



ELANOR RETAIL PROPERTY FUND

1HFY18 Results Presentation

15 February 2018





Contents

1	1H FY18 Highlights	3
2	ERF Strategy and Value Proposition	10
3	Fund Overview	16
4	1H FY18 Financial Results	21
5	Outlook	25



1H FY18 Highlights

ERF Investment Highlights

Strong risk-adjusted cash flows		<ul style="list-style-type: none">• Focus on lower risk, non-discretionary expenditure• Generate strong risk-adjusted returns
Operational and Strategic upside		<ul style="list-style-type: none">• Strong operational and strategic upside potential in each Portfolio asset• Active asset management approach to continue to deliver value• Significant strategic real estate 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		<ul style="list-style-type: none">• Proceeds from the divestment of non-core Auburn podium strata tenancies has been invested in the acquisition of Moranbah Fair• Further accretive asset recycling initiatives under active consideration
Attractive relative to peers		<ul style="list-style-type: none">• Low risk Retail REIT with significant NTA value upside• Strong Distribution Yield• Significantly higher Portfolio capitalisation rate compared to Sub-Regional and Neighbourhood shopping centre market and peers

1HFY18 Results Highlights

Core Earnings	✓	\$6.98m
Distributions Per Security	✓	5.15c
NTA Per Security	↑	\$1.47 3.5% increase from 30 June 2017
Portfolio Avg Cap Rate	↔	7.2%¹ Unchanged since 30 June 2017
Gearing ²	↑	34.7% Increased from 29.3% as at 30 June 2017
Security Price ³	↓	\$1.34 Decreased by 2.2% since 30 June 2017














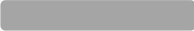







- Core Earnings exceeds PDS forecast
- Distributions per stapled security exceeds PDS forecast
- 95% Core Earnings payout ratio
- Listed 9 November 2016 with 128.7m stapled securities
- NTA per security has increased from \$1.25 to \$1.47 (17.6% since listing)
- Portfolio of 6 high investment quality retail shopping centres as at 31 December 2017
- Moranbah Fair acquired on 19 January 2018 increases ERF's Portfolio value to \$304 million
- Within target range of between 30% and 40%
- Gladstone Square Shopping Centre acquisition on a fully debt funded basis during the period
- Decreased from \$1.37 at market close on 30 June 2017




1. Calculated on the Portfolio of 7 shopping centres including Moranbah Fair
 2. Net debt / total assets less cash
 3. At market close on 29 December 2017

1HFY18 Operational Highlights

Acquired a high investment quality shopping centre		<ul style="list-style-type: none">• Accretive acquisition of Gladstone Square shopping centre on 31 July 2017• Anchored by an extensively refurbished Woolworths supermarket with a new 20 year lease
Significant progress to introduce new mini major in Tweed Mall		<ul style="list-style-type: none">• Heads of Agreement to introduce a new mini major in Tweed Mall in late 2018• The proposed new tenant will significantly increase foot traffic and act as catalyst for non-discretionary focussed specialty remix
Successfully divested non-core Auburn podium strata tenancies		<ul style="list-style-type: none">• Strong investment demand for non-core Auburn podium strata tenancies resulting in sale of 10 tenancies for \$9.5 million (\$9.2 million net proceeds) reflecting an average capitalisation rate of 6.25%• The 5 remaining podium strata tenancies with a value of \$12.4 million are expected to be sold by 31 March 2018
Subsequent to 31 December 2017 acquired a high investment quality shopping centre		<ul style="list-style-type: none">• Accretive acquisition of Moranbah Fair shopping centre, anchored by a strongly performing Coles supermarket, with over 10 years lease term remaining• Strong risk-adjusted cash flows• Strong market position in a region with a stable resident population

Strong Operational and Strategic Upside

			Status	Short Term <12 months	Medium Term 1 – 3 years	Long Term 3 years +
 AUBURN CENTRAL	Asset Recycling Development	Divest non-core podium strata lots Repositioning of DDS space	✓			
 TWEED MALL	Leasing Development Development	Introduction of new mini-major and specialty remix Mixed-use concept master-planning and staging Mixed-use development partnership and delivery		 		
 MANNING MALL	Leasing Development	Introduction of new Mini Major(s) Proposed introduction of fast food restaurant		 		
Gladstone Square	Leasing Operational	Specialty leasing and remixing of tenancies Car park management		 		
 Glenorchy Plaza	Asset Recycling	Consider future divestment of this asset				
 Northway PLAZA	Development Asset Recycling	Develop pad sites Sell pad sites				
 Elanor RETAIL PROPERTY FUND	Operational	Drive electricity and other operating cost efficiencies	✓			
 Elanor RETAIL PROPERTY FUND	Acquisitions	Acquisition of accretive, high investment quality shopping centres from capital recycling proceeds	✓			

