolio. In the event that an event of default occurs, the lender may require immediate repayment of the facility. EPIF may need to dispose of all or parts of its portfolio of properties for less than their market value, raise additional equity, or reduce or suspend distributions in order to repay EPIF's financing facilities.

11.2.7 Interest rate risk

To the extent that interest rates are not hedged, unfavourable movements in interest rates could lead to increased interest being incurred by EPIF in respect of its current and future debt facilities. Any such movement may have a negative impact on EPIF's financial position and results.

Increased general interest rates may also result in a reduction in consumers' discretionary income (which may affect EPIF's operations), increased capitalisation rates for retail real estate (which may negatively impact the valuation of EPIF's existing assets) and a reduction in the attractiveness of debt funding for EPIF's growth initiatives such as refurbishments and acquisitions.

11.2.8 Reliance on the Manager, key management and ability to attract and retain key staff risk

ERF relies on the expertise and experience of the Manager and its key executive directors and management. As a consequence, the breach or termination of the Investment Management Agreement by the Manager or the loss of key personnel and senior management by the Manager could have an adverse impact on the management and financial performance of EPIF, and returns to EPIF Securityholders.

11.2.9 Property liquidity risk

The properties in ERF's portfolio are, by their nature, illiquid investments. There is a risk that, if required to do so, EPIF may not be able to realise value for the properties within a short period of time or may not be able to realise the full valuation, which may affect an investment in EPIF.

11.2.10 General economic conditions risk

ERF currently only has operations in Australia, and its financial performance is subject to general economic conditions in Australia, as well as general economic conditions globally. Prolonged downturn in general economic conditions (including as a result of the COVID-19 pandemic) may impact the demand for EPIF's tenants' products and services, decreasing consumer demand and lowering sentiment or its assets, which may affect the ability of EPIF to fulfil its investment objectives and could result in a loss of some or all of EPIF Securityholders' capital invested in EPIF. These events could be expected to have a material impact on EPIF's business and financial performance.

11.2.11 Accounting standards

Changes to Australian Accounting Standards issued by the Australian Accounting Standards Board or changes to the application and interpretation of those standards could materially adversely affect the financial performance and position reported in EPIF's financial statements.

11.2.12 General business risks

ERF is subject to a number of additional general business risks, including but not limited to environment and contamination, competition and sector concentration, and insurance risks, and the risk of counterparties failing to perform obligations under contracts with ERF. Further information regarding these risks is disclosed in the IPO PDS.

12. Additional information

12.1 Regulatory relief

12.1.1 ASX conditions

The Responsible Entity has applied for and received in-principle advice from ASX that it would likely remove ERF from the Official List of ASX, subject to compliance with the following conditions:

(a) ERF's removal from the Official List of ASX is approved by a special resolution of ERF Securityholders;

(b) the removal of ERF from the Official List of ASX will not take place any earlier than one month after ERF Securityholders approve the Privatisation; and

(c) the Responsible Entity implements the Buy-Back for a period of one month after ERF Securityholders approve the Privatisation.

12.1.2 ASIC Relief

The Responsible Entity has made an application to ASIC to request, and has received in-principle approval, for the following technical relief to facilitate implementation of the Buy-Back:

(a) for the Responsible Entity:

i. relief from s 601GA(4) and the withdrawal provisions in Part 5C.6, which will allow the Responsible Entity to undertake the Buy-Back and fund the Buy-Back through an increase in its debt facilities, rather than selling its existing assets, as would be required under the Corporations Act if such relief had not been granted;

ii. for the Responsible Entity, relief from s 601FG(1)(a) of the Corporations Act to facilitate the Buy-Back at the Buy-Back Price even if the ERF Securities trade at a higher price than the Buy-Back Price;

iii. for the Responsible Entity, relief from s 601FC(1)(d) of the Corporations Act to provide relief from the equal treatment provisions for foreign ERF Securityholders;

iv. for the Responsible Entity, relief from Division 5A of Part 7.9 of the Corporations Act to permit the Buy-Back offer materials to be sent to ERF Securityholders; and

v. modify s 609(4) of the Corporations Act so that the Responsible Entity entering into an agreement to buy back the ERF Securities will not give rise to "relevant interests" under s 606.

(b) for the Responsible Entity and ERF Securityholders, modify s 611 of the Corporation Act to allow the Responsible Entity and ERF Securityholders to acquire a relevant interest in ERF Securities above the 20% permitted 'takeovers threshold' as a consequence of the Buy-Back.

This relief will be subject to conditions consistent with the precedent customary relief.

12.2 Remedies ERF Securityholders may pursue under the Corporations Act

The Corporations Act provides for remedies that ERF Securityholders may pursue in the event that the Privatisation occurs, and they consider it to have been contrary to the interests of ERF Securityholders as a whole or oppressive, unfairly prejudicial or discriminatory to an ERF Securityholder or ERF Securityholders. Further, the Takeovers Panel may prevent the Privatisation if it considers it to involve "unacceptable circumstances". Remedies that may be available include:

(a) Members' rights and remedies

If an ERF Securityholder considers the Privatisation to be contrary to the interests of ERF Securityholders as a whole or oppressive to, unfairly prejudicial to, or unfairly discriminatory against a particular ERF Securityholder or ERF Securityholders, it may have rights to apply to the Court for an order under Part 2F.1 of the Corporations Act. This Part of the Corporations Act only explicitly applies to a company (rather than trusts such as ERPF I and ERPF II) and so the Court may not accept such an application. If the Court accepts the application, it can make various orders under Part 2F.1 that it considers appropriate. ERF Securityholders should obtain independent legal advice if they are considering such an application.

(b) Unacceptable circumstances

If an ERF Securityholder considers the proposed Privatisation involves 'unacceptable circumstances', it may apply to the Takeovers Panel for a declaration of unacceptable circumstances. Under section 657D of the Corporations Act, if the Takeovers Panel has declared circumstances to be unacceptable, it may make an order that it thinks appropriate to protect the rights or interests of any person or group of persons, where the Takeovers Panel is satisfied that those rights or interests are being affected, or will be or are likely to be affected, by the circumstances.

12.3 Financing commitments

MA Investment Management Ltd has provided binding commitments to provide a new senior facility of up to $67.5 million to the extent required to fund the Buy-Back, subject to the following conditions:

(a) valuations, for first mortgage purposes to the satisfaction of the lender;

(b) completion of satisfactory legal and commercial due diligence;

(c) lender group investment committee approval; and

(d) full form documentation being agreed and entered to.

The Facility documents will contain standard terms and conditions relating but not limited to, events of default, indemnities, representations and warranties. The new senior debt facility is expected to be fully documented before the Meetings.

Glossary

In this Notice of Meeting and accompanying Explanatory Statement, unless the context otherwise provides, defined terms have the meaning shown below:

Term	Meaning
AMIT	Attribution Managed Investment Scheme
AMMA	AMIT member annual
Announcement Date	The date when the Proposal was announced, being Friday, 24 June 2022
ASIC	Australian Securities and Investments Commission
ASIC Relief	The relief described in section 12.1.2
ASX	Australian Securities Exchange
ASX Settlement Operating Rules	The operating rules (as defined in chapter 7 of the *Corporations Act*) of CHESS which are known as the ASX Settlement Operating Rules
ATO	Australian Taxation Office
Board	The Board of Directors of the Responsible Entity
Buy-Back	The proposed off-market buy-back under which ERF Securityholders may sell their ERF Securities subject to the terms and conditions set out in this Notice of Meetings and accompanying Explanatory Statement
Buy-Back Closing Date	The date on which the Buy-Back closes, being on Friday, 21 October 2022 as at the date of this Notice of Meetings and accompanying Explanatory Statement
Buy-Back Limit	Up to 84.9 million ERF Securities, which equates to $67.1 million at the Buy-Back Price of $0.79 per security
Buy-Back Participation Form	The Buy-Back participation form which will be provided to ERF Securityholders following the Meetings if the Resolutions are approved by the Requisite Majorities
Buy-Back Price	$0.79 per ERF Security
Buy-Back Resolution	Resolution 1 set out in the Notice of Meetings to approve the Buy-Back
CGT	Capital gains tax
CHESS	ASX's Clearing House Electronic Sub-registry System, operated under the Corporations Act
CHESS Holding	A securityholding registered under CHESS

Term	Meaning
Computershare or Registry	Computershare Investor Services Pty Limited
Constitution Amendment Resolution	Resolution 3 set out in the Notice of Meetings to approve the proposed amendments to the Constitutions set out in the Constitution Amendments
Constitution Amendments	The proposed form of the amended Constitutions which can be accessed at **https://www.elanorinvestors.com/erf/referencematerials/** and which will be tabled by the Chair at the meetings and initialed for the purpose of identification
Constitutions	The constitution of ERPF I, as amended from time to time, and the constitution of ERPF II, as amended from time to time
Continuing Securityholder	Those ERF Securityholders who continue to hold ERF Securities at the Settlement Date and become Securityholders of the unlisted EPIF
Corporations Act	The *Corporations Act 2001* (Cth)
Corporations Regulations	The *Corporations Regulations* 2001 (Cth)
Delisting Date	The date on which ERF will be delisted from the Official List of the ASX, which is expected to be Friday, 4 November 2022
Directors	The directors of the Responsible Entity
Elanor Property Income Fund or EPIF	ERF after it has been delisted under the Privatisation, to be known as the Elanor Property Income Fund
Eligible Securityholder	A person who is registered as a holder of ERF Securities as at the Record Date, currently expected to be Friday, 26 August 2022, unless they are an Ineligible Securityholder
ENN or Elanor Investors Group	Elanor Investors Group comprises Elanor Investors Limited (ABN 33 169 308 187) and EFML as the responsible entity for the Elanor Investment Fund (ARSN 169 450 926) (whose securities are stapled and listed on the ASX)
ERF	Elanor Retail Property Fund I (ARSN 615 291 220) and Elanor Retail Property Fund II (ARSN 615 291 284)
ERF Security	A stapled security in ERF, comprising an ordinary unit in ERPF I stapled to an ordinary unit in ERPF II
ERF Securityholder	A registered holder of ERF Securities
Ex-Entitlement Date	Thursday, 25 August 2022 as at the date of this Notice of Meetings and accompanying Explanatory Statement

Term	Meaning
Exiting Securityholders	ERF Securityholders who sell all of their ERF Securities through the Buy-Back
Explanatory Statement	The explanatory statement in this document, including any attachments or revisions to it
Gearing	Total debt as a percentage of total assets
Independent Expert	BDO Corporate Finance (East Coast) Pty Ltd
Ineligible Securityholder	A person who resides, or who is acting on behalf or for the account of a person who resides outside of Australia and New Zealand.
Investment Management Agreement	The Investment Management Agreement between the Responsible Entity and the Manager
IPO	Initial public offering
Issuer Sponsored Holding	A holding of securities by a person which is managed by the issuer of those securities
Listed	Admitted to the Official List
Listing Rules	The listing rules of the ASX
MAAM	MA Asset Management Ltd in its capacity as trustee for the MA SIV Public Investment Fund and as trustee for MA SIV Property Fund
MAF	MA Financial Group Limited (ACN 142 008 428)
Manager or EAS	Elanor Asset Services Pty Limited, and wholly-owned Subsidiary of Elanor Investors Group will continue to act as the investment manager of EPIF
Meetings	The meetings of securityholders of ERPF I and ERPF II to consider the Resolutions, scheduled to be held on Friday, 19 August 2022
Non-Associated Securityholders	All ERF Securityholders not associated with ENN, MAAM and its related entities
Notice of Meetings	The notice of meetings set out on page 2 in this document, and which is taken to contain all information in this document
NTA	Net tangible assets and for the purposes of the ERPF I and ERPF II Constitution Net Asset Value
Offer Period	The period of time commencing on the Opening Date and ending at 5.00pm (Sydney time) on the Buy-Back Closing Date during which the Buy-Back is open for acceptance by Eligible Securityholders

Term	Meaning
Official List	Has the same meaning given in the Listing Rules
Opening Date	The date on which the Buy-Back opens, scheduled for Tuesday, 30 August 2022 as at the date of this Notice of Meetings and accompanying Explanatory Statement
Performance Fee	The performance fee payable to the Manager under the terms of the Investment Management Agreement
Privatisation	The delisting of ERF from the Official List as described in this Notice of Meetings and accompanying Explanatory Statement
Privatisation Resolution	Resolution 4 set out in the Notice of Meetings to approve the voluntary delisting of ERF under Listing Rule 17.11
Properties	Tweed Mall, Manning Mall, Gladstone Square, Glenorchy Plaza and Northway Plaza
Proposal	The proposal to Delist ERF, conduct the Buy-Back and undertake Tweed Mall Transaction resulting in payment of the Special Distribution, in each case, as described in this Notice of Meetings and accompanying Explanatory Statement
Proxy Form	The proxy form for the Meetings to be held on Friday, 19 August 2022 which accompanies this Notice of Meetings
Record Date	The record date for the Buy-Back, scheduled for 7:00pm (Sydney time) on Friday, 26 August 2022 as at the date of this Notice of Meetings
Register	The register of ERF Securityholders
Requisite Majorities	1. In relation to each of Resolutions 1 and 2, the Requisite Majority is an ordinary resolution passed by more than 50% of the total number of votes cast by ERF Securityholders entitled to vote on the Resolution 2. In relation to each of Resolutions 3 and 4, the Requisite Majority is ordinary special resolution passed by at least 75.0% of the total number of votes cast by ERF Securityholders entitled to vote on the Resolution
Resolutions	The resolutions set out in the Notice of Meetings, being the Buy-Back Resolution, the Tweed Mall Transaction Resolution, the Constitution Amendment Resolution and the Privatisation Resolution
Responsible Entity	Elanor Funds Management Limited ABN 39 125 903 031 as Responsible Entity of Elanor Retail Property Fund I (ARSN 615 291 220) and Elanor Retail Property Fund II (ARSN 615 291 284)
Settlement Date	The date on which the sale of ERF Securities under the Buy-Back will be settled, and the cash consideration in respect of that sale will be paid to ERF Securityholders who sell their ERF Securities under the Buy-Back
Special Distribution	$0.36 per ERF Security

Term	Meaning
Subsidiaries	Has the meaning given in the Corporations Act, but so that: • an entity will also be considered to be a Subsidiary of a trustee, responsible entity or other entity if it is controlled by that trustee, responsible entity or other entity (expressions used in this paragraph have the meanings given for the purposes of Division 6 of Part 1.2 of the Corporations Act); • a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share; and • a corporation or trust may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation.
Suspension Date	Date on which ERF Securities are suspended from trading on ASX, scheduled for Wednesday, 2 November 2022 as at the date of this Notice of Meetings and Explanatory Statement
Syndicate	A syndicate of institutional, wholesale and sophisticated investors including ENN who propose to acquire Tweed Mall from ERF via the Tweed Mall Fund
Takeover Provisions	The takeovers provisions set out in Chapter 6 of the Corporations Act
TMF or Tweed Mall Fund	A new ENN managed fund consisting solely of the Tweed Mall asset
TOFA	The taxation of financial arrangements
Total Consideration	Total cash consideration to be received by Exiting Securityholders, consisting of the Special Distribution from the Tweed Mall Transaction of $0.36 per ERF Security and the Buy-Back Price of $0.79 per ERF Security
Total Value	Depending on levels of participation in the Buy-Back ERF Securityholders who retain an investment in EPIF will receive a minimum of $1.20 in Total Value ($0.84 of NTA) with no Buy-Back participation and a maximum of $1.31 in Total Value ($0.95 of NTA) with 100% Buy-Back participation.
Trusts	ERPF I and ERPF II
Tweed Mall Transaction	The proposed sale of Tweed Mall asset to a syndicate of institutional, wholesale and sophisticated investors including ENN which will operate as an unlisted single asset fund called Tweed Mall Fund
Tweed Mall Transaction Resolution	Resolution 2 set out in the Notice of Meetings to approve the Tweed Mall Transaction
Unlisted Liquidity Facility	The liquidity mechanism which will apply to ERF once it has been delisted, as described in Section 2.3
VWAP	Volume weighted average price of ERF Securities

INDEPENDENT EXPERT REPORT

Elanor Funds Management Limited, as Responsible Entity of Elanor Retail Property Fund

In relation to the proposed sale of Tweed Mall and the delisting of the Fund
28 June 2022

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

FINANCIAL SERVICES GUIDE

Dated: 28 June 2022

This Financial Services Guide (**FSG**) helps you decide whether to use any of the financial services offered by BDO Corporate Finance (East Coast) Pty Ltd (**BDO Corporate Finance, we, us, our).**

The FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No: 247420
- Remuneration that we and/or our staff and any associates receive in connection with the financial services
- Any relevant associations or relationships we have
- Our complaints handling procedures and how you may access them.

FINANCIAL SERVICES WE ARE LICENSED TO PROVIDE

We hold an Australian Financial Services Licence which authorises us to provide financial product advice to retail and wholesale clients about securities and certain derivatives (limited to old law securities, options contracts, and warrants). We can also arrange for customers to deal in securities, in some circumstances. Whilst we are authorised to provide personal and general advice to retail and wholesale clients, we only provide *general* advice to retail clients.

Any general advice we provide is provided on our own behalf, as a financial services licensee.

GENERAL FINANCIAL PRODUCT ADVICE

Our general advice is typically included in written reports. In those reports, we provide general financial product advice that is prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

FEES, COMMISSIONS AND OTHER BENEFITS THAT WE MAY RECEIVE

We charge fees for providing reports. These fees are negotiated and agreed to with the person who engages us to provide the report. Fees will be agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. In this instance, the Company has agreed to pay us $70,000 for preparing the Report.

Except for the fees referred to above, neither BDO Corporate Finance, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of general advice.

All our employees receive a salary. Our employees are eligible for bonuses based on overall company performance but not directly in connection with any engagement for the provision of a report.

REFERRALS

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

ASSOCIATIONS AND RELATIONSHIPS

BDO Corporate Finance is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The general financial product advice in our report is provided by BDO Corporate Finance and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

COMPLAINTS RESOLUTION

Internal Complaints Resolution Process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. Complaints can be in writing, addressed to the Complaints Officer, BDO Corporate Finance, Level 11, 1 Margaret St, Sydney NSW 2001 or by telephone or email, using the contact details at the top of this FSG.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint in writing within 24 hours (or one business day) or, if that timeline cannot be met, then as soon as practicable and investigate the issues raised. As soon as practical, and not more than 30 days after receiving the complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

If a complaint is made and the complainant is dissatisfied with the outcome of the above process, or our determination, the complainant has the right to refer the matter to the Australian Financial Complaints Authority Limited (**AFCA**). AFCA is an independent company that has been established to impartially resolve disputes between consumers and participating financial services providers.

BDO Corporate Finance is a member of AFCA (Member Number 11843).

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly via the details set out below.

Australian Financial Complaints Authority Limited
GPO Box 3
MELBOURNE VIC 3001
Toll free: 1800 931 678
Email: info@afca.org.au

COMPENSATION ARRANGEMENTS

BDO Corporate Finance and its related entities hold Professional Indemnity insurance for the purpose of compensating retail clients for loss or damage suffered because of breaches of relevant obligations by BDO Corporate Finance or its representatives under Chapter 7 of the Corporations Act 2001. These arrangements and the level of cover held by BDO Corporate Finance satisfy the requirements of section 912B of the Corporations Act 2001.

CONTACT DETAILS

You may provide us with instructions using the details set out at the top of this FSG or by emailing - cf.ecp@bdo.com.au

SUMMARY OF FINDINGS

Tel: +61 2 9251 4100
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www.bdo.com.au

Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

The Directors
Elanor Funds Management Limited as responsible entity
for Elanor Retail Property Fund
Level 38, 259 George Street
SYDNEY NSW 2000

28 June 2022

Dear Directors,

INDEPENDENT EXPERT REPORT IN RELATION TO THE PROPOSED SALE OF TWEED MALL AND THE DELISTING OF THE FUND

INTRODUCTION AND PURPOSE

BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170) (**BDOCF**, **we**, **us** or **our**) has been appointed by the directors of Elanor Funds Management Limited (**EFML**) as responsible entity for Elanor Retail Property Fund (**ERF**), (collectively, the **Directors**), to prepare an independent expert report (**Report** or **IER**) setting out our opinion as to whether the Proposed Transaction and the Tweed Mall Transaction is fair and reasonable to the Securityholders of ERF (collectively the **Securityholders**).

Overview of the Proposed Transaction

The Proposed Transaction involves a number of inter-conditional transactions as set out below:

- Prior to the Proposed Transaction, the sub trust that owns Tweed Mall (**Tweed Sub Trust**) will be sold to a syndicate which includes Elanor Investors Group (**ENN**) (**Tweed Mall Transaction**). The sub trust will be renamed Tweed Mall Fund (**TMF**). Tweed Mall will be sold at its independent valuation. All Securityholders will receive a Special Distribution of $0.36 per ERF security (**Security** or **Securities**) (**Special Distribution**) funded by the net proceeds from the Tweed Mall Transaction after retiring net debt and satisfying transaction costs.
- Prior to the Proposed Delisting, Securityholders will have the opportunity to participate in a buy-back offer for 100% of their Securities (**Buy-Back**). Securityholders can select either to receive cash consideration of $0.79 per Security for their existing holding or elect to retain their exposure to an unlisted multi-asset fund for which EFML will act as trustee (**Unlisted ERF**).
- ERF will apply to be delisted from the Australian Securities Exchange (**ASX**) to form Unlisted ERF (**Proposed Delisting**).
- Following the Proposed Transaction, Unlisted ERF will continue to comprise two unlisted Australian Security trusts, being ERPF I and ERPF II.

The Tweed Mall Transaction, Buy-Back, and Proposed Delisting of the Fund to form Unlisted ERF are inter-conditional (**Proposed Transaction**).

If Securityholders elect to participate in the Buy-Back, they will receive the Special Distribution of $0.36 per Security and the Buy-Back payment of $0.79 for each Security held (for a total consideration of $1.15). If Securityholders elect to remain in Unlisted ERF, they will receive the Special Distribution amount of $0.36 per Security and continue as a holder of Unlisted ERF securities.

The Proposed Transaction is conditional on Securityholders passing each of the below inter-conditional resolutions:

- to approve the voluntary delisting of ERF (special resolution);
- to approve the Buy-Back exceeding the '10/12' limit (ordinary resolution);
- to make amendments to the constitutions of ERF as required to implement the various components of the Buy-Back and the Special Distribution, as well as to ensure the constitution and management arrangements are appropriate for the unlisted fund structures (special resolution); and
- to approve the Tweed Mall Transaction (ordinary resolution) (collectively the **Resolutions**).

Additional details of the Tweed Mall Transaction, Proposed Delisting, Buy-Back and Unlisted ERF are provided below and in the Explanatory Statement.

Tweed Mall Transaction

Prior to the Proposed Transaction, Tweed Mall will be sold for its current independent valuation ($87.0m) to TMF. EFML is proposed to act as trustee and manager of TMF. The syndicate will comprise institutional, wholesale, and sophisticated investors including ENN. ENN will have an initial interest of 45.9% in TMF.

The Tweed Mall Transaction will be effected through transferring all securities in the sub trust that owns Tweed Mall (**Tweed Sub Trust**) to a syndicate which includes Elanor Investors Group (**ENN**) (**Tweed Mall Transaction**). The sub trust will then be renamed Tweed Mall Fund (**TMF**). Tweed Mall will be sold at its independent valuation. The proposed settlement date is 29 September 2022. Prior to this date, the Tweed Sub Trust will make a distribution to ERF. Post this distribution, the only assets of Tweed Sub Trust will be the Tweed Mall property and a net working capital liability of $155k.

All Securityholders will receive a Special Distribution of $0.36 per Security funded by the net proceeds received from the Tweed Mall Transaction, after retiring net debt and satisfying transaction costs.

As TMF will be managed by EFML, a wholly owned subsidiary of ENN, and ENN will be a significant securityholder in TMF, the sale of Tweed Mall asset to TMF is a related party transaction and requires the approval of Securityholders pursuant to ASX Listing Rule 10.1 and Chapter 2E of the Corporations Act (as modified by section 601LA of the Corporations Act) unless an exception applies.

APPROACH

The Directors have requested BDOCF prepare an IER stating whether, in our opinion, the Proposed Transaction and the Tweed Mall Transaction is fair and reasonable to the ERF Securityholders. The IER is to:

- provide relevant information to enable the Securityholders to make an informed decision regarding the Proposed Transaction and the Tweed Mall Transaction;
- satisfy the requirements of ASX Listing Rule 10.1 in relation to the Tweed Mall Transaction; and
- satisfy the requirements of Chapter 2E of the Corporations Act (Cth) regarding the Tweed Mall Transaction.

Except the requirements under ASX Listing Rule 10.1 and Chapter 2E of the Corporations Act (Cth), there is no legal or statutory requirement for an independent expert's report to be provided to the Securityholders of ERF regarding the Proposed Transaction and the Tweed Mall Transaction. However, the Directors are required to provide relevant information for the Securityholders to enable them to make an informed decision as to whether or not to vote to approve the Proposed Transaction and have therefore engaged BDO to prepare this IER.

In preparing our IER, we have considered the requirements of:

- ASIC Regulatory Guide 111 Content of expert reports (**RG 111**);
- ASIC Regulatory Guide 112 Independence of experts (**RG 112**);
- ASIC Regulatory Guide 76 Related party transactions (**RG 76**); and
- Accounting Professional & Ethical Standards Board (**APESB**) professional standard APES 225 'Valuation Services' (**APES 225**). RG 111 establishes guidelines in respect of independent expert reports under the Act. This regulatory guide provides guidance as to what matters an independent expert should consider to assist securityholders to make informed decisions about transactions.

RG 111 states that there should be a separate assessment of fairness and reasonableness.

This engagement is a Valuation Engagement as defined by APES 225.

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act (as modified by section 601LA of the Corporations Act) prohibits:

(a) a responsible entity; or

(b) an entity that the responsible entity controls; or

(c) an agent of, or person engaged by, the responsible entity,

from giving a financial benefit to a person described in (a), (b) or (c) above, or a related party of such persons, unless either:

(d) giving the financial benefit falls wholly within one of the nominated exceptions to the provisions; or

(e) prior Securityholder approval is obtained to give the financial benefit no later than 15 months after receipt of the approval.

The sale of Tweed Mall to Tweed Mall Fund constitutes the giving of a financial benefit to a related party and requires the approval of ERF Securityholders pursuant to Chapter 2E of the Corporations Act (as modified by section 601LA of the Corporations Act) unless an exception applies.

Fairness – Proposed Transaction

We have analysed the impact of the Proposed Transaction on Securityholders under two scenarios to assess fairness:

- Scenario A: Securityholders participate in the Buy-Back and receive cash consideration (**Scenario A**); and
- Scenario B: Securityholders retain securities in Unlisted ERF (**Scenario B**).

