**ASX Announcement**

19 August 2019

**Elanor Retail Property Fund Delivers Strong FY19 Result**

Elanor Retail Property Fund ("ERF" or "Fund") is pleased to announce its annual financial results for the year ended 30 June 2019.

**Highlights**

- Statutory net profit for the period of $20.0 million.
- Core Earnings for the period of $12.2 million (FY18: $14.0 million), or 9.46 cents per security.
- Comparative Core Earnings for the period of $14.2 million, after adjusting for rental downtime at Tweed Mall ($0.7 million) and the Manager's performance fee ($1.3 million).
- Distributions for the period of $11.6 million, or 8.98 cents per security based on maintaining a 95% payout ratio. Distribution for the six months to 30 June 2019 of 4.33 cents per security.
- As at 30 June 2019, ERF had a total investment portfolio of $334.5 million, including the Auburn Ambulance Station ($2.5 million).
- As at 30 June 2019 the portfolio comprises 7 high investment quality retail shopping centres, with a strong focus on non-discretionary retailers, representing 60% of rental income.
- The Fund has successfully negotiated the early surrender of Auburn Central's Big W lease to facilitate the transformation of the property into a Sydney metropolitan, dual supermarket, neighbourhood shopping centre. A Heads of Agreement has been executed with a non-discretionary retailer to anchor the new retail precinct.
- The Fund has formalised ALDI's new 15-year lease at Tweed Mall, commencing on 21 August 2019. ALDI's introduction has facilitated execution of the remix strategy for the northern mall.
- Gearing of the Fund of 38.8% as at 30 June 2019, within the Group's target gearing range of between 30% and 40%.

Commenting on the result, ENN CEO, Glenn Willis, said: "The continued growth in the value of ERF is a result of the strong non-discretionary retail focus of the Fund's investments and the successful execution of the operational and strategic initiatives across the portfolio. We remain confident that the Fund is well positioned to continue to grow value for security holders."

Fund Manager, Michael Baliva, said "We are pleased with the execution of the strategic initiatives across the portfolio. The surrender of the BIG W lease at Auburn Central and the introduction of ALDI at Tweed Mall are transformational for these key properties of the Fund. Furthermore, we remain positive in regard to the execution of numerous strategic and operational initiatives to add value across the portfolio."

## Overview and strategy

The Fund is an externally managed real estate investment fund investing in Australian retail property, focusing on high investment quality neighbourhood and sub-regional shopping centres.

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

- invest in retail properties that provide strong earnings from a diversified retail tenant mix (with a focus on non-discretionary retailers) and high strategic real estate value
- implement active leasing and other asset management initiatives to grow income and portfolio value
- implement development and repositioning strategies across the portfolio
- maintain a conservative and efficient capital structure with a target gearing range of between 30% and 40%

## Update on Strategic review

In February 2019, the Fund announced the commencement of a strategic review to examine options and capital management initiatives with a view to reducing the gap between Fund NTA per security and the security trading price.

Key actions undertaken as part of the strategic review include:

- execution of the repositioning initiatives within the Value-Add assets
- evaluation of the potential realisation strategy for the Value-Add assets
- evaluation of the potential realisation strategy for the Core Assets
- evaluation of the potential realisation strategy for the Core Assets and the Value-Add assets to discreet sources of capital as a result of an integrated capital management transaction

The strategic review has identified specific transaction options that are now being further developed with a view to execution, if appropriate, of the preferred option in the short to medium term.#

## Summary of Financial Results

Statutory net profit for the period was $20.0 million.

Core Earnings for the period were $12.2 million, or 9.46 cents per security.

ERF has declared a final distribution of 4.33 cents per security for the six months to 30 June 2019 (to be paid on 30 August 2019).

NTA per security of $1.53 as at 30 June 2019.

A summary of the key financial results for the full year ended 30 June 2019 and a reconciliation of statutory earnings to Core Earnings for the full year is as follows:

## Summary of Financial Results (continued)

| **Key financial results** | **30 June 2019** |
|---|---|
| Net profit / (loss) ($'000) | 20,015 |
| Core Earnings ($'000) | 12,175 |
| Distributions payable to security holders ($'000) | 11,566 |
| Core Earnings per stapled security (cents) | 9.46 |
| Core Earnings per weighted average stapled security (cents) | 9.46 |
| Distributions (cents per stapled security) | 8.98 |
| Net tangible assets ($ per stapled security) | 1.53 |
| Gearing (net debt / total assets less cash) (%) | 38.8 |

| **Reconciliation of Core Earnings** | **30 June 2019 $'000** |
|---|---|
| **Statutory net profit / (loss)** | **20,015** |
| *Adjustments for items included in statutory profit/(loss):* | |
| Fair value adjustments on investment property | (8,781) |
| Release of rental guarantee amounts not included in profit / (loss) | 282 |
| Straight lining of rental income | (690) |
| Amortisation expense | 1,349 |
| **Core Earnings** | **12,175** |

| **Balance Sheet Summary** | **30 June 2019** | **30 June 2018** |
|---|---|---|
| Total Assets ($'000) | 340,103 | 326,193 |
| Borrowings ($'000) | 134,523 | 128,948 |
| Net Assets ($'000) | 197,450 | 193,155 |
| Gearing (Net Debt / Total Assets less cash) | 38.8% | 38.2% |
| Number of securities on issue (million) | 128.7 | 128.7 |
| Net asset value per security ($) | 1.53 | 1.50 |
| Net tangible assets per security ($) | 1.53 | 1.50 |

## Outlook

The Fund's core strategy will remain focused on actively managing and growing earnings from its investment portfolio and acquiring additional high investment quality retail properties.

The Fund is well positioned to enhance value for security holders in the short term following execution of current initiatives to realise the operational and strategic opportunities across the Portfolio.

Please refer to the presentation and financial statements lodged with ASX today for further details regarding ERF's FY19 result.

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**Investor Briefing**

Elanor Retail Property Fund will be holding an Investor Briefing Conference Call on Monday, 19 August 2019 at 11:00am, to present and discuss the Fund's FY19 results. The Conference details are:

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|---|---|
| Dial In: | 1800 123 296 or +61 2 8038 5221 |
| Conference ID: | 9299477 |
| Commencement: | 11:00am AEST |

For further information regarding this announcement please contact:

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