



ASX Announcement

4 October 2016

Elanor Investors Group to progress IPO of Elanor Retail Property Fund

Elanor Investors Group (ASX: ENN) ("Elanor") is pleased to announce that it is finalising preparations to list on the ASX a new real estate investment trust, Elanor Retail Property Fund ("ERPF" or the "Fund").

The Fund will invest in Australian retail property, focussing on quality, high yielding neighbourhood and sub-regional shopping centres. ERPF will initially own a portfolio of five quality retail shopping centres, independently valued at \$243.2 million, reflecting a weighted average capitalisation rate of 7.7%, weighted average lease expiry of 5.1 years and occupancy of 96.7%.

The Fund will be formed by the stapling of two existing funds currently managed by Elanor, being the Elanor Retail Property Fund I and the Elanor Retail Property Fund II, and by the acquisition of two new properties, Tweed Mall Shopping Centre and Northway Plaza Shopping Centre. The portfolio will comprise:

- Auburn Central Shopping Centre, Auburn, NSW;
- Tweed Mall Shopping Centre, Tweed Heads, NSW;
- Manning Mall Shopping Centre, Taree, NSW;
- Glenorchy Plaza Shopping Centre, Glenorchy, TAS; and
- Northway Plaza Shopping Centre, Bundaberg, QLD.

ERPF will target the distribution of 90% to 100% of distributable earnings and will seek to provide investors with a stable and secure rental income with strong exposure to non-discretionary retailers. ERPF will offer investors a forecast distributable earnings yield of 7.9% for the calendar year ending 31 December 2017.

The Fund is backed by quality anchor tenants, who contribute approximately 51% of the portfolio's base rental income, and exposure to non-discretionary retailers which comprise approximately 45% of the portfolio's gross lettable area.

The responsible entity of ERPF will be Elanor Funds Management Limited ("EFML") and the Fund will be externally managed by Elanor.

Elanor will receive a base management fee of 0.65% of the gross asset value of the Fund. Elanor will be entitled to receive a performance fee equal to 20% of the amount (if any) by which the total return of ERPF exceeds a hurdle of 12%. In addition, Elanor will be entitled to receive other fees from the Fund including fees in relation to property management. No acquisition fees will be payable to Elanor by the Fund for future acquisitions that ERPF makes in addition to the initial portfolio.



It is expected that ERPF will have a market capitalisation of in excess of \$170 million. Elanor expects to have an investment in ERPF of approximately 15% at IPO.

EFML is currently targeting lodgement of a Product Disclosure Statement ("PDS") with ASIC for an offer of securities in the Fund on or about 14 October 2016. It is expected that the PDS will be available for download from the Fund's website at www.elanoroffer.com once lodged with ASIC. Investors should consider the PDS in making any decision in connection with whether to acquire securities in the Fund. Anyone who wants to acquire securities in the Fund will need to complete the application form that will be in or accompany the PDS.

Elanor Funds Management Limited has appointed Moelis & Company as Lead Manager and Underwriter on this transaction.

ENDS.

For further information regarding this announcement please contact:

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