Appendix 4E

Preliminary final report
for the year ended 30 June 2022

Name of entity	Elanor Retail Property Fund (ERF), a stapled entity comprising Elanor Funds Management Limited as Responsible Entity of Elanor Retail Property Fund I (ERPF I), and Elanor Funds Management Limited as Responsible Entity of Elanor Retail Property Fund II (ERPF II).
ARSN	Elanor Retail Property Fund I: 615 291 220
ARSN	Elanor Retail Property Fund II: 615 291 284
ABN	Elanor Funds Management Limited: 39 125 903 031
Reporting period	Year ended 30 June 2022
Previous corresponding period	Year ended 30 June 2021

This Preliminary Final Report is given to the ASX in accordance with Listing Rule 4.3A. The Report should be read in conjunction with the attached Annual Financial Report for the year ended 30 June 2022.

Results for announcement to the market

Financial Performance

		A $'000
Revenue from ordinary activities	Down 25.4% to	16,151
Profit/(loss) from ordinary activities attributable to security holders	Down 50.7% to	3,528
Net profit/(loss) for the period attributable to security holders	Down 50.7% to	3,528
Funds from Operations [1]	Down 23.3% to	8,956

Distribution

Current Period	***Amount per unit***
Interim Distribution [2]	3.01 cents
Final Distribution [2]	3.65 cents
Previous Corresponding Period:	
Interim Distribution[2]	4.84 cents
Special Distribution[3]	12.0 cents
Final Distribution[2]	3.83 cents

Note: Further information on tax components of the distribution will be provided to securityholders with their distribution statement for the year ended 30 June 2022.

Net Tangible Assets

Current Period	***Current Period***
Net tangible asset backing per security	$1.19
Previous Corresponding Period	
Net tangible asset backing per security	$1.22

Notes:

1. Funds from Operations (FFO) represents the Directors view of underlying earnings from ongoing operating activities for the period, being net profit/(loss), adjusting for one-off realised items (being formation or other transaction costs that occur infrequently or are outside the course of ongoing business activities), non-cash items (being fair value movements, lease straight-lining and amortisation), determined in accordance with ASIC RG230.
2. The Interim and Final Distribution is based on a payout ratio of 95% of Funds from Operations.
3. Special distribution announced in respect of gain on asset divestments.

Control Gained over Entities during the Period
None.

Control Lost over Entities during the Period.
None.

Details of any associates and Joint Venture entities required to be disclosed:
None.

Accounting standards used by foreign entities
International Financial Reporting Standards.

Audit
The accounts have been subject to an audit, with an unqualified opinion.

Distribution Reinvestment Plan (DRP)
There is no DRP in operation for the final distribution for the year ended 30 June 2022.

For all other information required by Appendix 4E, please refer to the following attached documents:

- Directors' Report
- Annual Financial Report

RETAIL PROPERTY FUND

Annual Financial Report

For the year ended 30 June 2022

Elanor Retail Property Fund

Comprising the stapling of units in Elanor Retail Property Fund I (ARSN 615 291 220) and units in Elanor Retail Property Fund II (ARSN 615 291 284)

Level 38, 259 George Street,
Sydney NSW 2000
GPO Box 1511,
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elanorinvestors.com/ERF

ELANOR RETAIL PROPERTY FUND

TABLE OF CONTENTS

Directors' Report

The Directors of Elanor Funds Management Limited (Responsible Entity or Manager), as responsible entity of the Elanor Retail Property Fund I and Elanor Retail Property Fund II, present their report together with the consolidated financial report of Elanor Retail Property Fund (Group, Consolidated Group or Fund) and the consolidated financial report of the Elanor Retail Property Fund I Group (ERPF I Group) for the year ended 30 June 2022.

The financial report of the Consolidated Group comprises Elanor Retail Property Fund II (ERPF II) and Elanor Retail Property Fund I (ERPF I) and its controlled entities. The financial report of the ERPF I Group comprises Elanor Retail Property Fund I and its controlled entities.

The Responsible Entity is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 38, 259 George Street, Sydney NSW 2000.

ERPF I and ERPF II were registered as managed investment schemes on 13 October 2016. The units of ERPF I and the units of ERPF II are combined and issued as stapled securities in the Group. The Group's securities are traded on the Australian Securities Exchange (ASX: ERF), having listed on 9 November 2016. The units of each scheme cannot be traded separately and can only be traded as stapled securities. Although there is no ownership interest between ERPF I and ERPF II, ERPF II is deemed to be the parent entity of the Group in accordance with the Australian Accounting Standards.

The Directors' report is a combined Directors' report that covers both schemes. The financial information for the Group is taken from the consolidated financial reports and notes.

1. Directors

The following persons have held office as Directors of the Responsible Entity during the year and up to the date of this report:

- Paul Bedbrook (Chair)
- Glenn Willis (Managing Director and Chief Executive Officer)
- Nigel Ampherlaw
- Anthony Fehon
- Su Kiat Lim (appointed 1 October 2021)
- Karyn Baylis (appointed 1 November 2021)

2. Principal activities

The principal activity of the Fund is the investment in non-discretionary focused neighbourhood and sub-regional shopping centres that have strong value-add potential.

3. Distributions

Distributions relating to the year ended 30 June 2022 comprise:

Distributions Consolidated Group	Distribution Cents per stapled security	30 June 2022 $'000
Distribution paid: 1 July to 31 December 2021	3.01	3,847
Distribution payable: 1 January to 30 June 2022	3.65	4,694
Total distribution relating to the year ended 30 June 2022	6.66	8,541

4. Operating and financial review

OVERVIEW AND STRATEGY

The Fund is an externally managed real estate investment fund investing in Australian retail property focused on high investment quality neighbourhood and sub-regional shopping centres with strong value-add potential.

The Fund's objective has been to provide investors with strong and growing income returns, and capital growth. To achieve this objective, the Fund's strategy was to:

- Invest in non-discretionary focused retail properties that provide quality earnings from rental income across a diversified retail tenant mix;
- Implement leasing and other asset management initiatives to grow the income and value of the properties;
- Acquire additional high investment quality retail properties with a significant component of non-discretionary retailers;
- Implement development and repositioning strategies in the portfolio; and
- Optimise the capital structure of the Fund based on a conservative approach to gearing.

During the year from 1 July 2021 to 30 June 2022, the Fund executed the following key initiatives and achieved the following results:

- Statutory profit for the year ended 30 June 2022 was $3.6 million compared to $7.2 million the prior year. The decrease is primarily due to one off transaction costs relating to the proposed privatisation and delisting of ERF (see below for further information).
- Funds from Operations (FFO) for the period of $9.0 million or 7.01 cents per stapled security;
- Distributions of $8.5 million or 6.66 cents per security, at a payout ratio of 95% - within the Fund's target payout ratio range (80% – 100%);
- Strong operational performance during the COVID-19 pandemic with immaterial arrears across the Portfolio;
- The sale of Moranbah Fair for $28.0 million was completed in August 2021, with the proceeds used to repay $25.0 million of bank finance facilities;
- A Special Distribution of $0.12 per security was paid in August 2021;
- Gearing reduced from 21.1% to 18.2% at balance date;
- Despite challenging market conditions, positive leasing initiatives have been achieved across the Fund's portfolio.

4. Operating and financial review (continued)

OVERVIEW AND STRATEGY (continued)

Proposed Securityholder Liquidity Event and Privatisation

Following an extensive strategic review by the Responsible Entity to optimise value for ERF Securityholders, on 24 June 2022, the Board of the Elanor Retail Property Fund announced the intention to provide ERF Securityholders with a liquidity event through the privatisation of ERF.

The proposed transaction includes the following interrelated steps:

- Tweed Mall to be sold for $87 million with the net proceeds distributed to ERF Securityholders by way of a special distribution of $0.36 per security
- An off-market security Buy-Back to acquire up to 100% of ERF securities at a price of $0.79 per security ("Buy-Back")
- ERF to be delisted and become the Elanor Property Income Fund ("EPIF"), an open-ended, unlisted, multi sector reliable income real estate fund. Immediately following the implementation of the Proposal, EPIF will have an expected NTA of $0.88 per security

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

- The total value for Securityholders who remain invested in EPIF is expected to be $1.24 per security (reflecting $0.36 Special Distribution and $0.88 NTA of EPIF). This represents a 16.7% premium to the trading price on 22 June 2022 just prior to the announcement
- The total value for Securityholders that participate in the Buy-Back will be $1.15 per security (reflecting $0.36 Special Distribution and $0.79 Buy-Back). This represents a 7.9% premium to the trading price on 22 June 2022

On 19 August 2022, at an Extraordinary General Meeting, ERF Securityholders voted in favour of the proposed transaction. As a result, the Fund is expected to delist from the ASX in November 2022.

Further details in relation to the liquidity event and delisting of ERF will be announced through the ASX.

Impact of the COVID-19 Pandemic on the Fund

Government requirements and health related measures in response to the COVID-19 pandemic continued throughout the financial year, with the NSW National Code of Conduct ceased on 30 June 2022.

The Group's 'defensive' shopping centre portfolio has a strong orientation towards essential and non-discretionary categories. As at 31 July 2022, 95% of rental billings for the financial year ended 30 June 2022 had been collected. The majority of negotiations in respect to COVID-19 related rent relief and deferral arrangements have been finalised in accordance with the Code of Conduct. For the year ended 30 June 2022, the impact of COVID-19 rental abatements was $0.5 million (30 June 2021: $0.3 million), representing only 3% of Rental Income, and supplemented by Government Land Tax rebates.

4. Operating and financial review (continued)

INVESTMENT PORTFOLIO

The valuation of the Group's portfolio of investment properties at 30 June 2022 is $106.2 million, excluding the Tweed Mall property which was held for sale as at 30 June 2022.

This increase of $4.2 million in investment portfolio valuation has resulted from the successful execution of strategic leasing and asset management initiatives across the portfolio and from tighter capitalisation rates adopted in the independent valuations of the Fund's assets. The result reflects the strength of the Fund's tenancy profile and investor demand for comparable assets.

The following table shows the Group's investment portfolio as at balance date:

			Carrying Value ($m)	
Property	**Location**	**Type**	**30 June 2022**	**30 June 2021**
Tweed Mall	Tweed Heads, NSW	Sub-regional shopping centre	-	85.0
Manning Mall	Taree, NSW	Sub-regional shopping centre	36.7	36.1
Gladstone Square	Gladstone, QLD	Neighbourhood shopping centre	30.5	30.0
Glenorchy Plaza	Glenorchy, TAS	Sub-regional shopping centre	19.8	18.9
Northway Plaza	Bundaberg, QLD	Neighbourhood shopping centre	19.2	17.0
Total investment portfolio			**106.2**	**187.0**
Moranbah Fair	Moranbah, QLD	Neighbourhood shopping centre	-	28.0
Tweed Mall	Tweed Heads, NSW	Sub-regional shopping centre	87.0	-
Total Asset held for Sale			**87.0**	**28.0**
Total investment portfolio			**193.2**	**215.0**

Following the divestment of Moranbah Fair, the Fund's portfolio comprises four (4) investment properties and one (1) held for sale asset, being Tweed Mall.

FINANCIAL RESULTS

The Group recorded a statutory profit of $3.6 million for the year ended 30 June 2022, including movements in the valuation of the Fund's investment portfolio.

Funds from Operations (FFO) for the year was $9.0 million or 7.01 cents per weighted average stapled security. FFO is the Directors' measure of the periodic amount available for distributions and has been determined in accordance with the Property Council Guidelines adjusted for amortisation of borrowing costs which is excluded from FFO.