 Leasing
  Development
  Operational
  Asset Recycling
  Acquisitions

Recycling capital generated from the sale of non-core Auburn Central podium strata tenancies has been deployed into a new, high investment quality shopping centre

Divestment of non-core asset



- Low yielding retail asset
- Low credit quality cash flows
- Low growth
- Strong demand for product in investment market

New Acquisition



- Strongly positioned supermarket located in region with a stable resident population
- High weighting to non-discretionary cash flows
- High investment quality asset given competitive landscape, WALE and Occupancy

Impact to ERF

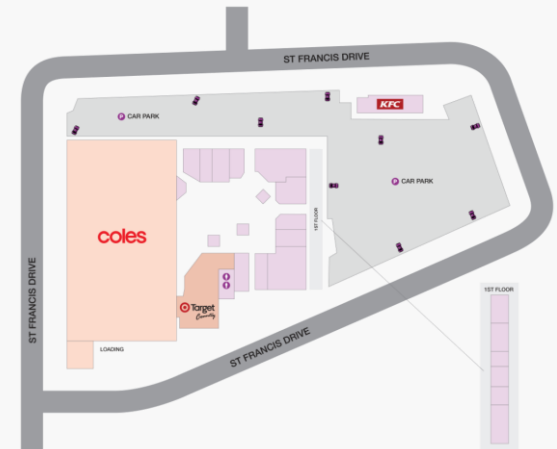


- Improved Portfolio quality with increased contribution of supermarket income from 24% to 28%
- Accretive acquisition due to recycling of low growth, low yielding assets into high investment quality shopping centre focussed on non-discretionary cashflows

New Acquisition: Moranbah Fair

ERF announced the acquisition of Moranbah Fair Shopping Centre on 28 September 2017. Settlement was completed on 19 January 2018

Refurbished	1998
Year Built	1987
Gross Lettable Area	7,054 sqm
Car spaces	195
WALE (by income)	6.7 years
Occupancy ¹	100.0%
Major tenants	Coles



Highlights of Acquisition

- 15 year lease to Coles
- Strongly positioned as the only supermarket offering in the region
- Improves ERF's geographic diversification, Portfolio WALE and Occupancy

Impact of Acquisition to ERF

	Portfolio Value (\$m)	Cap Rate	WALE (by income)	Occupancy ¹
ERF	279.3	7.1%	4.5 years	99.0%
ERF + Moranbah Fair	304.3	7.2%	4.6 years	99.1%

1. Including Rental Guarantee



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 and high strategic real estate value

