



ELANOR RETAIL PROPERTY FUND

FY17 Results Presentation

21 August 2017

Contents

1	FY17 Results Highlights	3
2	ERF Strategy and Value Proposition	6
3	Fund Overview	19
4	FY17 Financial Results	23
5	Outlook	27
6	Appendix	29



FY17 Results Highlights

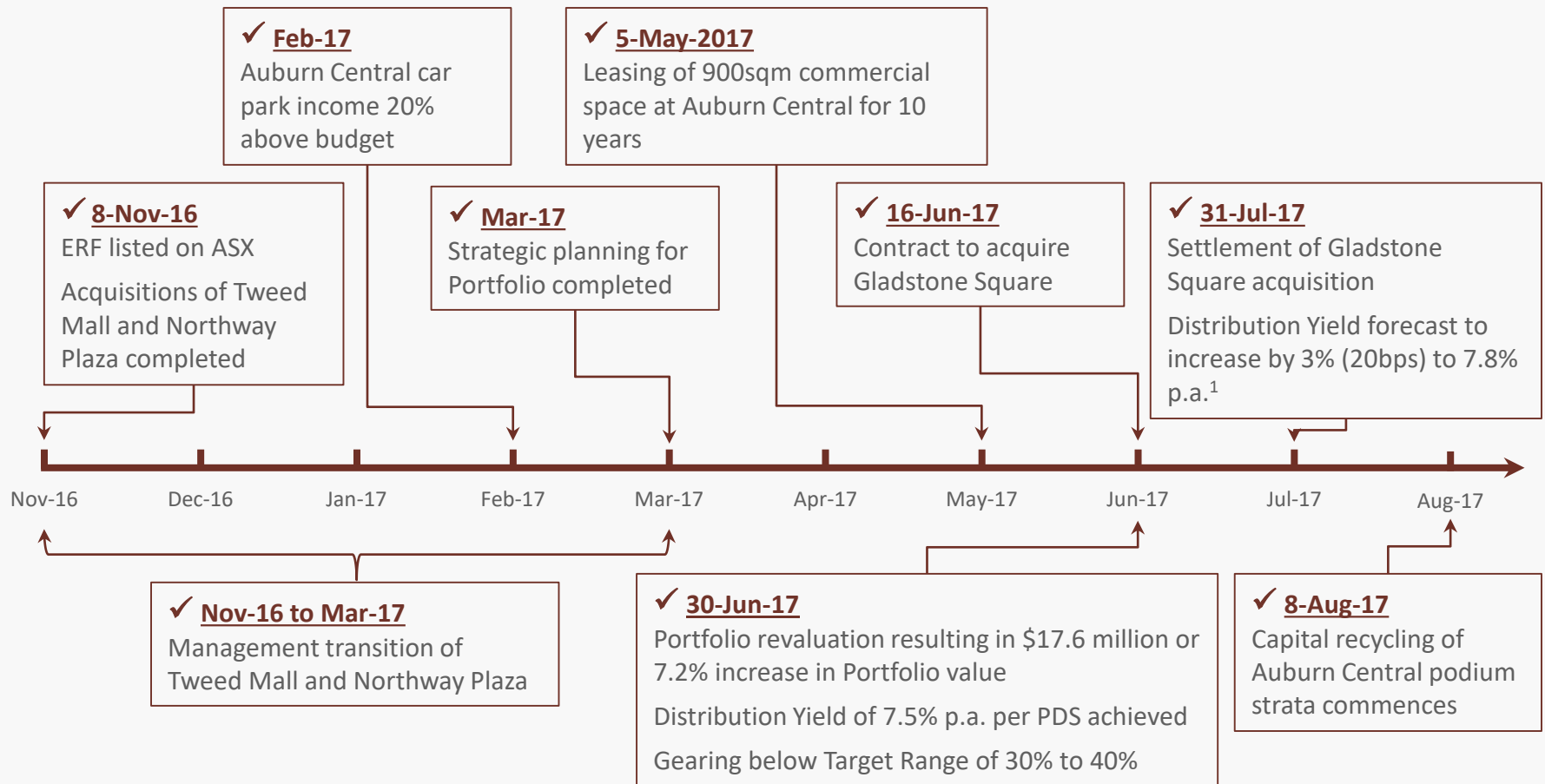
FY17 Results Highlights

Core Earnings	✓	\$8.67m
Distributions Per Security	✓	6.40c
NTA Per Security	↑	\$1.42
Portfolio Avg Cap Rate	↓	7.2%
Gearing ¹	↓	29.3%
Security Price ²	↑	\$1.37

- Core Earnings in line with PDS forecast
- Distributions per stapled security in line with PDS forecast
- 95% Core Earnings payout ratio
- Listed 9 November 2016 with 128.7m stapled securities. NTA per security has increased from \$1.25 to \$1.42, or 13.8%, since listing
- Portfolio of 5 high investment quality retail shopping centres
- Portfolio value increased by \$17.5m to \$260.8m at 30 June 2017
- Below target range of between 30% and 40%
- Increase from listing price of \$1.35

1. Net debt / total assets less cash
2. At market close on 30 June 2017

ERF Delivers Fund Strategy and Performance



1. Based on closing security price of \$1.33 on 15 August 2017 and annualised forecast accretion following Gladstone Square settlement on 31 July 2017



ERF Strategy and Value Proposition

Fund Strategy and Investment Philosophy

Invest

Invest in retail properties that provide strong and stable earnings from a diversified retail tenant mix, with a focus on non-discretionary retailers

Active Asset Management

Implement active leasing and other asset management initiatives to grow the income and value of the Portfolio

High Quality Acquisitions

Acquire additional high investment quality Sub-Regional and Neighbourhood shopping centres with a significant component of non-discretionary retailers

Reposition Assets

Implement development and repositioning strategies in the Portfolio properties and in any additional properties acquired in the future

Capital Structure Management

Maintain a conservative capital structure with a target gearing range of between 30% and 40%

to deliver...

Low Risk–
Adjusted
Cash Flows

Operational
Upside

Strategic
Upside

Growth

resulting in a...