A summary of the Group's results for the year ended 30 June 2022 is set out below:

	Consolidated Group
Key financial results	**30 June 2022**
Net Profit/ (loss) ($'000)	3,528
FFO ($'000)	8,956
FFO per stapled security (cents)	7.01
FFO per weighted average stapled security (cents)	7.01
Distributions payable to securityholders ($'000)	4,694
Distributions (cents per stapled security)	6.66
Net tangible assets ($ per stapled security)	1.19
Gearing (net debt / total assets less cash) (%)	18.2%

4. Operating and financial review (continued)

The table below provides a reconciliation from statutory net profit to FFO:

	Consolidated Group 30 June 2022 $'000
Statutory net profit	**3,528**
Adjustments for items included in statutory Income	
Straight-lining of rental income[2]	(134)
Fair value adjustments on investment property	(1,771)
Fair value adjustments on market-to-market derivatives	(933)
Amortisation expense[3]	847
Transaction costs[4]	5,735
Other[5]	1,684
FFO[1]	**8,956**

[1] Funds from Operations (FFO) has been determined in accordance with the Property Council Guidelines adjusted for amortisation of borrowing costs which is excluded from FFO and represents the Directors' view of underlying earnings from ongoing operating activities, being statutory profit / (loss) (under IFRS), adjusted for non-cash and other items such as property revaluations, derivative mark-to-market impacts, amortisation of tenant incentives, gains/losses on sale of investment properties, straight-line rental adjustments, non-FFO tax expenses/benefits and other unrealised one-off items..

[2] Straight-lining of rental income is a non-cash accounting adjustment recognised in rental income in the Consolidated Statement of Profit or Loss.

[3] Amortisation expense includes the amortisation of capitalised leasing costs and debt establishment costs, recognised in rates, taxes and other outgoings, other expenses and borrowing costs in the Consolidated Statement of Profit or Loss.

[4] Transaction costs primarily relate to acquisition, underwriting and professional fees relating to the privatisation of ERF.

[5] Other items predominantly relate to settlement adjustments related to the Auburn Central transaction. Auburn central was sold on 23 December 2020.

SUSTAINABILITY

The Fund understands the importance of managing environmental, social and governance factors in how it delivers value for securityholders and other stakeholders. ERF is acutely aware of its responsibility to the communities in which it operates and to society more generally. Making a positive impact for the communities the business relies on is implicit in how the fund undertakes its funds management business.

ERF has achieved a number of significant sustainability outcomes over the year, including through the Fund's partnership with Solar Bay on initiatives to improvements in energy efficiency across the Fund's portfolio. This allows the Fund's tenants to benefit from cheaper energy sourced from renewables and enables the tracking of their positive impact. The Solar Bay model will be replicated across the portfolio, with panels installed at Gladstone Square in May 2022 and Tweed Mall due for implementation in late 2022. By responsibly investing in our assets today, we're creating long term, sustainable value for tomorrow.

ERF's inaugural Sustainability Report, available on the ERF website, provides further details on the Fund's ESG achievements and plans for the future.

4. Operating and financial review (continued)

SUMMARY AND OUTLOOK

On 19 August 2022, at an Extraordinary General Meeting, ERF Securityholders voted in favour of the proposed transaction (99.99%) to privatise and delist ERF. As a result, the Fund is expected to delist from the ASX in November 2022.

Following delisting, the Fund will become the Elanor Property Income Fund ("EPIF"), an open-ended, unlisted, multi sector reliable income real estate fund.

The risks to the Fund in the coming year primarily comprise potential earnings variability associated with uncertain economic and market conditions. These risks may result in reduced retailer demand and domestic retail spending, softening of rental growth and increases in required incentives. While general market uncertainty may impact the availability of capital for acquisition opportunities, investment demand for quality assets is expected to remain positive. Other risks include potential related movements in property valuations and possible weather-related events.

These risks to the Fund are mitigated through the active management of the Fund's portfolio. Regular engagement with tenants across the portfolio and ongoing assessments of tenant rental risks, including relevant scenario analyses, are key contributors to the strong performance of the Fund. Further risk mitigants include the broadening of the Fund's tenant mix, and actively managing the Fund's cash position and capital structure.

With regards to climate related risks, the Fund is progressing its alignment with the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations. This initiative is key focus of the Fund's ESG Committee.

The Fund's objective is to enhance value for securityholders. The active asset management of the portfolio is generating improved operational performance and returns.

5. Interests in the Group

The movement in stapled securities of the Group during the year is set out below:

	Consolidated Group 30 June 2022	Consolidated Group 30 June 2021	ERPF I Group 30 June 2022	ERPF I Group 30 June 2021
Stapled securities on issue at the beginning of the period	127,712,725	128,729,755	127,712,725	128,729,755
Stapled securitites cancelled through security buy-back scheme	-	(1,017,030)	-	(1,017,030)
Stapled securities on issue at the end of the period	**127,712,725**	**127,712,725**	**127,712,725**	**127,712,725**

6. Directors

The following persons have held office as Directors of the Responsible Entity during the year and up to the date of this report:

Name	Particulars
Paul Bedbrook	Independent Non-Executive Chairman Chairman, Remuneration and Nominations Committee Paul was appointed a Director of both Elanor Investors Limited and Elanor Fund Management Limited (Responsible Entity of ERF) in June 2014. Paul has had a career of over 30 years in financial services, originally as an analyst, fund manager and then the GM & Chief Investment Officer for Mercantile Mutual Investment Management Ltd (ING owned) from 1987 to 1995. Paul was an executive for 26 years with the Dutch global banking, insurance and investment group, ING, retiring in 2010. Paul's career included the roles of: President and CEO of ING Direct Bank, Canada (2000 – 2003), CEO of the ING Australia/ANZ Bank Wealth JV (2003 - 2008) and Regional CEO, ING Asia Pacific, Hong Kong (2008 – 2010). Paul is currently the Chairman of Zurich Financial Services Australia and its Life, General and Investment Companies, and a non-executive director of Great Southern Bank and the National Blood Authority. Former listed directorships in the last three years: None Interest in stapled securities: None Qualifications: B.Sc, F FIN, FAICD
Glenn Willis	Managing Director and Chief Executive Officer Glenn has over 30 years' experience in the Australian and international capital markets. Glenn was the co-founder and Chief Executive Officer of Moss Capital, prior to its ASX listing as Elanor Investors Group in July 2014. Prior to Elanor, Glenn co-founded Grange Securities and led the team in his role as Managing Director and CEO. After 12 years of growth, Grange Securities was acquired by Lehman Brothers International in 2007 as the platform for Lehman's Australian investment banking and funds management operations. Glenn was appointed Managing Director and Country Head in March 2007. In 2008, Glenn was appointed executive Vice Chairman of Lehman Brothers Australia. Glenn is a Director of FSHD Global Research Foundation. Former listed directorships in the last three years: None Interest in stapled securities: 278,775 Qualifications: B.Bus (Econ & Fin)

6. Directors (continued)

Name	Particulars
Nigel Ampherlaw	Independent Non-Executive Director Chairman, Audit and Risk Committee Nigel was appointed a Director of both the Elanor Investors Limited and the Responsible Entity in June 2014. Nigel was a Partner of PricewaterhouseCoopers for 22 years where he held a number of leadership positions, including heading the financial services audit, business advisory services and consulting businesses. He also held a number of senior client Lead Partner roles. Nigel has extensive experience in risk management, technology, consulting and auditing in Australia and the Asia-Pacific region. Nigel is the chairman and independent Non-Executive Director of Great Southern Bank. Former listed directorships in the last three years: None Interest in stapled securities: 109,630 Qualifications: B.Com, FCA, MAICD
Karyn Baylis (appointed 1 November 2021)	Independent Non-Executive Director Member, Remuneration and Nominations Committee Member, Environmental, Social & Governance Management Committee Member, Work, Health & Safety Committee Karyn was appointed a Director of both the Elanor Investors Limited and the Responsible Entity in November 2021. Karyn was most recently CEO of Jawun, a position she has held since 2009, and joined the Jawun Board in 2017. She retired from Jawun in January 2022. In 2015, Karyn was awarded The Australian Financial Review and Westpac 100 Women of Influence Award in Diversity. In the 2018 Queen's Birthday Honours, Karyn was awarded a Member in the General Division of the Order of Australia (AM) for significant service to the Indigenous community. Karyn is a current member of Chief Executive Woman (CEW) and the Australian Institute of Company Directors (AICD). Previous Board positions include CARE Australia, Cure Cancer, Grocon Holdings Pty Ltd and NRMA Financial Management and Life Nominees. Karyn has also held senior roles for multinational businesses such as Group Executive Sales and Marketing (CEO Retail) at Insurance Australia Group (IAG), Director of Organisational Renewal at Optus, and Senior Vice President and Regional General Manager, The Americas at Qantas Airways. Former listed directorships in the last three years: None Interest in stapled securities: None

6. Directors (continued)

Name	Particulars
Anthony (Tony) Fehon	Independent Non-Executive Director Tony was appointed as a Director of both the Elanor Investors Limited and the Responsible Entity in August 2019. Tony has more than 30 years' experience working in senior roles with some of Australia's leading financial services and funds management businesses. He has broad experience in operational and leadership roles across many industries. Tony is a director of Elanor Hotel Accommodation Limited and Elanor Hotel Accommodation II Limited, enlighten Australia Pty Limited, Global Bioprotect Pty Limited, Maker Films and Team Mates Pty Limited. He is an Executive Director of Volt Bank Limited and was previously an Executive Director of Macquarie Bank Limited where he was involved in the formation and listing of several of Macquarie's listed property trusts including being a director of the listed leisure trust. Tony continues to be involved in developing and completing investment structures for real estate investment and development, financial assets and leisure assets. Former listed directorships in the last three years: None Interest in stapled securities: 60,000 Qualifications: B. Com, FCA
Su Kiat Lim (appointed 1 October 2021)	Non-Executive Director Su Kiat was appointed as a Director of both Elanor Investors Limited and the Responsible Entity in October 2021. Su Kiat is currently CEO of Firmus Capital Pte Ltd, a Singapore based private equity real estate investment management firm founded in 2017. Su Kiat has been in the property industry for over 20 years with extensive direct real investment experience, executing strategies across direct real estate portfolios in Asia Pacific including Australia. In 2011 Su Kiat co-founded Rockworth Capital Partners, with direct real estate AUM of circa $1bn by 2017. Prior to that, Su Kiat held key roles in investments management and investment origination at Frasers Commercial Trust and ALLCO REIT. Su Kiat started his career in real estate as a Consultant in Retail Economics at Urbis. Su Kiat is a current non-executive Director of Aspen Group Holdings Ltd a diversified group listed on the SGX. Former listed directorships in the last three years: None Interest in stapled securities: None Qualifications: B.Bus, PhD (Econ)

7. Directors' relevant interests

	Securities at the date of this report
Paul Bedbrook	-
Glenn Willis	278,775
Nigel Ampherlaw	109,630
Tony Fehon	60,000
Su Kiat Lim (appointed 1 October 2021)	-
Karyn Baylis (appointed 1 November 2021)	-

Other than as disclosed in Note 14 of the financial statements, no contracts exist where a director is entitled to a benefit.