Active Asset Management

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

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

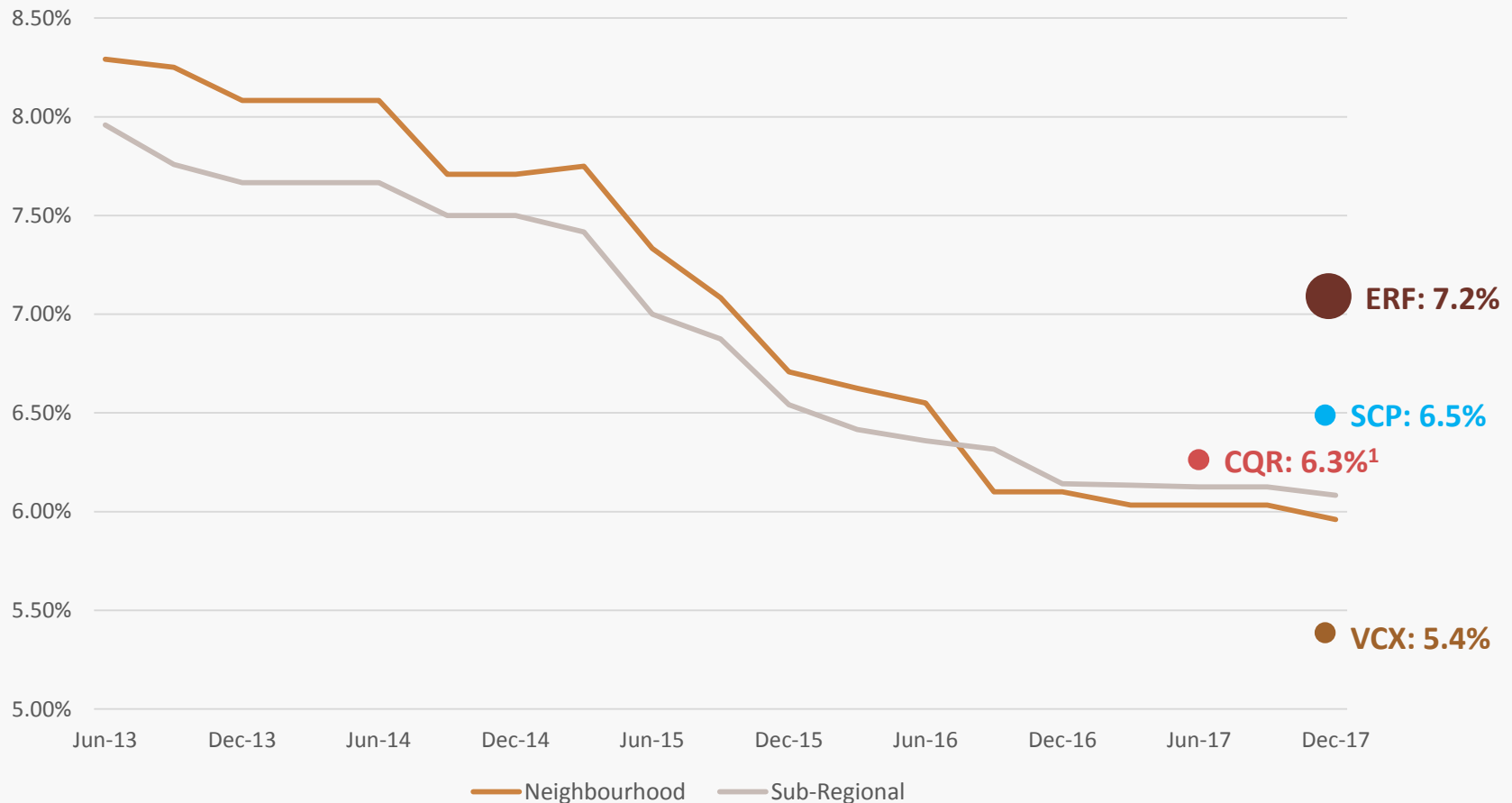
Strategic Upside

resulting in a...

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

ERF Represents Strong Value Relative to Peers

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



Source: Colliers Research and ASX
1. As at 30 June 2017

ERF has Low Risk-Adjusted Cash Flows

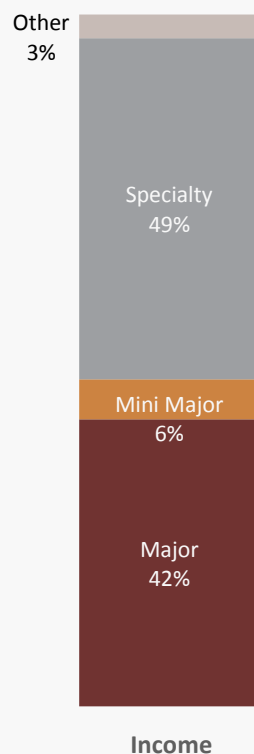
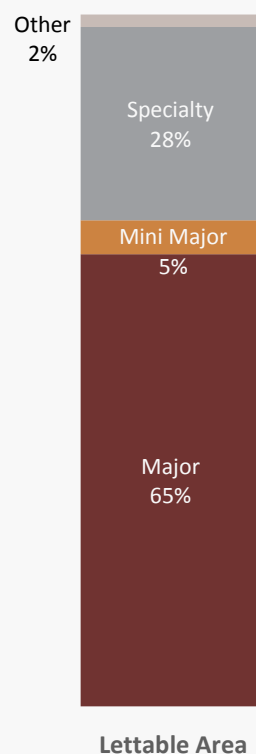
Non discretionary focussed Sub-Regional and Neighbourhood shopping centres provide strong risk-adjusted returns relative to other real estate asset classes