**Low Risk Retail REIT
with significant NTA Value Upside**

Risk focused investment philosophy and active asset management approach to deliver strong performance from its high investment quality Portfolio

✓ **Attractive relative to peers**

- Low risk Retail REIT with NTA value upside
- Trading at significant discount to NTA
- Significantly higher Distribution Yield
- Significantly higher Portfolio capitalisation rate to Sub-Regional and Neighbourhood shopping centre market and peers

✓ **Low risk-adjusted cash flows – investment in Sub-Regional and Neighbourhood shopping centres**

- Focus on lower risk, non-discretionary expenditure
- Generate strong risk adjusted returns

✓ **Operational and Strategic upside**

- Strong operational and strategic upside potential in each Portfolio asset
- Active asset management approach to continue to deliver value
- Significant strategic value add opportunities
- Discount Department Stores (DDS) represent a net value add opportunity across the ERF Portfolio; currently representing only 15% of rental income

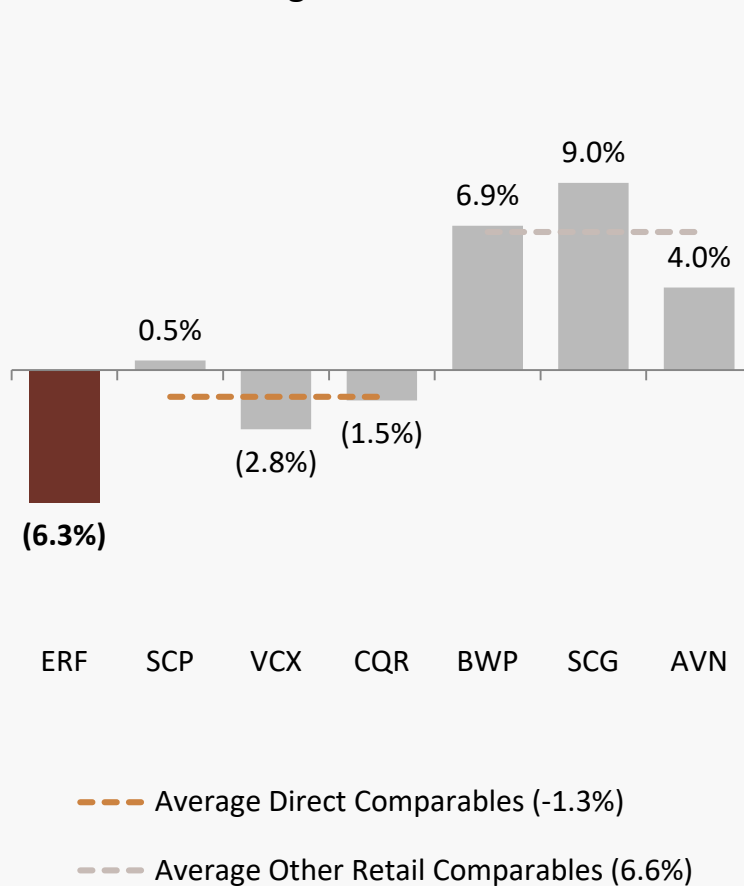
✓ **Accretive Growth**

- Acquisition of Gladstone Square will increase Distribution Yield by 3% to 7.8% per annum¹
- Asset recycling will enable further accretive acquisitions of high investment quality shopping centres

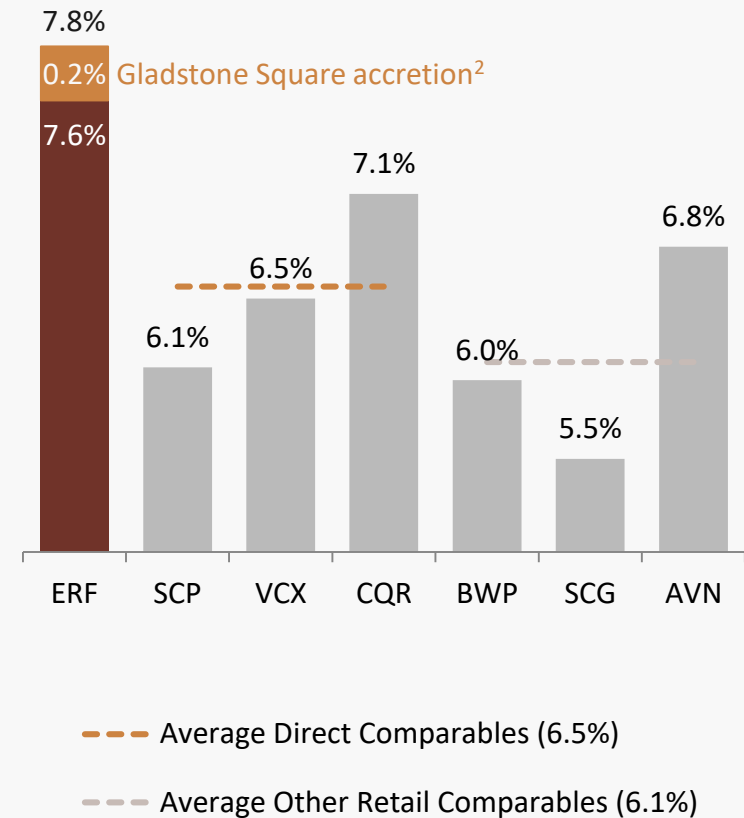
1. Based on closing security price of \$1.33 on 15 August 2017 and annualised forecast accretion following Gladstone Square settlement on 31 July 2017