8. Directors' remuneration

The Directors of the Responsible Entity and other management personnel are paid by the Responsible Entity. Payments made from the Fund to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

9. Meetings of Directors

The attendance at meetings of Directors of the Responsible Entity and the Audit and Risk Committee of the Group during the year is set out in the following table:

Name	Elanor Board (Responsible Entity)		Audit and Risk Committee	
	Held[2]	Attended	Held	Attended
Paul Bedbrook	18	18	8	8
Glenn Willis[1]	18	18	4	4
Nigel Ampherlaw	18	16	8	8
Tony Fehon[1]	18	18	4	4
Su Kiat Lim (appointed 1 October 2021)	11	11	N/A	N/A
Karyn Baylis (appointed 1 November 2021)	11	11	N/A	N/A

[1] As at 12 November 2021, Anthony (Tony) Felon was appointed to the ARC to replace Glenn Willis.
[2] The board meetings held during the year also include Special purpose Meetings to approve funds management and other initiatives

10. Company Secretary

Symon Simmons held the position of Company Secretary of the Responsible Entity during the year. Symon is the Chief Financial Officer of Elanor Investors Group and holds a Bachelor of Economics with majors in Economics and Accounting, has extensive experience as a company secretary, is a Justice of the Peace in NSW and is a Responsible Manager on the Australian Financial Services Licence held by the Responsible Entity.

11. Indemnification and insurance of officers and auditors

During the financial year, the Responsible Entity paid a premium in respect of a contract insuring the Directors of the Responsible Entity (as named above), the company secretary, and all executive officers of the Responsible Entity and of any related body corporate against a liability incurred in their capacity as Directors and officers of the Responsible Entity to the extent permitted by the Corporations Act 2001 (Cth). The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Responsible Entity has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the Responsible Entity or of any related body corporate against a liability incurred in their capacity as an officer.

The Fund indemnities the auditor (Pricewaterhouse Coopers Australia) against any liability (including legal costs) for third party claims arising from a breach by the Fund of the auditors' engagement terms, except where prohibited by the *Corporations Act 2001.*

12. Environmental regulation

To the best of their knowledge and belief after making due enquiry, the Directors have determined that the Fund has complied with all significant environmental regulations applicable to its operations in the jurisdictions in which it operates.

13. Significant changes in state of affairs

Other than as described in the report, there was no significant change in the state of affairs of the Fund during the year.

14. Auditor's independence declaration

A copy of the auditor's independence declaration, as required under Section 307C of the Corporations Act 2001 (Cth), is included on the page following the Directors' Report.

15. Non-audit services

Details of amounts paid or payable to the auditors during the year are outlined in Note 18 to the consolidated financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth). The Directors are of the opinion that the services as disclosed in Note 18 to the consolidated financial statements do not compromise the external auditor's independence, based on advice received from the Audit and Risk Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Fund, acting as advocate for the Fund or jointly sharing economic risks and rewards.

16. Likely developments and expected results of operations

The consolidated financial statements have been prepared on the basis of the current known market conditions. The extent of any potential deterioration in either the capital or physical property markets on the future results of the Fund is unknown. Such results could include property market valuations, the ability of the Fund to raise or refinance debt, and the cost of such debt and the ability to raise equity.

Except for the privatisation and delisting transaction as discussed above, at the date of this report and to the best of the Directors' knowledge and belief, there are no other anticipated changes in the operations of the Fund which would have a material impact on the future results of the Fund.

17. Going concern

The Fund has a net current asset position of $86.8 million (30 June 2021: $32.1 million) and net assets of $151.5 million as at 30 June 2022 (30 June 2021: $156.3 million). Despite the challenging economic environment and increased variability created by the COVID-19 pandemic, the Fund has not been materially impacted based on the strength of the non-discretionary focus of the properties, the observed trading results to date including the level of rental collections and the tenancy mix of the Fund's portfolio. The Fund is wholly in compliance with all banking covenants as at 30 June 2022. The Fund has not required any covenant waivers in response to the impacts of the COVID-19 pandemic.

These consolidated financial statements have been prepared on a going concern basis.

18. Events occurring after reporting date

On 19 August 2022, at an Extraordinary General Meeting, ERF securityholders voted in favour of the proposed privatisation and delisting of ERF. The Fund is expected to delist from the ASX in November 2022.

Other than the events disclosed above, the directors are not aware of any other matter or circumstance not otherwise dealt with in the financial reports or the Directors' Report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in the financial period subsequent to the year ended 30 June 2022.

19. Rounding of amounts to the nearest thousand dollars

In accordance with *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

This report is made in accordance with a resolution of the Board of Directors of the Responsible Entity. The Financial Statements were authorised for issue by the Directors on 23 August 2022.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001* (Cth). The Directors have the power to amend and re-issue the Financial Statements.

Paul Bedbrook
Chairman

Glenn Willis
CEO and Managing Director

Sydney, 23 August 2022

Auditor's Independence Declaration

As lead auditor for the audit of Elanor Retail Property Fund I and Elanor Retail Property Fund II for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Elanor Retail Property Fund II and the entities it controlled during the period.

N R McConnell
Partner
PricewaterhouseCoopers

Sydney
23 August 2022

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ELANOR RETAIL PROPERTY FUND

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000	ERPF I Group 30 June 2022 $'000	ERPF I Group 30 June 2021 $'000
Income					
Rental income	2	16,151	21,667	16,151	18,455
Outgoings reimbursement		2,080	2,556	2,080	2,402
Net fair value increment on investment properties	6	1,771	1,596	1,771	2,621
Net fair value increment on derivative financial instruments		933	-	2	-
Other income		365	218	365	218
Total income		**21,300**	**26,037**	**20,369**	**23,696**
Expenses					
Rates, taxes and other outgoings		6,111	8,271	6,111	7,042
Provision for expected credit loss		297	581	109	240
Investment management fees	14	1,397	2,165	1,322	1,595
Administration and professional cost		1,096	1,146	809	1,043
Borrowing costs		948	6,194	6,237	9,864
Transaction costs		5,735	-	5,459	-
Other expenses		2,188	523	572	473
Total expenses		**17,772**	**18,880**	**20,619**	**20,257**
Net profit/(loss) for the year		**3,528**	**7,157**	**(250)**	**3,439**
Attributable to securityholders of:					
- Elanor Retail Property Fund II		3,778	3,718	-	-
- Elanor Retail Property Fund I (Non-controlling interest)		(250)	3,439	(250)	3,439
Net profit/(loss) for the year		**3,528**	**7,157**	**(250)**	**3,439**
Basic earnings per stapled security (cents)	4	2.76	5.58	(0.20)	2.68
Diluted earnings per stapled security (cents)	4	2.76	5.58	(0.20)	2.68

The above Consolidated Statements of Profit or Loss should be read in conjunction with the accompanying notes

ELANOR RETAIL PROPERTY FUND

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000	ERPF I Group 30 June 2022 $'000	ERPF I Group 30 June 2021 $'000
Net profit for the year	**3,528**	**7,157**	**(250)**	**3,439**
Other comprehensive income				
Items that may be reclassified to profit and loss				
Release of cash flow hedge reserve	120	-	-	-
Gain on revaluation of cash flow hedge	-	4,207	-	4,147
Movement in security based payment reserves	-	(79)	-	(34)
Other comprehensive income for the year	120	4,128	-	4,113
Total comprehensive income/(expense) for the year	**3,648**	**11,285**	**(250)**	**7,552**
Attributable to securityholders of:				
- Elanor Retail Property Fund II	3,898	3,733	-	-
- Elanor Retail Property Fund I (Non-controlling interest)	(250)	7,552	(250)	7,552
Total comprehensive income/(expense) for the year	**3,648**	**11,285**	**(250)**	**7,552**

The above Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying notes

ELANOR RETAIL PROPERTY FUND

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000	ERPF I Group 30 June 2022 $'000	ERPF I Group 30 June 2021 $'000
Current assets					
Cash and cash equivalents		5,396	18,713	2,878	4,277
Trade and other receivables	8	1,323	7,578	232	594
Other current assets		38	821	-	821
Prepayments		15	456	15	453
Derivative financial instruments	11	931	-	-	-
Assets classified as held for sale	7	90,536	28,000	90,536	28,000
Total current assets		**98,239**	**55,568**	**93,661**	**34,145**
Non-current assets					
Trade and other receivables	8	100	3,958	-	-
Investment properties	6	106,200	187,000	106,200	187,000
Total non-current assets		**106,300**	**190,958**	**106,200**	**187,000**
Total assets		**204,539**	**246,526**	**199,861**	**221,145**
Current liabilities					
Distribution payable	3	4,694	20,223	-	3,360
Trade and other payables	9	3,456	2,606	2,944	1,546
Rent received in advance		-	563	-	563
Derivative financial instruments	11	-	63	-	-
Liabilities directly associated with assets classified as held for sale	7	3,244	-	3,244	-
Total current liabilities		**11,394**	**23,455**	**6,188**	**5,469**
Non-current liabilities					
Interest bearing liabilities	10	41,689	66,669	-	4,997
Interest bearing cross-staple loan	10	-	-	155,484	168,393
Derivative financial instruments	11	-	54	-	-
Total non-current liabilities		**41,689**	**66,723**	**155,484**	**173,390**
Total liabilities		**53,083**	**90,178**	**161,672**	**178,859**
Net assets		**151,456**	**156,348**	**38,189**	**42,286**
Equity					
Contributed equity	12	89,691	89,691	65,581	65,581
Reserves		-	(120)	-	-
Retained profits / (accumulated losses)		23,576	24,491	(27,392)	(23,295)
Parent entity interest		**113,267**	**114,062**	**38,189**	**42,286**
Equity Holders of Non-Controlling Interest					
Contributed equity	12	65,581	65,581	-	-
Reserves		-	-	-	-
(Accumulated losses) / Retained profits		(27,392)	(23,295)	-	-
Non-controlling interest		**38,189**	**42,286**	**-**	**-**
Total equity attributable to stapled securityholders:					
- Elanor Retail Property Fund II		113,267	114,062	-	-
- Elanor Retail Property Fund I		38,189	42,286	38,189	42,286
Total equity		**151,456**	**156,348**	**38,189**	**42,286**

The above Consolidated Statements of Financial Position should be read in conjunction with the accompanying notes

ELANOR RETAIL PROPERTY FUND

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Contributed Equity $'000	Cash flow Hedge Reserve $'000	Security Based Payment Reserve $'000	Retained Profits/ (Accumulated Losses) $'000	ERF II Group Total Equity $'000	Non-Controlling Interests $'000	Total Equity $'000
Consolidated Group								
Total equity at 1 July 2021		89,691	(120)	-	24,491	114,062	42,286	156,348
Profit / (loss) for the year		-	-	-	3,778	3,778	(250)	3,528
Other comprehensive income / (expense) for the year		-	120	-	-	120	-	120
Total comprehensive income / (expense) for the year		**-**	**120**	-	**3,778**	**3,898**	**(250)**	**3,648**
Transactions with owners in their capacity as owners:								
Distributions paid and payable	3	-	-	-	(4,694)	(4,694)	(3,847)	(8,541)
Total equity at 30 June 2022		**89,691**	**-**	**-**	**23,576**	**113,267**	**38,189**	**151,456**
Consolidated Group								
Total equity at 1 July 2020		90,421	(180)	45	40,979	131,265	41,453	172,718
Profit / (loss) for the year		-	-	-	3,718	3,718	3,439	7,157
Other comprehensive income / (expense) for the year		-	60	(45)	-	15	4,113	4,128
Total comprehensive income / (expense) for the year		**-**	**60**	**(45)**	**3,718**	**3,733**	**7,552**	**11,285**
Transactions with owners in their capacity as owners:								
Security-based payments		(730)	-	-	13	(717)	(523)	(1,240)
Distributions paid and payable	3	-	-	-	(20,219)	(20,219)	(6,196)	(26,415)
Total equity at 30 June 2021		**89,691**	**(120)**	**-**	**24,491**	**114,062**	**42,286**	**156,348**