Our analysis for assessing fairness under Scenario A has been performed by comparing:

- the FMV of an ERF Security prior to the Proposed Transaction; and
- the FMV of the Buy-Back consideration plus the Special Distribution.

Our analysis for assessing fairness under Scenario B has been performed by comparing:

- the FMV of an ERF Security prior to the Proposed Transaction; and
- the value of the Unlisted ERF unit post transaction plus the Special Distribution.

Fairness – Tweed Mall Transaction

RG 111 indicates that where any transaction consists of an asset disposal by the entity, it is ‘fair’ if the value of the financial benefit being received by the entity from the related party is greater than or equal to the value of the assets being disposed. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length.

We have assessed the fairness of the Tweed Mall Transaction by comparing:

- the value of the Tweed Sub Trust immediately prior to the Tweed Mall Transaction; and
- the consideration to be received by ERF from TMF.

As BDOCF are not property valuers, our fairness analysis required reliance on property valuations performed by independent property valuers. m3 Property Australia Pty Ltd (**m3 Property**) and Savills Valuations Pty Ltd (**Savills**) (collectively, the **Independent Property Valuers**) were appointed by James Fitzgerald on behalf of ENN. The property valuation reports are available at https://www.elanorinvestors.com/erf/referencematerials/.

Further details regarding the engagement and independence of the Independent Property Valuers are provided in Section 3.9.

Reasonableness

In accordance with RG 111, an offer is ‘reasonable’ if it is ‘fair’. It might also be ‘reasonable’ if, despite being ‘not fair’, the expert believes there are sufficient reasons for securityholders to accept the proposal.

When deciding whether a proposed transaction is ‘reasonable’, factors an expert might consider include:

- the financial situation and solvency of the entity;
- the alternative options available to the entity and likelihood of those options occurring;
- the entity’s bargaining position;
- whether there is selective treatment of any securityholder, particularly the related party;
- any special value of the transaction to the purchaser; and
- the liquidity of the market in entity’s securities.

SUMMARY OF OPINION

We have considered the terms of the Proposed Transaction and the Tweed Mall Transaction, as outlined in the body of this Report, and have concluded that it is fair and reasonable to the ERF Securityholders.

A summary of our analysis in forming the above opinion is provided below. This summary should be read in conjunction with our full IER that sets out in full the purpose, scope, basis of evaluation, limitations, information relied upon, analysis and our findings.

Fairness Assessment - Securityholder participates in the Buy-Back

In undertaking our assessment of fairness, we have had regard to the ASIC's RG 111.

The Proposed Transaction is 'fair' if the value of the consideration received is greater than or equal to the value of Securities held prior to the Proposed Transaction. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

Our analysis has been performed by comparing:

- the FMV of the Securities held by Securityholders pre-Proposed Transaction; and
- the value of the consideration received.

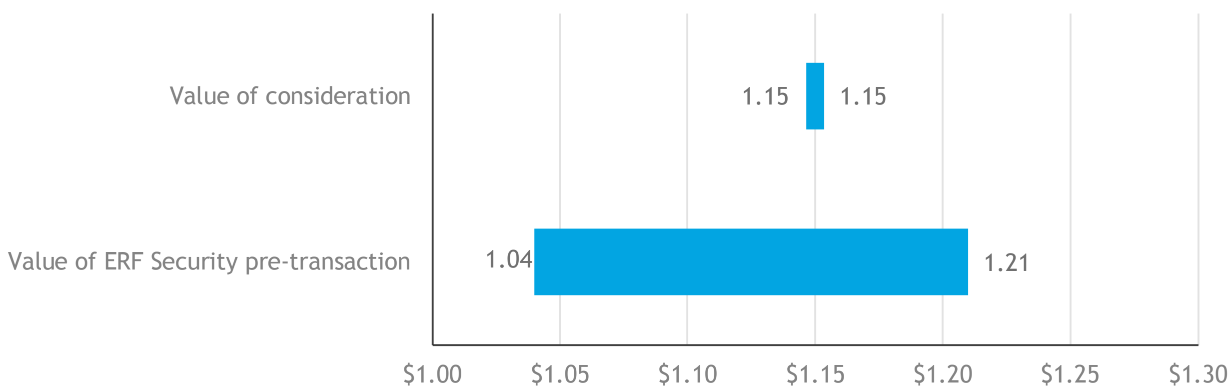
The results of our fairness analysis for Securityholders who elect to participate in the Buy-Back is summarised below.

Table 1: Fairness summary - Securityholder participates in the Buy-Back

	Low value	High value
Value of ERF Security pre-transaction	$1.04	$1.21
Value of consideration	$1.15	$1.15

Source: BDOCF analysis

Figure 1: Fairness assessment - Securityholder participates in the Buy-Back



Source: BDOCF analysis

Based on the above analysis, the value of consideration is within our valuation range prior to the implementation of the Proposed Transaction. Therefore, we have concluded that the Proposed Transaction is fair to Securityholders.

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

Fairness Assessment – Securityholder retains Unlisted ERF Securities

In undertaking our assessment of fairness, we have had regard to the ASIC's RG 111.

The Proposed Transaction is 'fair' if the value of the consideration received is greater than or equal to the value of Securities held prior to the Proposed Transaction. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

Our analysis has been performed by comparing:

- the FMV of the Securities held by Securityholders pre-Proposed Transaction; and
- the FMV of the consideration received.

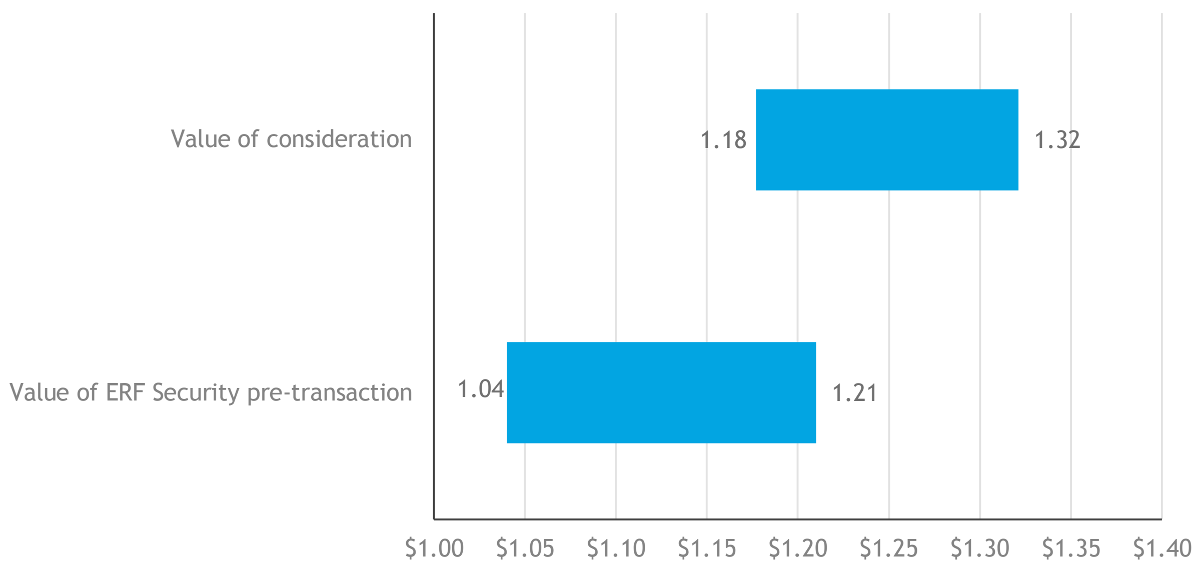
The results of our fairness analysis for Securityholders who elect to retain Unlisted ERF securities are summarised below.

Table 2: Fairness summary – Securityholder retains Unlisted ERF securities

	Low value	High value
Value of ERF Security pre-transaction	$1.04	$1.21
Value of consideration	$1.18	$1.32

Source: BDOCF analysis

Figure 2: Fairness assessment – Securityholder retains Unlisted ERF securities



Source: BDOCF analysis

Based on the above analysis, the range of value of consideration is towards the top end of our valuation prior to the implementation of the Proposed Transaction. Therefore, we have concluded that the Proposed Transaction is fair to Securityholders.

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

Fairness Assessment – Tweed Mall Transaction

We have assessed the fairness of the Tweed Mall Transaction by comparing:

- the value of the Tweed Sub Trust immediately prior to the Tweed Mall Transaction; and
- the consideration to be received by ERF from TMF.

We have reviewed the independent property valuation prepared by Savills and have discussed the valuation with the property valuer. We have also compared the current valuation to previous independent valuations. Based on our review and discussions with the property valuer, we have adopted the independent property valuer's valuation of $87.0m as the value of Tweed Mall.

We have valued the Tweed Sub Trust as follows:

Table 3: Net assets of Tweed Sub Trust

$'000	
Tweed Mall property	87,000
Net working capital liability	(155)
Net assets of Tweed Sub Trust	**86,845**
Cash consideration by TMF	**86,845**

Source: Independent Valuer Valuation Report for Tweed Mall as at June 2022 and Management information

Based on the above analysis, we note that value of the Tweed Sub Trust is equal to the consideration payable by TMF. We consider the Tweed Mall Transaction to be fair to ERF Securityholders.

Reasonableness assessment – Securityholder participates in the Buy-Back

In accordance with RG 111, an offer is reasonable if it is fair. As the Proposed Transaction is fair to Securityholders who participate in the Buy-Back, it is also reasonable. We have set out below a summary of reasonableness factors we consider relevant in assisting Securityholders who elect to participate in the Buy-Back in deciding whether or not to vote in favour of the Proposed Transaction.

Table 4: Summary of reasonableness assessment – Securityholder participates in the Buy-Back

Advantages	
The Proposed Transaction is fair	Our analysis concluded that the Proposed Transaction is fair to Securityholders who elect to participate in the Buy-Back. RG 111 states that an offer is reasonable if it is fair.
The total consideration per ERF Security represents a premium over ERF's recent trading prices	If Securityholders elect to participate in the Buy-Back, they will receive a Special Distribution of $0.36 and the Buy-Back consideration of $0.79 per Security. They will also receive the distribution to be declared in June 2022. We estimate that a distribution of approximately $0.03 had accumulated at 15 June 2022. The total consideration (including the accumulated distribution) is c. $1.18. The total consideration (including accumulated distributions) is at a premium of c. 8.5% to the highest price paid for an ERF Security on the ASX in 1-month to 15 June 2022.
Ability to liquidate the investment in ERF and certainty of the cash consideration	Securityholders have the ability to sell their Securities under the Proposed Transaction. As detailed in Section 7.2.2 of this Report, ERF only had 0.01% and 0.6% of issued capital traded over a 1-day and 1-month period, respectively. Therefore, certainty of cash consideration is likely advantageous to Securityholders since ERF is thinly traded on the ASX. The Proposed Transaction will provide Securityholders the opportunity to receive to $1.15 in cash per Security. Cash consideration offers certainty of return and provides Securityholders with an opportunity to utilise the cash for other purposes such as alternative investments.

Advantages (continued)	
No longer exposed to any risks associated with being an ERF Securityholder	A cash offer represents a lower risk alternative than holding Securities in ERF, which provides exposure to general market volatility as well as risks specific to ERF. If the Proposed Transaction is approved, Securityholders electing to participate in the Buy-Back will no longer be exposed to any risks associated with holding Securities in ERF.
Buy-Back permits partial participation and no brokerage fees	All Securityholders have an equal opportunity to participate in the Buy-Back and the flexibility to tailor their level of participation to suit their individual circumstances. Additionally, Securityholders will not have to pay brokerage or appoint a stockbroker to sell their Securities pursuant to the Buy-Back.
Disadvantages	
Inability to participate in the potential upside of ERF's investment portfolio	If the Proposed Transaction is approved, Securityholders who participate in the Buy-Back will not receive any distributions (after the June 2022 distribution) and will lose their exposure to ERF's portfolio and the financial performance of the portfolio. They will therefore be unable to participate in any potential upside from ERF's investment portfolio going forward.
Buy-Back price and Special Distribution is below the potential wind-up value of the Fund	The total cash consideration payable to Securityholders (being the Buy-Back and the Special Distribution) is $1.15 per Security. This is below the wind-up value determined at Section 7.3.1 of $1.21 per ERF Security. Management is not proposing to pursue a wind-up of the property assets. If a wind-up was pursued, the Independent Property Valuers estimate that the sales process for individual assets may take up to nine months. Securityholders will be exposed to the risks and benefits of the properties until they are sold. We note that under the Proposed Transaction, ERF Securityholders can elect to retain their interest in the properties (except Tweed Mall) via Unlisted ERF. This opportunity would not be available under a wind-up scenario.
Buy-Back price is below the NAV of Unlisted ERF post Proposed Transaction	The Buy-Back is to occur at a price of $0.79 cents per ERF Security. This is below our valuation of Unlisted ERF securities post Proposed Transaction of $0.82 to $0.96, as detailed in Section 8.3 of this Report. We note that Unlisted ERF securities will no longer be traded on the ASX, and a limited liquidity facility will be available (**Unlisted Liquidity Facility**). The details of the Unlisted Liquidity Facility are at Section 4.7 of this Report.
Other considerations	
Other tax implications	We have not considered the specific taxation implications that may be relevant for individual Securityholders in connection with the Proposed Transaction. The exact nature and impact of any tax consequences are uncertain and will depend upon the profile of each Securityholder. Please refer to Section 10 of the Explanatory Statement for further details on potential tax implications for Securityholders.

Source: BDOCF analysis

Based on the above analysis, we consider the Proposed Transaction to be reasonable to Securityholders who elect to participate in the Buy-Back.

Reasonableness assessment – Securityholder retains Unlisted ERF securities

In accordance with RG 111, an offer is reasonable if it is fair. As the Proposed Transaction is fair to ERF Securityholders who retain Unlisted ERF securities, it is also reasonable. We have set out below a summary of reasonableness factors we consider relevant in assisting Securityholders who retain Unlisted ERF securities in deciding whether or not to vote in favour of the Proposed Transaction.

Table 5: Summary of reasonableness assessment – Securityholder retains Unlisted ERF securities

Advantages	
The Proposed Transaction is fair	Our analysis concluded that the Proposed Transaction is fair to Securityholders who elect to retain securities in Unlisted ERF. RG 111 states that an offer is reasonable if it is fair.
Cash and security price post- Proposed Transaction exceed Security price prior to the Proposed Transaction	If Securityholders elect to retain Unlisted ERF securities, they will receive a Special Distribution of $0.36 and will continue to hold an Unlisted ERF security for each ERF Security they currently hold. They will also receive the distribution to be declared in June 2022. We estimate that a distribution of approximately $0.03 per Security had accumulated at 15 June 2022. The total value of the Special Distribution, an Unlisted ERF security and the accumulated distribution as at 15 June 2022 is between $1.21 and $1.35. The total value set out above (including accumulated distributions) is at a premium between c. 10.8% and c. 24.0% to the highest price paid for an ERF Security on the ASX for 1-month to 15 June 2022.
Certainty of the cash consideration	The Proposed Transaction facilitates a Special Distribution of $0.36 in cash per Security to all Securityholders. The Special Distribution will be funded by the net proceeds received from the Tweel Mall Transaction after retiring net debt and satisfying transaction costs. Cash consideration offers certainty of return and provides Securityholders with an opportunity to utilise the cash for other purposes such as alternative investments.
Increased distribution yield	The change from a listed to an unlisted environment is not expected to have any material impact on the performance nor the costs of running ERF. The Proposed Transaction is, however, expected to result in increased funds from operations (**FFO**) depending on utilisation of the Buy-Back, primarily because of higher gearing. The exact impact of the Proposed Transaction on ERF's FFO, distribution yield and gearing will depend on the number of ERF Securities bought back under the Buy-Back.
Continued exposure to asset class	Securityholders who elect to retain Unlisted ERF securities will have the opportunity to participate in any potential upside from Unlisted ERF's investment portfolio going forward.
Increase in WALE	Securityholders who elect to retain Unlisted ERF securities will benefit from an increased total portfolio WALE. Prior to the Proposed Transaction, ERF had a total portfolio WALE of 3.5 years (area) and 3.7 years (income). If the Proposed Transaction is approved, Unlisted ERF will have an increased total portfolio WALE of 3.8 years (area) and 4.0 years (income).
Disadvantages	
Transaction costs	ERF will incur transaction costs c. $0.53m, irrespective of whether the Proposed Transaction is approved or rejected. If the Proposed Transaction is approved by Securityholders, additional transaction costs of up to c. $3.15m will be incurred by ERF.
Influence of significant securityholders	Prior to the Proposed Transaction, ENN holds 18.03% and MAAM holds 19.96% of ERF Securities If the Buy-Back is fully subscribed up to the Buy-Back Limit, ENN would hold 40% and MAAM would hold 60% of Unlisted ERF securities. Therefore, ENN and MAAM interest in Unlisted ERF could increase significantly as a result of the Proposed Transaction. Management have advised that both ERF and MAAM intend to reduce their interest in Unlisted ERF post the Proposed Transaction.

Disadvantages (continued)	
Possible stamp duty liability	Unlisted ERF may incur stamp duty in relation to its Queensland properties if the following circumstances exist 12 months after the completion of the Proposed Transaction 28 October 2022: ▸ If Unlisted ERF has less than 50 securityholders; and ▸ If the top 20 securityholders of Unlisted ERF fund own more than 75% of the fund's equity. If these circumstances exist, any change in the proportionate interests of Securityholders in ERF can be charged with Queensland duty (i.e., there is no minimum threshold, in contrast to the position for landholder duty). This duty is generally charged based on a Securityholder's increased proportionate interest in ERF, multiplied by the gross market value of the Queensland assets, multiplied by the appropriate rate of duty. The rates of duty increase in line with the product of the first two variables, up to a maximum rate of 5.75% where the Queensland assets are not residential land. Where the increased proportionate interest multiplied by the Queensland asset value is $1m or more, the rate of duty is $38,025 plus 5.75% of the amount that exceeds $1m. At values between $540,000 and $1m, the marginal rate is 4.5% and at values between $75,000 and $540,000 the marginal rate is 3.5%. This cost will be treated as an operating cost until such time as the Manager is able to take steps as to cause ERF to be a public unit trust. The Responsible Entity will make filings on behalf of investors who would otherwise be required to request an assessment from the Queensland Revenue Office. The liability for potential stamp duty is not included in the transaction costs in the fairness analysis at Sections 11 and 12 of this Report.
Reduction in liquidity	The Responsible Entity will provide a liquidity facility for Unlisted ERF (**Unlisted Liquidity Facility**). The Unlisted Liquidity Facility will have a quarterly redemption window, with a maximum liquidity of 5.0% of NAV offered to investors per quarter. The Unlisted Liquidity Facility may not be available for any particular quarter, and there is no guarantee that liquidity will be available at any particular price or at all. See Section 4.7 for more details on the Unlisted Liquidity Facility. However, as detailed in Section 7.2.2 of this Report, ERF only had 0.01% and 0.6% of issued capital traded over a 1-day and 1-month period, respectively. Therefore, ERF appears to have had low liquidity when listed on the ASX.
Decreased size and diversification	The Proposed Transaction will result in the creation of a smaller, less diversified portfolio of properties in terms of the asset type, tenant mix and geographic spread. This reduction in diversification may increase the overall risks associated with Unlisted ERF and decrease its ability to withstand short term volatility in the future compared to ERF.
Gearing levels	The Proposed Transaction will be funded by a new $67.5m leveraged debt facility provided by a MA Financial Group (**MAF**) private credit fund. Management advises that if the Proposed Transaction is approved, the target gearing range will remain between 30%-40% for Unlisted ERF. However, under the Maximum Buy-Back Scenario, the gearing range will increase immediately after the Proposed Transaction to 60%. The higher level of borrowings will (all else being equal) give rise to more variable returns for investors and increase the risks of holding an Unlisted ERF security.
Listing Rules and Takeover Provisions will no longer apply	If the Proposed Transaction is implemented, the Listing Rules will no longer apply to ERF, and Securityholders electing to retain securities in Unlisted ERF will forgo the protections afforded by the Listing Rules. Additionally, the takeover provisions set out in Chapter 6 of the Corporations Act (**Takeover Provisions**) will no longer apply to Unlisted ERF. Consequently, Securityholders will not be able to apply to the Takeovers Panel if there is a transaction which impacts the control of Unlisted ERF in unacceptable circumstances.

Disadvantages (continued)	
More limited means by which ERF can raise capital in the future	If the Proposed Transaction is implemented, Unlisted ERF will not have the ability to raise capital from the issue of securities by means of limited disclosure fundraising documents in. Therefore, the main means for Unlisted ERF to raise equity funds will be by way of an offer of securities pursuant to a full form product disclosure statement or by way of a placement of securities to sophisticated and professional investors and other investors who do not require a product disclosure statement. Consequently, there will be a more limited means by which Unlisted ERF can raise capital in the future.
Other considerations	
Tax consequences	We have not considered the specific taxation implications that may be relevant for individual Securityholders in connection with the Proposed Transaction. The exact nature and impact of any tax consequences are uncertain and will depend upon the profile of each Securityholder. Please refer to Section 10 of the Explanatory Statement for further details on potential tax implications for Securityholders.

Source: BDOCF analysis

Based on the above analysis, we consider Proposed Transaction to be reasonable to Securityholders who elect to retain Unlisted ERF securities.

Arm's length assessment – Tweed Mall Transaction

The key considerations in our arm's length assessment are summarised in the following table.

Table 6: Summary of key considerations in the arm's length assessment

Key considerations	
How the terms of the Tweed Mall Transaction compare with those of any comparable transactions on an arm's length basis	The acquisition price payable by TMF has been determined based on an independent property valuation prepared by Savills. Savills are property consultants and valuers with the appropriate skills and experience to prepare the valuation. The full valuation report includes analysis of transactions and metrics from comparable transactions. These comparable transactions have provided valuation metrics that have been adopted in the valuation methodologies adopted by Savills. The acquisition price has been based on the property valuation which considers comparable transactions that were on an arm's length basis.
The nature and content of the bargaining process	To manage the Proposed Transaction, three subcommittees were established (one for the ERF Board, one for the ENN Board and the other representing the EFML Board), each comprised of different members of EFML's Directors and Management. The subcommittees of the ERF Board, ENN Board and EFML Board will be responsible for negotiating the terms of, and documenting, the Proposed Transaction. The ERF Board, ENN Board and EFML Board will only proceed to approve or reject the Proposed Transaction upon receiving a unanimous recommendation from their respective subcommittee. Baker McKenzie has been engaged by ERF to provide legal services in relation to the Proposed Transaction and may also be engaged (as required) to provide legal services to ENN or EFML in respect of any ancillary matters required to give effect to the Proposed Transaction. BDOCF was engaged by EFML as an independent expert to advise ERF Securityholders on the merits of the relevant aspects of the Proposed Transaction. The acquisition price has been based on a valuation prepared by Savills. There has been no active bargaining between the two subcommittees to determine the consideration payable by TMF. We note that if the acquisition price had differed to the independent property valuation as a result of negotiations, this could indicate that one of the sub committees had greater influence and the renegotiated terms may not have been on arm's length terms.
The impact of the Tweed Mall Transaction on ERF	As a result of the Tweed Mall Transaction, the net proceeds after transaction costs from the Tweed Mall Transaction will be used to retire debt of $41.7m and provide ERF Securityholders with a Special Distribution of $0.36 per Security.
Any other options available to ERF	ERF could continue to hold the property under the current structure, remain listed on the ASX and maintain its current strategy.
Any expert advice received by ERF	Baker McKenzie has been engaged by ERF to provide legal services in relation to the Proposed Transaction and may also be engaged (as required) to provide legal services to ENN or EFML in respect of any ancillary matters required to give effect to the Proposed Transaction. EFML engaged BDOCF to prepare this IER on behalf of ERF Securityholders. We note that BDOCF has not been involved in structuring or negotiating the Proposed Transaction. EFML received a draft of this report. The terms of the Proposed Transaction were not amended after EFML received the draft report.

Source: BDOCF analysis

We consider the Tweed Mall Transaction to be on arm's length terms. In reaching this conclusion we have considered the following:

- The ERF Board, ENN Board and EFML Board were represented by three separate subcommittees;
- The FMV of the securities in the existing sub-trust of ERF that own the Tweed Mall asset to be disposed and the consideration payable have been based on an independent valuation prepared by external property valuer Savills. This valuation considers valuation metrics from arm's length transactions for similar assets to Tweed Mall; and
- We have concluded that the Tweed Mall Transaction is "Fair".

OTHER MATTERS

Securityholders' individual circumstances

Our analysis has been undertaken, and our conclusions are expressed at an aggregate level. Accordingly, BDOCF has not considered the effect of the Proposed Transaction and the Tweed Mall Transaction on the particular circumstances of individual Securityholders. Some individual Securityholders may place a different emphasis on various aspects of the Proposed Transaction and the Tweed Mall Transaction from that adopted in this IER. Accordingly, individual Securityholders may reach different conclusions as to whether or not the Proposed Transaction and the Tweed Mall Transaction is fair and reasonable in their individual circumstances.

The decision of an individual Securityholder in relation to the Proposed Transaction and the Tweed Mall Transaction may be influenced by their particular circumstances and accordingly Securityholders are advised to seek their own independent advice.

Approval or rejection of the Proposed Transaction and the Tweed Mall Transaction is a matter for individual Securityholders based on their expectations as to the expected value and future prospects and market conditions together with their particular circumstances, including risk profile, liquidity preference, portfolio strategy and tax position. The Securityholders should carefully consider the Transaction Document. The Securityholders who are in doubt as to the action they should take in relation to the Proposed Transaction and the Tweed Mall Transaction should consult their professional adviser.

General requirements in relation to the IER

In preparing the IER, ASIC requires the independent expert, when deciding on the form of analysis for a report, to bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated by those persons affected by the Proposed Transaction and the Tweed Mall Transaction. In preparing the IER, we considered ASIC regulatory guides and commercial practice.

The IER also includes the following information and disclosures:

- particulars of any relationship, pecuniary or otherwise, whether existing presently or at any time within the last two years, between BDO Groups Holdings Limited or BDOCF and any of the parties to the Proposed Transaction and the Tweed Mall Transaction;
  - BDOCF acted as an independent expert in relation to the disposal of interests in the Elanor Luxury Hotel Fund, and the Albany Hotel Syndicate to a related party.
  - BDOCF acted as an independent expert in relation to ERF. This transaction did not proceed and our IER was not finalised. Our final draft IER for this transaction was dated 24 March 2021.
- the nature of any fee or pecuniary interest or benefit, whether direct or indirect, that we have received or will or may receive for or in connection with the preparation of the IER;
- that we have been appointed as independent expert for the purposes of providing an IER in relation to the Proposed Transaction and the Tweed Mall Transaction for the Directors;
- that we have relied on information provided by the Directors and management of ERF (**Management**) and that we have not carried out any form of audit or independent verification of the information; and
- that we have received representations from the Directors in relation to the completeness and accuracy of the information provided to us for the purpose of our IER.