ERF Represents Value Relative to Peers

Trading at NTA discount¹



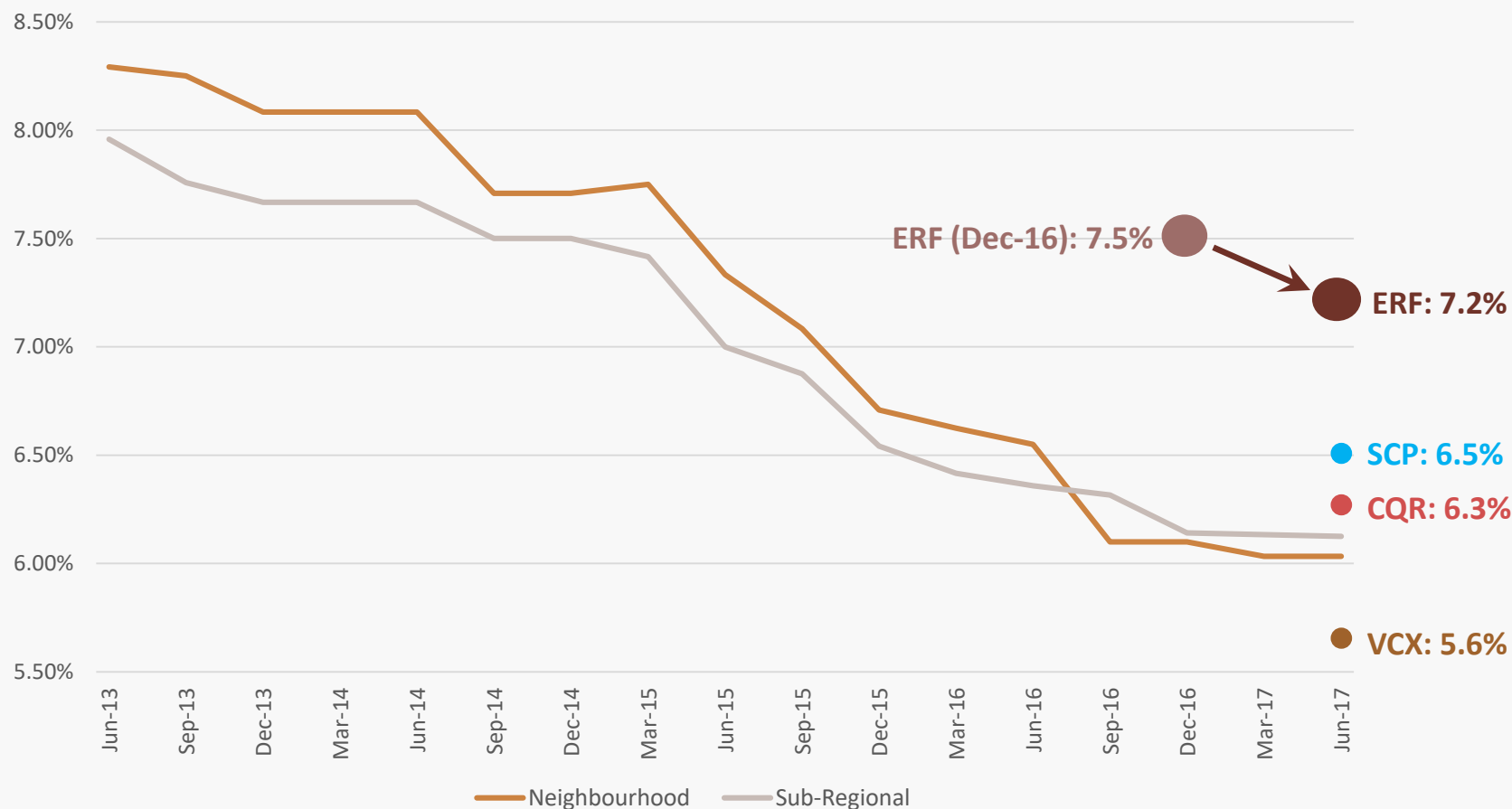
Higher Distribution Yield than Peers¹



1. Based on closing security price of \$1.33 on 15 August 2017 and using latest available NTA for peers
2. Annualised forecast accretion following Gladstone Square settlement on 31 July 2017

ERF Represents Value Relative to Peers (cont'd)

ERF Weighted Average Portfolio Capitalisation Rate is substantially higher than the Sub-Regional and Neighbourhood shopping centre market and peers



ERF has Low Risk-Adjusted Cash Flows

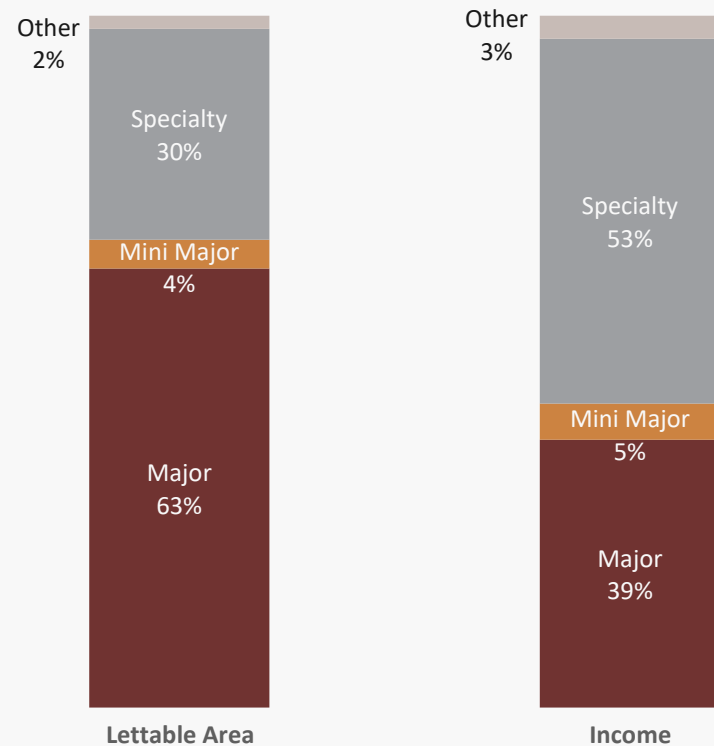
Non discretionary focussed Sub-Regional and Neighbourhood shopping centres provide strong risk-adjusted returns relative to other real estate asset classes