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes

ELANOR RETAIL PROPERTY FUND

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Contributed Equity $'000	Cash flow Hedge Reserve $'000	Security Based Payment Reserve $'000	Retained Profits/ (Accumulated Losses) $'000	Total Equity $'000
ERPF I Group						
Total equity at 1 July 2021		65,581	-	-	(23,295)	42,286
Profit / (loss) for the year		-	-	-	(250)	(250)
Other comprehensive income / (expense) for the year		-	-	-	-	-
Total comprehensive income / (expense) for the year		**-**	**-**	**-**	**(250)**	**(250)**
Transactions with owners in their capacity as owners:						
Security buy-back		-	-	-	-	-
Distributions paid and payable	3	-	-	-	(3,847)	(3,847)
Total equity at 30 June 2022		**65,581**	**-**	**-**	**(27,392)**	**38,189**
ERPF I Group						
Total equity at 1 July 2020		66,116	(4,147)	34	(20,550)	41,453
Profit / (loss) for the year		-	-	-	3,439	3,439
Other comprehensive income / (expense) for the year		-	4,147	(34)	-	4,113
Total comprehensive income / (expense) for the year		**-**	**4,147**	**(34)**	**3,439**	**7,552**
Transactions with owners in their capacity as owners:						
Security-based payments		(535)	-	-	12	(523)
Distributions paid and payable	3	-	-	-	(6,196)	(6,196)
Total equity at 30 June 2021		**65,581**	**-**	**-**	**(23,295)**	**42,286**

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000	ERPF I Group 30 June 2022 $'000	ERPF I Group 30 June 2021 $'000
Cash flows from operating activities					
Rental and other property income received		15,624	27,369	17,083	23,876
Finance costs paid		(977)	(2,398)	(6,230)	(6,089)
Payments to suppliers and the Responsible Entity		(8,744)	(16,254)	(7,623)	(14,812)
Net cash inflow from operating activities	5(a)	**5,903**	**8,717**	**3,230**	**2,975**
Cash flows from investing activities					
Receipts from disposals of investment properties		37,507	115,174	28,000	-
Payments for additions to investment properties		(4,544)	(18,998)	(4,427)	(4,092)
Transfer to asset for sale		(3,085)	-	(3,085)	-
Net cash inflow/(outflow) from investing activities		**29,878**	**96,176**	**20,488**	**(4,092)**
Cash flows from financing activities					
Proceeds from interest bearing liabilities		-	20,506	-	4,835
Proceeds from interest bearing-cross staple loans		-	-	-	100,938
Security buy-back		-	(1,244)	-	(525)
Swap break costs		-	(3,613)	-	(3,613)
Distributions paid		(24,098)	(6,192)	(7,208)	(2,835)
Payment of interest bearing - cross staple loans		-	-	(12,909)	-
Payment of interest bearing liabilities		(25,000)	(99,640)	(5,000)	(96,477)
Net cash inflow/(outflow) from financing activities		**(49,098)**	**(90,183)**	**(25,117)**	**2,323**
Net increase/(decrease) in cash and cash equivalents		(13,317)	14,710	(1,399)	1,206
Cash and cash equivalents at the beginning of the period		18,713	4,003	4,277	3,071
Cash at the end of the period		**5,396**	**18,713**	**2,878**	**4,277**

The above Consolidated Statements of Cash Flows should be read in conjunction with the accompanying notes

The notes to the consolidated financial statements have been organised into the following four sections:

About this Report

Elanor Retail Property Fund (the Fund, Group or Consolidated Group) is a 'stapled' entity comprising of Elanor Retail Property Fund I (formerly Elanor Retail Property Fund) (ERPF I) and its controlled entities, and Elanor Retail Property Fund II (formerly Auburn Central Syndicate) (ERPF II). The units in ERPF I are stapled to units in ERPF II. The stapled securities cannot be traded or dealt with separately. The stapled securities of the Fund were listed on the Australian Securities Exchange (ASX: ERF) on 9 November 2016.

For the purposes of the consolidated financial report, ERPF II has been deemed the parent entity of ERPF I in the stapled structure. The Directors applied judgement in the determination of the parent entity of the Fund and considered various factors including asset size and capital structure. The financial report of the Fund comprises the consolidated financial report of Elanor Retail Property Fund II, including Elanor Retail Property Fund I and its controlled entities (ERPF I Group). As permitted by ASIC Corporations (Stapled Group Reports) Instrument 2015/838, this report is a combined report that presents the consolidated financial statements and accompanying notes of both the Fund and ERPF I Group.

Statement of compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (the Board or AASB) and the Corporations Act 2001.

For the purposes of preparing the financial statements, the Group is a for-profit entity. The financial report has been presented in Australian dollars unless otherwise stated.

The Consolidated Financial Statements have been prepared on a going concern basis using historical cost conventions, except for investment properties, derivative financial instruments, and other financial assets or liabilities which are stated at their fair value.

Compliance with international reporting standards

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Comparative figures have been restated where appropriate to ensure consistency of presentation throughout the financial report.

New accounting standards and interpretations

(a) New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2021 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

(b) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2022 and have not been adopted early in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

Basis of consolidation

The consolidated financial report of the Fund incorporates the assets and liabilities of ERPF II (the Parent) and all of its subsidiaries, including ERPF I and its subsidiaries as at 30 June 2022. ERPF II is the parent entity in relation to the stapling. The results and equity of ERPF I (which is not directly owned by ERPF II) have been treated and disclosed as a non-controlling interest. Whilst the results and equity of ERPF I are disclosed as a non-controlling interest, the stapled securityholders of ERPF I are the same as the stapled securityholders of ERPF II.

Basis of consolidation (continued)

This consolidated financial report also includes a separate column representing the financial report of ERPF I, incorporating the assets and liabilities of ERPF I and all of its subsidiaries, as at 30 June 2022.

For the purpose of preparing the financial statements, the Fund is a for-profit entity. The financial report is presented in Australian Dollars. These consolidated financial statements have been prepared on a going concern basis.

Rounding of amounts to the nearest thousand dollars

In accordance with *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

In preparing the consolidated financial statements for the year ended 30 June 2022, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are consistent with those disclosed in the financial report of the previous financial year.

The changing market conditions (high inflation and expected further cash rate increases by the Reserve Bank of Australia) result in continued elevated levels of uncertainty in the preparation of the financial statements. Where the changing market conditions has heightened uncertainty in applying these accounting estimates and critical judgements for the year ended 30 June 2022, enhanced disclosures have been incorporated throughout the consolidated financial statements to enable users to understand the basis for the estimates and judgements utilised. The estimates or assumptions which are material to the financial statements are discussed in the following notes:

- Investment Properties - assumptions underlying fair value - Note 6
- Derivative financial instruments - assumptions underlying fair value – Note 11

Results

This section focuses on the operating results and financial performance of the Fund. It includes disclosures of revenue and distributions.

1. Segment information

OVERVIEW

The Fund only operates in one business segment, being the investment in retail shopping centres in Australia.

The table below provides a reconciliation from statutory net profit to Funds from Operations (FFO) for the Consolidated Group:

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Statutory net profit	**3,528**	**7,157**
Adjustments for items included in statutory Income		
Straight-lining of rental income[2]	(134)	234
Fair value adjustments on investment property	(1,771)	(1,596)
Fair value adjustment on the market-to-market derivatives	(933)	-
Sale of Auburn Ambulance Station	-	1,379
Amortisation expense[3]	847	885
Transaction cost[4]	5,735	3,613
Other[5]	1,684	-
FFO[1]	**8,956**	**11,672**

[1] Funds from Operations (FFO) has been determined in accordance with the Property Council Guidelines adjusted for amortisation of borrowing costs which is excluded from FFO and represents the Directors' view of underlying earnings from ongoing operating activities, being statutory profit / (loss) (under IFRS), adjusted for non-cash and other items such as property revaluations, derivative mark-to-market impacts, amortisation of tenant incentives, gains/losses on sale of investment properties, straight-line rental adjustments, non-FFO tax expenses/benefits and other unrealised one-off items.

[2] Straight-lining of rental income is a non-cash accounting adjustment recognised in rental income in the Consolidated Statement of Profit or Loss.

[3] Amortisation expense includes the amortisation of capitalised leasing costs and debt establishment costs, recognised in rates, taxes and other outgoings, other expenses and borrowing costs in the Consolidated Statement of Profit or Loss.

[4] Transaction costs primarily relate to acquisition, underwriting and professional fees relating to the privatisation and delisting of ERF.

[5] Other items predominantly relate to settlement adjustments related to the Auburn Central transaction. Auburn central was sold on 23 December 2020.

2. Revenue

OVERVIEW

The Fund's main source of revenue is rental income from its investment in retail shopping centres.

(a) Rental income

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000	ERPF I Group 30 June 2022 $'000	ERPF I Group 30 June 2021 $'000
Tweed Mall [1]	6,553	6,846	6,553	6,846
Manning Mall	3,375	3,233	3,375	3,233
Gladstone Square	2,439	2,509	2,439	2,509
Glenorchy Plaza	1,904	1,833	1,904	1,833
Northway Plaza	1,536	1,469	1,536	1,469
Moranbah Fair [2]	344	2,564	344	2,564
Auburn Central	-	3,213	-	1
Total revenue from operating activities	**16,151**	**21,667**	**16,151**	**18,455**

[1] On 24 June 2022, the Board announced the intention to provide ERF securityholders with a liquidity event through privatisation and delisting of ERF. This proposal includes the transaction to sell Tweed Mall through a syndication into a new unlisted single asset fund, the Tweed Mall Fund, to be managed by Elanor Investors Group. Tweed Mall has been reclassified as a disposal group held for sale at 30 June 2022. Refer to Note 7 for further details.

[2] The Rental Income for Moranbah Fair for the year ended 30 June 2022 represents income up to 31 August 2021, when the sale of the asset was settled.

ACCOUNTING POLICY

Rental income

The Fund is the lessor of operating leases. Rental income arising from operating leases is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the term of the lease on the same basis as the lease income.

When an agreement is made with tenants impacted by the COVID-19 pandemic to waive rent, any rent waived that relates to future occupancy is spread over the remaining lease term and recognised on a straight-line basis. Rent waived that relates to past occupancy is expensed immediately in Other Expenses, except to the extent of a pre-existing provision for expected credit losses relating to the unpaid rent.

Rental abatements

Where a rental abatement is granted retrospectively on uncollected past due rent, the abatement is expensed as an impairment of trade receivables. Where an agreement on past due receivables has not been reached by 30 June 2022, an estimate of the expected abatement on the outstanding balance is made and incorporated into the expected credit loss calculation.

Rental abatements or other lease modification accompanied by extensions of lease terms or other changes in lease scope, are accounted for as a lease modification. The abated portion will be capitalised as a lease incentive and amortised on a straight-line basis over the remaining life of the lease.

2. Revenue (continued)

Lease incentives

Lease incentives (including rent free periods, fit out and other payments) are accounted for on a straight-line basis over the lease term and offset against rental income in the consolidated statement of profit or loss. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, it is reasonably certain that the tenant will exercise that option.

Rental deferrals as part of COVID-19 rent concessions subsequently waived in consideration for extension of the lease term will be treated as a lease incentive on a straight-line basis over the new lease term.

3. Distributions

OVERVIEW

In accordance with the Fund's Constitutions, the Responsible Entity determines FFO attributable to securityholders as the net profit for the year, excluding certain non-recurring and non-cash items.

