



ASX Announcement

26 June 2017

Elanor Investors Group 2HFY17 Forecast Distribution

Forecast Distribution

Elanor Investors Group (“ENN” or “Group”) is pleased to announce its forecast distribution range for the six months ending 30 June 2017 of 4.5 cents to 4.75 cents per stapled security, with a point estimate of 4.6 cents. This brings the total distribution in respect of the year ending 30 June 2017 to 12.37 cents per stapled security.

ENN’s ASX announcement dated 23 February 2017, outlining the Group’s results for the six months ended 31 December 2016, noted that the Group’s ability to grow Core Earnings on a six month to six month basis is predicated on the timing of realisation of acquisition and performance fees.

Since 31 December 2016, ENN has generated acquisition fees of approximately \$0.8 million and performance fees of approximately \$0.4 million. By comparison, in the six months ended 31 December 2016, ENN generated acquisition fees of approximately \$2.3 million and performance fees of approximately \$3.4 million. ENN’s forecast Core Earnings for the six months ending 30 June 2017 is in line with actual Core Earnings for the six months ended 31 December 2016, other than in respect of the level of acquisition fees and performance fees.

ENN CEO, Glenn Willis said: “We are pleased with the progress achieved during the half. The lower forecast distribution for the six months ending 30 June 2017 compared to the first half relates specifically to the timing of realisation of acquisition fees and performance fees – the immediate pipeline for both fund based asset acquisitions and realisation opportunities is positive. We are also pleased with the forecast 23% increase in the value of the balance sheet investment portfolio since 31 December 2016.”

Current Acquisition Pipeline

ENN continues to be well positioned to grow value for security holders. ENN currently has an active pipeline. Opportunities within the Hotels, Tourism and Leisure and Real Estate divisions are strong. In addition, fund based asset realisation opportunities are developing.

ENN is not currently expecting that acquisition fees and performance fees in relation to these opportunities will be reflected in ENN’s results for the six months ending 30 June 2017. Accordingly, the forecast distribution range for the second half does not reflect any contribution to earnings from these potential transactions.

Growth in Managed Funds and Investment Portfolio since 31 December 2016

ENN continues to achieve growth in its total managed funds and total investment portfolio – forecast at approximately \$857 million as at 30 June 2017, up from \$774 million as at 31 December 2016. Managed funds as at 30 June 2017 are forecast to be approximately \$699 million, an increase of approximately \$53 million or 8% from 31 December 2016. This is prior to the outcome of the independent valuations currently being prepared for three assets within the Elanor Retail Property Fund’s (“ERF”) portfolio. ENN’s balance sheet investment portfolio as at 30 June 2017 is forecast to be approximately \$158 million, an increase of approximately \$30 million or 23% from 31 December 2016.

The Merrylands property held on balance sheet by ENN will continue to be carried at cost as at 30 June 2017.



Key increases in ENN's managed funds and investment portfolio since 31 December 2016 comprise:

- The acquisition of Hunters Plaza Shopping Centre, Papatoetoe, Auckland, New Zealand. The asset will be held in a new managed fund, the "Hunters Plaza Syndicate". The purchase price for the Hunters Plaza Shopping Centre is \$NZ 50.6 million (approximately \$A 47.7 million). The acquisition of Hunters Plaza represents a fully leased yield of 8.40%
- The revaluation of ENN's balance sheet portfolio of Hotels, Tourism and Leisure assets as at 30 June 2017, consistent with ENN's adopted accounting policy of fair value accounting. This revaluation is anticipated to result in an increase in the aggregate carrying value of the Hotels, Tourism and Leisure assets in excess of \$20 million.

Key increases in ERF's portfolio value since 31 December 2016 will comprise:

- The acquisition of Gladstone Square Shopping Centre in Gladstone, Queensland, for \$31.5 million. The acquisition of Gladstone Square Shopping Centre represents a fully leased yield of 8.50%. The centre is anchored by an extensively refurbished and expanded Woolworths supermarket with a new 20 year lease, expiring in May 2036
- Revaluations resulting from independent valuations currently being prepared for three assets within ERF's portfolio of sub-regional and neighbourhood shopping centres as at 30 June 2017

Apart from any future announcements regarding Elanor's current pipeline of funds management initiatives, a further trading update will be provided with Elanor's 2017 full year result, to be announced on or around 18 August 2017.

ENDS.

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