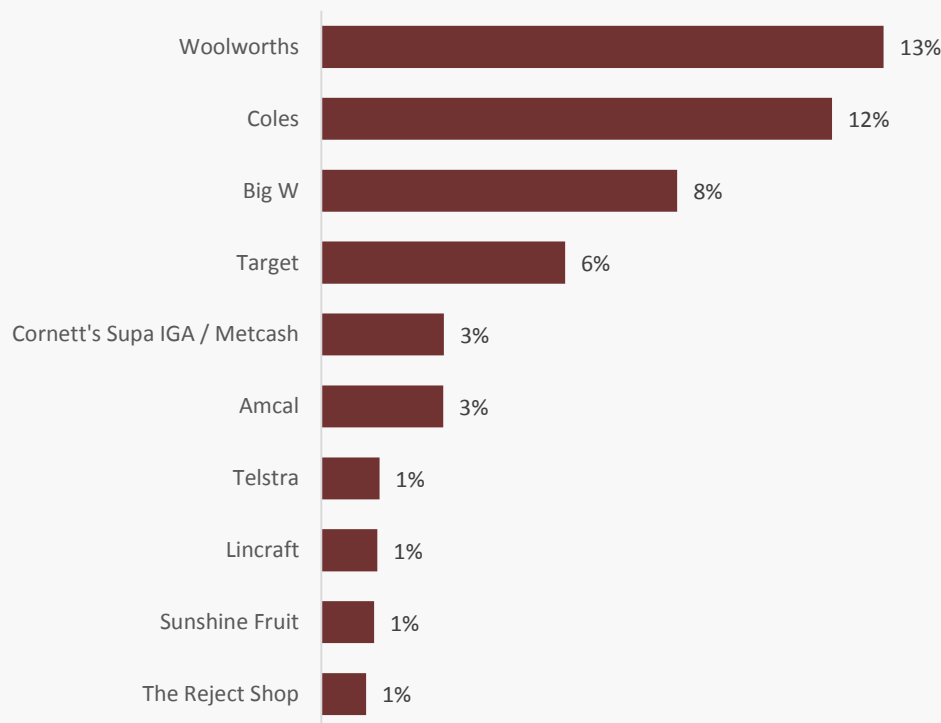
ERF has Stable and Secure Rental Income

- The Portfolio of seven high investment quality retail shopping centre assets¹ is anchored by quality national tenants, supported by long term lease covenants from major corporations including Woolworths Limited, Wesfarmers Group and Metcash
- Majors occupy 65% of occupied lettable area and contribute 42% of base rental income