Distributions during the year

Consolidated Group

The following distributions were declared by the Consolidated Group during the period or post balance sheet date:

	Distribution FY22 cents per stapled security	Distribution FY21 cents per stapled security	Total amount FY22 $'000	Total amount FY21 $'000
Interim distribution (declared before year end)[1]	3.01	4.84	3,847	6,192
Special Distribution (declared before year end)	-	12.00	-	15,326
Final Distribution (declared after year end)[2]	3.65	3.83	4,694	4,897
Total	**6.66**	**20.67**	**8,541**	**26,415**

[1] The interim distribution of 3.01 cents per stapled security was declared on 31 December 2021 and paid on 28 February 2022.
[2] The final distribution of 3.65 cents per stapled security was declared after 30 June 2022, but is recognised in the accounts at balance date. The final distribution will be paid on 31 August 2022.

ERPF I Group

The following distributions were declared by the ERPF I Group in respect of the years ended 30 June 2022 and 30 June 2021:

	Distribution FY22 cents per stapled security	Distribution FY21 cents per stapled security	Total amount FY22 $'000	Total amount FY21 $'000
Interim distribution (declared before year end)[1]	3.01	2.22	3,847	2,835
Special Distribution (declared before year end)	-	0.78	-	997
Final Distribution (declared after year end)	-	1.85	-	2,364
Total	**3.01**	**4.85**	**3,847**	**6,196**

[1]The interim distribution of 3.01 cents per stapled security was declared on 31 December 2021 and paid on 28 February 2022.

Please refer to the Directors' Report for the calculation of FFO and the Distribution.

ACCOUNTING POLICY

Distributions are recognised as a liability when declared or at the record date (if earlier). Distributions paid and payable are recognised as distributions within equity. Distributions paid are included in cash flows from financing activities in the consolidated statement of cash flows.

4. Earnings / (losses) per stapled security

OVERVIEW

Basic earnings per stapled security is calculated as net profit or loss attributable to securityholders divided by the weighted average number of ordinary stapled securities issued.

Diluted earnings per stapled security is calculated as profit or loss attributable to securityholders adjusted for any profit or loss recognised in the period in relation to dilutive potential stapled securities divided by the weighted average number of stapled securities and dilutive stapled securities.

Earnings used in the calculation of basic and diluted earnings per stapled security reconciles to the net profit or loss in the consolidated statements of comprehensive income as follows:

	Consolidated Group 30 June 2022	Consolidated Group 30 June 2021	ERPF I Group 30 June 2022	ERPF I Group 30 June 2021
The earnings/ (losses) per stapled security measure shown below is based upon the profit / (loss) attributable to securityholders:				
Basic earnings/ (losses) per stapled security (cents)	2.76	5.58	(0.20)	2.68
Diluted earnings/ (losses) per stapled security (cents)	2.76	5.58	(0.20)	2.68
Profit/ (loss) attributable to securityholders used in calculating basic and diluted earnings per stapled security ($'000)	3,528	7,157	(250)	3,439
Weighted average number of stapled securities used as denominator in calculating basic earnings per stapled security	127,712,725	128,216,377	127,712,725	128,216,377
Weighted average number of stapled securities used as denominator in calculating diluted earnings per stapled security	127,712,725	128,216,377	127,712,725	128,216,377

5. Cash flow information

OVERVIEW

This note provides further information on the consolidated cash flow statements of the Fund. It reconciles profit for the year to cash flows from operating activities, reconciles liabilities arising from financing activities and provides information about non-cash transactions.

(a) Reconciliation of Profit / (loss) for the year to net cash provided by operating activities

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000	ERPF I Group 30 June 2022 $'000	ERPF I Group 30 June 2021 $'000
Profit / (loss) for the year	**3,528**	**7,157**	**(250)**	**3,439**
Swap break costs	-	3,613	-	3,613
Amortisation	847	885	847	807
Other non cash items	456	469	489	(26)
Straight-lining of rental income and	(134)	(234)	(134)	(234)
Fair value adjustment on revaluation of investment property	(1,771)	(1,596)	(1,771)	(2,621)
Fair value adjustment on revaluation of derivative	(933)	-	(2)	-
Net cash provided by operating activities before changes in working capital	**1,993**	**10,294**	**(821)**	**4,978**
Movement in working capital				
Decrease (Increase) in trade and other receivables	247	898	16	592
Decrease (Increase) in prepayments	369	168	365	(6)
(Increase) in other current assets	1,165	(652)	974	(709)
Increase (Decrease) in trade and other payables	2,692	(1,880)	3,259	(1,924)
Increase (Decrease) in amounts received in advance	(563)	(111)	(563)	44
Net cash from operating	**5,903**	**8,717**	**3,230**	**2,975**

(b) Reconciliation of liabilities arising from financing activities

Consolidated Group

	30 June 2021 $'000	*Cash flows* Debt drawdowns/ (paydowns) net of borrowing costs $'000	*Non-cash items* Amortisation of borrowing costs $'000	30 June 2022 $'000
Interest bearing loans	66,669	(25,000)	20	41,689
activities	**66,669**	**(25,000)**	**20**	**41,689**

	30 June 2020 $'000	*Cash flows* Debt drawdowns/ (paydowns) net of borrowing costs $'000	*Non-cash items* Amortisation of borrowing costs $'000	30 June 2021 $'000
Interest bearing loans	145,620	(79,134)	183	66,669
activities	**145,620**	**(79,134)**	**183**	**66,669**

5. Cash flow information (continued)

ERPF I Group

		Cash flows	*Non-cash items*		
	30 June 2021	Debt drawdowns/ (paydowns) net of borrowing costs	Amortisation of borrowing costs	Accumulated Interest expenses	30 June 2022
	$'000	$'000	$'000	$'000	$'000
Interest bearing loans	4,997	(5,000)	-	3	-
Cross-staple loan	168,393	(12,909)	-	-	155,484
activities	**173,390**	**(17,909)**	**-**	**3**	**155,484**

		Cash flows	*Non-cash items*		
	30 June 2020	Debt drawdowns/ (paydowns) net of borrowing costs	Amortisation of borrowing costs	Amortisation of borrowing costs	30 June 2021
	$'000	$'000		$'000	$'000
Interest bearing loans	96,477	(91,642)	162	-	4,997
Cross-staple loan	67,949	100,444	-	4,552	168,393
activities	**164,426**	**8,802**	**162**	**4,552**	**173,390**

ACCOUNTING POLICY

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash balances and bank overdrafts.

Operating Assets and Liabilities

This section includes information about the assets used by the Fund to generate profits and revenue, specifically information relating to its investment properties and liabilities.

6. Investment properties

OVERVIEW

Investment properties are held solely for the purpose of earning rental income and / or for capital appreciation. At balance date, the Fund's investment property portfolio comprises four[1] retail shopping centres in Australia.

The Fund obtained five independent valuations at balance sheet date covering 100% of the portfolio (by value). The property valuations were completed using detailed forecasts prepared by independent external valuers and other inputs (e.g. tenancy schedules and capex schedules) from management. Key valuation assumptions including capitalisation rates, terminal yields and discount rates were determined based on comparable market evidence and valuation parameters determined in external valuations completed for comparable properties.

(a) Carrying values of investment properties

	Valuation	Date	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000	ERPF I Group 30 June 2022 $'000	ERPF I Group 30 June 2021 $'000
Tweed Mall [1]	External	Jun-22	-	85,000	-	85,000
Manning Mall	External	Jun-22	36,700	36,100	36,700	36,100
Gladstone Square	External	Jun-22	30,500	30,000	30,500	30,000
Glenorchy Plaza	External	Jun-22	19,800	18,900	19,800	18,900
Northway Plaza	External	Jun-22	19,200	17,000	19,200	17,000
Total investment properties			**106,200**	**187,000**	**106,200**	**187,000**

[1] Tweed Mall has been reclassified as a disposal group held for sale at 30 June 2022. Refer to Note 7 Assets and disposal group held for sale.

Investment properties are categorised as level 3 in the fair value hierarchy. There were no transfers between hierarchies during the year.

At 30 June 2022, the value of the Fund's investment portfolio was $106.2 million, excluding the Tweed Mall asset being reclassified as a disposal group held for sale. Following the reclassification of Tweed Asset, the Fund's portfolio comprises four retail shopping centre assets. The portfolio performed well during the year ended 30 June 2022 which is reflected in the valuation outcomes.

6. Investment properties (continued)

(b) Movement in investment properties

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000	ERPF I Group 30 June 2022 $'000	ERPF I Group 30 June 2021 $'000
Opening balance	**187,000**	**317,197**	**187,000**	**209,197**
Capital expenditure	5,132	18,998	5,132	4,092
Net fair value adjustments	1,771	1,596	1,771	2,621
Straightlining of rental income	134	(234)	134	(234)
Amortisation	(837)	(779)	(837)	(676)
Disposals	-	(121,778)	-	-
Reclassification to Assets transfer held for sale	(87,000)	(28,000)	(87,000)	(28,000)
Total investment properties	**106,200**	**187,000**	**106,200**	**187,000**

Highest and best use

For all investment properties, the current use equates to the highest and best use.

Fair value hierarchy and valuation techniques

The fair value measurement for investment properties has been categorised as Level 3 fair value based on the key inputs to the valuation techniques below.

Valuation Techniques	Significant unobservable inputs	Range FY22	Range FY21	Weighted average FY22	Weighted average FY21
Discounted cash flows – involves the projection of a series of inflows and outflows to which a market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the property.	Adopted discount Rate[1]	7.25% - 7.5%	7.50% - 8.75%	7.30%	7.89%
	Adopted terminal yield[2]	7.25% - 7.5%	7.25% - 8.32%	7.30%	7.60%
	Net property income (per sqm)[3]	$174 - $305	$168 - $341	$234	$261
Capitalisation method – involves determining the net market income of the investment property. This net market income is then capitalised at the adopted capitalisation rate to derive a core value.	Adopted capitalisation rate[4]	7.00% - 7.25%	7.0% - 8.0%	7.05%	7.32%

[1] Adopted discount rate: The rate of return used to convert cash flows, payable or receivable in the future, into present value. It reflects the opportunity cost of capital, that is the rate of return the cash can earn if put to other uses having similar risk. The rate is determined with regard to market evidence.

[2] Adopted terminal yield: The capitalisation rate used to convert the future net market rental revenue into an indication of the anticipated value of the property at the end of the holding period when carrying out a discounted cash flow calculation. The rate is determined with regard to market evidence.

[3] Net property income (per sqm): The forecast annual net rental income per sqm reflecting leased occupancy and likely to be leased space based on commitments and estimates. Resulting WALE and occupancy rate from existing tenancies will impact the forecast cash flow from net property income. The rate is determined with regard to existing lease terms and other market evidence.

[4] Adopted capitalisation rate: The rate at which net market rental revenue is capitalised to determine the value of a property. The rate is determined with regard to market evidence.

6. Investment properties (continued)

ACCOUNTING POLICY

Recognition and measurement

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the consolidated statement of profit or loss in the year in which they arise.

Fair value is defined as the price at which an asset or liability could be exchanged in an arm’s length transaction between knowledgeable, willing parties, other than in a forced or liquidation sale.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the year in which the property is derecognised.

Valuation process

In reaching estimates of fair value, management judgment needs to be exercised. The aim of the valuation process is to ensure that assets are held at fair value and that the Fund is compliant with applicable Australian Accounting Standards, regulations, and the Fund’s Constitutions. All properties are required to be internally valued every six months with the exception of those independently valued during that six month period.

The internal valuations are performed by utilising the information from a combination of asset plans and forecasting tools prepared by the asset management team. Appropriate capitalisation rate, terminal yield and discount rates based on comparable market evidence and recent external valuation parameters are used to produce a capitalisation based valuation and a discounted cash flow valuation. Both valuations are considered to determine the final valuation.