Current market conditions

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time.

Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

Glossary

Capitalised terms used in this IER have the meanings in the glossary set out in **Appendix 1**.

Sources of information

Appendix 2 to the IER sets out details of information referred to and relied upon by us during the course of preparing this IER and forming our opinion. The statements and opinions contained in this IER are given in good faith and are based upon our consideration and assessment of information provided by ERF.

Under the terms of our engagement, ERF agreed to indemnify BDOCF and their partners, directors, employees, officers and agents (as applicable) against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

Limitations

This IER has been prepared at the request of the Directors for the sole benefit of the Securityholders to assist them in their decision to approve or reject the Proposed Transaction and the Tweed Mall Transaction. This IER is to accompany the Transaction Document to be sent to the Securityholders to consider the Proposed Transaction and the Tweed Mall Transaction and was not prepared for any other purpose.

Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and the Securityholders without our written consent. We accept no responsibility to any person other than the Directors and the Securityholders in relation to this IER.

This IER should not be used for any other purpose and we do not accept any responsibility for its use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of our IER, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

We have consented to the inclusion of the IER within the Transaction Document. Apart from this IER, we are not responsible for the contents of the Transaction Document or any other document associated with the Transaction Document. We acknowledge that this IER may be lodged with regulatory authorities.

Summary

This summary should be read in conjunction with our full IER that sets out in full the purpose, scope, basis of evaluation, limitations, information relied upon, analysis and our findings.

Financial Service Guide

BDOCF holds an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues. A financial services guide is attached to this IER.

Yours faithfully
BDO CORPORATE FINANCE (EAST COAST) PTY LTD

David McCourt Director	**Sebastian Stevens** Director

INDEPENDENT EXPERT REPORT

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1. PURPOSE AND BACKGROUND

1.1. Purpose

BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170) (**BDOCF**, **we**, **us** or **our**) has been appointed by the directors of Elanor Funds Management Limited (**EFML**) as responsible entity for Elanor Retail Property Fund (**ERF**), (collectively, the **Directors**), to prepare an independent expert report (**Report** or **IER**) setting out our opinion as to whether the Proposed Transaction and the Tweed Mall Transaction is fair and reasonable to the Securityholders of ERF (collectively the **Securityholders**).

1.2. Overview of the Proposed Transaction

The Proposed Transaction involves a number of inter-conditional transactions as set out below:

- Prior to the Proposed Transaction, the sub trust that owns Tweed Mall (**Tweed Sub Trust**) will be sold to a syndicate which includes Elanor Investors Group (**ENN**) (**Tweed Mall Transaction**). The sub trust will be renamed Tweed Mall Fund (**TMF**). Tweed Mall will be sold at its independent valuation. All Securityholders will receive a Special Distribution of $0.36 per ERF security (**Security** or **Securities**) (**Special Distribution**) funded by the net proceeds from the Tweed Mall Transaction after retiring net debt and satisfying transaction costs.
- Prior to the Proposed Delisting, Securityholders will have the opportunity to participate in a buy-back offer for 100% of their Securities (**Buy-Back**). Securityholders can select either to receive cash consideration of $0.79 per Security for their existing holding or elect to retain their exposure to an unlisted multi-asset fund for which EFML will act as trustee (**Unlisted ERF**).
- ERF will apply to be delisted from the Australian Securities Exchange (**ASX**) to form Unlisted ERF (**Proposed Delisting**).
- Following the Proposed Transaction, Unlisted ERF will continue to comprise two unlisted Australian Security trusts, being ERPF I and ERPF II.

The Tweed Mall Transaction, Buy-Back, and Proposed Delisting of the Fund to form Unlisted ERF are inter-conditional (**Proposed Transaction**).

If Securityholders elect to participate in the Buy-Back, they will receive the Special Distribution of $0.36 per Security and the Buy-Back payment of $0.79 for each Security held (for a total consideration of $1.15). If Securityholders elect to remain in Unlisted ERF, they will receive the Special Distribution amount of $0.36 per Security and continue as a holder of Unlisted ERF securities.

The Proposed Transaction is conditional on Securityholders passing each of the below inter-conditional resolutions:

- to approve the voluntary delisting of ERF (special resolution);
- to approve the Buy-Back exceeding the '10/12' limit (ordinary resolution);
- to make amendments to the constitutions of ERF as required to implement the various components of the Buy-Back and the Special Distribution, as well as to ensure the constitution and management arrangements are appropriate for the unlisted fund structures (special resolution); and
- to approve the Tweed Mall Transaction (ordinary resolution) (collectively the **Resolutions**).

Additional details of the Tweed Mall Transaction, Proposed Delisting, Buy-Back and Unlisted ERF are provided below and in the Explanatory Statement.

Tweed Mall Transaction

Prior to the Proposed Transaction, Tweed Mall will be sold for its current independent valuation ($87.0m) to TMF. EFML is proposed to act as trustee and manager of TMF. The syndicate will comprise institutional, wholesale, and sophisticated investors including ENN. ENN will have an initial interest of approximately 45.9% in TMF.

The Tweed Mall Transaction will be effected through transferring all securities in the sub trust that owns Tweed Mall (**Tweed Sub Trust**) to a syndicate which includes Elanor Investors Group (**ENN**) (**Tweed Mall Transaction**). The sub trust will then be renamed Tweed Mall Fund (**TMF**). Tweed Mall will be sold at its independent valuation.

The proposed settlement date is 29 September 2022. Prior to this date, the Tweed Sub Trust will make a distribution to ERF. Post this distribution, the only assets of Tweed Sub Trust will be the Tweed Mall property and a net working capital liability of $155k.

All Securityholders will receive a Special Distribution of $0.36 per Security funded by the net proceeds received from the Tweed Mall Transaction, after retiring net debt and satisfying transaction costs.

As TMF will be managed by EFML, a wholly owned subsidiary of ENN, and ENN will be a significant securityholder in TMF, the sale of Tweed Mall asset to TMF is a related party transaction and requires the approval of Securityholders pursuant to ASX Listing Rule 10.1 and Chapter 2E of the Corporations Act (as modified by section 601LA of the Corporations Act) unless an exception applies.

The following protocols have been implemented in respect of the conduct of the Proposed Transaction:

- each of the ERF Board, ENN Board and EFML Board will establish a subcommittee;
- each of ERF, ENN and EFML will have separate deal teams, as required, undertaking work in respect of the Proposed Transaction;
- the subcommittees of the ERF Board, ENN Board and EFML Board will be responsible for negotiating the terms of, and documenting, the Proposed Transaction;
- the members of each subcommittee will not communicate with members of the other subcommittee in relation to the Proposed Transaction other than in communications between the subcommittees as if the subcommittees were dealing at arm's length; and
- the ERF Board, ENN Board and EFML Board will only proceed to approve or reject the Proposed Transaction upon receiving a unanimous recommendation from their respective subcommittee.

In addition, the ERF Board will appoint an independent expert to advise Securityholders on the merits of the relevant aspects of the Proposed Transaction. Baker & Mackenzie (**Baker McKenzie**) has also been engaged by ERF to provide legal services in relation to the Proposed Transaction and may also be engaged (as required) to provide legal services to ENN or EFML in respect of any ancillary matters required to give effect to the Proposed Transaction.

The consideration payable by TMF for Tweed Mall has been determined with reference to the independent valuations. The subcommittees reviewed the draft independent valuation of Tweed Mall and no changes were made to the valuation as a result of their review.

Buy-Back

Prior to the Proposed Transaction, Securityholders will have the opportunity to participate in a Buy-Back offer for 100% of their Securities. Securityholders can elect to either:

- receive a cash capital return of $0.79 per Security for their existing holding; or
- retain their exposure to an unlisted multi-asset fund (**Unlisted ERF**) for which EFML will act as trustee.

The Responsible Entity offers to buy back up to 100% of Securities held by each Securityholder. The current number of Securities on issue (127.7m) will be reduced by the amount of any Securities that are bought back under the Buy-Back. However, the maximum number of Securities that will be bought back under the Buy-Back is 84.9m Securities (**Buy-Back Limit**) at a price of $0.79 per Security (**Buy-Back Price**) (total value of $67.1m). The Buy-Back will be funded by a new $67.5m leveraged debt facility provided by a MA Financial Group (**MAF**) private credit fund.

Securities which are bought back will be cancelled once transferred to the Responsible Entity, and participating Securityholders will not have to pay brokerage or appoint a stockbroker to sell these Securities pursuant to the Buy-Back.

In the scenario under which the number of Securities bought back is such that the Buy-Back Limit is reached (**Maximum Buy-Back Scenario**), 84.9m Securities will be bought back. The number of Securities on issue will be reduced from 127.7m to 42.8m Securities (a reduction of 84.9m Securities).

MA Asset Management Ltd (**MAAM**), ERF's largest Securityholder, have indicated that they will not participate in the Buy-Back and will enter into an agreement with ENN to retain its interest in Unlisted ERF with a mechanism for MAAM to sell or redeem this interest over time. ENN will sell 25% of its ERF securities in the Buy-Back.

ENN currently owns 18.03% of Securities on issue. Under the Maximum Buy-Back Scenario, ENN would hold 40% of Securities on issue post-transaction.

MAAM currently owns 19.96% of Securities on issue. Under the Maximum Buy-Back Scenario, MAAM would hold 60% of Securities on issue post-transaction.

If capacity remains in the Buy-Back Limit, ENN and MAAM may elect to participate in the Buy-Back up to the Buy-Back Limit.

Proposed Delisting and Unlisted ERF

The Proposed Transaction involves the removal of ERF from the Official List of the ASX under Listing Rule 7.11. If ERF Securityholders approve the Proposed Transaction, it is expected that ERF will be delisted on 28 October 2022.

Unlisted ERF will continue to comprise two unlisted Australian Security trusts, being ERPF I and ERPF II, which will continue to be stapled together. EFML will continue to act as Responsible Entity of Unlisted ERF. ERF's existing corporate entities and management structure (less Tweed Mall) will be retained, with Unlisted ERF continuing to be manged by the existing Manager and governed by the board.

Following the Proposed Transaction, the Responsible Entity expects to provide a liquidity facility for Unlisted ERF (**Unlisted Liquidity Facility**). The Unlisted Liquidity Facility will have a quarterly redemption window, with a maximum liquidity of 5.0% of NAV offered to investors per quarter.

Pricing of the Unlisted Liquidity Facility will be determined based on the Net Asset Value (**NAV**) of Unlisted ERF, using the most recent valuations of the assets, adjusted for capitalised and unamortised acquisition costs (such as acquisition fees, stamp duty, legal fees, and due diligence costs), plus any cash or other assets held by Unlisted ERF, less all liabilities held by Unlisted ERF. Acquisition costs will be amortised over five years with any outstanding unamortised amount to be written off upon entry into an unconditional contract for the sale of an Unlisted ERF asset.

The Unlisted Liquidity Facility may not be available for any particular quarter, and its availability will depend upon many factors including Unlisted ERF remaining liquid, having sufficient cash reserves, available capacity under its debt facilities or the demand for Unlisted ERF securities from existing and new investors. There is no guarantee that liquidity will be available at any particular price or at all. The Unlisted Liquidity Facility is expected to be funded through funds from operations and demand for new securities in Unlisted ERF.

BDOCF was engaged by EFML as an independent expert to advise Securityholders on the merits of the relevant aspects of the Proposed Transaction and the Tweed Mall Transaction. ENN engaged the below Independent Valuers to value ERF's asset portfolio for the purpose of the Proposed Transaction.

Figure 3: Independent Valuers

Property	Valuation firm	Valuer	Valuation date
Tweed Mall Wharf Street, Tweed Heads NSW	Savills Valuations Pty Ltd	Lawrence Devine AAPI Brendan Higgins AAPI	30-Jun-22
Manning Mall 81 Manning Street, Taree NSW	m3property Australia Pty Ltd	Don Semken B. Prop. Ec. AAPI Andrew Cash B. Prop. Ec. AAPI	1-Jun-22
Gladstone Square 189 Goondoon Street, Gladstone Central QLD	m3property Australia Pty Ltd	Duane Gilliland AAPI	1-Jun-22
Glenorchy Plaza 2 Cooper Street, Glenorchy TAS	m3property Australia Pty Ltd	Shaun O'Sullivan B.Bus (Prop) AAPI	1-Jun-22
Northway Plaza 29 Queen Street, Bundaberg North QLD	m3property Australia Pty Ltd	Duane Gilliland AAPI	1-Jun-22

Source: Independent Valuer Valuation Reports as at June 2022

2. SCOPE AND LIMITATIONS

2.1. Scope

The scope of the procedures we undertook in forming our opinion on whether the Proposed Transaction and the Tweed Mall Transaction are fair and reasonable to Securityholders has been limited to those procedures we believe are required to form our opinions. We have assessed the Proposed Transaction and the Tweed Mall Transaction separately. Our procedures did not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards.

Our assessments involved determining the fair market value (**FMV**) of various securities, assets, and liabilities. For the purposes of our opinion, the term FMV is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser and a knowledgeable, willing, but not anxious vendor, acting at arm's length.

2.2. Summary of regulatory requirements

The Directors have requested BDOCF prepare an IER stating whether, in our opinion, the Proposed Transaction and the Tweed Mall Transaction are fair and reasonable to Securityholders. The IER is to provide relevant information to enable the Securityholders to make an informed decision regarding:

- the Proposed Transaction; and
- the Tweed Mall Transaction.

Except the requirements under ASX Listing Rule 10.1 and Chapter 2E of the Corporations Act (Cth), there is no legal or statutory requirement for an independent expert's report to be provided to the Securityholders of ERF regarding the Proposed Transaction and the Tweed Mall Transaction. However, the Directors are required to provide relevant information for the Securityholders to enable them to make an informed decision as to whether or not to vote to approve the Proposed Transaction and have therefore engaged BDO to prepare this IER.

In preparing our IER, we have considered the requirements of:

- ASIC Regulatory Guide 111 Content of expert reports (**RG 111**);
- ASIC Regulatory Guide 112 Independence of experts (**RG 112**);
- ASIC Regulatory Guide 76 Related party transactions (**RG 76**); and
- Accounting Professional & Ethical Standards Board (**APESB**) professional standard APES 225 'Valuation Services' (**APES 225**). RG 111 establishes guidelines in respect of independent expert reports under the Act. This regulatory guide provides guidance as to what matters an independent expert should consider to assist securityholders to make informed decisions about transactions.

RG 111 states that there should be a separate assessment of fairness and reasonableness.

This engagement is a Valuation Engagement as defined by APES 225.

2.3. Listing Rule 10.1

LR 10.1 deals with transactions between an entity and persons in a position to influence the entity. If an ASX listed entity is disposing of a significant asset to a related party, LR 10.1 requires the securityholders to approve the disposal.

LR 10.5.10 requires that a report on the transaction from an independent expert be included in the notice of meeting. The report must state the expert's opinion as to whether the transaction is fair and reasonable to the holders of the entity's ordinary securities whose votes in favour of the transaction are not to be disregarded under LR 14.11.

2.4. Basis of assessment

In determining whether the Proposed Transaction and the Tweed Mall Transaction are fair and reasonable to the Securityholders, we have had regard to:

- RG 111 'Content of expert reports';
- RG 112 'Independence of experts'; and
- RG 76 'Related party transactions'

RG 111 establishes two distinct criteria for an expert analysing transactions. The tests are:

- Is the offer 'fair'?
- Is it 'reasonable'?

The terms fair and reasonable are regarded as separate elements and are not regarded as a compound phrase.

2.5. Fairness – Proposed Transaction

We have analysed the impact of the Proposed Transaction on Securityholders under two scenarios to assess fairness:

- Scenario A: Securityholders participate in the Buy-Back and receive cash consideration (**Scenario A**); and
- Scenario B: Securityholders retain securities in Unlisted ERF (**Scenario B**).

Our analysis for assessing fairness under Scenario A has been performed by comparing:

- the FMV of an ERF Security prior to the Proposed Transaction; and
- the FMV of the Buy-Back consideration plus the Special Distribution.

Our analysis for assessing fairness under Scenario B has been performed by comparing:

- the FMV of an ERF Security prior to the Proposed Transaction; and
- the value of the Unlisted ERF security post transaction plus the Special Distribution.

2.6. Fairness – Tweed Mall Transaction

RG 111 indicates that where any transaction consists of an asset disposal by the entity, it is 'fair' if the value of the financial benefit being received by the entity from the related party is greater than or equal to the value of the assets being disposed. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

We have assessed the fairness of the Tweed Mall Transaction by comparing:

- the value of the Tweed Sub Trust immediately prior to the Tweed Mall Transaction; and
- the consideration to be received by ERF from TMF.

As BDOCF are not property valuers, our fairness analysis required reliance on property valuations performed by independent property valuers. m3 Property Australia Pty Ltd (**m3 Property**) and Savills Valuations Pty Ltd (**Savills**) (collectively, the **Independent Property Valuers**) were appointed by James Fitzgerald on behalf of ENN. The property valuation reports are available at https://www.elanorinvestors.com/erf/referencematerials/.

Further details regarding the engagement and independence of the Independent Property Valuers are provided in Section 3.9 of this Report.

2.7. Reasonableness

In accordance with RG 111, an offer is 'reasonable' if it is 'fair'. It might also be 'reasonable' if, despite being 'not fair', the expert believes there are sufficient reasons for securityholders to accept the proposal.

When deciding whether a proposed transaction is 'reasonable', factors an expert might consider include:

- the financial situation and solvency of the entity;
- opportunity costs;
- the alternative options available to the entity and likelihood of those options occurring;
- the entity's bargaining position;
- whether there is selective treatment of any securityholder, particularly the related party;
- any special value of the transaction to the purchaser; and
- the liquidity of the market in entity's securities.

We have assessed the reasonableness of the Proposed Transaction under Scenario A and Scenario B as defined above.

2.8. Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act (as modified by section 601LA of the Corporations Act) prohibits:

(a) a responsible entity; or

(b) an entity that the responsible entity controls; or

(c) an agent of, or person engaged by, the responsible entity,

from giving a financial benefit to a person described in (a), (b) or (c) above, or a related party of such persons, unless either:

(d) giving the financial benefit falls wholly within one of the nominated exceptions to the provisions; or

(e) prior Securityholder approval is obtained to give the financial benefit no later than 15 months after receipt of the approval.

EFML, a wholly owned subsidiary of ENN, is a manager and the responsible entity of ERF. The Tweed Mall Transaction will be effected through transferring all the securities in the existing sub-trusts of ERF that own the Tweed Mall asset to TMF.

EFML is proposed to act as trustee and the manager for TWF. ENN will hold a significant interest in TMF securities. Therefore ERF, ENN and TWF are related for the purposes of restrictions in Chapter 2E of the Corporations Act (as modified by section 601LA). The Tweed Mall Transaction constitutes the giving of a financial benefit to a related party and requires the approval of Securityholders pursuant to Chapter 2E of the Corporations Act (as modified by section 601LA of the Corporations Act) unless an exception applies.

The EFML directors have determined to seek the approval of Securityholders pursuant to Chapter 2E of the Corporations Act (as modified by section 601LA).

2.9. General requirements in relation to the IER

In preparing the IER, ASIC requires the independent expert, when deciding on the form of analysis for a report, to bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated by those persons affected by the Proposed Transaction and the Tweed Mall Transaction. In preparing the IER, we considered ASIC regulatory guides and commercial practice.

The IER also includes the following information and disclosures:

- particulars of any relationship, pecuniary or otherwise, whether existing presently or at any time within the last two years, between BDO Groups Holdings Limited or BDOCF and any of the parties to the Proposed Transaction and the Tweed Mall Transaction;
  - BDOCF acted as an independent expert in relation to the disposal of interests in the Elanor Luxury Hotel Fund, and the Albany Hotel Syndicate to a related party.
  - BDOCF acted as an independent expert in relation to ERF. This transaction did not proceed and our IER was not finalised. Our final draft IER for this transaction was dated 24 March 2021.
- the nature of any fee or pecuniary interest or benefit, whether direct or indirect, that we have received or will or may receive for or in connection with the preparation of the IER;
- that we have been appointed as independent expert for the purposes of providing an IER in relation to the Proposed Transaction and the Tweed Mall Transaction for the Directors;
- that we have relied on information provided by the Directors and management of ERF (**Management**) and that we have not carried out any form of audit or independent verification of the information; and
- that we have received representations from the Directors in relation to the completeness and accuracy of the information provided to us for the purpose of our IER.

2.10. Special value

We have not considered special value in forming our opinion. Special value is the amount that a potential acquirer may be prepared to pay for an asset in excess of the FMV. This premium represents the value to the particular potential acquirer of potential economies of scale, reduction in competition, other synergies and cost savings arising from the acquisition under consideration not available to likely purchasers generally. Special value is not normally considered in the assessment of FMV as it relates to the individual circumstances of special purchasers.

2.11. Reliance on information

This IER is based upon financial and other information provided by the Directors, Management, and other representatives of ERF. We have considered and relied upon this information. Unless there are indications to the contrary, we have assumed that the information provided was reliable, complete, and not misleading, and material facts were not withheld. The information provided was evaluated through analysis, inquiry, and review for the purpose of forming an opinion as to whether the Proposed Transaction and the Tweed Mall Transaction are fair and reasonable to Securityholders.

We do not warrant that our inquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose. In any event, an opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation.

It is understood that the accounting information provided to us was prepared in accordance with generally accepted accounting principles.

Where we relied on the views and judgement of Management the information was evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of direct external verification or validation.

Under the terms of our engagement, ERF has agreed to indemnify BDOCF, and their partners, directors, employees, officers and agents (as applicable) against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

2.12. Limitations

We acknowledge that this IER may be lodged by the Directors with regulatory and statutory bodies and will be included in the Transaction Document to be sent to the Securityholders. The Directors acknowledge that our IER has been prepared solely for the purposes noted in the Transaction Document and accordingly we disclaim any responsibility from reliance on the IER in regard to its use for any other purpose. Except in accordance with the stated purposes, no extract, quote or copy of the IER, in whole or in part, should be reproduced without our prior written consent, as to the form and context in which it may appear.

It was not our role to undertake, and we have not undertaken any commercial, technical, financial, legal, taxation or other due diligence, other similar investigative activities in respect of ERF. We understand that the Directors have been advised by legal, accounting, tax, and other appropriate advisors in relation to such matters as necessary. We provide no warranty or guarantee as to the existence, extent, adequacy, effectiveness and/or completeness of any due diligence or other similar investigative activities by the Directors or their advisors.

We note that the IER does not deal with the individual investment circumstances of the Securityholders, and no opinion has been provided in relation to same. Some individual Securityholders may place a different emphasis on various aspects of the Proposed Transaction and the Tweed Mall Transaction from that adopted in our IER. Accordingly, individuals may reach different conclusions on whether or not the Proposed Transaction and the Tweed Mall Transaction are fair and reasonable. An individual Securityholder's decision in relation to the Proposed Transaction and the Tweed Mall Transaction may be influenced by their circumstances and, therefore, Securityholders are advised to seek their own independent advice.

Apart from the IER and extracts from the IER, we are not responsible for the contents of the Transaction Document or any other document. We have provided consent for inclusion of the IER in the Transaction Document. Our consent and the Transaction Document acknowledge that we have not been involved with the issue of the Transaction Document and that we accept no responsibility for the Transaction Document apart from the IER and extracts from the IER.

2.13. Assumptions

In forming our opinion, we have made certain assumptions and outline these in our IER including:

- assumptions outlined in the valuation sections;
- that matters such as title to all relevant assets, compliance with laws and regulations and contracts in place are in good standing, and will remain so, and that there are no material legal proceedings, other than as publicly disclosed;
- information sent out in relation to the Proposed Transaction and the Tweed Mall Transaction to the Securityholders or any regulatory or statutory body is complete, accurate and fairly presented in all material respects;
- publicly available information relied on by us is accurate, complete and not misleading;
- if the Proposed Transaction and the Tweed Mall Transaction is implemented, that it will be implemented in accordance with the stated terms;
- the legal mechanisms to implement the Proposed Transaction and the Tweed Mall Transaction are correct and effective; and
- there are no undue changes to the terms and conditions of the Proposed Transaction and the Tweed Mall Transaction or material issues unknown to us.

3. PROFILE OF ELANOR RETAIL PROPERTY FUND

3.1. Overview

Elanor Retail Property Fund (**ERF** or the **Fund**) is an externally managed real estate investment fund that invests in high quality Australian retail property. The Fund focuses on neighbourhood and sub-regional shopping centres anchored by supermarkets and other non-discretionary retailers, with the objective of acquiring assets with strong income and capital growth potential.

ERF listed on the Australian Securities Exchange (**ASX**) in November 2016 and is comprised of the stapled securities of the Elanor Retail Property Fund I (**ERPF I**) and the Elanor Retail Property Fund II (**ERPF II**). ERPF I and ERPF II were both registered as managed investment schemes in October 2016. Elanor Funds Management Limited (**EFML**) is both the manager and responsible entity of ERF (**Responsible Entity**). EFML is a wholly owned subsidiary of ENN.

3.2. Directors and Management

The current board of directors and senior management of EFML are listed below.

Table 7: Directors and Management of EFML

Name	Position
Paul Bedbrook	Independent Non-Executive Chairman
Glenn Willis	Executive Director and Chief Executive Officer
Nigel Ampherlaw	Independent Non-Executive Director
Anthony Fehon	Independent Non-Executive Director
Su Kiat Lim	Non-Executive Director
Karyn Baylis	Independent Non-Executive Director
Michael Baliva	Fund Manager
Symon Simmons	Chief Financial Officer
Paul Siviour	Chief Operating Officer

Source: Management information

As discussed in Section 1.2, in relation to the Proposed Transaction and the Tweed Mall Transaction, each of the ERF Board, ENN Board and EFML Board have established a subcommittee, and each of ERF, ENN and EFML will have separate deal teams, as required, to undertake work in respect of the Proposed Transaction and the Tweed Mall Transaction.

Certain members of Management possess experience and information which will be integral to the deliberations of each of the ERF Board Subcommittee, the ENN Board Subcommittee and the EFML Board Subcommittee in relation to the Proposed Transaction and the Tweed Mall Transaction. Consequently, Paul Siviour, COO, and Symon Simmons, CFO, will be available to each subcommittee.

The allocation of directors and management of EFML across each respective subcommittee and deal team is listed in the tables below. Baker McKenzie will also comprise the Deal Team for ERF, as well as ENN and EFML.