TENANT MIX BY TYPE



TOP 10 TENANTS BY INCOME

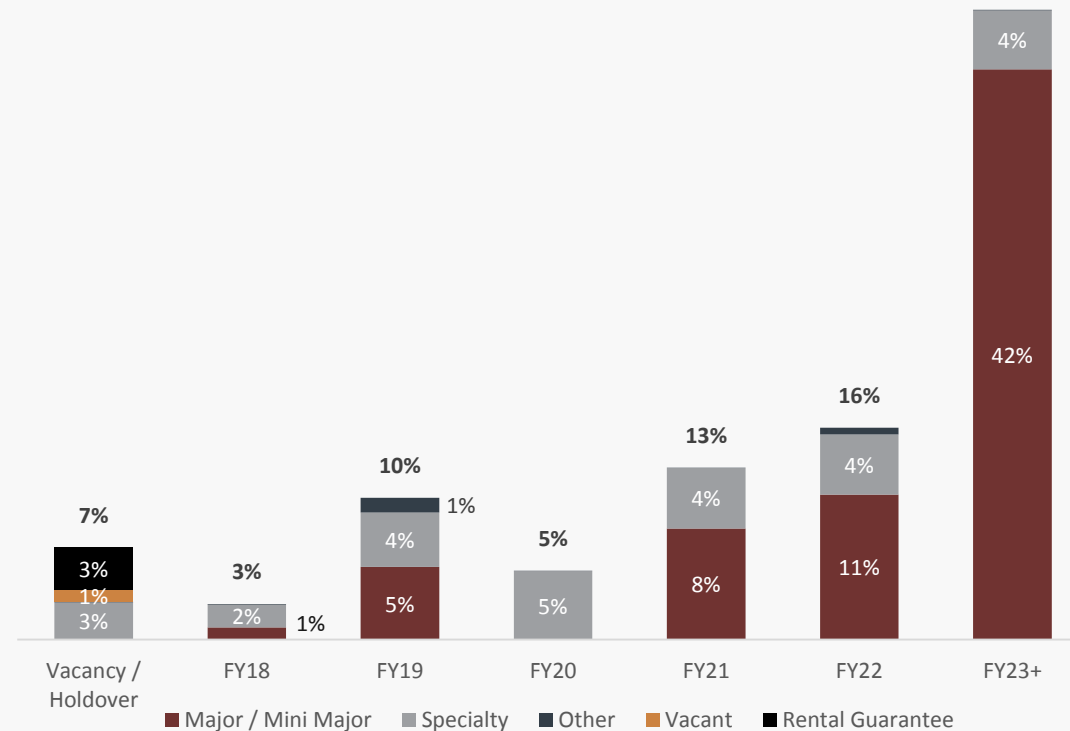


1. Includes Moranbah Fair

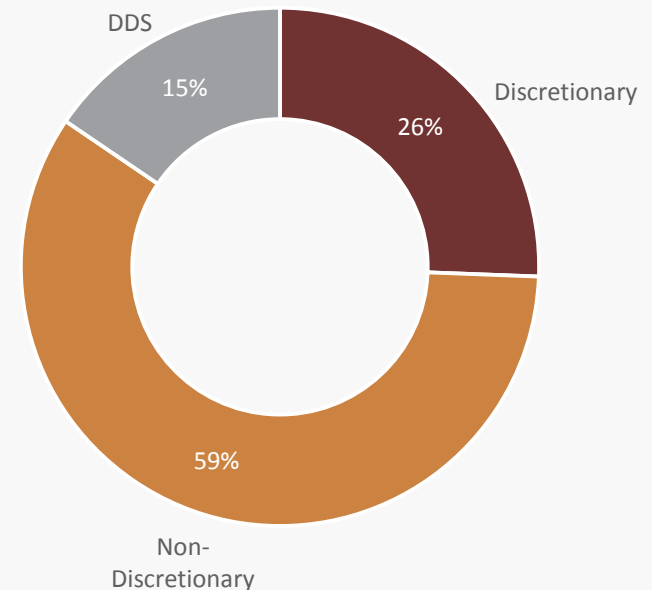
ERF has Stable and Secure Rental Income (cont'd) *Elanor* RETAIL PROPERTY FUND

- The Portfolio¹ has a strong exposure to non-discretionary spending providing a secure income base
- Portfolio 99.1% occupied² with Portfolio WALE of 5.1 years by Portfolio lettable area and 4.6 years by Portfolio base rental income