The Fund's valuation policy requires that each property in the portfolio is valued by an independent valuer at least every three years. In practice, properties may be valued more frequently than every three years primarily where there may have been a material movement in the market and where there is a significant variation between the carrying value and the internal valuation.

Independent valuations are performed by independent and external valuers who hold a recognised relevant professional qualification and have specialised expertise and experience in the location and types of investment properties valued.

Valuation technique

Capitalisation method

Capitalisation rate is an approximation of the ratio between the net operating income produced by an investment property and its fair value. This excludes consideration of costs of acquisition or disposal. The net income is capitalised in perpetuity from the valuation date at an appropriate investment yield. The adopted percentage rate investment yield reflects the capitalisation rate and includes consideration of the property type, location and comparable sales.

Discounted cash flows (DCF)

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. The DCF method involves the projection of a series of cash flows on a real property interest. The cash flow projections reflect tenants currently in occupation or are contracted to meet lease commitments or are likely to be in occupation based on the market’s general perception and relevant available market evidence. To this projected cash flow series, an appropriate discount rate is applied to establish the present value of the income stream associated with the property. The discount rate is the rate of return used to convert a monetary sum, payable or receivable in the future, into present value. The rate is determined with regard to market evidence and prior independent valuation.

All property investments are categorised as Level 3 in the fair value hierarchy.

6. Investment properties (continued)

Sensitivity Information

The key unobservable inputs to measure the fair value of investment properties are disclosed below along with sensitivity to a significant increase or decrease set out in the following table:

	Fair value measurement sensitivity to increase in input	Fair value measurement sensitivity to decrease in input
Discount rate (%)	Decrease	Increase
Terminal yield (%)	Decrease	Increase
Capitalisation rate (%)	Decrease	Increase

Sensitivity Analysis

When calculating the income capitalisation approach, the net property income has a strong inter-relationship with the adopted capitalisation rate given the methodology involves assessing the total income receivable from the property and capitalising this in perpetuity to derive a capital value. In theory, an increase in the income and an increase (softening) in the adopted capitalisation rate could potentially offset the impact to the fair value. The same can be said for a decrease in the income and a decrease (tightening) in the adopted capitalisation rate. A directionally opposite change in the income and the adopted capitalisation rate could potentially magnify the impact to the fair value.

When assessing a discounted cash flow, the adopted discount rate and adopted terminal yield have a strong interrelationship in deriving a fair value given the discount rate will determine the rate at which the terminal value is discounted to the present value. The impact on the fair value of an increase (softening) in the adopted discount rate could potentially offset the impact of a decrease (tightening) in the adopted terminal yield. The same can be said for a decrease (tightening) in the adopted discount rate and an increase (softening) in the adopted terminal yield. A directionally similar change in the adopted discount rate and adopted terminal yield could potentially magnify the impact to the fair value.

The adopted forecast net property income in the discounted cash flow is reflective of existing lease terms and other market data. Assets with higher WALE and occupancy rates improve net property income resulting in higher cash flow forecasts. The increased forecasted cash flow increases the fair value of the property.

	Fair value measurement sensitivity			
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
	$'000	$'000	%	%
Discount rate (%)	(1,905)	1,960	(1%)	1%
Terminal yield (%)	(2,080)	2,190	(1%)	1%
Capitalisation rate (%)	(3,920)	4,160	(2%)	2%

7. Assets and disposal group held for sale

On 24 June 2022, the Board of the Responsible Entity announced the intention to provide ERF securityholders with a liquidity event through the privatisation and delisting of ERF. This proposal includes the sale of Tweed Mall through a syndication into a new unlisted single asset fund, the Tweed Mall Fund, to be managed by Elanor Investors Group. The Tweed Mall transaction includes the disposal of the Tweed Mall unit trust including the investment property and the working capital, assets and liabilities. As such, the Tweed Mall assets and liabilities were classified as a disposal group held for sale as at 30 June 2022. No gain or loss was recognised as result of this classification change.

	30 June 2022	30 June 2021
Assets and disposal groups held for sale	**$'000**	**$'000**
Cash and cash equivalents	3,085	-
Investment Properties	87,000	28,000
Other current assets	451	-
Total assets classified as held for sale	**90,536**	**28,000**
Payables	3,244	-
Total liabilities directly associated with assets classified as held for sale	**3,244**	**-**

Accounting Policy

Non-current assets or disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell at the time of the reclassification. The fair value of the investment property was determined using the fair value measurement techniques as set out in note 6 and categorised as level 3 in the fair value hierarchy.

8. Trades and other receivables

OVERVIEW

This note provides further information about assets that are incidental to the Fund's trading activities, being trade and other receivables.

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000	ERPF I Group 30 June 2022 $'000	ERPF I Group 30 June 2021 $'000
Current assets				
Trade receivables	246	664	218	449
Other receivables	1,077	6,914	14	145
Total receivables	**1,323**	**7,578**	**232**	**594**
Non current assets				
Other receivables	100	3,958	-	-
Total receivables	**100**	**3,958**	**-**	**-**

Other current and non-current receivables relate mainly to the expected retention amount from sale of Auburn Central Property of which $9.3 million has been recovered by the end of the current financial year.

ACCOUNTING POLICY

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade and other receivables are initially recognised at the amount of consideration that is unconditional, unless they contain a significant financing component, when they are recognised at fair value. The Fund holds the receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method, less loss allowance.

9. Trade and other payables

OVERVIEW

This note provides further information about liabilities that are incidental to the Fund's trading activities, being trade and other payables.

Trade and other payables

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000	ERPF I Group 30 June 2022 $'000	ERPF I Group 30 June 2021 $'000
Trade creditors	527	758	561	823
Related party payables	-	289	-	289
Accrued expenses	2,874	1,557	2,323	261
GST payable	55	2	60	173
Total trade and other payables	**3,456**	**2,606**	**2,944**	**1,546**

ACCOUNTING POLICY

Payables represent liabilities and accrued expenses owing by the Fund at year end which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition. Payables are recognised at amortised cost and normal commercial terms and conditions apply to payables.

Finance and Capital Structure

This section provides further information on the Fund's debt structure, and also in relation to financial risk management for its exposure to credit, liquidity and market risks.

10. Interest bearing liabilities

OVERVIEW

The Fund has access to a combined $46.7 million debt facility and has drawn $41.7 million as at 30 June 2022. The weighted average cost of debt is 1.8% p.a., and the weighted average debt facility maturity at year end is 1.87 years. At 30 June 2022, the interest rate risk of drawn facilities is hedged to 100%. The fair value of the debt facilities is $39.2 million. The fair values of the interest bearing liabilities are based on discounted cash flows using a current borrowing rate.

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000	ERPF I Group 30 June 2022 $'000	ERPF I Group 30 June 2021 $'000
Non-current				
Bank loan - term debt	41,699	66,699	-	5,000
Borrowing costs less amortisation	(10)	(30)	-	(3)
Total non-current interest bearing liabilities	**41,689**	**66,669**	**-**	**4,997**
Cross-staple loan[1]	-	-	155,484	168,393
Total interest bearing liabilities	**41,689**	**66,669**	**155,484**	**173,390**

[1] Refer to note 14 for further details.

During the year ended 30 June 2022, the Fund repaid loans of $25.0 million following the sale of Moranbah Fair.

ACCOUNTING POLICY

Interest bearing liabilities are recognised initially at cost, being the fair value of the consideration received net of transaction costs associated with the borrowing. Subsequent to initial recognition, interest bearing liabilities are recognised at amortised cost using the effective interest method. Under the effective interest method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in the consolidated statement of profit or loss over the expected life of the borrowings.

Interest bearing liabilities are classified as current liabilities where the liability has been drawn under a financing facility which expires within one year. Amounts drawn under financial facilities which expire after one year are classified as non-current where the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

11. Derivative financial instruments

OVERVIEW

The Fund's derivative financial instruments consist of interest rate swap contracts to hedge its exposure to movements in variable interest rates. The interest rate swap agreements allow the Fund to raise long term borrowings at a floating rate and effectively swap them into a fixed rate.

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000	ERPF I Group 30 June 2022 $'000	ERPF I Group 30 June 2021 $'000
Current assets				
Interest rate swaps	931	-	-	-
Current liabilities				
Interest rate swaps	-	63	-	-
Non-current liabilities				
Interest rate swaps	-	54	-	-
Total derivative financial instruments	**931**	**117**	**-**	**-**

a) Valuation

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves (Level 2). The Fund has hedged $41.7 million in floating interest-bearing loans using interest rate swap agreements. These agreements are in place to swap the floating interest payable to a fixed rate to minimise the interest rate risk and have been assessed as effective.

All of the resulting fair value estimates are included in Level 2. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The fair value of derivatives has been determined with reference to market observable inputs for contracts with similar maturity profiles. The valuation is a present value calculation which incorporates fixed rate and forward interest rate curves.

b) Hedging

Instruments used by the Fund

Interest rate swaps are currently in place to hedge 100% (2021: 63%) of the variable loan principal outstanding. The fixed interest rates of the swap is 0.41% (2021: 0.41%) and the variable rate of the loan is 1.40% (2021: 1.42%) which is above the 90-day bank bill rate, which was at the end of the reporting period 1.03% (2021: 0.08%).

The swaps contracts require settlement of net interest receivable or payable every 90 days. The settlements dates coincide with the dates on which interest is payable on the underlying debt.

11. Derivative financial instruments (continued)

b) Hedging (continued)

In prior year the Fund applied cash flow hedge accounting, which has been discontinued effective 30 June 2022 as hedge accounting no longer meets the risk management objectives of the Fund.

As result any fair value movement of the interest rate swaps are recognised in the profit and loss.

ACCOUNTING POLICY

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

12. Contributed equity

OVERVIEW

The Fund is a 'stapled' entity comprising of ERPF I and its controlled entities, and ERPF II. The units in ERPF I are stapled to units in ERPF II. The stapled securities cannot be traded or dealt with separately.

(a) Parent entity

	No. of securities 30 June 2022 '000	No. of securities 30 June 2021 '000	Parent Entity 30 June 2022 $'000	Parent Entity 30 June 2021 $'000
Opening balance	127,713	128,730	89,691	90,421
Cancellation	-	(1,017)	-	(730)
Total contributed equity	**127,713**	**127,713**	**89,691**	**89,691**

(b) ERPF I Group

	No. of securities 30 June 2022 '000	No. of securities 30 June 2021 '000	ERPF I Group 30 June 2022 $'000	ERPF I Group 30 June 2021 $'000
Opening balance	127,713	128,730	65,581	66,116
Cancellation	-	(1,017)	-	(535)
Total contributed equity	**127,713**	**127,713**	**65,581**	**65,581**

13. Financial risk management

OVERVIEW

The Fund's principal financial instruments comprise cash, receivables, interest bearing loans and derivatives. The Fund's activities are exposed to a variety of financial risks: market risk (including interest rate risk); credit risk; and liquidity risk.

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk and the Fund's management of capital. Further quantitative disclosures are included through these financial statements.

The Board of Directors (Board) of the Responsible Entity of the Fund has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is responsible for monitoring the identification and management of key risks to the business.

13. Financial risk management (continued)

The Board has established Treasury Guidelines outlining principles for overall risk management and policies covering specific areas, such as mitigating foreign exchange, interest rate and liquidity risks. The Fund's Treasury Guidelines provide a framework for managing the financial risks of the Fund with a key philosophy of risk mitigation. Derivatives are exclusively used for hedging purposes, not as trading or other speculative instruments. The Fund uses derivative financial instruments such as interest rate swaps where possible to hedge certain risk exposures.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk, ageing analysis for credit risk and cash flow forecasting for liquidity risk.