Table 8: ENN members

Name	Position
Paul Bedbrook	Independent Non-Executive Chairman

Source: Management information

Table 9: EFML members

Name	Position
Glenn Willis	Executive Director and Chief Executive Officer
Karyn Baylis	Independent Non-Executive Director

Source: Management information

Table 10: ERF members

Name	Position
Nigel Ampherlaw	Independent Non-Executive Director
Anthony Fehon	Independent Non-Executive Director
Su Kiat Lim	Non-Executive Director
Michael Baliva	Fund Manager

Source: Management information

Table 11: Joint Resources

Name	Position
Symon Simmons	Chief Financial Officer
Paul Siviour	Chief Operating Officer

Source: Management information

3.3. ERF asset portfolio

ERF's portfolio is comprised of five investments in direct real estate properties. Independent property valuations were conducted on the properties owned by ERF as at June 2022.

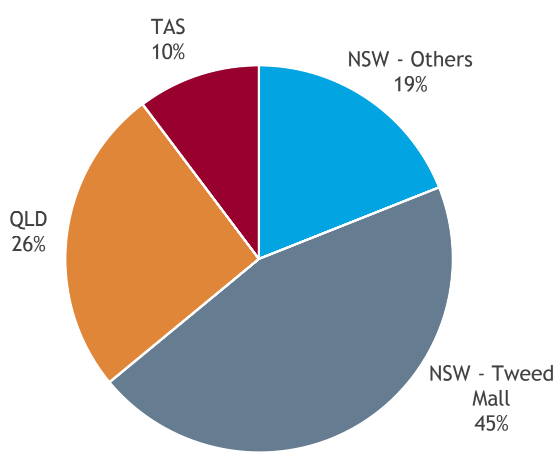
Key statistics of the current asset portfolio are presented in the table below.

Table 12: ERF asset portfolio key statistics as at June 2022

ERF asset portfolio	Area (m^2)	Gross rent p.a ($)	Occupancy (% of GLA)	Passing income ($ p.a.)	WALE (area)	WALE (income)	Market value as at Jun-22 ($'000)
Tweed Mall Wharf Street, Tweed Heads NSW	23,266	7,127,790	97%	5,176,449	3.2	3.3	87,000
Manning Mall 81 Manning Street, Taree NSW	10,742	3,844,449	93%	2,602,573	1.8	2.0	36,700
Gladstone Square 189 Goondoon Street, Gladstone Central QLD	6,842	2,371,936	81%	1,526,385	7.7	7.6	30,500
Glenorchy Plaza 2 Cooper Street, Glenorchy TAS	8,726	1,932,986	100%	1,510,991	2.9	2.8	19,800
Northway Plaza 29 Queen Street, Bundaberg North QLD	4,046	1,550,509	94%	1,234,241	4.2	4.6	19,200
Total	**53,622**	**16,827,669**	**94%**	**12,050,638**	**3.5**	**3.7**	**193,200**

Source: Management information

Figure 4: Geographic diversification of ERF portfolio by market value as at June 2022



Source: Independent Valuers Valuation Reports and Management information

A brief description of each investment property held by ERF is provided below.

Tweed Mall, Tweed Heads, New South Wales

Tweed Mall is a single level sub-regional shopping centre in Tweed Heads, NSW. Tweed Mall is the only asset of ERF's that is likely to be materially impacted by redevelopment activities. It is located near the Queensland border, 100km South of the Brisbane CBD and 4km from the Gold Coast International Airport. Tweed Mall was constructed c. 1973 and has been periodically redeveloped, with the most recent upgrade being the inclusion of an Aldi supermarket in 2019.

Tweed Mall is anchored by a Target discount department store, as well as Coles, Woolworths, and Aldi supermarkets. It has one mini-major (Amcal Chempro Chemist), 62 speciality tenants (including 12 vacancies), 4 kiosks and 2 ATM sites.

The Major tenants represent 64.48% of gross lettable area (**GLA**) and 41.46% of gross passing income. The Majors also offer a staggered lease expiry profile for the centre (Coles (Oct-26), Woolworths (Dec-28) and Aldi (Aug-34)). However, the centre currently has 12 vacancies which represent 3.45% of GLA. Additionally, expiries within the next 24 months across 26 tenants constitute rental income of $2,248,896 (or 27.9% of gross passing income), providing flexibility for the centre's redevelopment strategy.

A summary of the key statistics of the Tweed Mall property as at 30 June 2022 are provided in the following table.

Table 13: Tweed Mall key statistics as at 30 June 2022

Financial	
Valuation firm	Savills Valuations Pty Ltd
Date of valuation	30 June 2022
Valuation approach	Capitalisation Approach, Discounted Cash Flow & Direct Comparison
Valuation (excl. GST)	$87,000,000
Capital value per m^2 of GLA	$3,739
Net passing income (p.a.)	$5,176,449
Adopted outgoings (p.a.)	$3,037,966
Outstanding tenant incentives	$100,000
Capitalisation rate	6.75%
Passing initial yield	5.95%
Equated market yield	6.87%
Terminal yield	7.00%
10 Year IRR	7.14%
Quoted discount rate	7.50%
Majors	4
Mini-majors	1
Specialities	38
Kiosks	4
ATMs	2
Vacant (Specialities)	12
Total tenants	**61**
Vacant GLAR	802 m^2
Current vacancy rate (as % of GLA)	3.45%
WALE (income)	3.27 years
WALE (area)	3.22 years
Physical	
Site area	50,005 m^2
Gross lettable area (GLA)	23,266 m^2
Car parks	942

Source: Independent Valuer Valuation Report for Tweed Mall as at June 2022

Tweed Mall was adversely impacted by the COVID-19 pandemic, and the associated Queensland border closures in place from March 2020 to February 2021, and later July 2021 to December 2021. Tweed Mall is undergoing strategic planning for a major repositioning project, to transform it into a neighbourhood centre by diversifying the tenant mix towards increasingly non-discretionary focussed retail offerings. Disruptions caused by development projects or tenancy adjustments can negatively impact net passing income.

The Valuation of Tweed Mall as at 30 June 2021, 31 December 2021 per the financial statements and the most recent independent property valuation are listed below.

Table 14: Tweed Mall market valuations

Date	Value ($'000)
30 June 2021	85,000
31 December 2021	87,000
30 June 2022	87,000

Source: Independent Valuer Valuation Reports and Elanor Retail Property Fund Interim Financial Report for the half year ended 31 December 2021

Manning Mall, Taree, New South Wales

Manning Mall is a single level sub-regional shopping centre. It was constructed c. 1980 and is centrally located within the regional township of Taree, NSW. There is a moderate to high level of competition within the immediate locality of the centre, with Taree Central (a Woolworths and Big W anchored shopping centre) located opposite of Manning Mall.

Manning Mall is anchored by a Coles supermarket and Target discount department store, as well as 29 speciality retailers (including 5 vacancies), 4 kiosks (including 2 vacancies) and 3 ATMs. The 7 tenant vacancies represent 6.9% of GLA.

A summary of the key statistics of the Manning Mall property as at 1 June 2022 are provided in the following table.

Table 15: Manning Mall key statistics as at 1 June 2022

Financial	
Valuation firm	m3property Australia Pty Ltd
Date of valuation	1 June 2022
Valuation approach	Discounted Cash Flow, Capitalisation of Net Income & Direct Comparison
Valuation (excl. GST)	$36,700,000
Capital value per m^2 of GLA	$3,416
Net passing income (p.a.)	$2,559,822
Net passing income, fully leased (p.a.)	$2,987,564
Adopted outgoings (p.a.)	$1,494,272
Outstanding tenant incentives	-
Capitalisation rate	7.00%
Passing initial yield	6.97%
Equated market yield	7.00%
Terminal yield	7.25%
10 Year IRR	7.23%
Quoted discount rate	7.25%
Majors	2
Mini-majors	0
Specialties	22
Kiosks	2
ATMs	0
Vacant (Specialties)	7
Vacant (Kiosks)	2
Vacant (ATMs)	3
Total tenants	**38**
Current vacancy rate (as % of GLA)	6.90%
Current vacancy rate (as % of gross market rent)	9.60%
WALE (income)	2.05 years
WALE (area)	1.80 years
Physical	
Site area	29,742.4 m^2
Gross lettable area (GLA)	10,742.2 m^2
Car parks	417

Source: Independent Valuer Valuation Report for Manning Mall as at June 2022

The Valuation of Manning Mall as at 30 June 2021, 31 December 2021 per the financial statements and the most recent independent property valuation are listed below.

Table 16: Manning Mall market valuations

Date	Value ($'000)
30 June 2021	36,100
31 December 2021	36,400
1 June 2022	36,700

Source: Independent Valuer Valuation Report and Elanor Retail Property Fund Interim Financial Report for the half year ended 31 December 2021

Gladstone Square, Gladstone, Queensland

Gladstone Square is an open air, single level shopping centre in the regional centre of Gladstone, Queensland. Gladstone Mall is the only neighbourhood shopping centre within the Gladstone CBD and receives good exposure to passing vehicular traffic. The centre was constructed in the 1970's and has since been extended and refurbished.

Gladstone Square is anchored by a Woolworths supermarket, as well as two mini-majors (The Reject Shop and Chemist Warehouse). The centre also has 25 specialty tenants (including 12 vacancies) and one ATM site. Woolworths constitutes 46.4% of the total centre GLA, and has a lease due to expire in 2036 with four further five-year options. The mini-majors comprise approximately 17.5% of total centre GLA.

The centre has 12 vacancies, constituting 18.60% of GLA. The high level of vacancies has impacted negatively on the passing income of the property, created as a result of a tenant repositioning strategy for the introduction of a new mini-major Chemist Warehouse, which was subsequently impacted by the COVID-19 pandemic.

A summary of the key statistics of the Gladstone Square property as at 1 June 2022 are provided in the following table.

Table 17: Gladstone Square key statistics as at 1 June 2022

Financial	
Valuation firm	m3property Australia Pty Ltd
Date of valuation	1 June 2022
Valuation approach	Discounted Cash Flow, Capitalisation of Net Income & Direct Comparison
Valuation (excl. GST)	$30,500,000
Capital value per m^2 of GLA	$4,458
Net passing income (p.a.)	$1,526,385
Net passing income, fully leased (p.a.)	$2,392,185
Adopted outgoings (p.a.)	$944,420
Outstanding tenant incentives	-
Capitalisation rate	7.00%
Passing initial yield	5.00%
Equated market yield	6.99%
Terminal yield	7.25%
10 Year IRR	7.19%
Quoted discount rate	7.25%
Majors	1
Mini-majors	2
Specialities	13
ATMs	1
Vacant (Specialties)	12
Total tenants	**29**
Current vacancy rate (as % of GLA)	18.60%
Current vacancy rate (as % of gross market rent)	26.00%
WALE (income)	5.65 years
WALE (area)	7.77 years
Physical	
Site area	19,200 m^2
Gross lettable area (GLA)	6,842 m^2
Car parks	302

Source: Independent Valuer Valuation Report for Gladstone Square as at June 2022

The Valuation of Gladstone Square as at 30 June 2021, 31 December 2021 per the financial statements and the most recent independent property valuation are listed below. The $0.5m valuation increase between 30 June 2021 and 1 June 2022 was driven by a 0.50% decrease in capitalisation rate, from 7.50% in June 2021 to 7.00% in June 2022.

Table 18: Gladstone Square market valuations

Date	Value ($'000)
30 June 2021	30,000
31 December 2021	30,000
1 June 2022	30,500

Source: Independent Valuer Valuation Report and Elanor Retail Property Fund Interim Financial Report for the half year ended 31 December 2021

Glenorchy Plaza, Hobart, Tasmania

Glenorchy Plaza is a two level sub-regional shopping centre. It is located approximately 9km (by road) northwest of Hobart CBD, Tasmania. The centre was constructed in 2005 and presents in a good overall condition.

Glenorchy Plaza is anchored by a Big W and complemented by 14 speciality tenants. The centre is fully leased. Glenorchy Plaza's adjacent proximity to Glenorchy Central (a Woolworths anchored shopping centre) works synergistically to drive foot traffic between the two centres.

A summary of the key statistics of Glenorchy Plaza as at 1 June 2022 are provided in the following table.

Table 19: Glenorchy Plaza key statistics as at 1 June 2022

Financial	
Valuation firm	m3property Australia Pty Ltd
Date of valuation	1 June 2022
Valuation approach	Discounted Cash Flow, Capitalisation of Net Income & Direct Comparison
Valuation (excl. GST)	$19,800,000
Capital value per m^2 of GLA	$2,269
Net passing income p.a.	$1,520,752
Net passing income, fully leased (p.a.)	$ 1,520,752
Adopted outgoings p.a.	$511,590
Outstanding tenant incentives	-
Capitalisation rate	7.25%
Passing initial yield	7.68%
Equated market yield	7.25%
Terminal yield	7.50%
10 Year IRR	7.23%
Quoted discount rate	7.25%
Majors	1
Specialities	14
Total tenants	**15**
Current vacancy rate (as % of GLA)	0.00%
Current vacancy rate (as % of gross market rent)	0.00%
WALE (income)	2.61 years
WALE (area)	2.83 years
Physical	
Site area	11,860 m^2
Gross lettable area (GLA)	8,726 m^2
Car parks	302

Source: Independent Valuer Valuation Report for Glenorchy Plaza as at June 2022

The Valuation of Glenorchy Plaza as at 30 June 2021, 31 December 2021 per the financial statements and the most recent independent property valuation are listed below. The $0.9m valuation increase between 30 June 2021 and 1 June 2022 was driven by a 0.50% decrease in capitalisation rate, from 7.75% in June 2021 to 7.25% in June 2022.

Table 20: Glenorchy Plaza market valuations

Date	Value ($'000)
30 June 2021	18,900
31 December 2021	19,500
1 June 2022	19,800

Source: Independent Valuer Valuation Report and Elanor Retail Property Fund Interim Financial Report for the half year ended 31 December 2021

Northway Plaza, Bundaberg, Queensland

Northway Plaza is an open-air single level neighbourhood shopping centre. It is located in the established suburb of Bundaberg North, approximately 1.6km north of Bundaberg CBD. The centre was constructed in 2007 and presents in a good condition overall.

Northway Plaza is anchored by a Supa IGA supermarket and complemented by 11 specialty tenants (including 2 vacancies). The Majors (IGA) comprise 64.9% of total centre GLA, whilst specialty tenants comprise 35.1% (of which vacancies account for 5.6%). Northway Plaza has a WALE of 4.24 years (area) and 4.29 years (income).

A summary of the key statistics of Northway Plaza as at 1 June 2022 are provided in the following table.

Table 21: Northway Plaza key statistics as at 1 June 2022

Financial	
Valuation firm	m3property Australia Pty Ltd
Date of valuation	1 June 2022
Valuation approach	Discounted Cash Flow, Capitalisation of Net Income & Direct Comparison
Valuation (excl. GST)	19,200,000
Capital value per m^2 of GLA	$4,745
Net passing income (p.a.)	$1,234,241
Net passing income, fully leased (p.a.)	$1,347,091
Adopted outgoings (p.a.)	$421,779
Outstanding tenant incentives	-
Capitalisation rate	7.00%
Passing initial yield	6.60%
Equated market yield	6.96%
Terminal yield	7.25%
10 Year IRR	7.57%
Quoted discount rate	7.50%
Majors	1
Specialities	9
Vacant (Specialties)	2
Total tenants	**12**
Current vacancy rate (as % of GLA)	5.61%
Current vacancy rate (as % of gross market rent)	6.40%
WALE (income)	4.29 years
WALE (area)	4.24 years
Physical	
Site area	23,990 m^2
Gross lettable area (GLA)	4,046 m^2
Car parks	241

Source: Independent Valuer Valuation Report for Northway Plaza as at June 2022

The Valuation of Northway Plaza as at 30 June 2021, 31 December 2021 per the financial statements and the most recent independent property valuation are listed below. The Northway Plaza property market valuation increased by $2.2m between 30 June 2021 and 1 June 2022. This increase was primarily driven by a 0.025% decrease in capitalisation rate, from 7.25% in June 2021 to 7.00% in June 2022 (due to Supa IGA supermarket extending its lease by 5 years to October 2026), and a c. 7.3% increase in passing rent compared to June 2021 valuation.

Table 22: Northway Plaza market valuations

Date	Value ($'000)
30 June 2021	17,000
31 December 2021	18,250
1 June 2022	19,200

Source: Independent Valuer Valuation Report and Elanor Retail Property Fund Interim Financial Report for the half year ended 31 December 2021

3.4. Summary of ERF tenants

As at June 2022, ERF had a total portfolio WALE of 3.5 years (area) and 3.7 years (income). The largest 5 tenants as at June 2022 provided for 43% of the total base rent for ERF portfolio, as summarised in the table below.

Table 23: ERF key tenants as at June 2022

ERF key tenants	Base rent ($)	Proportion of base rent (%)
Woolworths	2,170,000	13%
Coles	1,979,847	12%
Big W	1,147,500	7%
Target	914,173	6%
Supa IGA	831,925	5%
5 largest tenants	**7,043,445**	**43%**
Other tenants	9,318,798	57%
Total	**16,362,242**	**100%**

Source: Management information

3.5. ERF Management fees

EFML (in its capacity as manager and responsible entity of ERF) is entitled under the Investment Management Agreement to a Management Fee equal to 0.65% per annum of gross asset value (**GAV**).

EFML is also entitled to a Performance Fee equal to 20% of the amount (if any) by which the total return of the Fund exceeds a hurdle of 12%.

Under the Property Management and Development Agreement, the Manager is entitled to the following fees for services provided, including:

- a property management fee equal to 4% of gross rental billing for each month;
- leasing fees related to new tenants, lease renewals and market rent reviews (each calculated as a percentage of face rental under the relevant lease);
- a development management fee equal to 5% of total cost of any development works undertaken in respect of a Property; and
- fees related to the supervision and management of external service providers appointed to assist in the delivery of property management services.

Certain costs and expenses of the Responsible Entity and the Manager are also be paid or reimbursed from assets of the Fund, pursuant to the Constitutions and the Management Agreements.

3.6. ERF Financial Performance Summary

The Historical Statements of Profit or Loss for ERF for the financial years ending 30 June 2020 (**FY20**), 30 June 2021 (**FY21**), the 6 months to 31 December 2021 (**1H22**), and the 10 months to 30 April 2022 (**10M22**) are presented below.

Table 24: ERF's Historical Statement of Profit or Loss

$'000		FY20	FY21	1H22	10M22
Revenue					
Rental income	A	27,198	21,885	8,617	13,059
Outgoings reimbursement		2,723	2,556	965	1,737
Interest income		3	-	-	-
Net fair value increment on investment properties	B	-	1,596	1,116	1,116
Total income		**29,924**	**26,037**	**10,698**	**15,913**
Expenses					
Rates, taxes and other outgoings		(9,749)	(8,271)	(3,196)	(5,024)
Borrowing costs	C	(5,605)	(6,194)	(499)	(771)
Investment management fees	D	(3,279)	(2,165)	(711)	(1,174)
Other expenses		(1,653)	(2,250)	(1,640)	(1,067)
Provision for expected credit loss	E	-	-	(1,566)	(1,640)
Transaction costs	F	-	-	(370)	(370)
Net fair value decrement on investment properties	B	(21,602)	-	-	-
Total expenses		**(41,888)**	**(18,880)**	**(7,982)**	**(10,045)**
Net profit/(loss) for the period		**(11,964)**	**7,157**	**2,716**	**5,868**

Source: ERF 2021 Annual Report, ERF 2022 Interim Financial Report and Management information

Notes:

A	**Rental income** Rental income from retail investment properties is the primary source of income for ERF (c. $21.9m in FY21). The ongoing effects of the COVID-19 pandemic on rental income were reduced as a result of the geographic spread and non-discretionary nature of ERF's shopping centre portfolio. Rental income decreased significantly in FY21 due to income ceasing from the Auburn Central property after its sale in December 2020. The further decrease in 1H22 and 10M22 is mainly driven by loss of rental income following the sale of the Moranbah Fair property in August 2021.
B	**Net fair value adjustments on investment properties** The net value decrement recognised in FY20 was largely driven by a reduction in value of the Tweed Mall property (c. $18.1m). This devaluation reflects lower capitalisation rates in the market for sub-regional shopping centres, the expiration of a major lease, and the impact of development initiatives during the centre's repositioning project. Contrastingly, smaller valuation gains were recognised in FY21 and 1H22 due to strong operating performance and improving market sentiment for retail investment.
C	**Borrowing costs** Borrowing costs reduced in FY21 due to ERF repaying long term loans of c. $99.6m. However, borrowing costs of $3.6m were also recognised in FY21 in relation to swap break costs incurred in the divestment of the Auburn Central property. Borrowing costs reduced in 1H22 due to ERF repaying loans of $25.0m using the proceeds received from the sale of the Moranbah Fair property.
D	**Investment management fees** These fees include management fees, accrued performance fees and cost recoveries. These fees are paid to EFML. Refer to Section 3.5 for further details on management fees.

E	**Provision for expected credit loss** The provision for expected credit loss represents the bad debt provision for trade debtors. The provision includes: ▸ a c. $981k impairment of deferred consideration receivable for the sale of Auburn Central. Part of the sale proceeds were deferred on the basis of completing additional construction work; ▸ a c. $290k impairment of trade debtors incurred in the ordinary course of operations; and ▸ a c. $320k provision related to COVID-19 rental abatements.
F	**Transaction costs** Transaction costs incurred in 1H22 related to the divestment of the Moranbah Fair property, which settled in August 2021. Transaction costs related to the sale of Auburn Central in FY21 have been predominantly recognised in borrowing costs, since they relate to swap break costs.

3.7. ERF Financial Position Summary

The Historical Statements of Financial Position for ERF as at 30 June 2020, 30 June 2021, 31 December 2021 and 30 April 2022 are presented below with accompanying notes.

Table 25: ERF's Historical Statements of Financial Position

$'000		30-Jun-20	30-Jun-21	31-Dec-21	30-Apr-22
Assets					
Current assets					
Cash and cash equivalents		4,003	18,713	5,275	4,404
Trade and other receivables	A	1,830	7,578	6,879	6,722
Other current assets		169	821	948	1,393
Prepayments	B	624	456	174	-
Assets held for sale	C	4,000	28,000	-	-
Total current assets		**10,626**	**55,568**	**13,276**	**12,519**
Non-current assets					
Trade and other receivables	A	-	3,958	311	-
Investment properties	D	317,197	187,000	191,150	191,611
Derivative financial instruments	E	-	-	-	715
Total non-current assets		**317,197**	**190,958**	**191,461**	**192,326**
Total assets		**327,823**	**246,526**	**204,737**	**204,844**
Liabilities					
Current liabilities					
Distribution payable	F	-	(20,223)	(3,847)	-
Trade and other payables	G	(4,486)	(2,606)	(3,438)	(3,973)
Rent received in advance	H	(674)	(563)	(435)	-
Derivative financial instruments	E	(1,689)	(63)	(77)	-
Total current liabilities		**(6,849)**	**(23,455)**	**(7,797)**	**(3,973)**
Non-current liabilities					
Interest bearing liabilities	I	(145,620)	(66,669)	(41,683)	(41,690)
Derivative financial instruments	E	(2,636)	(54)	(28)	-
Total non-current liabilities		**(148,256)**	**(66,723)**	**(41,711)**	**(41,690)**
Total liabilities		**(155,105)**	**(90,178)**	**(49,508)**	**(45,663)**
Net assets		**172,718**	**156,348**	**155,229**	**159,182**
Contributed equity	J	156,537	155,272	155,272	
Reserves		(4,248)	(120)	(108)	
Retained profits / (accumulated losses)		20,429	1,196	65	
Total Equity		**172,718**	**156,348**	**155,229**	**-**

Source: ERF 2021 Annual Report, ERF 2022 Interim Financial Report, Independent Valuer Valuation Reports as at June 2022 and Management information

Notes:

A	**Trade and other receivables** Total current and non-current trade and other receivables increased significantly from c. $1.8m as at 30 June 2020 to c. $11.5m as at 30 June 2021. This increase was driven by deferred consideration relating to the sale of the Auburn Central property in December 2020. The deferred consideration balance totalled c. $11m as at 30 June 2021, and reduced to c. $6.3m as at 30 April 2022. An additional $5m of deferred consideration was collected in May 2022, with the remaining $1.3m balance expected to be collected in December 2022.
B	**Prepayments** As at 30 April 2022, prepayments were $0.95m. This amount has been included in other current assets in the management accounts.
C	**Assets held for sale** As at 30 June 2020, assets held for sale constituted the Auburn Ambulance Station, which had a contracted sale price of $4.0m and was sold in August 2020. As at 30 June 2021, assets held for sale constituted the Moranbah Fair property, which had a contracted sale price of $28.0m and was sold in August 2021.
D	**Investment properties** The decline in value of investment properties held as at 30 June 2021 was primarily driven by the sale of the Fund's Auburn Central property, and the reclassification of the Moranbah fair property to an asset held for sale. The increase in investment property value as at 30 April 2022 is mainly driven by $4.2m capital expenditure for the year.
E	**Derivative financial instruments** The derivative financial instruments are the market value of interest rate swaps held by ERF.
F	**Distribution payable** The distribution payable as at 30 June 2021 includes a special distribution of $15.3m in respect of gains on asset divestments, and a $4.9m ordinary distribution. No distribution payable is outstanding as at 30 April 2022.
G	**Trade and other payables** Trade and other payables relate to trade creditors, related party payables, accrued expenses and GST payable.
H	**Rent received in advance** Rent received in advance at 30 April 2022 was $0.72m. This amount has been netted off against trade and other receivables in the management accounts.
I	**Interest bearing liabilities** Interest bearing liabilities decreased as at 30 June 2021, mainly due to ERF repaying long term loans of $99.6m, which included breaking two interest rate swaps. Interest bearing liabilities decreased further as at 31 December 2021, driven by ERF repaying loans of $25.0m following the sale of the Moranbah Fair property.
J	**Contributed equity** Contributed equity decreased as at 30 June 2021 due to 1,017,030 Securities being bought back and cancelled under the ERF's on market buy-back program.

3.8. ERF Securityholders

As at 31 May 2022, ERF had c. 127,712,725 Securities on issue. The top 20 Securityholders collectively own c. 73.3% of the Securities outstanding. A summary of ERF's top 20 Securityholders as at 31 May 2022 is provided in the table below. We note that MAAM holds 19.96% of Securities outstanding, and this holding sits within J P Morgan Nominees Australia Pty Limited.