LEASE EXPIRY²



NON-DISCRETIONARY EXPOSURE³



1. Analysis includes Moranbah Fair
2. By Lettable Area and includes Rental Guarantees
3. By base rental income



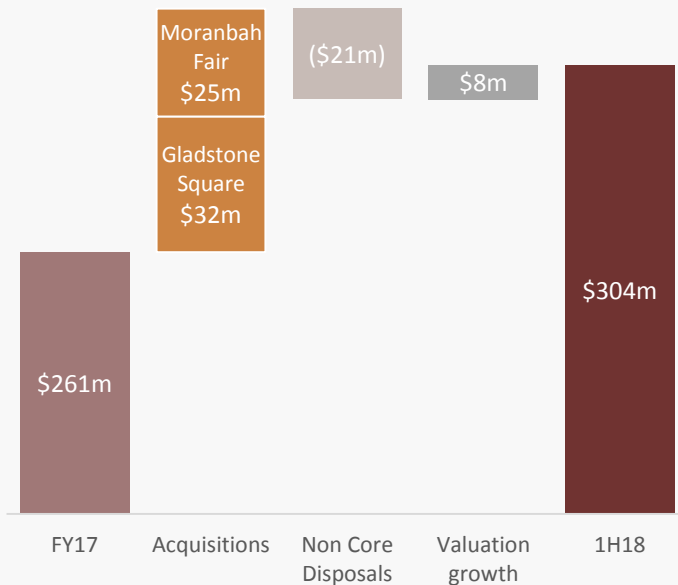
Fund Overview

Portfolio Overview

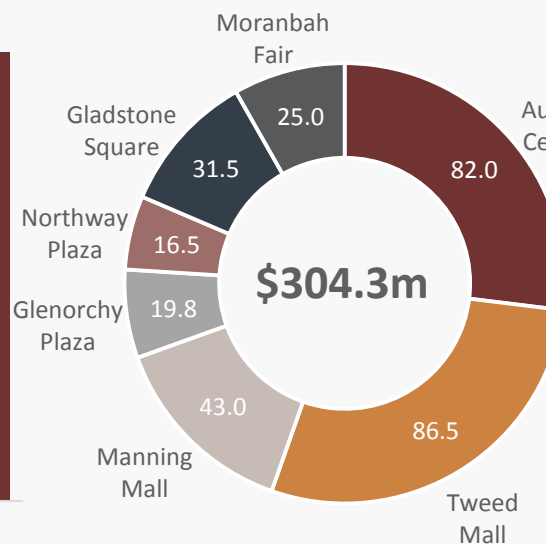
ERF's Portfolio¹ is currently valued at \$304.3m

- As at 31 December 2017, the Portfolio comprised of six high investment quality retail shopping centre assets valued at \$279.3m
- As announced on 28 September 2017, ERF exchanged contracts to acquire Moranbah Fair Shopping Centre for \$25.0m. Settlement was completed on 19 January 2018

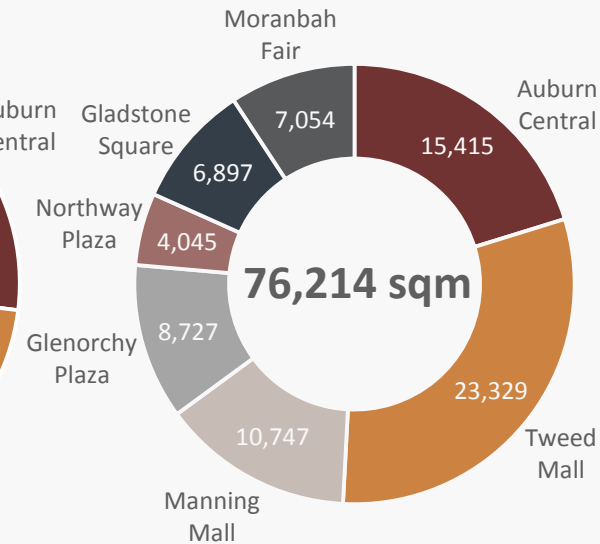
PORTFOLIO VALUE MOVEMENTS



PORTFOLIO BY VALUE



PORTFOLIO BY LETTABLE AREA



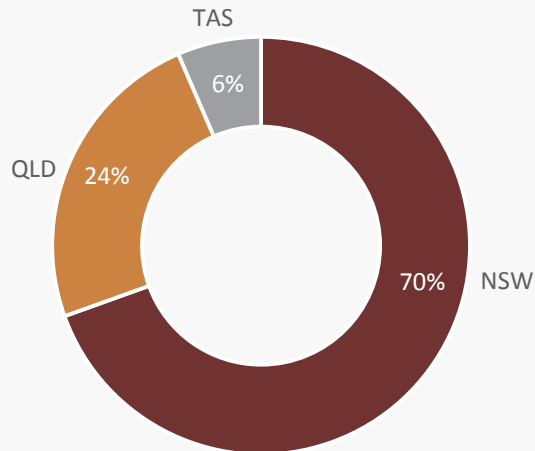
1. Analysis includes Moranbah Fair

Portfolio Summary

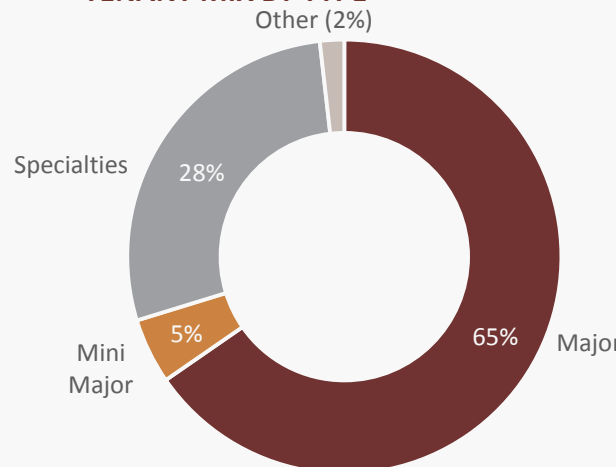
The Portfolio¹ reflects strong, risk-adjusted returns with significant NTA value upside