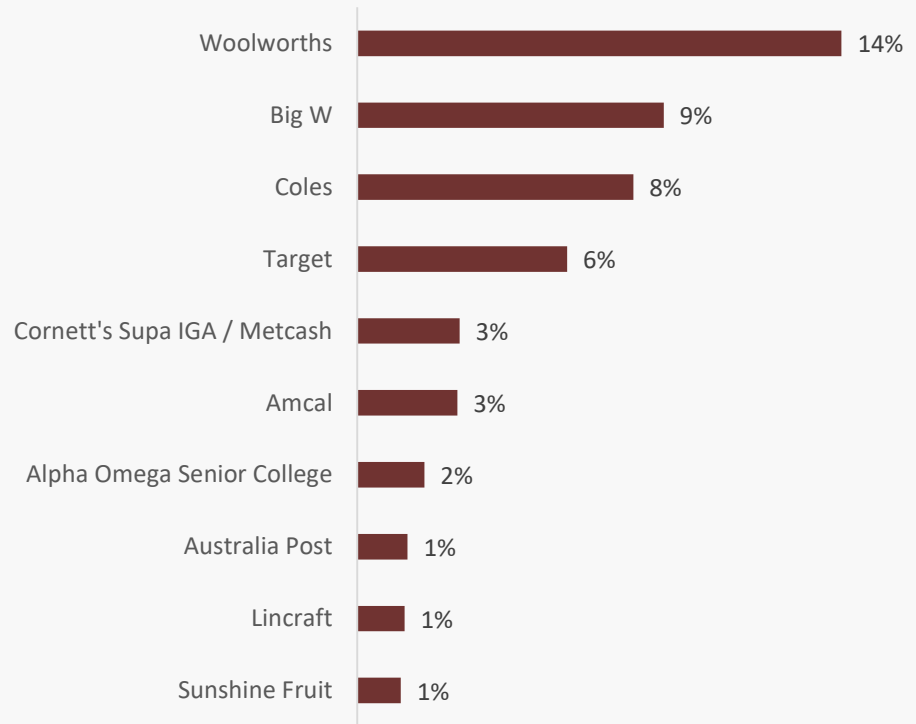
ERF has Stable and Secure Rental Income

- The Portfolio is anchored by quality national tenants supported by long term lease covenants from major corporations including Woolworths Limited, Wesfarmers Group and Metcash
- Majors occupy 63% of occupied lettable area and contribute 39% of base rental income

TENANT MIX BY TYPE



TOP 10 TENANTS BY INCOME

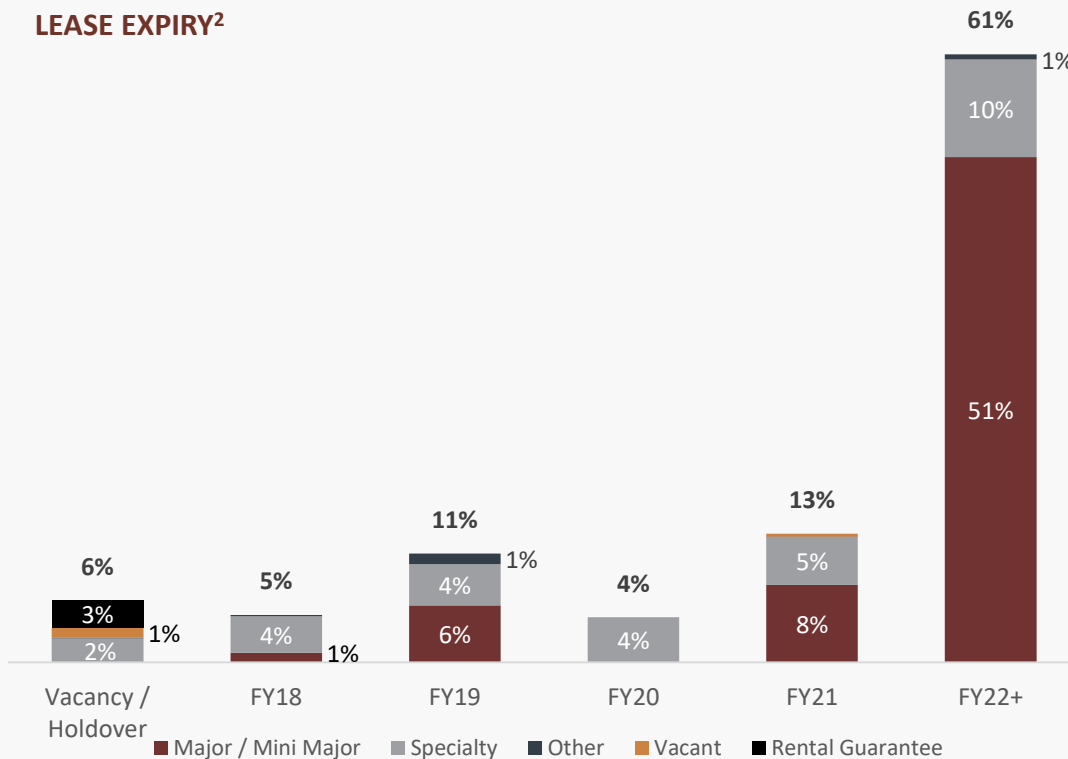


Note: Analysis above includes Gladstone Square

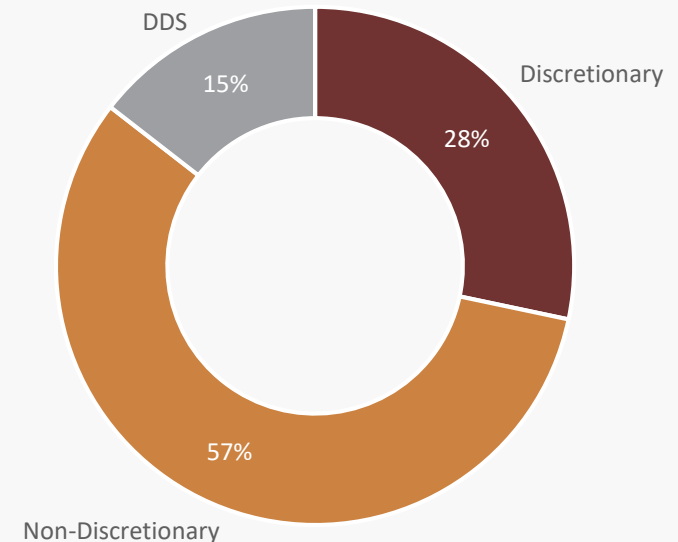
ERF has Stable and Secure Rental Income (cont'd) *Elanor* RETAIL PROPERTY FUND

- The Portfolio has a strong exposure to non-discretionary spending providing a secure income base
- Portfolio 99.1% occupied¹ with Portfolio WALE of 5.4 years by Portfolio lettable area and 4.8 years by Portfolio base rental income