Table 26: Top 20 Securityholders at 31 May 2022

Rank	Name	Securities (#)	Securities (%)
1	J P Morgan Nominees Australia Pty Limited	28,297,697	22.2%
2	Elanor Investment Nominees Pty Limited <Elanor Investment A/C>	23,026,082	18.0%
3	HSBC Custody Nominees (Australia) Limited	10,047,907	7.9%
4	Perpetual Corporate Trust Ltd <QCAXSIVECF A/C	7,541,723	5.9%
5	Kenxue Pty Ltd <Susan Investment A/C>	4,848,518	3.8%
5	BNP Paribas Noms Pty Ltd <Drp>	4,644,335	3.6%
7	Kenxue Pty Ltd <Susan Investment A/C>	1,901,766	1.5%
8	Armada Investments Pty Ltd	1,822,222	1.4%
9	Certane Ct Pty Ltd <ECT CAP STBL FND>	1,592,646	1.2%
10	Berg Family Foundation Pty Ltd <Berg Family Foundation A/C>	1,366,667	1.1%
11	Pinwillow Pty Ltd <ARB Personal Super Fund A/C>	1,366,667	1.1%
12	Yarramalong Management Services Pty Limited <Yarramalong Mge P/L S/F A/C>	940,119	0.7%
13	Oksar Pty Ltd <Raskos A/C>	827,779	0.6%
14	Basapa Pty Ltd <Kehoe Family A/C>	825,927	0.6%
15	Bond Street Custodians Limited <JJH1 - V01845 A/C>	822,223	0.6%
16	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	795,144	0.6%
17	Bejjal Pty Ltd <Bejjal Super Fund A/C>	740,742	0.6%
18	Mr Geoffrey John Pedersen + Mrs Patricia Pedersen <Pedersen Family Super A/C>	737,007	0.6%
19	Amjor Pty Ltd <Thaler Family Investment A/C>	725,185	0.6%
20	Tharian Nominees Pty Ltd <Tharian Super Fund A/C>	689,055	0.5%
Top 20 Securityholders		**93,559,411**	**73.3%**
Other Securityholders		34,153,314	26.7%
Total Securities outstanding		**127,712,725**	**100.0%**

Source: ERF Register as at 31 May 2022, BDOCF analysis

3.9. Property Valuations

ERF recently had the portfolio of properties valued by the valuation firms listed in the following table.

Table 27: Independent Property Valuers

Property	Valuation firm	Valuer	Valuation date
Tweed Mall Wharf Street, Tweed Heads NSW	Savills Valuations Pty Ltd	Lawrence Devine AAPI Brendan Higgins AAPI	30-Jun-22
Manning Mall 81 Manning Street, Taree NSW	m3property Australia Pty Ltd	Don Semken B. Prop. Ec. AAPI Andrew Cash B. Prop. Ec. AAPI	1-Jun-22
Gladstone Square 189 Goondoon Street, Gladstone Central QLD	m3property Australia Pty Ltd	Duane Gilliland AAPI	1-Jun-22
Glenorchy Plaza 2 Cooper Street, Glenorchy TAS	m3property Australia Pty Ltd	Shaun O'Sullivan B.Bus (Prop) AAPI	1-Jun-22
Northway Plaza 29 Queen Street, Bundaberg North QLD	m3property Australia Pty Ltd	Duane Gilliland AAPI	1-Jun-22

Source: Independent Valuer Valuation Reports as at June 2022

This resulted in all properties increasing in value between 31 December 2021 and June 2022. In total, the portfolio of assets increased in value by $2.05m or 1.1%. The table below displays the change in asst value between 30 June 2021 and June 2022 for each property held by ERF.

Table 28: ERF property valuations

$'000	Acquisition date	Acquisition price	Valuation as at 30 June 2021	Valuation as at 31 December 2021	Most recent valuation date	Market value as at June 2022	Valuation change since 31 December 2021 (%)
Tweed Mall Wharf Street, Tweed Heads NSW	October 2016	81,250	85,000	87,000	30-Jun-22	87,000	0.0%
Manning Mall 81 Manning Street, Taree NSW	October 2013	32,600	36,100	36,400	1-Jun-22	36,700	0.8%
Gladstone Square 189 Goondoon Street, Gladstone Central QLD	July 2017	31,500	30,000	30,000	1-Jun-22	30,500	1.7%
Glenorchy Plaza 2 Cooper Street, Glenorchy TAS	December 2015	18,500	18,900	19,500	1-Jun-22	19,800	1.5%
Northway Plaza 29 Queen Street, Bundaberg North QLD	November 2016	14,000	17,000	18,250	1-Jun-22	19,200	5.2%
Total		**177,850**	**187,000**	**191,150**		**193,200**	**1.1%**

Source: ERF 2021 Annual Report, ERF 2022 Interim Financial Report and Independent Valuer Valuation Reports as at June 2022

3.10. QMP Analysis

ERF's Securities are listed on the ASX under the ticker ASX:ERF. ERF's Security price fluctuated between $1.01 to $1.25 over the 12-month period to 15 June 2022, with a corresponding Volume Weighted Average Price (**VWAP**) of $1.08 and an equivalent of 12.45% of issued capital being traded. Per ERF's FY21 annual report, the net tangible assets per Security as at 30 June 2021 was $1.22 (after provisions for the special distribution and final distribution at year end). Presented below is a summary of ERF's 12-month trading performance up until 15 June 2022.

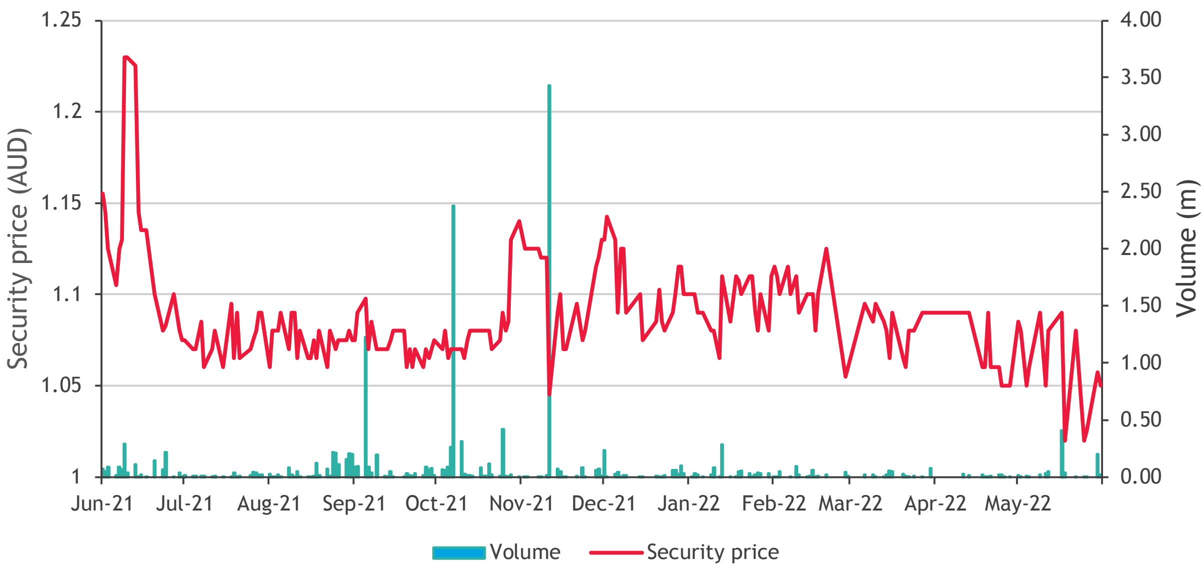
Table 29: Security price summary as at 15 June 2022

Period	Low price ($)	High price ($)	VWAP ($)	Cumulative value ($m)	Cumulative volume (m)	Proportion of free float (%)	Proportion of issued capital (%)
1 day	1.02	1.05	1.02	0.02	0.02	0.02%	0.01%
1 week	1.01	1.06	1.04	0.23	0.22	0.26%	0.18%
1 month	1.01	1.09	1.07	0.85	0.80	0.91%	0.63%
3 months	1.01	1.10	1.07	1.30	1.21	1.38%	0.95%
6 months	1.01	1.14	1.09	3.17	2.90	3.31%	2.27%
12 months	1.01	1.25	1.08	17.20	15.91	17.99%	12.45%

Source: Capital IQ as at 15 June 2022, BDOCF analysis

The chart below displays the 12-month daily price of ERF's Securities, as well as the cumulative volume traded on each day from 16 June 2021 to 15 June 2022. The two days of highest trading volume were 26 November 2021 and 22 October 2021, with 3.43m and 2.37m trades respectively. Security price has remained relatively stable over the 12-month period, with fluctuations in June 2021 corresponding to the announcement and ex-date of ERF's forecast and special distribution.

Figure 5: ERF Security price and trading volume from 16 June 2021 to 15 June 2022



Source: Capital IQ as at 15 June 2022, BDOCF analysis

4. PROFILE OF UNLISTED ERF

4.1. Overview

If the Proposed Transaction is approved, ERF will become an unlisted open-ended managed investment scheme (**Unlisted ERF**). The objective of creating Unlisted ERF is to improve the cost of capital for the fund and create a more efficient capital structure via re-gearing.

The new unlisted multi asset retail fund will be seeded by Gladstone Square, Northway Plaza, Glenorchy Plaza and Manning Mall. It will not include the Tweed Mall property and the net working capital liability of the Tweed Sub Trust ($155k) which is to be transferred to TMF as a condition of the Proposed Transaction.

Unlisted ERF will have assets under management (**AUM**) of approximately c. $106.2m. EFML will be the responsible entity and manager of Unlisted ERF.

4.2. Directors and Management

The current board of directors and senior management of ERF will be retained in Unlisted ERF and are listed below.

Table 30: Directors and Management of EFML

Name	Position
Paul Bedbrook	Independent Non-Executive Chairman
Glenn Willis	Executive Director and Chief Executive Officer
Nigel Ampherlaw	Independent Non-Executive Director
Anthony Fehon	Independent Non-Executive Director
Su Kiat Lim	Non-Executive Director
Karyn Baylis	Independent Non-Executive Director
Michael Baliva	Fund Manager
Symon Simmons	Chief Financial Officer
Paul Siviour	Chief Operating Officer

Source: Management information

4.3. Unlisted ERF asset portfolio

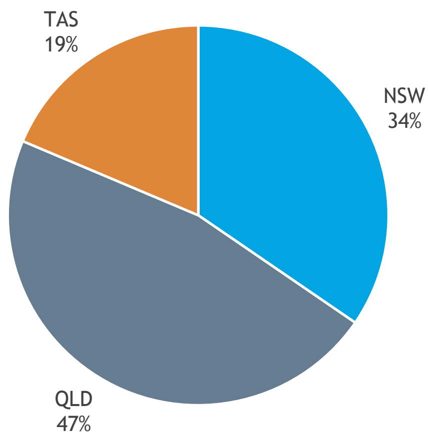
If the Proposed Transaction is approved, Unlisted ERF will hold four investments in direct real estate (except Tweed Mall asset). Independent Property Valuers valued the properties proposed to be held by Unlisted ERF as at June 2022. These valuations are summarised in the following table and chart.

Table 31: Unlisted ERF key Statistics and asset portfolio as at June 2022

Unlisted ERF asset portfolio	Area (m^2)	Gross rent ($)	Occupancy (% of GLA)	Passing income ($ p.a.)	WALE (area)	WALE (income)	Market value as at Jun-22 ($'000)
Manning Mall 81 Manning Street, Taree NSW	10,742	3,844,449	93%	2,602,573	1.8	2.0	36,700
Gladstone Square 189 Goondoon Street, Gladstone Central QLD	6,842	2,371,936	81%	1,526,385	7.7	7.6	30,500
Glenorchy Plaza 2 Cooper Street, Glenorchy TAS	8,726	1,932,986	100%	1,510,991	2.9	2.8	19,800
Northway Plaza 29 Queen Street, Bundaberg North QLD	4,046	1,550,509	94%	1,234,241	4.2	4.6	19,200
Total	**30,356**	**9,699,879**	**93%**	**6,874,189**	**3.8**	**4.0**	**106,200**

Source: Management information and Independent Valuer Valuation Reports as at June 2022

Figure 6: Geographic diversification of Unlisted ERF portfolio by market value as at June 2022



Source: Independent Valuer Valuation Reports as at June 2022 and Management information

4.4. Summary of Unlisted ERF tenants

If the Proposed Transaction is implemented, Unlisted ERF would have a total portfolio WALE of 3.8 years (area) and 4.0 years (income) (with reference to the June 2022 tenancy profile). Management advise that the 5 largest tenants of Unlisted ERF are expected to provide for c. 48% of the total base rent of the portfolio, which is 5% greater than the contribution of the top 5 tenants for ERF (as detailed in Section 3.4 of this Report).

Table 32: Summary of Unlisted ERF tenants as at June 2022

Unlisted ERF key tenants	Base rent ($)	Proportion of base rent (%)	Variance to ERF (%)
Woolworths	1,000,000	11%	-2%
Coles	1,218,409	13%	1%
Big W	1,147,500	12%	5%
Target	254,173	3%	-3%
Supa IGA	831,925	9%	4%
5 largest tenants	**4,452,007**	**48%**	**5%**
Other tenants	4,782,446	52%	-5%
Total	**9,234,452**	**100%**	**0%**

Source: Management information

4.5. Unlisted ERF Management fees

The terms of the management agreement for Unlisted ERF will be broadly consistent with ERF's current agreement. However, amendments will be made to ensure that the management agreement is in line with market expectations for a similar unlisted fund. To determine market expectations, Management has performed a benchmarking exercise with other unlisted open-ended funds of a similar nature to Unlisted ERF.

Overall, management fees will remain the same as for ERF at 0.65% of GAV. An acquisition and disposal fee of 1.5% will be charged on future acquisitions and disposals, and a performance fee of 20% of outperformance above an 8% equity IRR will be incurred.

Under the Property Management and Development Agreement, the Manager is also entitled to the following fees for services provided, including:

- a property management fee equal to 4% of gross rental billing for each month;
- leasing fees related to new tenants, lease renewals and market rent reviews (each calculated as a percentage of face rental under the relevant lease);
- a development management fee equal to 5% of total cost of any development works undertaken in respect of a Property; and
- fees related to the supervision and management of external service providers appointed to assist in the delivery of property management services.

Certain costs and expenses of the Responsible Entity and the Manager will also be paid or reimbursed from assets of Unlisted ERF, pursuant to the Constitutions and the Management Agreements.

4.6. Unlisted ERF pro-forma financial summary

The pro-forma financial summary of Unlisted ERF is included in Sections 8.1 and 8.2.

4.7. Unlisted Liquidity Facility

Following the Proposed Transaction, the Responsible Entity expects to provide a liquidity facility for Unlisted ERF (**Unlisted Liquidity Facility**). The Unlisted Liquidity Facility will have a quarterly redemption window, with a maximum liquidity of 5.0% of NAV offered to investors per quarter.

Pricing of the Unlisted Liquidity Facility will be determined based on the Net Asset Value (**NAV**) of the Unlisted ERF, using the most recent valuations of the assets, adjusted for capitalised and unamortised acquisition costs (such as acquisition fees, stamp duty, legal fees, and due diligence costs), plus any cash or other assets held by Unlisted ERF, less all Unlisted ERF liabilities. Acquisition costs will be amortised over five years with any outstanding unamortised amount to be written off upon entry into an unconditional contract for the sale of an Unlisted ERF asset.

The Unlisted Liquidity Facility may not be available for any particular quarter, and its availability will depend upon many factors including Unlisted ERF remaining liquid, having sufficient cash reserves, available capacity under its debt facilities or the demand for Unlisted ERF securities from existing and new investors. There is no guarantee that liquidity will be available at any particular price or at all. The Unlisted Liquidity Facility is expected to be funded through funds from operations and demand for new securities in Unlisted ERF.

4.8. Stamp duty

Unlisted ERF may incur stamp duty in relation to its Queensland properties if the following circumstances exist 12 months after the completion of the Proposed Transaction 28 October 2022:

- if Unlisted ERF has less than 50 securityholders; and
- if the top 20 securityholders of Unlisted ERF own more than 75% of the fund's equity.

If these circumstances exist, any change in the proportionate interests of Securityholders in ERF can be charged with Queensland duty (i.e., there is no minimum threshold, in contrast to the position for landholder duty). This duty is generally charged based on a Securityholder's increased proportionate interest in ERF, multiplied by the gross market value of the Queensland assets, multiplied by the appropriate rate of duty. The rates of duty increase in line with the product of the first two variables, up to a maximum rate of 5.75% where the Queensland assets are not residential land. Where the increased proportionate interest multiplied by the Queensland asset value is $1m or more, the rate of duty is $38,025 plus 5.75% of the amount that exceeds $1m. At values between $540,000 and $1m, the marginal rate is 4.5% and at values between $75,000 and $540,000 the marginal rate is 3.5%.

This cost will be treated as an operating cost until such time as the Manager is able to take steps as to cause ERF to be a public unit trust. The Responsible Entity will make filings on behalf of investors who would otherwise be required to request an assessment from the Queensland Revenue Office. The liability for potential stamp duty is not included in the transaction costs in the fairness analysis at Sections 11 and 12 of this Report.

5. PROFILE OF ELANOR INVESTORS GROUP

5.1. Overview

Elanor Investors Group (**ENN**) is an Australian retail estate funds management business. ENN was established in 2009, with the objective of acquiring and unlocking value in real estate assets that deliver superior risk adjusted returns. ENN's real estate investments focus on the commercial office, healthcare, retail and hotels, tourism, and leisure sectors.

ENN listed on the ASX in 2014 and is a stapled security comprising Elanor Investors Limited (**EIL**) and Elanor Investment Fund. EFML is a wholly owned subsidiary of ENN and the responsible entity of EIF. ERF is one of ENN's managed funds, for which EFML is also the manager and responsible entity.

5.2. Investment portfolio

As at 31 December 2021, ENN had c. $2.44bn Funds Under Management (**FUM**) across Australia and New Zealand. Additionally, ENN manages listed and unlisted property funds for institutional, wholesale and retail investors which invest in real estate backed assets with strong income and capital growth potential. As at 31 December 2021, ENN had co-investments in 15 managed funds, with a total Managed Funds portfolio of c. $203m. ENN's Managed Funds include Elanor Retail Property Fund (**ERF**), Elanor Commercial Property Fund and Elanor Hotel Accommodation Fund.

5.3. Group structure

ENN comprises EIL and EFML as responsible entity of EIF. ENN owns 100% of EFML. EFML is the Responsible Entity and manager of ERF.

If the Proposed Transaction proceeds, EFML will continue to act as the responsible entity of Unlisted ERF. EFML will also be trustee and manager of TMF. ENN will hold an initial interest of approximately 45.9% in TMF.

6. FAIRNESS ASSESSMENT AND VALUATION METHODOLOGY

6.1. Fairness assessment overview – Proposed Transaction

We have analysed the impact of the Proposed Transaction on Securityholders under two scenarios in assessing fairness:

- Scenario A: Securityholders participate in the Buy-Back and receive cash consideration (**Scenario A**); and
- Scenario B: Securityholders retain securities in Unlisted ERF (**Scenario B**).

Our analysis for assessing fairness under Scenario A has been performed by comparing:

- the FMV of an ERF Security prior to the Proposed Transaction; and
- the FMV of the Buy-Back consideration plus the Special Distribution.

Our analysis for assessing fairness under Scenario B has been performed by comparing:

- the FMV of an ERF Security prior to the Proposed Transaction; and
- the value of the Unlisted ERF security post transaction plus the Special Distribution.

6.2. Fairness assessment overview – Tweed Mall Transaction

We have also assessed the fairness of the Tweed Mall Transaction and Special Distribution offered under both Scenario A and Scenario B.

We have assessed the fairness of the Tweed Mall Transaction and Special Distribution offered under both Scenario A and Scenario B. We have assessed the fairness of the Tweed Mall Transaction under Section 10.1 of the ASX listing rules and RG111 by comparing: by comparing:

- the value of the Tweed Sub Trust immediately prior to the sale of Tweed Mall asset; and
- the consideration to be received by ERF from TMF.

6.3. Property Valuation

As BDOCF are not property valuers, our fairness analysis required reliance on property valuations performed by independent property valuers. m3 Property Australia Pty Ltd (**m3 Property**) and Savills Valuations Pty Ltd (**Savills**) (collectively, the **Independent Property Valuers**) were appointed by James Fitzgerald on behalf of ENN. The property valuation reports are available at https://www.elanorinvestors.com/erf/referencematerials/.

6.4. Valuation methodologies

Set out below is a discussion around the valuation methods we consider appropriate for the purposes of undertaking our fairness assessment of Securities held prior to the Proposed Transaction, and securities in Unlisted ERF held post the Proposed Transaction.

Details of common methodologies for valuing businesses and assets are included at Appendix 3. The principal methodologies which can be considered are as follows:

- Discounted cash flow (**DCF**)
- Capitalisation of earnings (**COE**)
- Net asset value (**NAV**)
- Net tangible assets on a realisation basis (**NRV**)
- Quoted market price basis (**QMP**)
- Recent capital raise.

6.5. Selected valuation approach

We consider the most appropriate valuation methodologies to be as follows:

Table 33: Selection of valuation methodologies

Methodology	Appropriate	Explanation
NAV	✓	The NAV approach considers the valuation of the net tangible assets on a going concern basis and is usually appropriate where the majority of assets consist of cash or passive investments, or where the business is under performing. All assets and liabilities of ERF are valued at market value under this method, and the combined market value forms the basis for the valuation of ERF Securities. The relevant net assets of ERF have been valued using the market valuations undertaken by Independent Property Valuers dated as at June 2022. Further details of the independent property valuations are provided below in Section 3.9.
QMP	✓	The QMP basis is a relevant methodology to consider as ERF Securities are listed on the ASX and this reflects the value that a Securityholder will receive when selling to a willing but not anxious buyer. This price means that there is a regulated and observable market where ERF Securities can be traded. However, in order for the QMP to be considered an appropriate methodology, ERF's Securities should be sufficiently liquid and the market should be fully informed of the Fund's activities.
DCF	X	The DCF approach is appropriate where the business' cash flows are expected to fluctuate and where earnings are capable of being forecast for a reasonable period (preferably 5 to 10 years) with reasonable accuracy. We have not applied the DCF methodology to value ERF. However, we note the Independent Property Valuers have utilised the DCF methodology in their valuations.
COE	X	The Capitalisation of Earnings method is most commonly applicable to profitable businesses with steady growth history and forecasts. We have not adopted the COE approach; however we note that the Independent Property Valuers have adopted similar capitalisation approaches in their valuations.

Source: BDOCF analysis

6.6. Reliance on independent property valuations

As BDOCF are not property valuation experts, we have relied on the opinion of the Independent Property Valuers. Market valuations have been undertaken for each of the properties in the ERF portfolio by the Independent Property Valuers as at June 2022. The property, valuation firm, valuer and valuation date are listed in the following table.

Table 34: Independent Property Valuers

Property	Valuation firm	Valuer	Valuation date
Tweed Mall Wharf Street, Tweed Heads NSW	Savills Valuations Pty Ltd	Lawrence Devine AAPI Brendan Higgins AAPI	30-Jun-22
Manning Mall 81 Manning Street, Taree NSW	m3property Australia Pty Ltd	Don Semken B. Prop. Ec. AAPI Andrew Cash B. Prop. Ec. AAPI	1-Jun-22
Gladstone Square 189 Goondoon Street, Gladstone Central QLD	m3property Australia Pty Ltd	Duane Gilliland AAPI	1-Jun-22
Glenorchy Plaza 2 Cooper Street, Glenorchy TAS	m3property Australia Pty Ltd	Shaun O'Sullivan B.Bus (Prop) AAPI	1-Jun-22
Northway Plaza 29 Queen Street, Bundaberg North QLD	m3property Australia Pty Ltd	Duane Gilliland AAPI	1-Jun-22

Source: Independent Valuer Valuation Reports as at June 2022

The Independent Property Valuers were appointed by James Fitzgerald on behalf of ENN for the purpose of obtaining independent property valuations to be used in calculating the net assets held by ERF.

ENN provided the Independent Valuer Valuation Reports to BDO to consider in our analysis of the Proposed Transaction. EFML:

- authorised BDOCF to make any enquiry of the valuers that we deemed necessary in order to determine if we could rely on the independent property valuations for the purpose of our independent expert report; and
- authorised BDOCF to engage any other independent valuer directly should we determine not to rely on the independent property valuation provided. Costs of additional valuations were to be incurred by EFML.

We have reviewed the Independent Valuer Valuation Reports and discussed the valuation with the respective Independent Property Valuers.

BDOCF considered the identity of each valuation firm engaged, and is satisfied as to the independence, capability, and terms of engagement of each property valuer. We consider each of the Independent Property Valuers to be independent of ERF, EFML and ENN and to have the required skills and expertise to prepare the valuations.

The basis of each of the Independent Property Valuers' valuations was market value. Market value has been defined by each of the Independent Property Valuers in line with the International Valuation Standards Council and endorsed by the Australian Property Institute as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the partiers had each acted knowledgably, prudently and without compulsion" (**Market Value**). This is consistent with our definition of FMV.

The Independent Property Valuers used combinations of DCF, capitalisation of net income and direct comparison approaches. We have compared the valuations as at June 2022 to the values reported in the FY21 and 1H22 accounts and listed these amounts in the table below.

Table 35: ERF property valuations

$'000	Acquisition date	Acquisition price	Valuation as at 30 June 2021	Valuation as at 31 December 2021	Most recent valuation date	Market value as at June 2022	Valuation change since 31 December 2021 (%)
Tweed Mall Wharf Street, Tweed Heads NSW	October 2016	81,250	85,000	87,000	30-Jun-22	87,000	0.0%
Manning Mall 81 Manning Street, Taree NSW	October 2013	32,600	36,100	36,400	1-Jun-22	36,700	0.8%
Gladstone Square 189 Goondoon Street, Gladstone Central QLD	July 2017	31,500	30,000	30,000	1-Jun-22	30,500	1.7%
Glenorchy Plaza 2 Cooper Street, Glenorchy TAS	December 2015	18,500	18,900	19,500	1-Jun-22	19,800	1.5%
Northway Plaza 29 Queen Street, Bundaberg North QLD	November 2016	14,000	17,000	18,250	1-Jun-22	19,200	5.2%
Total		**177,850**	**187,000**	**191,150**		**193,200**	**1.1%**

Source: ERF 2021 Annual Report, ERF 2022 Interim Financial Report and Independent Valuer Valuation Reports as at June 2022

The market values for ERF properties have remained relatively constant, with a marginal increase of 1.1% between 31 December 2021 and the most recent June 2022 valuation. We have reviewed the Independent Valuation Reports, and note the following observations for the change in valuations:

- The Gladstone Square property market valuation increased by $0.5m between 30 June 2021 and 1 June 2022. This increase was primarily driven by a 0.50% decrease in capitalisation rate, from 7.50% in June 2021 to 7.00% in June 2022.
- The Glenorchy Plaza property market valuation increased by $0.9m between 30 June 2021 and 1 June 2022. This increase was primarily driven by a 0.50% decrease in capitalisation rate, from 7.75% in June 2021 to 7.25% in June 2022.
- The Northway Plaza property market valuation increased by $2.2m between 30 June 2021 and 1 June 2022. This increase was primarily driven by a 0.025% decrease in capitalisation rate, from 7.25% in June 2021 to 7.00% in June 2022 and c. 7.3% increase in passing rent compared to June 2021 valuation.