There have been no other significant changes in the types of financial risks or the Fund's risk management program (including methods used to measure the risks).

(a) Market risk

Market risk refers to the potential for changes in the value of the Fund's financial instruments or revenue streams from changes in market prices, being interest rate risk.

(b) Interest rate risk

Interest rate risk refers to the potential fluctuations in the fair value or future cash flows of a financial instrument because of changes in market interest rates.

As at reporting date, the Fund had the following undiscounted (including future interest payable) interest bearing assets and liabilities:

Consolidated Group 30 June 2022	Maturity < 1 yr $'000	Maturity 1 - 5 yrs $'000	Maturity > 5 yrs $'000	Total $'000
Assets				
Cash and cash equivalents	5,396	-	-	5,396
Derivative financial instruments	-	931	-	931
Total assets	**5,396**	**931**	**-**	**6,327**
Weighted average interest rate				**0.62%**
Liabilities				
Interest bearing loans	755	42,356	-	43,110
Derivative financial instruments	-	-	-	-
Total liabilities	**755**	**42,356**	**-**	**43,110**
Weighted average interest rate				**2.43%**

Consolidated Group 30 June 2021	Maturity < 1 yr $'000	Maturity 1 - 5 yrs $'000	Maturity > 5 yrs $'000	Total $'000
Assets				
Cash and cash equivalents	18,713	-	-	18,713
Derivative financial instruments	-	-	-	-
Total assets	**18,713**	**-**	**-**	**18,713**
Weighted average interest rate				**0.00%**
Liabilities				
Interest bearing loans	948	69,007	-	69,955
Derivative financial instruments	-	117	-	117
Total liabilities	**948**	**69,124**	**-**	**70,072**
Weighted average interest rate				**1.70%**

13. Financial risk management (continued)

(b) Interest rate risk (continued)

ERPF I Group 30 June 2022	Maturity < 1 yr $'000	Maturity 1 - 5 yrs $'000	Maturity > 5 yrs $'000	Total $'000
Assets				
Cash and cash equivalents	2,878	-	-	2,878
Derivative financial instruments	-	-	-	-
Total assets	**2,878**	**-**	**-**	**2,878**
Weighted average interest rate				**0.00%**
Liabilities				
Interest bearing loans	-	-	-	-
Interest bearing cross-staple loan	5,955	175,519	-	181,474
Derivative financial instruments	-	-	-	-
Total liabilities	**5,955**	**175,519**	**-**	**181,474**
Weighted average interest rate				**3.83%**

ERPF I Group 30 June 2021	Maturity < 1 yr $'000	Maturity 1 - 5 yrs $'000	Maturity > 5 yrs $'000	Total $'000
Assets				
Cash and cash equivalents	4,277	-	-	4,277
Derivative financial instruments	-	-	-	-
Total assets	**4,277**	**-**	**-**	**4,277**
Weighted average interest rate				**0.00%**
Liabilities				
Interest bearing loans	-	5,229	-	5,229
Interest bearing cross-staple loan	6,155	24,621	172,197	202,973
Derivative financial instruments	-	-	-	-
Total liabilities	**6,155**	**29,850**	**172,197**	**208,202**
Weighted average interest rate				**3.77%**

13. Financial risk management (continued)

(c) Interest rate sensitivity

At reporting date, if Australian interest rates had been 1% higher / lower and all other variables were held constant, the impact on the Fund in relation to cash and cash equivalents, derivatives, interest bearing loans and the Fund's profit and equity would be:

		Increase by 1%		Decrease by 1%	
Consolidated Group	**Amount**	**Profit**	**Equity**	**Profit**	**Equity**
30 June 2022	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	5,396	54	-	(54)	-
Derivative financial instruments	931	417	-	(417)	-
Interest bearing loans	41,689	(417)	-	417	-
Total increase / (decrease)		**54**	**-**	**(54)**	**-**

		Increase by 1%		Decrease by 1%	
ERPF I	**Amount**	**Profit**	**Equity**	**Profit**	**Equity**
30 June 2022	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	2,878	29	-	(29)	-
Derivative financial instruments	-	-	-	-	-
Interest bearing loans	155,484	(1,684)	-	1,684	-
Total increase / (decrease)		**(1,655)**	**-**	**1,655**	**-**

		Increase by 1%		Decrease by 1%	
Consolidated Group	**Amount**	**Profit**	**Equity**	**Profit**	**Equity**
30 June 2021	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	18,713	187	-	(187)	-
Derivative financial instruments	117	-	417	-	(417)
Interest bearing loans	66,669	(667)	-	667	-
Total increase / (decrease)		**(480)**	**417**	**480**	**(417)**

		Increase by 1%		Decrease by 1%	
ERPF I	**Amount**	**Profit**	**Equity**	**Profit**	**Equity**
30 June 2021	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	4,277	43	-	(43)	-
Derivative financial instruments	-	-	-	-	-
Interest bearing loans	173,390	(1,734)	-	1,734	-
Total increase / (decrease)		**(1,691)**	**-**	**1,691**	**-**

Of the $46.7 million total loan facility, $41.7 million is drawn and 100% hedged using an interest rate swap agreement. The agreement is in place to swap the floating interest payable to a fixed rate to minimise the interest rate risk.

(d) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The Fund manages credit risk on receivables by performing credit reviews of prospective debtors, obtaining collateral where appropriate and performing detailed reviews on any debtor arrears. Credit risk on derivatives is managed through limiting transactions to investment grade counterparties.

The Fund applied the AASB 9 *Financial Instruments* simplified approach using the provision matrix for measuring the expected credit losses (ECL) which uses a lifetime expected loss allowance. The ECL calculation is based on assumptions about risk of default and expected loss rates. The Fund has considered the following in assessing the expected credit loss: ageing of the debtor's balances, tenant payment history, assessment of the tenant's financial position, existing market conditions and forward-looking estimates.

13. Financial risk management (continued)

(d) Credit risk (continued)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000	ERPF I Group 30 June 2022 $'000	ERPF I Group 30 June 2021 $'000
Cash and other cash equivalents	5,396	18,713	2,878	4,277
Trade and other receivables	1,423	11,536	232	594
Total	**6,819**	**30,249**	**3,110**	**4,871**

Where entities have a right of set-off and intend to settle on a net basis under netting arrangements, this set-off has been recognised in the consolidated financial statements on a net basis. Details of the Fund's contingent liabilities are disclosed in Note 16.

At balance date there were no other significant concentrations of credit risk.

No allowance has been recognised for the GST from the taxation authorities. Based on historical experience, there is no evidence of default from these counterparties which would indicate that an allowance was necessary.

The ageing profile of the trade and other receivables balance as at 30 June 2022 is as follows:

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000	ERPF I Group 30 June 2022 $'000	ERPF I Group 30 June 2021 $'000
Trade receivables				
Current	89	310	89	-
Past due 31-60 days	117	178	117	178
Past due 61+ days	851	1,085	294	837
Total	**1,057**	**1,573**	**500**	**1,015**
Other Receivables				
Current	1,077	6,914	14	145
Non-current	100	3,958	-	-
Total aged Trade and other receivables	**2,234**	**12,445**	**514**	**1,160**
Provision for expected credit losses	(811)	(909)	(282)	(566)
Net Trade and other receivables	**1,423**	**11,536**	**232**	**594**

The expected credit loss provision as at 30 June 2022 reflects the rent receivable that is likely to be waived and any additional amount relating to credit risk associated with the financial condition of the tenant.

(e) Capital risk management

The Fund maintains its capital structure with the objective to safeguard its ability to continue as a going concern, to increase the returns for securityholders and to maintain an optimal capital structure. The capital structure of the Fund consists of equity as listed in Note 12.

The Fund assesses its capital management approach as a key part of the Fund's overall strategy and it is continuously reviewed by management and the Directors of the Responsible Entity.

13. Financial risk management (continued)

To achieve the optimal capital structure, the Board may use the following strategies: amend the distribution policy of the Fund; issue new units through a private placement; conduct a buyback of units; acquire debt; or dispose of investment properties.

(f) Liquidity risk

The Fund manages liquidity risk by maintaining sufficient cash including working capital and other reserves, as well as through securing appropriate committed credit facilities.

The following are the undiscounted contractual cash flows of derivatives and non-derivative financial liabilities shown at their nominal amount.

Consolidated Group 30 June 2022	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	Contractual cash flows $'000	Carrying amount $'000
Derivative financial instruments						
Derivatives	(931)	-	-	-	-	(931)
Non derivative financial liabilities						
Distribution payable	4,694					4,694
Trade and other payables	3,456	-	-	-	-	3,456
Interest bearing loans	-	41,689	-	-	-	41,689
Total	**7,219**	**41,689**	**-**	**-**	**-**	**48,908**

Consolidated Group 30 June 2021	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	Contractual cash flows $'000	Carrying amount $'000
Derivative financial instruments						
Derivatives	-	117	-	-	-	117
Non derivative financial liabilities						
Distribution payable	20,223	-	-	-	-	20,223
Trade and other payables	2,606	-	-	-	-	2,606
Interest bearing loans	-	-	66,669	-	-	66,669
Total	**22,829**	**117**	**66,669**	**-**	**-**	**89,615**

ERPF I Group 30 June 2022	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	Contractual cash flows $'000	Carrying amount $'000
Derivative financial instruments						
Derivatives	-	-	-	-	-	-
Non derivative financial liabilities						
Distribution payable	-	-	-	-	-	-
Trade and other payables	2,944	-	-	-	-	2,944
Interest bearing loans	-	-	155,484	-	-	155,484
Total	**2,944**	**-**	**155,484**	**-**	**-**	**158,428**

ERPF I Group 30 June 2021	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	Contractual cash flows $'000	Carrying amount $'000
Derivative financial instruments						
Derivatives	-	-	-	-	-	-
Non derivative financial liabilities						-
Distribution payable	3,360	-	-	-	-	3,360
Trade and other payables	1,546	-	-	-	-	1,546
Interest bearing loans	-	-	4,997	168,393	-	173,390
Total	**4,906**	**-**	**4,997**	**168,393**	**-**	**178,296**

Other Items

This section provides information that is not directly related to the specific line items in the consolidated financial statements, including information about contingent liabilities, related parties, events after the end of the reporting period, remuneration of auditors and changes in accounting policies and disclosures.

14. Related parties

OVERVIEW

Related parties are persons or entities that are related to the Fund as defined by AASB 124 *Related Party Disclosures*. This note provides information about transactions with related parties during the year.

(a) Key management personnel

Responsible Entity

Elanor Funds Management Limited is the Responsible Entity of the Fund and is the key management personnel (KMP) of the Fund.

Directors of the Responsible Entity

The Directors of Elanor Funds Management Limited are:

Paul Bedbrook (Chair)
Glenn Willis (Managing Director and Chief Executive Officer)
Nigel Ampherlaw
Anthony Fehon
Su Kiat Lim (appointed 1 October 2021)
Karyn Baylis (appointed 1 November 2021)

Other Management Personnel

In addition to the directors, the following persons were Management Personnel of the Responsible Entity with the authority for the strategic direction of the Fund:

Michael Baliva – Fund Manager
Symon Simmons – Chief Financial Officer
Paul Siviour – Chief Operating Officer

Remuneration of Management Personnel

Compensation is paid to the Responsible Entity in the form of fees and is disclosed below. No other amounts are paid by the Fund directly or indirectly to the Management Personnel for services provided to the Fund.

The Directors of the Responsible Entity and other management personnel are paid by the Responsible Entity. Payments made from the Fund to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

Consequently, no compensation as defined in AASB 124 *Related Party Disclosures*, is paid by the Fund to its Management Personnel, other than that paid to the Responsible Entity.