Type of Shopping Centre	Number of Centres	Valuation (\$m)	Cap Rate	Lettable Area (sqm)	Occupancy ²	WALE (Income)
Sub-Regional	4	231.3	7.0%	58,218	98.8%	4.0yrs
Neighbourhood	3	73.0	7.7%	17,996	100.0%	6.6yrs
Total	7	304.3	7.2%	76,214	99.1%	4.6yrs

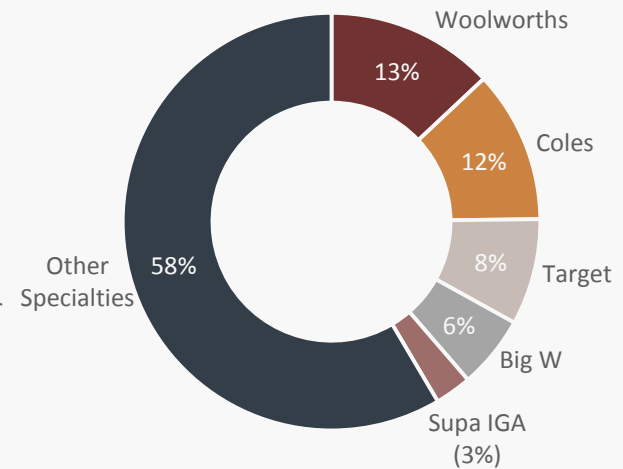
GEOGRAPHIC DIVERSIFICATION³



TENANT MIX BY TYPE⁴



KEY TENANTS⁵



1. Analysis includes Moranbah Fair
2. By Lettable Area and includes the impact of Rental Guarantees. See slide 20 for more information
3. By asset value
4. By lettable area
5. By base rent

Detailed Assets Summary

Following the acquisition of Moranbah Fair on 19 January 2018, ERF has a Portfolio of 7 high investment quality retail shopping centre assets

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 Tenants ⁴	No. of Tenancies
Auburn Central ²	Sub-Regional	NSW	82.0	6.00%	15,415	6.5	99.9%	5.6yrs	4.7yrs	54	55
Tweed Mall	Sub-Regional	NSW	86.5	7.75%	23,329	7.5	100.0% ³	3.7yrs	3.3yrs	62	78
Manning Mall	Sub-Regional	NSW	43.0	7.25%	10,747	3.8	95.8%	3.3yrs	3.4yrs	32	38
Glenorchy Plaza	Sub-Regional	TAS	19.8	7.63%	8,727	1.8	97.5%	6.3yrs	5.6yrs	14	16
Northway Plaza	Neighbourhood	QLD	16.5	7.25%	4,045	1.5	100.0% ³	3.5yrs	3.4yrs	12	13
Gladstone Square	Neighbourhood	QLD	31.5	7.50%	6,897	2.8	100.0% ³	9.6yrs	8.2yrs	26	33
TOTAL (Dec-17)			279.3	7.09%	69,160	23.9	99.0%	5.0yrs	4.5yrs	200	233
Moranbah Fair	Neighbourhood	QLD	25.0	8.25%	7,054	2.2	100.0%	6.8yrs	6.7yrs	27	20
TOTAL			304.3	7.19%	76,214	26.1	99.1%	5.1yrs	4.6yrs	227	253

1. By Lettable Area and includes the impact of Rental Guarantees. Occupancy excluding Rental Guarantees for the Portfolio, Tweed Mall, Northway Plaza, Gladstone Square and Moranbah Fair is 96.4% (96.0% including Moranbah Fair), 95.3%, 98.1%, 90.9% and 91.9%, respectively
2. Excludes all podium strata tenancies given majority have been divested or exchanged contracts at 31 December 2017
3. Rental Guarantees valued at \$1.7m in place for Tweed Mall, Northway Plaza and Gladstone Square to provide income on nominated vacancies until November 2018 for Tweed Mall and Northway Plaza and July 2019 for Gladstone Square
4. Includes Majors, Mini-Majors, Discount Department Stores, Specialties and Other (Kiosks, ATMs, Carwashes, Offices, Roof top leases to telecommunication providers)

Retail Comparable Sales Performance

- Portfolio retailer sales stable and expected to grow
- Specialty Occupancy Costs are below benchmark¹ reflecting upside potential in specialty rents