Based on the above, we consider the valuations commissioned for the Proposed Transaction, the Tweed Mall Transaction and IER to be appropriate and reliable for the purposes of our analysis.

6.7. Future events

The business of ERF assumed in this valuation, is that which exists at the current date. Other growth potential, which may result from new activities, business initiatives, acquisitions, and the like (which are not capable of estimation), is not within the scope of this valuation.

6.8. Valuation in accordance with APES 225

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services, as issued by the Australian Professional and Ethical Standards Board.

7. VALUATION OF ERF SECURITIES PRE-TRANSACTION

This section values ERF Securities using the quoted market price (**QMP**) and net asset value (**NAV**) methodologies prior to the Proposed Transaction.

7.1. Overview of ERF Securities pre-transaction

As at 31 May 2022, ERF had 127,712,725 Securities on issue. A stapled security in ERF comprises a security in each of ERPF I and ERPF II, which are both managed investment schemes under section 601EB of the Corporations Act.

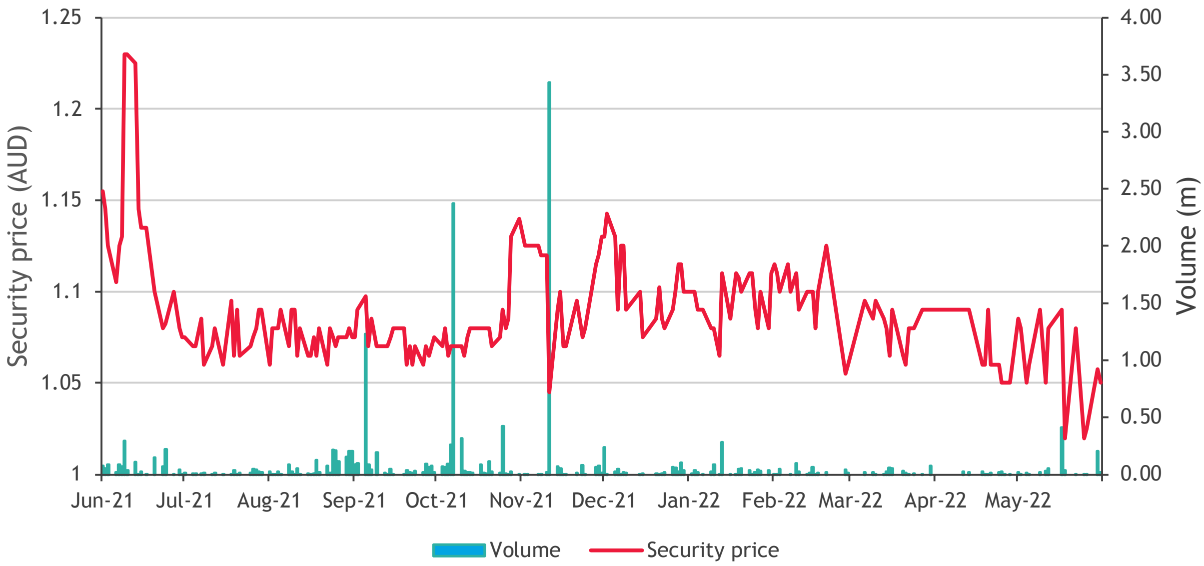
7.2. FMV of an ERF share using the op methodology

We have analysed the trading history of ERF Securities over the last 12 months up to 31 May 2022. ERF's Security price movement, price-sensitive announcements and VWAP over this period are discussed below.

7.2.1. Trading History

The following chart illustrates the trading history of ERF over the twelve months to 31 May 2022.

Figure 7: ERF Security price and trading volume from 16 June 2021 to 15 June 2022



Source: Capital IQ as at 15 June 2022, BDOCF analysis

Set out below is a summary of ERF's price-sensitive announcements over the last 12 months.

Table 36: ERF price-sensitive announcements between 16 June 2021 and 15 June 2022

Date	Announcement	Security price 1 day before ($)	Security price 1 day after ($)	Change ($)	Change (%)
21-Feb-22	Release of HY22 Results Presentation	1.10	1.10	-	0.0%
20-Dec-21	Release of 1HFY22 Forecast Distribution	1.14	1.09	(0.05)	(4.6%)
29-Sep-21	Release of FY21 Annual Report	1.07	1.08	0.01	0.9%
23-Aug-21	Release of FY21 Preliminary Results	1.09	1.09	-	0.0%
23-Aug-21	Divestment of Moranbah Fair	1.09	1.09	-	0.0%
24-Jun-21	2HFY21 Forecast and Special Distribution	1.13	1.23	0.10	8.8%

Source: ASX Announcements, Capital IQ as at 15 June 2022, BDOCF analysis

We note the following key considerations from the trading history and announcements above:

1. ERF's Security price reached a 52-week high close price of $1.23 between 24 and 25 June 2021.
2. The 52-week low close price of $1.02 occurred on 2 and 9 June 2022.
3. The largest daily price change of 8.8% followed the announcement of the 2HFY21 Forecast and Special Distribution on 24 June 2021.
4. ERF Securities traded on 205 days over the 12-month period, with an average daily trade volume of 0.08m Securities.

7.2.2. ERF VWAP

The following table summarises the trade results for ERF Securities for the 12-month period to 31 May 2022, including the daily price range, VWAP, cumulative value and volume of trading.

Table 37: VWAP summary for the 12 months ending 15 June 2022

Period	Low price ($)	High price ($)	VWAP ($)	Cumulative value ($m)	Cumulative volume (m)	Proportion of free float (%)	Proportion of issued capital (%)
1 day	1.02	1.05	1.02	0.02	0.02	0.02%	0.01%
1 week	1.01	1.06	1.04	0.23	0.22	0.26%	0.18%
1 month	1.01	1.09	1.07	0.85	0.80	0.91%	0.63%
3 months	1.01	1.10	1.07	1.30	1.21	1.38%	0.95%
6 months	1.01	1.14	1.09	3.17	2.90	3.31%	2.27%
12 months	1.01	1.25	1.08	17.20	15.91	17.99%	12.45%

Source: Capital IQ as at 15 June 2022, BDOCF analysis

7.2.3. Conclusion as to the FMV of an ERF Security using the QMP methodology

Based on the above, we consider the FMV of an ERF Security under the QMP methodology to range between $1.02 and $1.07. This range is based on the 1-day, 1-week and 1-month trading data.

ERF is anticipating paying a distribution of $0.035 per Security in August 2022. ERF Securities will go ex-distribution on or around 29 June 2022. The above conclusion as to the FMV of an ERF Security using the QMP methodology includes earnings and cash that will be distributed via this distribution. We have therefore adjusted the FMV per ERF Security using the QMP methodology to remove the estimated value of this distribution accumulated up to 30 April 2022, so that the FMV is ex-distribution and consistent with the basis of consideration offered in Section 10.

Table 38: FMV of an ERF Security using the QMP methodology

	Low value	High value
FMV per ERF Security using the QMP methodology (including Jun-22 distribution)	$1.02	$1.07
Less pro-rata Jun-22 distribution per Security	($0.03)	($0.03)
FMV per ERF Security using the QMP methodology (post Jun-22 distribution)	**$0.99**	**$1.04**

Source: BDOCF analysis

We note that ERF is thinly traded, and this may be having a negative impact on trading prices.

7.3. NAV valuation of ERF

We have assessed the FMV of ERF Securities held by Securityholders pre-transaction using the NAV methodology. The NAV valuation has been performed on the basis of the pro-forma statement of financial position as at 30 April 2022. The NAV has been calculated on a going concern basis and on a wind-up basis, as summarised in the following tables.

7.3.1. NAV on a going concern basis

NAV on a going concern basis assumes ERF continues to operate in its current form and earnings from operations are distributed to Securityholders. The NAV calculated on a going concern basis is summarised in the following table.

Table 39: NAV pre-transaction - going concern basis

$'000	30-Apr-22	Auburn retention amount	Pro-forma adjustments	Accumulated distribution	Pre-transaction NAV
		A	B C	D	
Assets					
Current assets					
Cash and cash equivalents	4,404	5,024	(530)	(2,985)	5,912
Trade and other receivables	6,722	(5,024)	-	-	1,698
Other current assets	1,393	-	-	-	1,393
Prepayments	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	**12,519**	**-**	**(530)**	**(2,985)**	**9,003**
Non-current assets					
Trade and other receivables	-	-	-	-	-
Investment properties	191,611	-	1,589	-	193,200
Derivative financial instruments	715	-	-	-	715
Total non-current assets	**192,326**	**-**	**1,589**	**-**	**193,915**
Total assets	**204,844**	**-**	**1,059**	**(2,985)**	**202,918**
Liabilities					
Current liabilities					
Trade and other payables	(3,973)	-	-	-	(3,973)
Rent received in advance	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-
Total current liabilities	**(3,973)**	**-**	**-**	**-**	**(3,973)**
Non-current liabilities					
Interest bearing liabilities	(41,690)	-	-	-	(41,690)
Interest bearing cross-staple loan	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-
Total non-current liabilities	**(41,690)**	**-**	**-**	**-**	**(41,690)**
Total liabilities	**(45,663)**	**-**	**-**	**-**	**(45,663)**
Net assets	**159,182**	**-**	**1,059**	**(2,985)**	**157,256**
Securities on issue	127,712,725				127,712,725
NAV per Security (post Jun-22 distribution)					**$1.23**

Source: Management information, BDOCF analysis

Notes:

A	**Auburn retention amount** In May 2022, ERF recovered a deferred consideration amount of c. $5.0m relating to the sale of the Auburn Central property. As at 30 April 2022, this deferred consideration amount had been included in current trade and other receivables. Further details on the Auburn retention amount are included in Section 3.7.
B	**Transaction costs** ERF will incur transaction costs c. $0.53m irrespective of whether the Proposed Transaction is approved or rejected. These costs include fees in relation to: ▸ independent property valuations; ▸ independent expert report; ▸ legal advice; ▸ debt legal advice; and ▸ tax structuring Additional costs will be incurred if the Proposed Transaction is approved. These costs are detailed in Sections 8.1 and 8.2.
C	**Pro-forma adjustments** ERF's investment properties were valued in June 2022. The total of the independent valuations in June 2022 was $193m. The c. $1.6m variance to the carrying value of investment properties as at 30 April 2022 is therefore recognised as a pro-forma adjustment. Further details on the valuations performed by the Independent Property Valuers are detailed in Section 3.9.
D	**Accumulated distribution** ERF is anticipating paying a distribution of $0.035 per Security in August 2022. ERF Securities will go ex-distribution on or around 29 June 2022. The balance sheet as at 30 April 2022 includes earnings and cash that will be distributed via this distribution. In the pro-forma balance sheet, we have adjusted the NAV of ERF to remove the estimated value of this distribution accumulated up to 30 April 2022, in order that the NAV is ex-distribution and consistent with the basis of consideration offered in Section 10.

7.3.1. NAV on a wind-up basis

NAV on a wind-up basis assumes the assets of ERF are sold in an orderly fashion, and the resultant net assets are distributed to Securityholders in cash.

Table 40: NAV pre-transaction - wind-up basis

$'000	30-Apr-22	Auburn retention amount A	Pro-forma adjustments B C	Accumulated distribution D	Pre-transaction NAV
Assets					
Current assets					
Cash and cash equivalents	4,404	5,024	(3,732)	(2,985)	2,710
Trade and other receivables	6,722	(5,024)	-	-	1,698
Other current assets	1,393	-	-	-	1,393
Prepayments	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	**12,519**	**-**	**(3,732)**	**(2,985)**	**5,801**
Non-current assets					
Trade and other receivables	-	-	-	-	-
Investment properties	191,611	-	1,589	-	193,200
Derivative financial instruments	715	-	-	-	715
Total non-current assets	**192,326**	**-**	**1,589**	**-**	**193,915**
Total assets	**204,844**	**-**	**(2,143)**	**(2,985)**	**199,716**
Liabilities					
Current liabilities					
Distribution payable	-	-	-	-	-
Trade and other payables	(3,973)	-	-	-	(3,973)
Rent received in advance	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-
Total current liabilities	**(3,973)**	**-**	**-**	**-**	**(3,973)**
Non-current liabilities				-	
Interest bearing liabilities	(41,690)	-	-	-	(41,690)
Interest bearing cross-staple loan	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-
Total non-current liabilities	**(41,690)**	**-**	**-**	**-**	**(41,690)**
Total liabilities	**(45,663)**	**-**	**-**	**-**	**(45,663)**
Net assets	**159,182**	**-**	**(2,143)**	**(2,985)**	**154,054**
Securities on issue	127,712,725				127,712,725
NAV per Security (post Jun-22 distribution)					**$1.21**

Source: Management information, BDOCF analysis

Notes:

A	**Auburn retention amount** In May 2022, ERF recovered a deferred consideration amount of c. $5.0m relating to the sale of the Auburn Central property. As at 30 April 2022, this deferred consideration amount had been included in current trade and other receivables. Further details on the Auburn retention amount are included in Section 3.7.
B	**Transaction costs** If ERF was wound up, ERF would incur transaction costs of c. $3.7m. These costs include: ▸ sales commissions which are calculated as 1% of total investment property value; ▸ other costs (c. $1.0m) which are comprised of legal, administration, registry, and accounting fees; and ▸ ENN cost recovery fees of c. $600k. If the wind-up scenario was pursued, there would be no compensation payable to ENN for the cancellation of the management rights in ERF, other than ERF paying any accrued management fees up to the date of wind up.

B	**Pro-forma adjustments** ERF's investment properties were valued in June 2022. The total of the independent valuations was $193m in June 2022. The c. $1.6m variance to the carrying value of investment properties as at 30 April 2022 is therefore recognised as a pro-forma adjustment. Further details on the valuations performed by the Independent Property Valuers are detailed in Sections 3.9.
C	**Pro-rata Jun-22 distribution per Security** ERF is anticipating paying a distribution of $0.035 per Security in August 2022. ERF Securities will go ex-distribution on or around 29 June 2022. The balance sheet as at 30 April 2022 includes earnings and cash that will be distributed via this distribution. In the pro-forma balance sheet, we have adjusted the NAV of ERF to remove the estimated value of this distribution accumulated up to 30 April 2022 so that the NAV is ex-distribution and consistent with the basis of consideration offered in Section 10.

7.4. Conclusion on the FMV per ERF Security pre-transaction

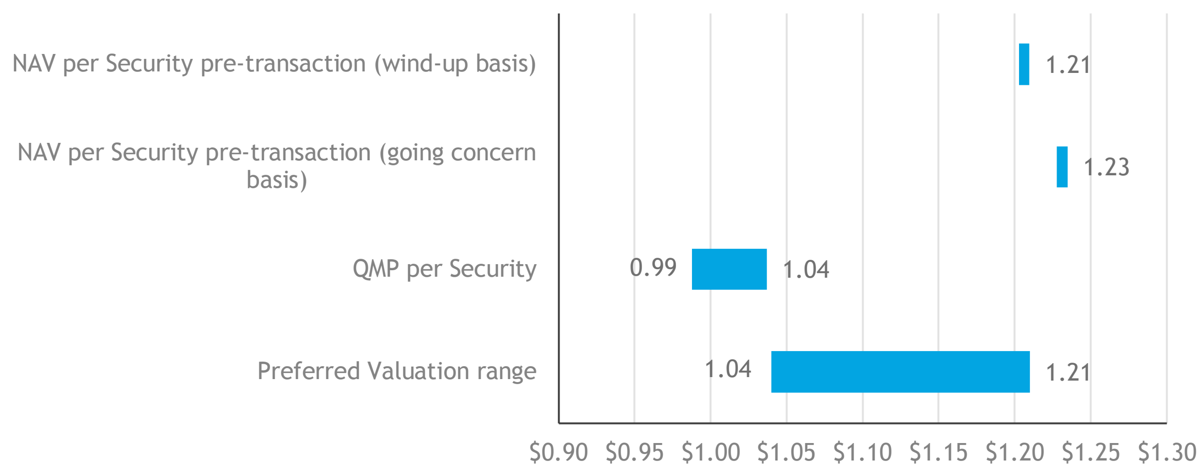
Based on our analysis of NAV, we have assessed the FMV of Securityholders interests prior to the Proposed Transaction to be a range between $1.04 and $1.21 per Security. The results of our NAV analysis are summarised below:

Table 41: FMV of an ERF Security pre-transaction

	Low value	High value
QMP per Security	$0.99	$1.04
NAV per Security pre-transaction (going concern basis)	$1.23	$1.23
NAV per Security pre-transaction (wind-up basis)	$1.21	$1.21
Preferred valuation range	**$1.04**	**$1.21**

Source: BDOCF analysis

Figure 8: FMV per Security pre-transaction



Source: BDOCF analysis

The valuation preferred range is based on the high end of the QMP valuation and the NAV valuation under the wind-up basis. We have excluded the low end of the QMP range as ERF Securities are thinly traded, which may be having a negative impact on Security prices. We have also excluded the NAV valuation on a going-concern basis as Securityholders are unable to realise this value immediately.

We note that Securityholders can maintain their interest in the underlying assets (except Tweed Mall) by electing to hold securities in Unlisted ERF.

8. VALUATION OF UNLISTED ERF POST-TRANSACTION

Set out in the following sections are our valuations of the securities in Unlisted ERF post the Proposed Transaction.

We have assessed the FMV of ERF Securities post-transaction using the NAV methodology. The NAV valuation has been performed based on the management accounts provided by Management as at 30 April 2022. We have considered two scenarios in our valuation:

- the scenario under which the number of Securities bought back from Securityholders is such that the Buy-Back Limit is reached (**Maximum Buy-Back Scenario**); and
- the scenario under which no Securities are bought back from Securityholders except MAAM and ENN (**Minimum Buy-Back Scenario**). Under this scenario, we assume ENN and MAAM will sell 100% of their Securities.

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8.1. Valuation of Unlisted ERF based on NAV - Maximum Buy-Back Scenario

The valuation under the Maximum Buy-Back Scenario is summarised in the following table.

Table 42: NAV post-transaction - Maximum Buy-Back Scenario

$'000	30-Apr-22	Auburn retention amount	Pro-forma adjustments	Sale of Tweed Mall	Net proceeds from sale of Tweed Mall	New debt funding	Special Distribution	Buy-Back	Accumulated distribution	Post-transaction NAV
		A	B C	D	E	F	G	H	I	
Assets										
Current assets										
Cash and cash equivalents	4,404	5,024	(3,685)	-	45,155	67,500	(45,977)	(67,108)	(2,985)	2,327
Trade and other receivables	6,722	(5,024)	-	-	-	-	-	-	-	1,698
Other current assets	1,393	-	-	-	-	-	-	-	-	1,393
Prepayments	-	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-	-
Total current assets	**12,519**	**-**	**(3,685)**	**-**	**45,155**	**67,500**	**(45,977)**	**(67,108)**	**(2,985)**	**5,418**
Non-current assets										
Trade and other receivables	-	-	-	-	-	-	-	-	-	-
Investment properties	191,611	-	1,589	(87,000)	-	-	-	-	-	106,200
Derivative financial instruments	715	-	-	-	-	-	-	-	-	715
Total non-current assets	**192,326**	**-**	**1,589**	**(87,000)**	**-**	**-**	**-**	**-**	**-**	**106,915**
Total assets	**204,844**	**-**	**(2,096)**	**(87,000)**	**45,155**	**67,500**	**(45,977)**	**(67,108)**	**(2,985)**	**112,333**
Liabilities										
Current liabilities										
Trade and other payables	(3,973)	-	-	155	-	-	-	-	-	(3,818)
Rent received in advance	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Total current liabilities	**(3,973)**	**-**	**-**	**155**	**-**	**-**	**-**	**-**	**-**	**(3,818)**
Non-current liabilities										
Interest bearing liabilities	(41,690)	-	-	-	41,690	(67,500)	-	-	-	(67,500)
Interest bearing cross-staple loan	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	**(41,690)**	**-**	**-**	**-**	**41,690**	**(67,500)**	**-**	**-**	**-**	**(67,500)**
Total liabilities	**(45,663)**	**-**	**-**	**155**	**41,690**	**(67,500)**	**-**	**-**	**-**	**(71,318)**
Net assets	**159,182**	**-**	**(2,096)**	**(86,845)**	**86,845**	**-**	**(45,977)**	**(67,108)**	**(2,985)**	**41,016**
Securities on issue	127,712,725							(84,947,160)		42,765,566
NAV per security (post Jun-22 distribution)										**$0.96**

Source: Management information, BDOCF analysis

Notes:

A	**Auburn retention amount** In May 2022, ERF recovered a deferred consideration amount of c. $5.0m relating to the sale of the Auburn Central property. As at 30 April 2022, this deferred consideration amount had been included in current trade and other receivables. Further details on the Auburn retention amount are included in Section 3.7.
B	**Transaction costs** ERF will incur transaction costs of c. $3.7m if the Proposed Transaction is approved. These costs include fees in relation to: - independent property valuations; - independent expert report; - legal advice; - debt Legal advice; - tax structuring; - registry costs; - advisory fees; - debt establishment costs; - an arrangement and syndication fee; and - an underwriting fee. There is an arrangement and syndication fee of $1.84m, of which ERF will pay $0.53m and TMF will incur the balance. The arrangement and syndication fee is an arrangement fee earned by ENN from the successful syndication of TMF and Unlisted ERF. The fee is calculated as a percentage of the property value, being 0.5% (Unlisted ERF) and 1.5% (TMF) for the two funds respectively. Management advise that this is consistent with the arrangement and syndication fee that ENN would normally earn on property acquisitions in new funds, which usually ranges between 1-2% across ENN's managed funds. Additionally, there is a total underwriting fee of $1.32m, of which ERF will pay $0.84m and TMF will incur the balance. The underwriting fee is owed to ENN as part of the syndication of TMF and Unlisted ERF. As ENN and MAAM are not long-term holders of the fund, the fee covers the underwriting ENN will undertake to sell down the initial underwritten position. Management advise that this fee is consistent with underwriting fees that ENN earns across its managed funds, which typically ranges between 1-2%. It is expected that the underwriting fee will be paid away to advisors and institutional investors, who generally charge ENN an underwriting fee of their own. Other fees owed to MAF include an advisory fee and debt establishment fee. If the Proposed Transaction is successful, MAF will receive a $2m success fee, of which $1m will be paid by ERF. Additionally, MAF will receive a debt establishment fee equal to 1% of debt incurred. ERF will pay $0.68m and TMF will pay $0.63m in debt establishment fees, each in relation to their respective debt.
C	**Pro-forma adjustments** ERF's investment properties were valued in June 2022. The total of the independent valuations in June 2022 was $193m. The c. $1.6m variance to the carrying value of investment properties as at 30 April 2022 is therefore recognised as a pro-forma adjustment. Further details on the valuations performed by the Independent Property Valuers are detailed in Section 3.9.
D	**Sale of Tweed Mall** The Tweed Mall Transaction will be effected through transferring all securities in the sub trust that owns Tweed Mall (**Tweed Sub Trust**) to a syndicate which includes Elanor Investors Group (**ENN**) (**Tweed Mall Transaction**). The sub trust will then be renamed Tweed Mall Fund (**TMF**). Tweed Mall will be sold at its independent valuation. The Tweed Sub Trust will have net assets of $86.845m at the sale date, which includes the Tweed Mall property independently valued at $87.0m and a net working capital liability of $155k. The net assets of $86.845m will be achieved by the Tweed Sub Trust making a distribution up to ERF.

E	**Net proceeds from sale of Tweed Mall** ERF propose to sell Tweed Mall for c. $86.8m. The c. $41.7m decrease in interest bearing liabilities relates to the retirement of net debt funded by the proceeds of the Tweed Mall Transaction (c. $33.9m) and cash on hand in ERF excluding cash held by Tweed Sub Trust (c. $7.8m). The remaining proceeds will result in a (c. $45.2m) cash inflow to the Fund.
F	**New debt funding** The $67.5m increase in cash and interest-bearing liabilities relates to a MAF bridging loan obtained to fund the Buy-Back requests.
G	**Special Distribution** The c. $46.0m cash decrease relates to the capital return to all Securityholders from the transfer of Tweed Mall to TMF. This capital return will be made to all Securityholders, irrespective of whether they elect to participate in the Buy-Back or retain interest in Unlisted ERF. Each Securityholder will be entitled to a $0.36 per Security cash payment from the sale proceeds of Tweed Mall.
H	**Capital return (Buy-Back)** Under the Maximum Buy-Back Scenario, a maximum of c. 84,947,160 Securities will be bought-back from Securityholders electing to participate in the Buy-Back at a price of $0.79 per Security. This amount includes 79,190,639 Securities bought back from Securityholders excluding MAAM and ENN, and 5,756,521 Securities bought back from ENN (25% of their holding). Therefore, Unlisted ERF will incur a total cash decrease of c. $67.1m to discharge the maximum number of allowable Buy-Back requests. The number of Securities on issue will decrease from 127,712,725 to 42,765,566.
I	**Accumulated distribution** ERF is anticipating paying a distribution of $0.035 per Security in August 2022. ERF Securities will go ex-distribution on or around 29 June 2022. The balance sheet as at 30 April 2022 includes earnings and cash that will be distributed via this distribution. In the pro-forma balance sheet, we have adjusted the NAV of ERF to remove the estimated value of this distribution accumulated up to 30 April 2022 so that the NAV is ex-distribution and consistent with the basis of consideration offered in Section 10.

8.1.1. Liquidity Discount

Unlisted ERF securities will no longer be listed on the ASX. However Unlisted ERF securityholders will be able to realise the value of their securities via an Unlisted Liquidity Facility. The quarterly redemptions will be capped at 5.0% of the NAV of the fund. Additionally, the Unlisted Liquidity Facility may not be available depending on factors including the level of cash reserves, available capacity under its debt facilities and the demand for Unlisted ERF securities from existing and new investors.

If ERF Securityholders elect to retain Unlisted ERF securities, there is no guarantee as to the timing or value at which the Unlisted ERF security can be sold. Therefore, we have applied a liquidity discount of up to 15% to the NAV value derived at Section 8.1.

8.1.2. Conclusion as to the value of an Unlisted ERF security - Maximum Buy-Back Scenario

After considering the NAV at Section 8.1 and the liquidity discount at 8.1.1, we have determined the value of an Unlisted ERF security to be as follows:

Table 43: NAV post-transaction conclusion - Maximum Buy-Back Scenario

	Low value	High value
NAV per ERF Security post-transaction (pre-liquidity discount)	$0.96	$0.96
Liquidity discount	15%	0%
Value of an Unlisted ERF security	**$0.82**	**$0.96**

Source: BDOCF analysis

8.2. Valuation of Unlisted ERF based on NAV - Minimum Buy-Back Scenario

If all Securityholders elect to retain securities in Unlisted ERF, MAAM and ENN will sell 100% of their Securities. The Minimum Buy-Back Scenario assumes only MAAM and ENN sell their Securities in the Buy-Back.