14. Related parties (continued)

Related party disclosure

During the year, fees were incurred by the Fund to Elanor Investors Group and its controlled entities, in accordance with the Constitution of each Scheme, including management fees, accrued performance fee, syndication fee, underwriting fee and cost recoveries.

Fees paid to Elanor Investors Group and its controlled entities:	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000	ERPF I Group 30 June 2022 $'000	ERPF I Group 30 June 2021 $'000
Management fees	1,397	1,837	1,322	1,382
Syndication fee	1,836	-	1,836	-
Underwriting fee	1,727	-	1,727	-
Accrued performance fee	-	328	-	213
Total investment management fees	4,960	2,165	4,886	1,595
Other	583	396	526	339
Total	**5,543**	**2,561**	**5,411**	**1,934**
Outstanding balances arising from Fees paid to Elanor Investors Group and its controlled entities:				
Accounts payable	-	289	-	289
Total	**-**	**289**	**-**	**289**

Related party holdings

Key Management Personnel and other Management Personnel of the Responsible Entity and of its related entities may hold investments in the Fund. Such investments were purchased on normal commercial terms and were at arm's length. The number of securities held by Key Management Personnel and other Management Personnel are as follows:

	Stapled Securities 30 June 2022	Stapled Securities 30 June 2021
Investments held by Elanor Investment Trust	23,026,082	23,026,082
Investments held by Directors and other Management Personnel	797,391	797,391
Total	**23,823,473**	**23,823,473**

Cross-Staple Loan

On 9 November 2016, as part of the internal funding structure on listing of the Fund, ERPF I entered into a 10-year interest-bearing loan with ERPF II at arm's length commercial terms. As of 30 June 2022, the outstanding loan balance payable to ERPF II was $155.5 million ($168.4 million as at 30 June 2021).

The ERF II has applied the ECL model under AASB 9 *Financial Instruments* to its unsecured intercompany loan receivable with ERPF I. An impairment provision as the 12-month ECL has been assessed at balance date. Despite the current economic environment, there has been no history of defaults and management has determined that there has not been a significant increase in credit risk on the intercompany loan since its inception. ERPF I maintains a strong capital position and forecasts sufficient cash flows to repay the loan to ERPF II on expiry. There is no impact on the Fund as this loan eliminates on consolidation.

15. Non-cancellable operating lease receivables

OVERVIEW

This note sets out the non-cancellable operating lease receivables of the Fund and the ERPF I Group.

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000	ERPF I Group 30 June 2022 $'000	ERPF I Group 30 June 2021 $'000
Within 1 year	11,217	14,997	11,217	14,997
Between 1 and 2 years	9,373	12,421	9,373	12,421
Between 2 and 3 years	7,435	10,431	7,435	10,431
Between 3 and 4 years	5,144	8,612	5,144	8,612
Between 4 and 5 years	4,613	6,183	4,613	6,183
Later than 5 years	17,071	23,466	17,071	23,466
Total	**54,853**	**76,110**	**54,853**	**76,110**

16. Unrecognised items

OVERVIEW

Items that have not been recognised on the Fund's balance sheet, including contractual commitments for future expenditure and contingent liabilities which are not sufficiently certain to qualify for recognition as a liability on the balance sheet, are defined as unrecognised items. This note provides details of any such items.

(a) Contingent liabilities

The Directors are not aware of any material contingent liabilities of the Fund as at 30 June 2022 (30 June 2021: nil).

(b) Commitments

The Fund, including ERPF I Group, has capital commitments of $0.89 million (30 June 2021: nil) in respect of capital expenditures contracted at the date of the statements of financial position.

17. Parent entity disclosure

OVERVIEW

The financial information below on Elanor Retail Property Fund's parent entity, ERPF II, and ERPF I Group's parent entity, ERPF I, as a stand-alone entity has been provided in accordance with the requirements of the Corporations Act 2001.

(a) Summarised financial information

Financial Position	ERPF II 30 June 2022 $'000	ERPF II 30 June 2021 $'000	ERPF I 30 June 2022 $'000	ERPF I 30 June 2021 $'000
Current assets	159,126	21,423	111,937	40,453
Non - current assets	-	172,351	72,015	149,576
Total Assets	**159,126**	**193,774**	**183,952**	**190,029**
Current liabilities	5,097	17,986	178,461	4,188
Non - current liabilities	40,760	61,726	-	173,390
Total Liabilities	**45,856**	**79,712**	**178,461**	**177,578**
Contributed equity	91,101	89,690	35,922	65,677
Reserves	(1,411)	(118)	-	1,535
Retained profits / (accumulated losses)	23,579	24,490	(30,431)	(54,761)
Total Equity	**113,270**	**114,062**	**5,491**	**12,451**
Financial performance				
Profit / (loss) for the period	3,779	3,716	(3,611)	(7,696)
Other comprehensive income for the year	-	15	-	4,113
Total comprehensive income for the year	**3,779**	**3,731**	**(3,611)**	**(3,584)**

(b) Commitments

ERPF I had $0.89 million of commitments as at 30 June 2022 (2021: nil), while ERF II had no commitments as at 30 June 2022 (2021: $1.0 million) in relation to capital expenditure contracted at the date of the statements of financial position.

(c) Guarantees provided

ERPF I and ERPF II had no outstanding guarantees as at 30 June 2022 (2021: none).

(d) Contingent liabilities

ERPF I and ERPF II has no contingent liabilities as at 30 June 2022 (2021: none).

ACCOUNTING POLICY

With the exception of consolidation, the financial information of the parent entities have been prepared on the same basis as the consolidated financial statements.

18. Auditors' remuneration

OVERVIEW

PricewaterhouseCoopers are the independent auditors of the Fund.

During the year the following fees were paid or payable for services provided by the auditor of the Fund:

	Consolidated Group 30 June 2022 $	Consolidated Group 30 June 2021 $
Audit and other assurance services		
Audit and review of financial statements	165,000	91,710
Other services		
Consulting services	-	96,900
Total auditor's remuneration	**165,000**	**188,610**

19. Subsequent events

On 19 August 2022, at an Extraordinary General Meeting, ERF securityholders voted in favour of the proposal to privatise and delist ERF. The Fund is expected to delist from the ASX in November 2022. Further information is provided in the Directors' Report.

The Directors are not aware of any other matter or circumstance not otherwise dealt with in the financial reports or the Directors' Report that has significantly affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in financial periods subsequent to the year ended 30 June 2022.

20. Accounting policies

OVERVIEW

This note provides an overview of the Fund's accounting policies that relate to the preparation of the financial report as a whole and do not relate to specific items. Accounting policies for specific items in the balance sheet or statement of comprehensive income have been included in the respective note.

(a) Interest Income

Interest income is recognised as it accrues using the effective interest rate method.

(b) Expenses

All expenses, including the responsible entity's fees and custodian fees, are recognised in profit or loss on an accruals basis.

(c) Income Taxation

Under current legislation, the Fund is not subject to income tax as securityholders are presently entitled to the income of the Fund.

ELANOR RETAIL PROPERTY FUND

DIRECTORS' DECLARATION TO STAPLED SECURITYHOLDERS

In the opinion of the Directors of Elanor Funds Management Limited as responsible entity for Elanor Retail Property Fund I and Elanor Retail Property Fund II:

(a) the financial statements and notes set out on pages 16 to 49 are in accordance with the Corporations Act 2001 (Cth), including:

  i. complying with Australian Accounting Standards, the *Corporations Regulations* 2001 and other mandatory professional reporting requirements; and

  ii. giving a true and fair view of the Consolidated Group's and ERPF I Group's financial position as at 30 June 2022 and of their performance, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Consolidated Group and the ERPF I Group will be able to pay their debts as and when they become due and payable; and

(c) the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board; and

(d) the Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the *Corporations Act 2001* (Cth).

This declaration is made in accordance with a resolution of the Board of Directors in accordance with Section 295(5) of the *Corporations Act 2001* (Cth).

Glenn Willis
CEO and Managing Director

Sydney, 23 August 2022

Independent auditor's report

To the stapled securityholders of Elanor Retail Property Fund (comprising Elanor Retail Property Fund II and Elanor Retail Property Fund I)

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial reports of:

- Elanor Retail Property Fund II (the Registered Scheme) and its controlled entities (together the Group) and
- Elanor Retail Property Fund I and the entities it controlled during the year (ERPF I Group)

are in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the financial positions of the Group and ERPF I Group as at 30 June 2022 and of their financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial reports of the Group and ERPF I Group (the financial report) comprises:

- the consolidated statements of financial position as at 30 June 2022
- the consolidated statements of comprehensive income for the year then ended
- the consolidated statements of profit or loss for the year then ended
- the consolidated statements of changes in equity for the year then ended
- the consolidated statements of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration to stapled securityholders.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

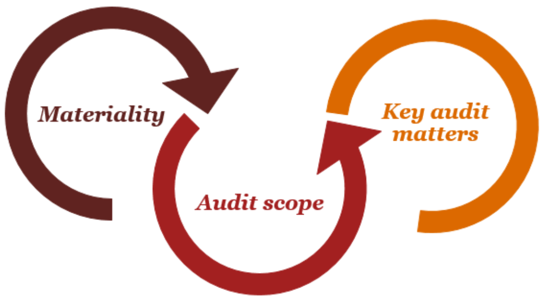
Independence

We are independent of the Group and ERPF I Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group and ERPF I Group, their accounting processes and controls and the industry in which they operate.



Materiality	Audit scope	Key audit matters
• For the purpose of our audit of the Group and the ERPF I Group, we used overall materiality of $0.4 million, which represents approximately 5% of Funds from Operations. The metric is defined in note 1 of the financial report. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of	• Our audit focused on where the Group and ERPF I Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The audit team consisted of individuals with the appropriate skills and competencies needed for the audit.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: ○ Valuation of Investment Property • These are further described in the *Key audit matters* section of our report.

- misstatements on the financial report as a whole.
- We chose Funds from Operations because, in our view, it is the primary metric against which the performance of the Group and ERPF I Group are most commonly measured in the industry.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period and were determined separately for the Group and ERPF I Group. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
Valuation of Investment Property ***Refer to note 6*** ***Group and ERPF I Group*** The Group's and ERPF I Group's property portfolios consist of retail investment properties at 30 June 2022. This was a key audit matter because of the: • relative size of the investment property portfolio to net assets and related valuation movements, and • inherent subjectivity of the key assumptions that underpin the valuations.	Our procedures included, amongst others: • Obtaining an understanding of the Group's and ERPF I Group's process for determining the valuation of the investment properties; • Assessing the scope, competence and objectivity of the external valuation firms engaged by the Group and ERPF I Group to provide external valuations at reporting date; • Assessing the appropriateness of the valuation methodologies utilised; • Assessing the appropriateness of significant assumptions with reference to evidence in independent valuations and external market data where available. For a sample of external valuations, we traced the rental income used in the valuation to

Key audit matter	How our audit addressed the key audit matter
	the tenancy schedule and in turn agreed the tenancy schedule to the underlying lease agreements; • Considering the reasonableness of the disclosures made in relation to the significant assumptions in light of the requirements of Australian Accounting Standards.

Other information

The directors of Elanor Funds Management Limited, the Responsible Entity of the Registered Scheme and ERPF I Group (the Directors) are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial report and our auditor’s report thereon. Prior to the date of this auditor's report, the other information we obtained included the Directors' Report. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors of the Responsible Entity for the financial report

The Directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Group and ERPF I Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and ERPF I Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

N R McConnell
Partner

Sydney
23 August 2022