LEASE EXPIRY²



NON-DISCRETIONARY EXPOSURE²

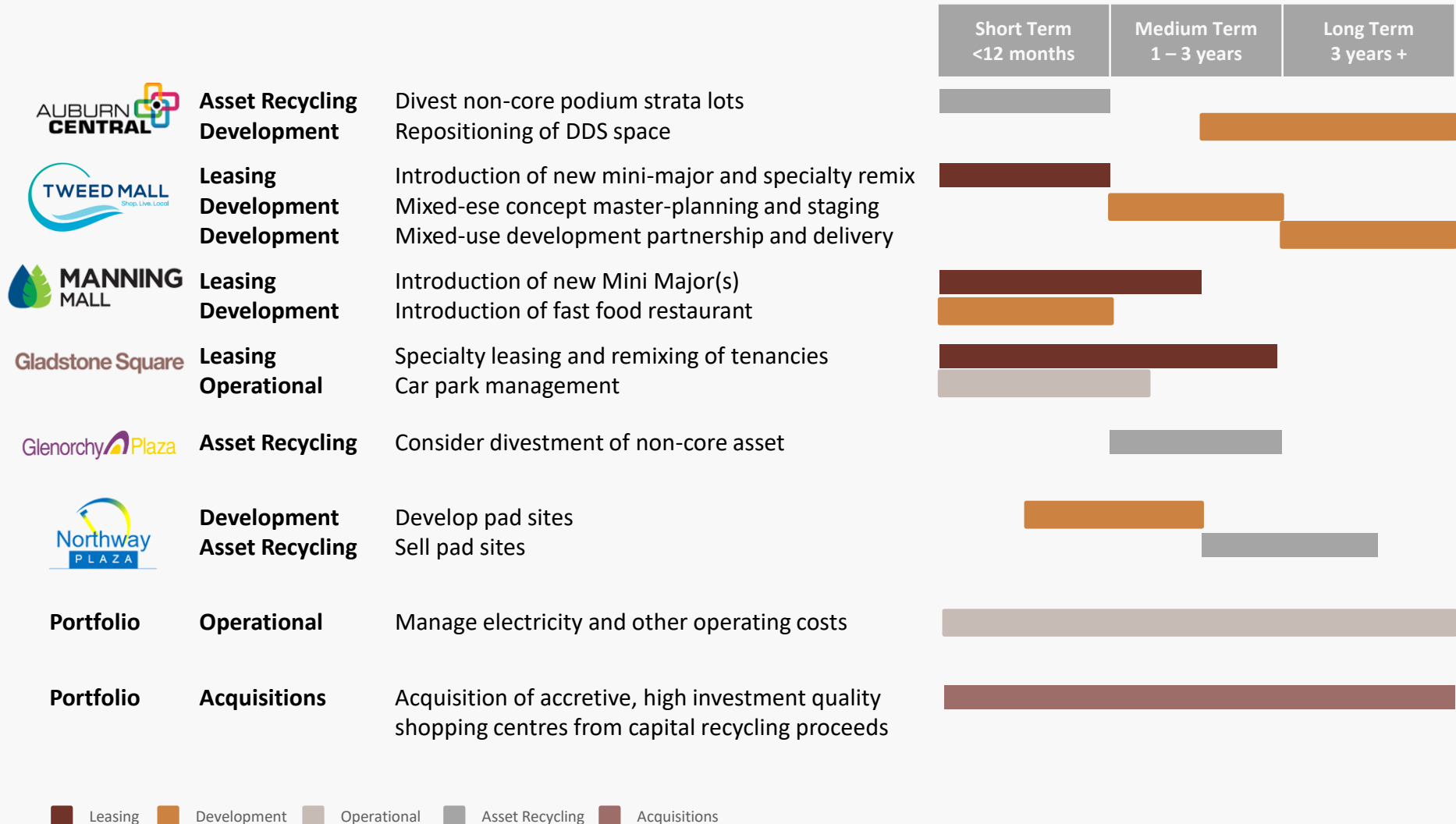


Note: Analysis above includes Gladstone Square

1. By Lettable Area and includes Rental Guarantees

2. By base rental income

Strong Operational and Strategic Upside



CASE STUDY: AUBURN CENTRAL

- Acquired in May 2015 for \$68.0 million (8.1% cap rate)
- \$1 million investment in significant specialty remixing strategy focussing on introduction of non-discretionary retailers – generating ROI of 45% and improving centre sales performance
- \$1 million investment in car park management system and refurbishment to increase turnover and improve utilisation of car park – generating ROI of 36% and improving centre sales performance
- New college occupying 900m² commercial tenancy on a 10 year lease, providing further activation of casual dining precinct
- Independent valuation of \$95.0 million (6.5% cap rate) at 30 June 2017



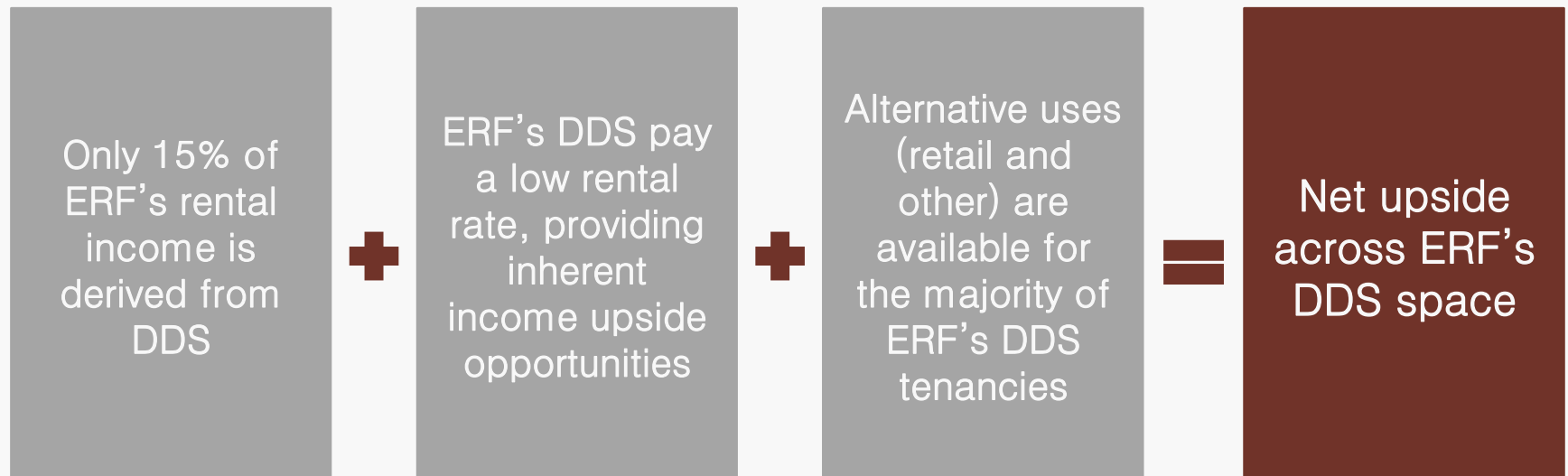
Further asset management opportunities:

- Capital recycling from sales of non-core podium strata tenancies, generating proceeds of approximately \$21 million to be invested in additional high investment quality shopping centre assets with a strong non-discretionary retail component and significant asset management opportunities
- Improve sales performance from DDS retail tenancy

DDS Represent a Net Value Add for ERF

DDS sales performance and productivity remains challenging

DDS represent a net value add opportunity across the ERF Portfolio



ERF deployed available debt capacity to acquire Gladstone Square in July 2017, a recently redeveloped neighbourhood shopping centre anchored by a newly expanded Woolworths supermarket with a 20 year lease. The acquisition is forecast to deliver a 3% annualised increase to Core Earnings and Distribution Yield

ERF will recycle proceeds from sale of non-core assets into additional accretive high investment quality shopping centres

NEW ACQUISITION

Gladstone Square

- 3% increase to annualised Core Earnings and Distribution Yield
- Recently expanded Woolworths supermarket with a new 20 year lease
- Value-add opportunities from specialty remix during 2 year income guarantee period
- Improved Portfolio WALE, Occupancy and Debt Maturity

ASSET RECYCLING

- Disposal of non-core podium strata lots at Auburn Central commenced in August 2017
- Net proceeds to be reinvested into accretive high investment quality shopping centre acquisitions
- Other Portfolio asset recycling opportunities under consideration

OTHER OPPORTUNITIES

- Exclusive due diligence on an accretive high investment quality shopping centre has commenced
- Continual review of further high investment quality shopping centre acquisition opportunities

New Acquisition: Gladstone Square

ERF announced the acquisition of Gladstone Square Shopping Centre on 16 June 2017

Settlement was completed on 31 July 2017

Redeveloped	2016
Year Built	1992
Gross Lettable Area	6,897 sqm
Car spaces	302
WALE (by income)	8.6 years
Occupancy ¹	100.0%
Major tenants	Woolworths



Highlights of Acquisition

- New 20 year lease to Woolworths
- Increases ERF's annualised forecast Distribution Yield by 3%
- Improves ERF's geographic diversification, Portfolio WALE, Occupancy and Debt Maturity

Impact of Acquisition to ERF

	Portfolio Value (\$m)	Cap Rate	WALE (by income)	Occupancy ¹	Annualised Forecast Distribution Yield ²
ERF	260.8	7.2%	4.4 years	98.6%	7.6%
ERF + Gladstone Square	292.3	7.2%	4.8 years	98.7%	7.8% ³

1. Including Rental Guarantee

2. Based on closing security price of \$1.33 on 15 August 2017

3. Annualised forecast accretion following Gladstone Square settlement on 31 July 2017



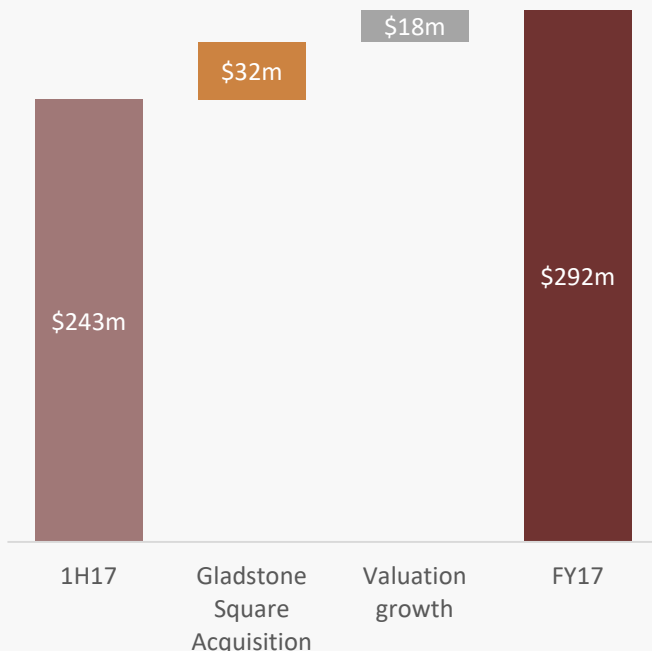
Fund Overview

Portfolio Overview

ERF's Portfolio is currently valued at \$292.3m

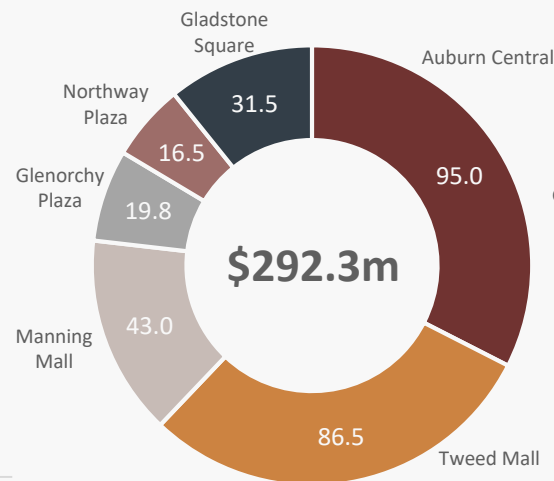
- As at 30 June 2017, the Portfolio comprised of five high investment quality retail shopping centre assets valued at \$260.8m
- As announced on 16 June 2017, ERF exchanged contracts to acquire Gladstone Square Shopping Centre for \$31.5m. Settlement was completed on 31 July 2017