Table 44: NAV post-transaction - Minimum Buy-Back Scenario

$'000	30-Apr-22	Auburn retention amount	Pro-forma adjustments	Sale of Tweed Mall	Net proceeds from sale of Tweed Mall	New debt funding	Special Distribution	Buy-Back	Acc. distribution	Post-transaction NAV
		A	B C	D	E	F	G	H	I	
Assets										
Current assets										
Cash and cash equivalents	4,404	5,024	(2,849)	-	45,155	67,500	(45,977)	(38,332)	(2,985)	31,940
Trade and other receivables	6,722	(5,024)	-	-	-	-	-	-	-	1,698
Other current assets	1,393	-	-	-	-	-	-	-	-	1,393
Prepayments	-	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-	-
Total current assets	**12,519**	**-**	**(2,849)**	**-**	**45,155**	**67,500**	**(45,977)**	**(38,332)**	**(2,985)**	**35,031**
Non-current assets					-					
Trade and other receivables	-	-	-	-	-	-	-	-	-	-
Investment properties	191,611	-	1,589	(87,000)	-	-	-	-	-	106,200
Derivative financial instruments	715	-	-	-	-	-	-	-	-	715
Total non-current assets	**192,326**	**-**	**1,589**	**(87,000)**	**-**	**-**	**-**	**-**	**-**	**106,915**
Total assets	**204,844**	**-**	**(1,259)**	**(87,000)**	**45,155**	**67,500**	**(45,977)**	**(38,332)**	**(2,985)**	**141,946**
Liabilities										
Current liabilities					-					
Trade and other payables	(3,973)	-	-	155	-	-	-	-	-	(3,818)
Rent received in advance	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Total current liabilities	**(3,973)**	**-**	**-**	**155**	**-**	**-**	**-**	**-**	**-**	**(3,818)**
Non-current liabilities										
Interest bearing liabilities	(41,690)	-	-	-	41,690	(67,500)	-	-	-	(67,500)
Interest bearing cross-staple loan	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	**(41,690)**	**-**	**-**	**-**	**41,690**	**(67,500)**	**-**	**-**	**-**	**(67,500)**
Total liabilities	**(45,663)**	**-**	**-**	**155**	**41,690**	**(67,500)**	**-**	**-**	**-**	**(71,318)**
Net assets	**159,182**	**-**	**(1,259)**	**(86,845)**	**86,845**	**-**	**(45,977)**	**(38,332)**	**(2,985)**	**70,628**
Securities on issue	127,712,725							(48,522,086)		79,190,639
NAV per security (post Jun-22 distribution)										**$0.89**

Source: Management information, BDOCF analysis

Notes:

A	**Auburn retention amount** In May 2022, ERF recovered a deferred consideration amount of c. $5.0m relating to the sale of the Auburn Central property. As at 30 April 2022, this deferred consideration amount had been included in current trade and other receivables. Further details on the Auburn retention amount are included in Section 3.7.
B	**Transaction costs** ERF will incur transaction costs of c. $2.80m if the Proposed Transaction is approved. These costs include fees in relation to: - independent property valuations; - independent expert report; - legal advice; - debt legal advice; - tax structuring; - registry costs; - advisory fees; - debt establishment costs; and - an arrangement and syndication fee. There is an arrangement and syndication fee of $1.84m, of which ERF will pay $0.53m and TMF will incur the balance. The arrangement and syndication fee is a fee earned by ENN as part of the successful syndication of TMF and Unlisted ERF. The fee is calculated as a percentage of the property value, being 0.5% (Unlisted ERF) and 1.5% (TMF) for the two funds respectively. Management advise that this is consistent with the arrangement and syndication fee that ENN would normally earn on property acquisitions in new funds, which usually ranges between 1-2% across ENN's managed funds. Other fees owed to MAF include an advisory fee and debt establishment fee. If the Proposed Transaction is successful, MAF will receive a $2m success fee, of which $1m will be paid by ERF. Additionally, MAF will receive a debt establishment fee equal to 1% of debt incurred. ERF will pay $0.68m and TMF will pay $0.63m in debt establishment fees, each in relation to their respective debt.
C	**Pro-forma adjustments** ERF's investment properties were valued in June 2022. The total of the independent valuations was $193m in June 2022. The c. $1.6m variance to the carrying value of investment properties as at 30 April 2022 is therefore recognised as a pro-forma adjustment. Further details on the valuations performed by the Independent Property Valuers are detailed in Section 3.9.
D	**Sale of Tweed Mall** The Tweed Mall Transaction will be effected through transferring all securities in the sub trust that owns Tweed Mall (**Tweed Sub Trust**) to a syndicate which includes Elanor Investors Group (**ENN**) (**Tweed Mall Transaction**). The sub trust will then be renamed Tweed Mall Fund (**TMF**). Tweed Mall will be sold at its independent valuation. The Tweed Sub Trust will have net assets of $86.845m at the sale date, which includes the Tweed Mall property independently valued at $87.0m and a net working capital liability of $155k. The net assets of $86.845m will be achieved by the Tweed Sub Trust making a distribution up to ERF.
E	**Net proceeds from sale of Tweed Mall** ERF propose to sell Tweed Mall for c. $86.8m. The c. $41.7m decrease in interest bearing liabilities relates to the retirement of net debt funded by the proceeds of the Tweed Mall Transaction (c. $33.9m) and cash on hand in ERF excluding cash held by Tweed Sub Trust (c. $7.8m). The remaining proceeds will result in a (c. $45.2m) cash inflow to the Fund.
F	**New debt funding** The $67.5m increase in cash and interest-bearing liabilities relates to a MAF bridging loan obtained to fund the Buy-Back requests.

G	**Special Distribution** The c. $46.0m cash decrease relates to the capital return to all Securityholders from the transfer of Tweed Mall to TMF. This capital return will be made to all Securityholders, irrespective of whether they elect to retain interest in Unlisted ERF or receive cash consideration. Securityholders will be entitled to a $0.36 per Security cash payment from the sale proceeds of Tweed Mall.
H	**Capital return (Buy-Back)** Under the Minimum Buy-Back Scenario, Non-Associated Securityholders will elect to retain their interest in Unlisted ERF in lieu of participating in the Buy-Back. Consequently, there would be sufficient equity from Non-Associated Securityholders to capitalise Unlisted ERF on its inception without ENN and MAAM being required to retain their Securities. Therefore, the capital return under the Minimum Buy-Back Scenario comprises the value of 48,522,086 Securities held by ENN and MAAM which would be bought back at $0.79 per Security.
I	**Accumulated distribution** ERF is anticipating paying a distribution of $0.035 per Security in August 2022. ERF Securities will go ex-distribution on or around 29 June 2022. The balance sheet as at 30 April 2022 includes earnings and cash that will be distributed via this distribution. In the pro-forma balance sheet, we have adjusted the NAV of ERF to remove the estimated value of this distribution accumulated up to 30 April 2022 so that the NAV is ex-distribution and consistent with the basis of consideration offered in Section 10.

8.2.1. Liquidity Discount

Unlisted ERF securities will no longer be listed on the ASX. However Unlisted ERF securityholders will be able to realise the value of their securities via an Unlisted Liquidity Facility. The quarterly redemptions will be capped at 5.0% of the NAV of the fund. Additionally, the Unlisted Liquidity Facility may not be available depending on factors including the level of cash reserves, available capacity under its debt facilities and the demand for new ERF Securities from existing and new investors.

If ERF Securityholders elect to retain Unlisted ERF securities, there is no guarantee as to the timing or value at which the Unlisted ERF security can be sold. Therefore, we have applied a liquidity discount of up to 15% to the NAV value derived at Section 8.2.

8.2.2. Conclusion as to the value of an Unlisted ERF security - Minimum Buy-Back Scenario

After considering the NAV at Section 8.2 and the liquidity discount at 8.2.1, we have determined the value of an Unlisted ERF security to be as follows.

Table 45: NAV post-transaction conclusion - Minimum Buy-Back Scenario

	Low value	High value
NAV per ERF Security post-transaction (pre-liquidity discount)	$0.89	$0.89
Liquidity discount	15%	0%
Value of an Unlisted ERF security	**$0.76**	**$0.89**

Source: BDOCF analysis

8.3. Conclusion on the FMV of an Unlisted ERF security post-transaction

Based on our analysis of the NAV per Security, we have assessed the FMV of Unlisted ERF securityholders interests post-transaction to be a range between $0.82 and $0.96 per Security. Our valuation of an Unlisted ERF security Post Transaction is set out below:

Table 46: FMV per Unlisted ERF security post-transaction

	Low value	High value
Value - Maximum Buy-Back Scenario	$0.82	$0.96
Value - Minimum Buy-Back Scenario	$0.76	$0.89
Preferred value of an Unlisted ERF security	**$0.82**	**$0.96**

Source: BDOCF analysis

Our preferred valuation range is based on the Maximum Buy-Back Scenario. We consider this to be the most likely scenario. If Securityholders do not participate in the Buy-Back up to the Buy-Back Limit, ENN and MAAM will utilise any remaining capacity in the Buy-Back facility to liquidate their investment in ERF.

9. SPECIAL DISTRIBUTION FROM THE SALE OF TWEED MALL

Under the Proposed Transaction, ERF Securityholders will receive a Special Distribution of $0.36 per Security from the sale of Tweed Mall. The Tweed Mall Transaction is discussed further at Sections 17 to 22 of this Report.

10. VALUATION OF CONSIDERATION

We have valued the consideration to be received by Securityholders through the Proposed Transaction under two scenarios:

- Securityholders participate in the Buy-Back and receive cash consideration; and
- Securityholders retain securities in Unlisted ERF.

10.1. Valuation of consideration - Securityholder participates in the Buy-Back

If Securityholders elect to participate in the Buy-Back they will receive the following consideration.

Table 47: Valuation of consideration - Securityholder participates in the Buy-Back

	Value
Buy-Back consideration per Security	$0.79
Special Distribution per Security	$0.36
Total consideration per Security	**$1.15**

Source: BDOCF analysis

In addition to the above consideration, Securityholders will also receive the distribution to be declared in June 2022.

10.2. Valuation of consideration - Securityholder retains Unlisted ERF securities

If Securityholders elect to retain securities in Unlisted ERF, the value of the Unlisted ERF security and Special Distribution are set out below.

Table 48: Valuation of consideration - Securityholder retains Unlisted ERF securities

	Low value	High value
Value of an Unlisted ERF security	$0.82	$0.96
Special Distribution per Security	$0.36	$0.36
Total consideration per Security	**$1.18**	**$1.32**

Source: BDOCF analysis

In addition to the above consideration, Securityholders will also receive the distribution to be declared in June 2022.

11. FAIRNESS ASSESSMENT – SECURITYHOLDER PARTICIPATES IN THE BUY-BACK

In undertaking our assessment of fairness, we have had regard to the ASIC's RG 111.

The Proposed Transaction is 'fair' if the value of the consideration received is greater than or equal to the value of Securities held prior to the Proposed Transaction. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

Our analysis has been performed by comparing:

- the FMV of the Securities held by Securityholders pre-Proposed Transaction; and
- the value of the consideration received.

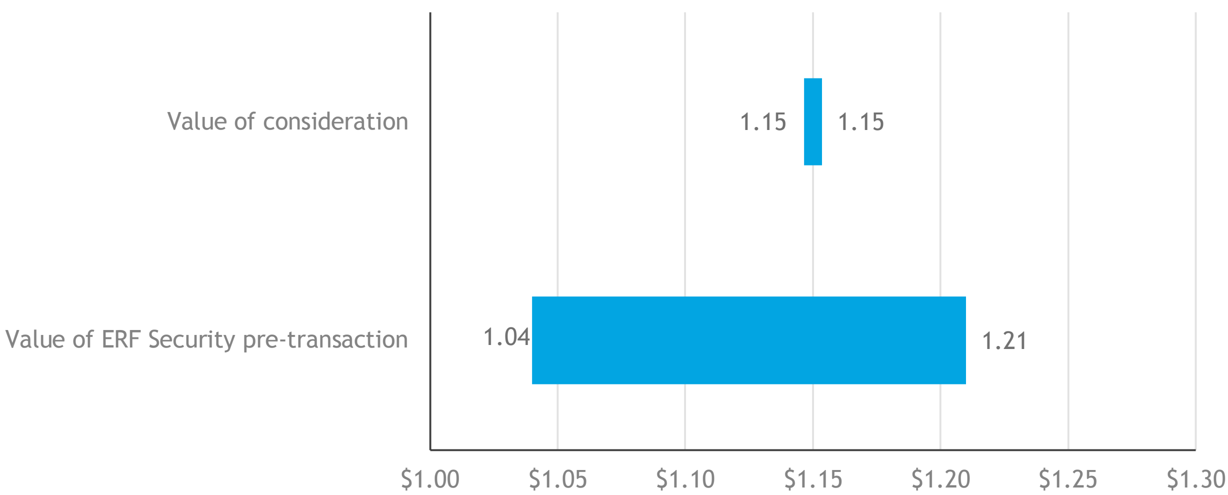
The results of our fairness analysis for Securityholders who elect to participate in the Buy-Back is summarised below.

Table 49: Fairness summary – Securityholder participates in the Buy-Back

	Low value	High value
Value of ERF Security pre-transaction	$1.04	$1.21
Value of consideration	$1.15	$1.15

Source: BDOCF analysis

Figure 9: Fairness assessment – Securityholder participates in the Buy-Back



Source: BDOCF analysis

Based on the above analysis, the value of consideration is within our valuation range prior to the implementation of the Proposed Transaction. Therefore, we have concluded that the Proposed Transaction is fair to Securityholders.

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

12. FAIRNESS ASSESSMENT – SECURITYHOLDER RETAINS UNLISTED ERF SECURITIES

In undertaking our assessment of fairness, we have had regard to the ASIC's RG 111.

The Proposed Transaction is 'fair' if the value of the consideration received is greater than or equal to the value of Securities held prior to the Proposed Transaction. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

Our analysis has been performed by comparing:

- the FMV of the Securities held by Securityholders pre-Proposed Transaction; and
- the FMV of the consideration received.

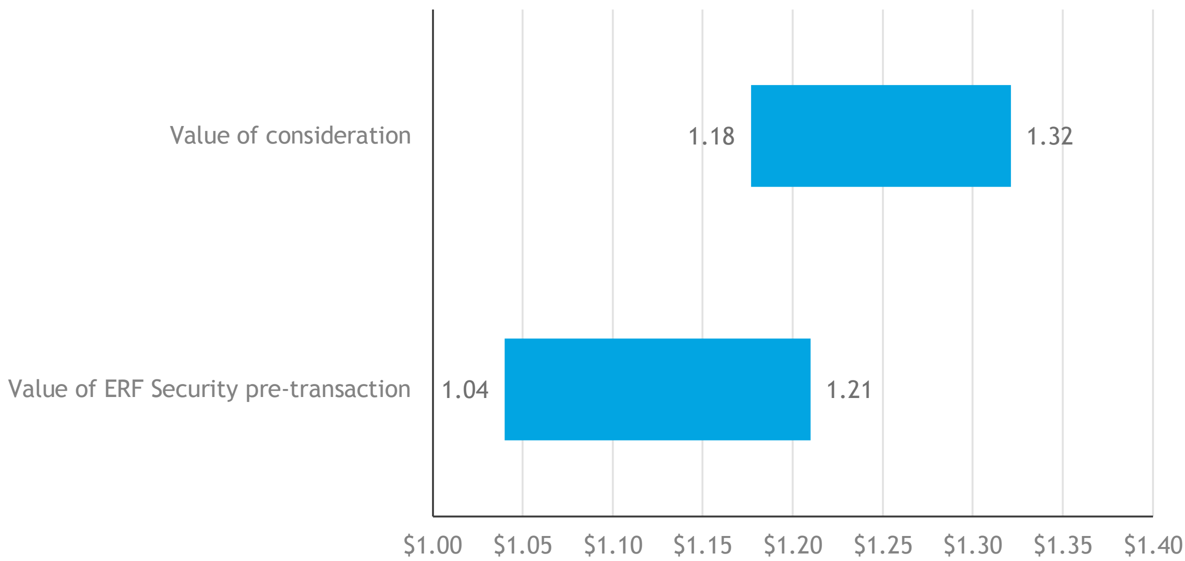
The results of our fairness analysis for Securityholders who elect to retain Unlisted ERF securities are summarised below.

Table 50: Fairness summary – Securityholder retains Unlisted ERF securities

	Low value	High value
Value of ERF Security pre-transaction	$1.04	$1.21
Value of consideration	$1.18	$1.32

Source: BDOCF analysis

Figure 10: Fairness assessment – Securityholder retains Unlisted ERF securities



Source: BDOCF analysis

Based on the above analysis, the range of value of consideration is towards the top end of our valuation prior to the implementation of the Proposed Transaction. Therefore, we have concluded that the Proposed Transaction is fair to Securityholders.

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

13. REASONABLENESS ASSESSMENT – SECURITYHOLDER PARTICIPATES IN THE BUY-BACK

In accordance with RG 111, an offer is reasonable if it is fair. As the Proposed Transaction is fair to Securityholders who participate in the Buy-Back, it is also reasonable. We have set out below a summary of reasonableness factors we consider relevant in assisting Securityholders who elect to participate in the Buy-Back in deciding whether or not to vote in favour of the Proposed Transaction.

Table 51: Summary of reasonableness assessment – Securityholder participates in the Buy-Back

Advantages	
The Proposed Transaction is fair	Our analysis concluded that the Proposed Transaction is fair to Securityholders who elect to participate in the Buy-Back. RG 111 states that an offer is reasonable if it is fair.
The total consideration per ERF Security represents a premium over ERF's recent trading prices	If Securityholders elect to participate in the Buy-Back, they will receive a Special Distribution of $0.36 and the Buy-Back consideration of $0.79 per Security. They will also receive the distribution to be declared in June 2022. We estimate that a distribution of approximately $0.03 had accumulated at 15 June 2022. The total consideration (including the accumulated distribution) is c. $1.18. The total consideration (including accumulated distributions) is at a premium of c. 8.5% to the highest price paid for an ERF Security on the ASX in 1-month to 15 June 2022.
Ability to liquidate the investment in ERF and certainty of the cash consideration	Securityholders have the ability to sell their Securities under the Proposed Transaction. As detailed in Section 7.2.2 of this Report, ERF only had 0.01% and 0.6% of issued capital traded over a 1-day and 1-month period, respectively. Therefore, certainty of cash consideration is likely advantageous to Securityholders since ERF is thinly traded on the ASX. The Proposed Transaction will provide Securityholders the opportunity to receive to $1.15 in cash per Security. Cash consideration offers certainty of return and provides Securityholders with an opportunity to utilise the cash for other purposes such as alternative investments.
No longer exposed to any risks associated with being an ERF Securityholder	A cash offer represents a lower risk alternative than holding Securities in ERF, which provides exposure to general market volatility as well as risks specific to ERF. If the Proposed Transaction is approved, Securityholders electing to participate in the Buy-Back will no longer be exposed to any risks associated with holding Securities in ERF.
Buy-Back permits partial participation and no brokerage fees	All Securityholders have an equal opportunity to participate in the Buy-Back and the flexibility to tailor their level of participation to suit their individual circumstances. Additionally, Securityholders will not have to pay brokerage or appoint a stockbroker to sell their Securities pursuant to the Buy-Back.
Disadvantages	
Inability to participate in the potential upside of ERF's investment portfolio	If the Proposed Transaction is approved, Securityholders who participate in the Buy-Back will not receive any distributions (after the June 2022 distribution) and will lose their exposure to ERF's portfolio and the financial performance of the portfolio. They will therefore be unable to participate in any potential upside from ERF's investment portfolio going forward.
Buy-Back price and Special Distribution is below the potential wind-up value of the Fund	The total cash consideration payable to Securityholders (being the Buy-Back and the Special Distribution) is $1.15 per Security. This is below the wind-up value determined at Section 7.3.1 of $1.21 per ERF Security. Management is not proposing to pursue a wind-up of the property assets. If a wind-up was pursued, the Independent Property Valuers estimate that the sales process for individual assets may take up to nine months. Securityholders will be exposed to the risks and benefits of the properties until they are sold. We note that under the Proposed Transaction, ERF Securityholders can elect to retain their interest in the properties (except Tweed Mall) via Unlisted ERF. This opportunity would not be available under a wind-up scenario.

Disadvantages (continued)	
Buy-Back price is below the NAV of Unlisted ERF post Proposed Transaction	The Buy-Back is to occur at a price of $0.79 cents per ERF Security. This is below our valuation of Unlisted ERF securities post Proposed Transaction of $0.82 to $0.96, as detailed in Section 8.3 of this Report. We note that Unlisted ERF securities will no longer be traded on the ASX, and a limited liquidity facility will be available (**Unlisted Liquidity Facility**). The details of the Unlisted Liquidity Facility are at Section 4.7 of this Report.
Other considerations	
Other tax implications	We have not considered the specific taxation implications that may be relevant for individual Securityholders in connection with the Proposed Transaction. The exact nature and impact of any tax consequences are uncertain and will depend upon the profile of each Securityholder. Please refer to Section 10 of the Explanatory Statement for further details on potential tax implications for Securityholders.

Source: BDOCF analysis

Based on the above analysis, we consider the Proposed Transaction to be reasonable to Securityholders who elect to participate in the Buy-Back.

14. REASONABLENESS ASSESSMENT – SECURITYHOLDER RETAINS UNLISTED ERF SECURITIES

In accordance with RG 111, an offer is reasonable if it is fair. As the Proposed Transaction is fair to ERF Securityholders who retain Unlisted ERF securities, it is also reasonable. We have set out below a summary of reasonableness factors we consider relevant in assisting Securityholders who retain Unlisted ERF securities in deciding whether or not to vote in favour of the Proposed Transaction.

Table 52: Summary of reasonableness assessment – Securityholder retains Unlisted ERF securities

Advantages	
The Proposed Transaction is fair	Our analysis concluded that the Proposed Transaction is fair to Securityholders who elect to retain securities in Unlisted ERF. RG 111 states that an offer is reasonable if it is fair.
Cash and security price post- Proposed Transaction exceed Security price prior to the Proposed Transaction	If Securityholders elect to retain Unlisted ERF securities, they will receive a Special Distribution of \$0.36 and will continue to hold an Unlisted ERF security for each ERF Security they currently hold. They will also receive the distribution to be declared in June 2022. We estimate that a distribution of approximately \$0.03 per Security had accumulated at 15 June 2022. The total value of the Special Distribution, an Unlisted ERF security and the accumulated distribution as at 15 June 2022 is between \$1.21 and \$1.35. The total value set out above (including accumulated distributions) is at a premium between c. 10.8% and c. 24.0% to the highest price paid for an ERF Security on the ASX for 1-month to 15 June 2022.
Certainty of the cash consideration	The Proposed Transaction facilitates a Special Distribution of \$0.36 in cash per Security to all Securityholders. The Special Distribution will be funded by the net proceeds received from the Tweel Mall Transaction after retiring net debt and satisfying transaction costs. Cash consideration offers certainty of return and provides Securityholders with an opportunity to utilise the cash for other purposes such as alternative investments.
Increased distribution yield	The change from a listed to an unlisted environment is not expected to have any material impact on the performance nor the costs of running ERF. The Proposed Transaction is, however, expected to result in increased funds from operations (**FFO**) depending on utilisation of the Buy-Back, primarily because of higher gearing. The exact impact of the Proposed Transaction on ERF's FFO, distribution yield and gearing will depend on the number of ERF Securities bought back under the Buy-Back.
Continued exposure to asset class	Securityholders who elect to retain Unlisted ERF securities will have the opportunity to participate in any potential upside from Unlisted ERF's investment portfolio going forward.
Increase in WALE	Securityholders who elect to retain Unlisted ERF securities will benefit from an increased total portfolio WALE. Prior to the Proposed Transaction, ERF had a total portfolio WALE of 3.5 years (area) and 3.7 years (income). If the Proposed Transaction is approved, Unlisted ERF will have an increased total portfolio WALE of 3.8 years (area) and 4.0 years (income).
Disadvantages	
Transaction costs	ERF will incur transaction costs c. \$0.53m, irrespective of whether the Proposed Transaction is approved or rejected. If the Proposed Transaction is approved by Securityholders, additional transaction costs of up to c. \$3.15m will be incurred by ERF.
Influence of significant securityholders	Prior to the Proposed Transaction, ENN holds 18.03% and MAAM holds 19.96% of ERF Securities If the Buy-Back is fully subscribed up to the Buy-Back Limit, ENN would hold 40% and MAAM would hold 60% of Unlisted ERF securities. Therefore, ENN and MAAM interest in Unlisted ERF could increase significantly as a result of the Proposed Transaction. Management have advised that both ERF and MAAM intend to reduce their interest in Unlisted ERF post the Proposed Transaction.

Disadvantages (continued)	
Possible stamp duty liability	Unlisted ERF may incur stamp duty in relation to its Queensland properties if the following circumstances exist 12 months after the completion of the Proposed Transaction 28 October 2022: ▸ If Unlisted ERF has less than 50 securityholders; and ▸ If the top 20 securityholders of Unlisted ERF fund own more than 75% of the fund's equity. If these circumstances exist, any change in the proportionate interests of Securityholders in ERF can be charged with Queensland duty (i.e., there is no minimum threshold, in contrast to the position for landholder duty). This duty is generally charged based on a Securityholder's increased proportionate interest in ERF, multiplied by the gross market value of the Queensland assets, multiplied by the appropriate rate of duty. The rates of duty increase in line with the product of the first two variables, up to a maximum rate of 5.75% where the Queensland assets are not residential land. Where the increased proportionate interest multiplied by the Queensland asset value is $1m or more, the rate of duty is $38,025 plus 5.75% of the amount that exceeds $1m. At values between $540,000 and $1m, the marginal rate is 4.5% and at values between $75,000 and $540,000 the marginal rate is 3.5%. This cost will be treated as an operating cost until such time as the Manager is able to take steps as to cause ERF to be a public unit trust. The Responsible Entity will make filings on behalf of investors who would otherwise be required to request an assessment from the Queensland Revenue Office. The liability for potential stamp duty is not included in the transaction costs in the fairness analysis at Sections 11 and 12 of this Report.
Reduction in liquidity	The Responsible Entity will provide a liquidity facility for Unlisted ERF (**Unlisted Liquidity Facility**). The Unlisted Liquidity Facility will have a quarterly redemption window, with a maximum liquidity of 5.0% of NAV offered to investors per quarter. The Unlisted Liquidity Facility may not be available for any particular quarter, and there is no guarantee that liquidity will be available at any particular price or at all. See Section 4.7 for more details on the Unlisted Liquidity Facility. However, as detailed in Section 7.2.2 of this Report, ERF only had 0.01% and 0.6% of issued capital traded over a 1-day and 1-month period, respectively. Therefore, ERF appears to have had low liquidity when listed on the ASX.
Decreased size and diversification	The Proposed Transaction will result in the creation of a smaller, less diversified portfolio of properties in terms of the asset type, tenant mix and geographic spread. This reduction in diversification may increase the overall risks associated with Unlisted ERF and decrease its ability to withstand short term volatility in the future compared to ERF.
Gearing levels	The Proposed Transaction will be funded by a new $67.5m leveraged debt facility provided by a MA Financial Group (**MAF**) private credit fund. Management advises that if the Proposed Transaction is approved, the target gearing range will remain between 30%-40% for Unlisted ERF. However, under the Maximum Buy-Back Scenario, the gearing range will increase immediately after the Proposed Transaction to 60%. The higher level of borrowings will (all else being equal) give rise to more variable returns for investors and increase the risks of holding an Unlisted ERF security.
Listing Rules and Takeover Provisions will no longer apply	If the Proposed Transaction is implemented, the Listing Rules will no longer apply to ERF, and Securityholders electing to retain securities in Unlisted ERF will forgo the protections afforded by the Listing Rules. Additionally, the takeover provisions set out in Chapter 6 of the Corporations Act (**Takeover Provisions**) will no longer apply to Unlisted ERF. Consequently, Securityholders will not be able to apply to the Takeovers Panel if there is a transaction which impacts the control of Unlisted ERF in unacceptable circumstances.