PORTFOLIO VALUE MOVEMENTS

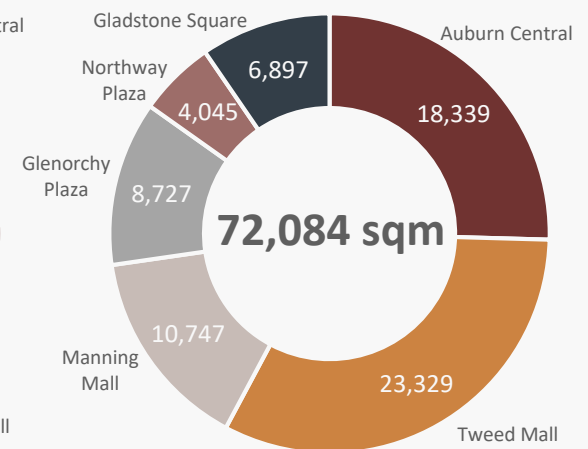


Note: Analysis above includes Gladstone Square

PORTFOLIO BY VALUE



PORTFOLIO BY LETTABLE AREA

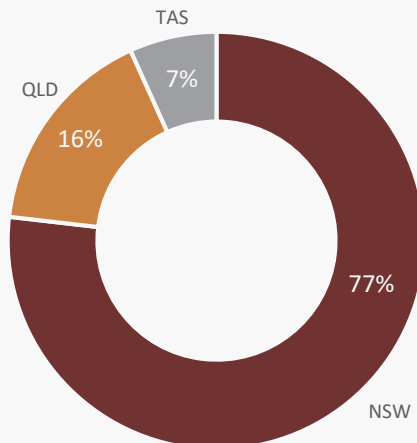


Portfolio Summary

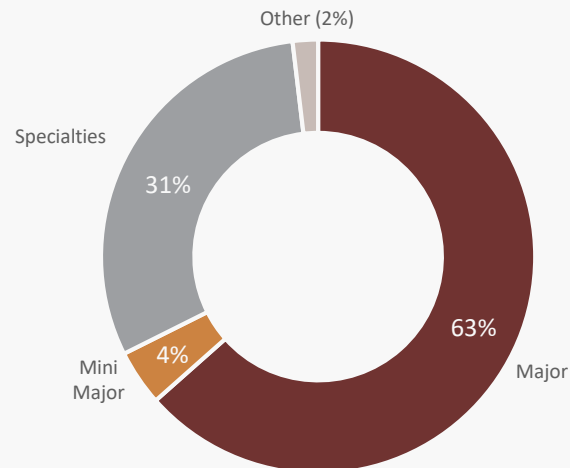
The Portfolio reflects strong, risk-adjusted returns with significant NTA value upside

Type of Shopping Centre	Number of Centres	Valuation (\$m)	Cap Rate	Lettable Area (sqm)	Occupancy ¹	WALE (Income)
Sub-Regional	4	244.3	7.2%	61,142	99.0%	4.4yrs
Neighbourhood	2	48.0	7.4%	10,942	100.0%	7.0yrs
Total	6	292.3	7.2%	72,084	99.1%	4.8yrs

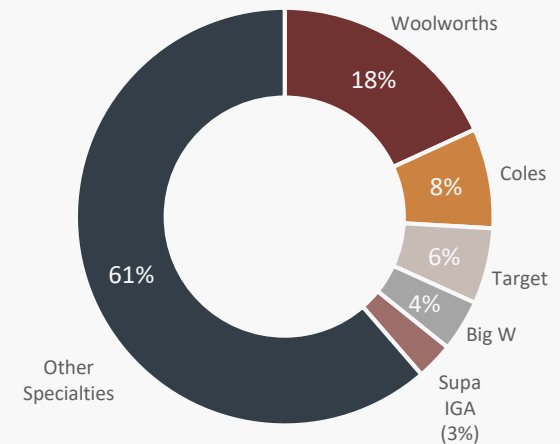
GEOGRAPHIC DIVERSIFICATION²



TENANT MIX BY TYPE³



KEY TENANTS⁴



Note: Analysis above includes Gladstone Square

1. By Lettable Area and includes the impact of Rental Guarantees. See slide 30 for more information
2. By asset value
3. By lettable area
4. By base rent

Portfolio Revaluation

Active asset management has resulted in a strong uplift in the most recent valuation of the Portfolio

- Auburn Central, Tweed Mall and Northway Plaza were independently valued as at 30 June 2017
- The Portfolio Value¹ increased by \$17.6 million representing 7.2% growth²
- The Weighted Average Cap Rate¹ for the Portfolio firmed by 50 basis points from 7.7% at IPO to 7.2%

Property	Centre Type	State	Value (\$m)		Variance	Cap Rate	
			Dec-16	Jun-17		Dec-16	Jun-17
Auburn Central	Sub-Regional	NSW	85.2	95.0	11.5%	7.2%	6.5%
Tweed Mall	Sub-Regional	NSW	81.3	86.5	6.5%	8.3%	7.8%
Manning Mall	Sub-Regional	NSW	43.0	43.0	-	7.3%	7.3%
Glenorchy Plaza	Sub-Regional	TAS	19.8	19.8	-	7.6%	7.6%
Northway Plaza	Neighbourhood	QLD	14.0	16.5	7.3%	8.5%	7.3%
Total (Jun-17)			243.2	260.8	7.2%	7.7%	7.2%

1. Excluding Gladstone Square

2. This represents a 10% increase on the assets that were independently valued



FY17 Financial Results

Adjusted Profit and Loss¹

Income	IPO to Jun-17 \$'000
Rental income	17,182
Interest income	26
Net fair value decrements and transaction costs	5,559
Total income	22,767

Expenses	
Rates, taxes and other outgoings	4,873
Borrowing costs	2,500
Investment management fees	1,036
Other expenses	540
Total expenses	8,949
Adjusted net profit post IPO	13,818

Reconciliation to Core Earnings

Adjusted net profit post IPO	13,818
Transaction and establishment costs	10,294
Fair value adjustments on investment properties	(15,854)
Straight lining of rental income	(228)
Amortisation expense	638
Core Earnings	8,668

- Statutory net profit of \$11.7m for the 12 months ended 30 June 2017
- Adjusted net profit of \$13.8m for the period 9 November 2016 (listing date) to 30 June 2017
- Core Earnings of \$8.7m or 6.73 cents per security in line with the PDS forecast
- Distribution of 6.40 cents per security (representing 95% of Core Earnings), in line with PDS forecast

1. Statutory net profit has been restated to reflect results post IPO from 9 November 2016 to 30 June 2017

Adjusted Balance Sheet

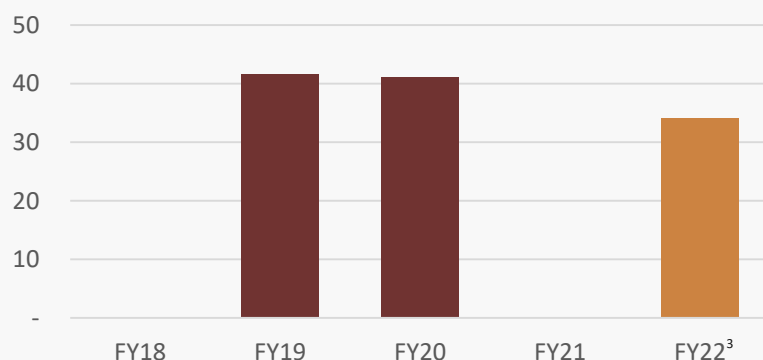
Balance Sheet as at 30 June 2017	\$'000
Assets	
Cash	4,448
Receivables	1,208
Other current assets	2,047
Investment properties	260,750
Total assets	268,453
Liabilities	
Payables	2,993
Rent received in advance	385
Interest bearing liabilities	81,740
Derivative financial instruments	480
Total liabilities	85,598
Net assets	182,855
Number of securities ('000)	128,730
NAV per security	\$1.42
NTA per security	\$1.42
Gearing (ND / TA less cash)	29.3%

- Net tangible asset value per security of \$1.42 at 30 June 2017
- Interest bearing debt less cash of \$77.3m at 30 June 2017
- Gearing ratio of 29.3% is below ERF's target range of between 30% and 40%

Debt and Capital Management

	30 June 2017	Post Gladstone Square
Facility limit (\$m)	90.0	124.1
Drawn debt (net of cash) (\$m)	78.1	108.9
Gearing	29.3%	36.6%
% debt fixed or hedged	90.7%	93.4%
Weighted average cost of debt	3.8%	3.9%
Average debt facility maturity (years)	2.2	2.9
Average swap / hedge maturity (years)	3.1	3.7
Interest cover ratio	6.0x	n/a

Drawn Debt Maturity Profile (\$m)



1. LVR is calculated as drawn debt divided by the value of the Portfolio
2. ICR is calculated as net rental income from the properties in the Portfolio divided by interest expense
3. Represents new debt facility for the acquisition of Gladstone Square, which settled on 31 July 2017

- Gearing of 29.3% is below ERF's target gearing range of between 30% and 40%
- Post-Gladstone Square acquisition, ERF's gearing increases to 36.6%
- Debt is 90.7% hedged in line with PDS forecast
 - Target range for fixed interest rate exposure of between 70% and 100% of drawn debt
 - Average swap / hedge maturity increases from 3.1 years to 3.7 years post-Gladstone Square acquisition
- Weighted average cost of debt is approximately 3.8% per annum and the weighted average term to maturity of the Fund's debt is 2.2 years (with no expiry until December 2018)
 - Post-Gladstone Square, ERF's weighted average term to maturity increases to 2.9 years
- Common Terms structure to facilitate the introduction of new lenders on individual commercial terms
- Key Covenants
 - Loan-to-value ratio (LVR)¹ ≤ 50%
 - Interest Cover Ratio (ICR)² ≥ 2.00x, assessed semi-annually



Outlook

ERF is strongly positioned to enhance value for security holders

- Active asset management of the existing portfolio generating improved operational performance and returns
- Increased capital value from implementation of strategic initiatives

Core Earnings

- ERF confirms forecast Core Earnings as disclosed in the PDS for the period ending 31 December 2017
- The annualised Distribution Yield is forecast to increase by 3% (20 basis points) to 7.8% per annum following the Gladstone Square settlement on 31 July 2017



Appendix

Detailed Assets Summary

Property Name	Centre Type	State	Value (\$m)	Cap Rate	Lettable Area (sqm)	Base Rent (\$m)	Occupancy ¹	WALE (by Area)	WALE (by Base Rent)	No. of Tenancies	No. of Tenants ³
Auburn Central	Sub-Regional	NSW	95.0	6.5%	18,339	7.8	99.9%	5.8yrs	4.9yrs	68	70
Tweed Mall	Sub-Regional	NSW	86.5	7.8%	23,329	7.3	100.0% ²	4.1yrs	3.8yrs	62	78
Manning Mall	Sub-Regional	NSW	43.0	7.3%	10,747	3.8	96.2%	3.6yrs	3.7yrs	32	38
Glenorchy Plaza	Sub-Regional	TAS	19.8	7.6%	8,727	1.8	97.5%	6.8yrs	6.1yrs	14	16
Northway Plaza	Neighbourhood	QLD	16.5	7.3%	4,045	1.4	100.0% ²	4.0yrs	3.9yrs	12	13
TOTAL (Jun-17)			260.8	7.2%	65,187	22.2	99.0%	4.9yrs	4.4yrs	188	215
Gladstone Square	Neighbourhood	QLD	31.5	7.5%	6,897	2.8	100.0%	10.0yrs	8.6yrs	26	33
TOTAL			292.3	7.2%	72,084	25.0	99.1%	5.4yrs	4.8yrs	214	248

1. By Lettable Area and includes the impact of Rental Guarantees. Occupancy excluding Rental Guarantees for the Portfolio, Tweed Mall and Northway Plaza is 97.0% (97.3% including Gladstone), 94.6% and 98.1%, respectively
2. Rental Guarantees valued at \$1.17m in place for Tweed Mall and Northway Plaza to provide income on nominated vacancies until November 2018
3. Includes Majors, Mini-Majors, Discount Department Stores, Specialties and Other (Kiosks, ATMs, Carwashes, Offices, Roof top leases to telecommunication providers)

Retail Comparable Sales Performance¹

- Portfolio retailer sales stable and expected to grow
- Specialty Occupancy Costs are below benchmark⁴ reflecting upside potential in specialty rents

	Auburn Central	Tweed Mall	Manning Mall	Glenorchy Plaza	Northway Plaza
Annual Retail Sales (\$m)	83.0	114.9	66.2	17.9	23.1
Centre Sales (\$ / sqm p.a)	5,922	5,842	7,194	2,470	7,618
Supermarket Sales (\$ / sqm p.a)	12,516	8,664	12,405	n/a	8,149
YoY change (%)	2.9%	0.2%	0.5%	n/a	(1.5%)
Specialty Sales² (\$psqm / p.a)	7,835	5,567	7,116	n/a ³	n/a ³
YoY change (%)	1.5%	(1.8%)	3.7%	n/a ³	n/a ³
Specialty Occupancy Cost²	12.9%	13.3%	10.0%	n/a ³	n/a ³

1. Limited to retailers who have traded and consistently reported sales for the 24 months ended 30 June 2017

2. Excludes non retailers categories of Travel Agents, Post Offices, Gyms, Medical / Veterinary and Offices

3. Insufficient specialty retailer sales data

4. 13.8% for Single DDS Sub-Regional Shopping Centres per Urbis / Location IQ (2016)

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