Disadvantages (continued)	
More limited means by which ERF can raise capital in the future	If the Proposed Transaction is implemented, Unlisted ERF will not have the ability to raise capital from the issue of securities by means of limited disclosure fundraising documents in. Therefore, the main means for Unlisted ERF to raise equity funds will be by way of an offer of securities pursuant to a full form product disclosure statement or by way of a placement of securities to sophisticated and professional investors and other investors who do not require a product disclosure statement. Consequently, there will be a more limited means by which Unlisted ERF can raise capital in the future.
Other considerations	
Tax consequences	We have not considered the specific taxation implications that may be relevant for individual Securityholders in connection with the Proposed Transaction. The exact nature and impact of any tax consequences are uncertain and will depend upon the profile of each Securityholder. Please refer to Section 10 of the Explanatory Statement for further details on potential tax implications for Securityholders.

Source: BDOCF analysis

Based on the above analysis, we consider Proposed Transaction to be reasonable to Securityholders who elect to retain Unlisted ERF securities.

15. OVERALL OPINION – SECURITYHOLDER PARTICIPATES IN THE BUY-BACK

We have considered the terms of the Proposed Transaction for Securityholders who participate in the Buy-Back, as outlined in this Report, and have concluded that it is fair and reasonable to ERF Securityholders.

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

16. OVERALL OPINION - SECURITYHOLDER RETAINS UNLISTED ERF SECURITIES

We have considered the terms of the Proposed Transaction for Securityholders who elect to retain Unlisted ERF Securities, as outlined in this Report, and have concluded that it is fair and reasonable to ERF Securityholders.

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

17. ANALYSIS OF THE TWEED MALL TRANSACTION

The sub trust that holds the Tweed Mall asset (**Tweed Sub Trust**) will be sold to TMF. TMF is a syndicate managed by EFML, and ENN will hold an initial interest of approximately 45.9% in TMF. As EFML manages ERF, and ENN holds 18.03% of ERF Securities, ERF and TMF are related parties.

Therefore, the sale of Tweed Mall by ERF to TMF is a related party transaction for the purposes of both Chapter 2E of the Act, and Chapter 10 of the ASX Listing Rules.

17.1. Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act (as modified by section 601LA of the Corporations Act) prohibits:

(a) a responsible entity; or

(b) an entity that the responsible entity controls; or

(c) an agent of, or person engaged by, the responsible entity,

from giving a financial benefit to a person described in (a), (b) or (c) above, or a related party of such persons, unless either:

(d) giving the financial benefit falls wholly within one of the nominated exceptions to the provisions; or

(e) prior Securityholder approval is obtained to give the financial benefit no later than 15 months after receipt of the approval.

The sale of Tweed Mall to TMF constitutes the giving of a financial benefit to a related party and requires the approval of ERF Securityholders pursuant to Chapter 2E of the Corporations Act (as modified by section 601LA of the Corporations Act) unless an exception applies.

17.2. ASX Listing Rule 10.1

LR 10.1 deals with transactions between an entity and persons in a position to influence the entity. If an ASX listed entity is disposing of a significant asset to a related party, LR 10.1 requires the shareholders to approve the disposal.

LR 10.5.10 requires that a report on the transaction from an independent expert be included in the notice of meeting. The report must state the expert's opinion as to whether the transaction is fair and reasonable to the holders of the entity's ordinary securities whose votes in favour of the transaction are not to be disregarded under LR 14.11.

18. BASIS OF ANALYSIS

We have assessed the Tweed Mall Transaction for the purposes of both Chapter 2E and ASX Listing Rule 10.1 by comparing:

- the value of the Tweed Sub Trust to be sold to TMF; and
- the value of consideration to be paid to ERF by TMF.

If the value of the consideration payable by TMF is equal or greater than the value of Tweed Sub Trust, then the Tweed Mall Transaction would be fair to Securityholders.

We have also considered the nature of negotiations between ERF and TMF in relation to the Tweed Mall Transaction.

19. VALUATION OF TWEED SUB TRUST

Immediately prior to the sale of Tweed Sub Trust to TMF, Tweed Sub Trust will make a distribution to ERF. The value of this distribution will be determined so that the value of working capital assets and liabilities will be negative $155k.

The only other asset in Tweed Sub Trust will be the Tweed Mall property. The Tweed Mall property is discussed at Section 3.3 of this Report. The independent property valuation of Tweed Mall is available at https://www.elanorinvestors.com/erf/referencematerials/.

We have reviewed the independent property valuation prepared by Savills and have discussed the valuation with the property valuer. We have also compared the current valuation to previous independent valuations. Based on our review and discussions with the property valuer, we have adopted the independent property valuer's valuation of $87.0m as the value of Tweed Mall.

We have valued the Tweed Sub Trust as follows:

Table 53: Net assets of Tweed Sub Trust

$'000	
Tweed Mall property	87,000
Net working capital liability	(155)
Net assets of Tweed Sub Trust	**86,845**

Source: Independent Valuer Valuation Report for Tweed Mall as at June 2022 and Management information

20. VALUATION OF CONSIDERATION PAYABLE BY TMF

TMF will pay ERF cash consideration of $86.845m for Tweed Sub Trust.

21. FAIRNESS ASSESSMENT – TWEED MALL TRANSACTION

As the value of the Tweed Sub Trust is equal to the consideration payable by TMF, we consider the Tweed Mall Transaction to be fair to ERF Securityholders.

22. RG 76 ARM'S LENGTH ASSESSMENT

As detailed at Section 1.2 of this Report:

- To manage potential conflicts of interest in the Proposed Transaction, three subcommittees were established (one for the ERF Board, one for the ENN Board and the other representing the EFML Board), each comprised of different members of EFML's Directors and Management.
- The subcommittees of the ERF Board, ENN Board and EFML Board will be responsible for negotiating the terms of, and documenting, the Proposed Transaction.
- The ERF Board, ENN Board and EFML Board will only proceed to approve or reject the Proposed Transaction upon receiving a unanimous recommendation from their respective subcommittee.
- BDOCF was engaged by EFML as an independent expert to advise ERF Securityholders on the merits of the relevant aspects of the Proposed Transaction.
- Baker McKenzie has been engaged by ERF to provide legal services in relation to the Proposed Transaction and may also be engaged (as required) to provide legal services to ENN or EFML in respect of any ancillary matters required to give effect to the Proposed Transaction.
- Savills was engaged by ENN to value Tweed Mall for the purpose of the Proposed Transaction.
- The subcommittees reviewed the draft independent valuations of Tweed Mall and no changes were made to the valuations as a result of their review.
- The consideration payable by TMF for Tweed Mall has been determined with reference to the independent valuations.

22.1. Analysis of the Tweed Mall Transaction and whether it is on arm's length terms

The key considerations in our arm's length assessment are summarised in the following table.

Table 54: Summary of key considerations in the arm's length assessment

Key considerations	
How the terms of the Tweed Mall Transaction compare with those of any comparable transactions on an arm's length basis	The acquisition price payable by TMF has been determined based on an independent property valuation prepared by Savills. Savills are property consultants and valuers with the appropriate skills and experience to prepare the valuation. The full valuation report includes analysis of transactions and metrics from comparable transactions. These comparable transactions have provided valuation metrics that have been adopted in the valuation methodologies adopted by Savills. The acquisition price has been based on the property valuation which considers comparable transactions that were on an arm's length basis.
The nature and content of the bargaining process	To manage the Proposed Transaction, three subcommittees were established (one for the ERF Board, one for the ENN Board and the other representing the EFML Board), each comprised of different members of EFML's Directors and Management. The subcommittees of the ERF Board, ENN Board and EFML Board will be responsible for negotiating the terms of, and documenting, the Proposed Transaction. The ERF Board, ENN Board and EFML Board will only proceed to approve or reject the Proposed Transaction upon receiving a unanimous recommendation from their respective subcommittee. Baker McKenzie has been engaged by ERF to provide legal services in relation to the Proposed Transaction and may also be engaged (as required) to provide legal services to ENN or EFML in respect of any ancillary matters required to give effect to the Proposed Transaction. BDOCF was engaged by EFML as an independent expert to advise ERF Securityholders on the merits of the relevant aspects of the Proposed Transaction. The acquisition price has been based on a valuation prepared by Savills. There has been no active bargaining between the two subcommittees to determine the consideration payable by TMF. We note that if the acquisition price had differed to the independent property valuation as a result of negotiations, this could indicate that one of the sub committees had greater influence and the renegotiated terms may not have been on arm's length terms.
The impact of the Tweed Mall Transaction on ERF	As a result of the Tweed Mall Transaction, the net proceeds after transaction costs from the Tweed Mall Transaction will be used to retire debt of $41.7m and provide ERF Securityholders with a Special Distribution of $0.36 per Security.
Any other options available to ERF	ERF could continue to hold the property under the current structure, remain listed on the ASX and maintain its current strategy.
Any expert advice received by ERF	Baker McKenzie has been engaged by ERF to provide legal services in relation to the Proposed Transaction and may also be engaged (as required) to provide legal services to ENN or EFML in respect of any ancillary matters required to give effect to the Proposed Transaction. EFML engaged BDOCF to prepare this IER on behalf of ERF Securityholders. We note that BDOCF has not been involved in structuring or negotiating the Proposed Transaction. EFML received a draft of this report. The terms of the Proposed Transaction were not amended after EFML received the draft report.

Source: BDOCF analysis

22.2. Conclusion as to whether the Tweed Mall Transaction is on arm's length terms

We consider the Tweed Mall Transaction to be on arm's length terms. In reaching this conclusion we have considered the following:

- The ERF Board, ENN Board and EFML Board were represented by three separate subcommittees;
- The FMV of the securities in the existing sub-trust of ERF that own the Tweed Mall asset to be disposed and the consideration payable have been based on an independent valuation prepared by external property valuer Savills. This valuation considers valuation metrics from arm's length transactions for similar assets to Tweed Mall; and
- We have concluded that the Tweed Mall Transaction is "Fair".

23. QUALIFICATIONS, DECLARATIONS AND CONSENTS

23.1. Qualifications

BDOCF is the licensed corporate finance arm of BDO Group Holdings Limited, Chartered Accountants and Business Advisers. BDOCF provides advice in relation to all aspects of valuations and has extensive experience in the valuation of corporate entities and provision of expert's reports.

Mr David McCourt, B.Bus, CA, is a director of BDOCF. Mr McCourt is also a partner of BDO Group Holdings Limited. Mr McCourt has been responsible for the preparation of this IER.

Mr McCourt has over 20 years of experience in a number of specialist corporate advisory activities including company valuations, financial modelling, preparation and review of business feasibility studies, accounting, advising on mergers and acquisitions and advising on independent expert reports. Accordingly, Mr McCourt is considered to have the appropriate experience and professional qualifications to provide the advice offered.

Mr Sebastian Stevens, B.Bus, CPA is a Director of BDOCF. Mr Stevens is also a partner of BDO Group Holdings Limited.

Mr Stevens is the Director responsible for the review of this IER. Mr Stevens has over 25 years of experience in a number of specialist corporate advisory activities including company valuations advising on independent expert reports, due diligence investigations, preparation and review of business feasibility studies, public company floats, accounting, advising on mergers and acquisitions, preparation of information memoranda and other corporate investigations. Accordingly, Mr Stevens is considered to have the appropriate experience and professional qualifications to provide the advice offered.

23.2. Independence

BDOCF is not aware of any matter or circumstance that would preclude it from preparing this IER on the grounds of independence either under regulatory or professional requirements. In particular, we have had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and ASIC.

- BDOCF acted as an independent expert in relation to the disposal of interests in the Elanor Luxury Hotel Fund, and the Albany Hotel Syndicate to a related party.
- BDOCF acted as an independent expert in relation to ERF. This transaction did not proceed and our IER was not finalised. Our final draft IER for this transaction was dated 24 March 2021.

BDOCF considers itself to be independent in terms of RG 112 independence of experts, issued by ASIC.

BDOCF was not involved in advising on, negotiating, setting, or otherwise acting in any capacity for ERF in relation to the Proposed Delisting. Further, BDOCF has not held and, at the date of this IER, does not hold any shareholding in, or other relationship with ERF that could be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction and the Tweed Mall Transaction.

BDOCF will receive a fee of up to $70,000 plus Goods and Services Tax for the preparation of this IER. BDOCF will not receive any fee contingent upon the outcome of the Proposed Delisting, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Proposed Transaction and the Tweed Mall Transaction.

A draft of this IER was provided to the Directors and their advisors for review of factual accuracy. Certain changes were made to the IER as a result of the circulation of the draft IER. However, no changes were made to the methodology, conclusions, or recommendations made to Securityholders as a result of issuing the draft IER.

23.3. Disclaimer

This IER has been prepared at the request of the Directors and was not prepared for any purpose other than that stated in this IER. This IER has been prepared for the sole benefit of the Directors and the Securityholders of ERF. Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and the Securityholders of ERF without the written consent of BDOCF. BDOCF accepts no responsibility to any person other than the Directors and the Securityholders of ERF in relation to this IER.

The statements and opinions contained in this IER are given in good faith and are based upon BDOCF's consideration and assessment of information provided by the Directors, executives, and Management of the Company.

BDO

APPENDIX 1: GLOSSARY

Term	Definition
10M22	The 10 months to 30 April 2022
1H22	The 6 months to 31 December 2021
AFCA	Australian Financial Complaints Authority
AFSL	Australian financial services licence
APES 225	Accounting Professional & Ethical Standards Board Limited issued professional standard APES 225 on valuation services
APESB	Accounting Professional & Ethical Standards Board Limited
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
AUD	Australian dollar
AUM	Assets under management
Baker McKenzie	Baker & Mackenzie (ABN 32 266 778 912)
BDOCF, we, our or us	BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170)
bn	Billions
Buy-Back	The opportunity for Securityholders to participate in a buy-back offer for 100% of their ERF Securities as part of the Proposed Transaction.
Buy-Back Limit	The maximum number of ERF Securities that will be bought back under the Buy-Back at the Buy-Back Price of $0.79 per ERF Security. The Buy-Back Limit is 84.9m ERF Securities (total value of $67.1m)
Buy-Back Price	The price at which ERF Securities would be bought back pursuant to the Buy-Back of $0.79 per ERF Security
c.	Circa
COE	Capitalisation of earnings
Corporations Act	Corporations Act 2001
DCF	Discounted cash flow method
DDS	Discount department store
Directors	Directors of EFML
EFML	Elanor Funds Management Limited
EIF	Elanor Investment Fund
EIL	Elanor Investors Limited
ENN	Elanor Investors Group
ERF or the Fund	Elanor Retail Property Fund
ERPF I	Elanor Retail Property Fund I
ERPF II	Elanor Retail Property Fund II
Explanatory Statement	The explanatory statement to the Notice of Meeting, including any attachments or revisions to it
FFO	Funds from operations
FMV	Fair market value
FSG	Financial Services Guide
FUM	Funds Under Management
FY20	The financial year ending 30 June 2020
FY21	The financial year ending 30 June 2021
GAV	Gross asset value
GLA	Gross lettable area
GST	Goods and services tax
Independent Property Valuers	Independent property valuers appointed by James Fitzgerald on behalf of ENN to perform market valuations of the ERF portfolio of assets. The valuation firms engaged for the June 2022 valuations include m3 Property Australia Pty Ltd and Savills Valuations Pty Ltd
Independent Valuer Valuation Reports	Valuation reports prepared by m3 Property Australia Pty Ltd and Savills Valuations Pty Ltd to value ERF properties at June 2022
k	Thousands
Licence	Australian Financial Services Licence No: 247420
Listing Rules	The listing rules of the ASX
m	Millions
m^2	Square metres
m3 Property	m3 Property Australia Pty Ltd, Independent Property Valuer
MAAM	MA Asset Management Ltd in its capacity as trustee for the MA SIV Public Investment Fund and MA SIV Property Fund
MAF	MA Financial Group Limited (ACN 142 008 428).
Management	Management of EFML

Term	Definition
Market Value	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the partiers had each acted knowledgably, prudently and without compulsion
Maximum Buy-Back Scenario	The scenario under which the number of Securities bought back is such that the Buy-Back Limit is reached and 84,947,160 ERF Securities will be bought back
Minimum Buy-Back Scenario	The scenario under which no ERF Securities are bought back from non-associated Securityholders. A total of 48,522,086 ERF Securities held by ENN and MAAM would be bought back under the Buy-Back facility
NAV	Net Asset Value
Non-associated Securityholders	Securityholders excluding ENN and MAAM
NRV	Net tangible assets on a realisation basis
Ordinary Securities	Ordinary Securities held in ERF
p.a.	Per annum
Proposed Delisting	The delisting of ERF from the ASX to form Unlisted ERF
Proposed Settlement date	The proposed settlement date of the Tweed Mall Transaction, being 29 September 2022
Proposed Transaction	The Tweed Mall Transaction, Buy-Back, and Proposed Delisting
QMP	Quoted market price basis
Report or IER	Independent expert's report
Resolutions	The inter-conditional resolutions required to be passed by ERF Securityholders for the Proposed Transaction to be approved
Responsible Entity	Elanor Funds Management Limited ABN 39 125 903 031 as Responsible Entity of Elanor Retail Property Fund I (ARSN 615 291 220) and Elanor Retail Property Fund II (ARSN 615 291 284)
RG 76	ASIC Regulatory Guide 76 Related party transactions
RG 111	ASIC Regulatory Guide 111 Content of expert reports
RG 112	ASIC Regulatory Guide 112 Independence of experts
Savills	Savills Valuations Pty Ltd, Independent Property Valuer
Scenario A	The scenario under the Proposed Transaction in which Securityholders participate in the Buy-Back and receive cash consideration
Scenario B	The scenario under the Proposed Transaction in which Securityholders retain securities in Unlisted ERF
Security or Securities	A security or securities in ERF
Securityholders	Security holders of ERF
Special Distribution	The distribution of $0.36 per Security to all ERF Securityholders under the Proposed Transaction, funded by the net proceeds from the Tweed Mall Transaction after retiring net debt and satisfying transaction costs
Takeover Provisions	The takeovers provisions set out in Chapter 6 of the Corporations Act
TMF or Tweed Mall Fund	A new ENN managed fund consisting solely of the Tweed Mall asset
Tweed Mall Transaction	The sale of Tweed Mall at its independent valuation
Tweed Sub Trust	The sub trust that holds the Tweed Mall asset
Unlisted ERF	ERF after it has been delisted under the Proposed Transaction
Unlisted Liquidity Facility	The liquidity mechanism which will apply to ERF once it has been delisted, as described in Section 4.7 of this Report
Valuation date	23 June 2022
VWAP	Volume weighted average price

Source: BDOCF

APPENDIX 2: SOURCES OF INFORMATION

In preparing this IER, we had access to and relied upon the following principal sources of information:

- ERF Notice of Meeting of Securityholders and Explanatory Statement dated 13 July 2022
- Memorandum prepared by Baker & McKenzie
- Elanor Retail Property Fund Annual Financial Reports for the years ended 30 June 2020 and 30 June 2021
- Elanor Retail Property Fund Interim Financial Report for the half year ended 31 December 2021
- ERF Management Accounts as at 30 April 2022
- ERF Register as at 31 May 2022
- Independent Valuer Valuation Reports for June 2022 prepared by m3property Australia Pty Ltd and Savills Valuations Pty Ltd
- Discussions with the Independent Valuers of the June 2022 property valuations (m3property Australia Pty Ltd and Savills Valuations Pty Ltd)
- Discussions with the Management of ERF
- Information sourced from Capital IQ
- ASIC guidance notes and regulatory guides as applicable
- Announcements sourced from ASX
- Other generally available public information

APPENDIX 3: VALUATION METHODS – BUSINESS AND ASSETS

In conducting our assessment of the fair market value, the following commonly used business valuation methods have been considered:

Discounted Cash Flow Method

The discounted cash flow (DCF) method is based on the premise that the value of a business or any asset is represented by the present value of its future cash flows. It requires two essential elements:

- the forecast of future cash flows of the business asset for a number of years (usually five to 10 years); and
- the discount rate that reflects the riskiness of those cash flows used to discount the forecast cash flows back to net present value (NPV).

DCF is appropriate where:

- the businesses' earnings are capable of being forecast for a reasonable period (preferably 5 to 10 years) with reasonable accuracy;
- earnings or cash flows are expected to fluctuate significantly from year to year;
- the business or asset has a finite life;
- the business is in a 'start up' or in early stages of development;
- the business has irregular capital expenditure requirements;
- the business involves infrastructure projects with major capital expenditure requirements; or
- the business is currently making losses but is expected to recover.

Capitalisation of Earnings Method

This method involves the capitalisation of normalised earnings by an appropriate multiple. Normalised earnings are the assessed sustainable profits that can be derived by the vendor's business and exclude any one off profits or losses. An appropriate earnings multiple is assessed by reference to market evidence as to the earnings multiples of comparable companies.

This method is suitable for the valuation of businesses with indefinite trading lives and where earnings are relatively stable or a reliable trend in earnings is evident.

Net Asset Value Methods

Asset based valuations involve the determination of the fair market value of a business based on the net realisable value of the assets used in the business.

Valuation of net realisable assets involves:

- separating the business or entity into components which can be readily sold, such as individual business securities or collection of individual items of plant and equipment and other net assets; and
- ascribing a value to each based on the net amount that could be obtained for this asset if sold.

The net realisable value of the assets can be determined on the basis of:

- orderly realisation (NRV): this method estimates fair market value by determining the net assets of the underlying business including an allowance for the reasonable costs of carrying out the sale of assets, taxation charges and the time value of money assuming the business is wound up in an orderly manner. This is not a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value;
- liquidation: this is a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value; or
- continuing operations (NAV): this is a valuation of the net assets on the basis that the operations of the business will continue. It estimates the market value of the net assets but does not take into account any realisation costs. This method is often considered appropriate for the valuation of an investment or property holding entity. Adjustments may need to be made to the book value of assets and liabilities to reflect their value based on the continuation of operations.

The net realisable value of a trading entity's assets will generally provide the lowest possible value for the business. The difference between the value of the entity's identifiable net assets (including identifiable intangibles) and the value obtained by capitalising earnings is attributable to goodwill.

The net realisable value of assets is relevant where an entity is making sustained losses or profits but at a level less than the required rate of return, where it is close to liquidation, where it is a holding entity, or where all its assets are liquid. It is also relevant to businesses which are being segmented and divested and to value assets that are surplus to the core operating business. The net realisable assets methodology is also used as a check for the value derived using other methods.

These approaches ignore the possibility that the entity's value could exceed the realisable value of its assets.

Quoted Market Prices

The price that an entity's security trades on an exchange can be an appropriate basis for valuation where:

- the security trades in an efficient marketplace where 'willing' buyers and sellers readily trade the entity's security; and
- the market for the entity's security is active and liquid.

Other Valuation Considerations

Future events

The business of ERF assumed in this valuation, is that which exists at the current date. Other growth potential, which may result from new activities, business initiatives, acquisitions, and the like (which are not capable of estimation), is not within the scope of this valuation.

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AFS Licence 398196 as responsible entity of
Elanor Retail Property Fund I ARSN 615 291 220
Elanor Retail Property Fund II ARSN 615 291 284

Need assistance?

Phone:
1300 631 217 (within Australia)
+61 3 9415 4665 (outside Australia)

Online:
www.investorcentre.com/contact

ERF

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (Sydney time) on Wednesday, 17 August 2022.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative
If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 999999
SRN/HIN: I9999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

I 9999999999 I ND

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Elanor Retail Property Fund hereby appoint

☐ **the Chair of the Meetings** **OR** ______________________

PLEASE NOTE: Leave this box blank if you have selected the Chair of the Meetings. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meetings, as my/our proxy to act generally at the meetings on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Meetings of Securityholders of Elanor Retail Property Fund to be held at Computershare Investor Services, Level 3, 60 Carrington Street, Sydney, NSW 2000 on Friday, 19 August 2022 at 11:00am (Sydney time) and at any adjournment or postponement of that meeting.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Buy-Back of ERF Securities	☐	☐	☐
Resolution 2	Disposal of Tweed Mall	☐	☐	☐
Resolution 3	Amendment to the Constitutions	☐	☐	☐
Resolution 4	Privatisation and Delisting of ERF from Australian Securities Exchange (ASX)	☐	☐	☐

The Chair of the Meetings intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chair of the Meetings may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s)

This section must be completed.

Individual or Securityholder 1	Securityholder 2	Securityholder 3	
			/ /
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details *(Optional)*

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

Mobile Number ______________________ **Email Address** ______________________

Corporate Directory

Elanor Retail Property Fund (ASX Code: ERF)

Elanor Funds Management Limited
as Responsible Entity of Elanor Retail Property Fund I
and Elanor Retail Property Fund II

Registered Office
Level 38
259 George Street
Sydney NSW 2000
T: +61 2 9239 8400

Directors of the Responsible Entity

Paul Bedbrook (Chair)
Glenn Willis
Nigel Ampherlaw
Anthony (Tony) Fehon
Su Kiat Lim
Karyn Baylis

Company Secretary of the Responsible Entity

Symon Simmons

Manager

Elanor Asset Services Pty Limited
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Sydney NSW 2000
T: +61 2 9239 8400

Legal Advisor

Baker McKenzie
Tower One - International Towers Sydney
Level 46 - 100 Barangaroo Avenue
Barangaroo NSW 2000

Independent Expert

BDO Corporate Finance (East Coast) Pty Ltd
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Sydney NSW 2000

Registry

Computershare Investor
Services Pty Limited
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Website

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