	Auburn Central	Tweed Mall	Manning Mall	Glenorchy Plaza	Northway Plaza	Gladstone Square
Annual Retail Sales (\$m)	80.6	104.7	66.7	17.7	23.9	41.3
Centre Sales (\$ / sqm p.a)	6,360	5,355	7,256	2,472	8,130	7,381
Supermarket Sales (\$ / sqm p.a)	13,652	8,612	12,363	n/a	8,428	9,343
YoY change (%)	8.2%	(1.1%)	0.4%	n/a	(2.0%)	(5.3%)
Specialty Sales² (\$psqm / p.a)	9,486	5,354	7,651	n/a ³	n/a ³	6,907
YoY change (%)	3.2%	(3.9%)	1.3%	n/a ³	n/a ³	0.6%
Specialty Occupancy Cost²	13.5%	13.8%	9.2%	n/a ³	n/a ³	12.9%

Note: Analysis is limited to retailers who have traded and consistently reported sales for the 24 months ended 31 December 2017

1. 13.8% for Single DDS Sub-Regional Shopping Centres per Urbis / Location IQ (2016)
2. Excludes non retailers categories of Travel Agents, Post Offices, Gyms, Medical / Veterinary and Offices
3. Insufficient specialty retailer sales data



1HFY18 Financial Results

Profit and Loss

Income	Half-year ended 31 Dec 17 \$'000
Rental income	14,868
Interest income	23
Net fair value adjustments and transaction costs	6,125
Total income	21,016
Expenses	
Rates, taxes and other outgoings	4,152
Borrowing costs	2,578
Investment management fees	964
Other expenses	787
Total expenses	8,481
Adjusted net profit	12,535
Reconciliation to Core Earnings	
Adjusted net profit	12,535
Net fair value adjustments and transaction costs	(6,125)
Straight lining of rental income	(101)
Amortisation expense	671
Core Earnings	6,980

- Statutory net profit of \$12.5m for the 6 months ended 31 December 2017
- Core Earnings of \$6.98m or 5.42 cents per security
- Distribution of 5.15 cents per security (representing 95% of Core Earnings)
- Total CY17 distribution of 10.15 cents per security exceeds PDS forecast of 10.1 cents per security

Adjusted Balance Sheet

Balance Sheet as at 31 December 2017	\$'000
Assets	
Cash	13,322
Receivables	797
Other assets	1,906
Investment properties	292,715
Total assets	308,740
Liabilities	
Payables	2,518
Rent received in advance	479
Interest bearing liabilities	116,003
Derivative financial instruments	500
Total liabilities	119,500
Net assets	189,240
Number of securities ('000)	128,730
NAV per security	\$1.47
NTA per security	\$1.47
Gearing (ND / TA less cash)	34.7%

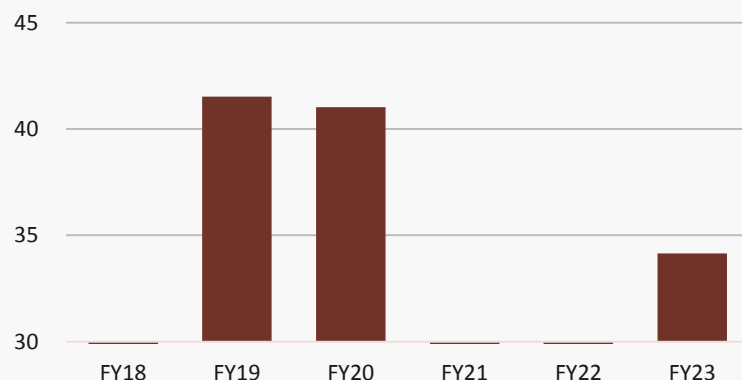
- Net tangible asset value per security of \$1.47 at 31 December 2017
- Interest bearing debt less cash of \$102.7m at 31 December 2017
- Gearing ratio of 34.7% is within ERF's target range of between 30% and 40%

Debt and Capital Management

	Dec 2017
Facility limit (\$m)	124.2
Drawn debt (net of cash) (\$m)	102.7
Gearing	34.7%
% debt fixed or hedged	93.4%
Weighted average cost of debt	3.9%
Average debt facility maturity (years)	2.4
Average swap / hedge maturity (years)	2.9
Interest cover ratio	4.7x

- Gearing of 34.7% is within ERF's target gearing range of between 30% and 40%
- Debt is 93.4% 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 is 2.9 years
- Weighted average cost of debt is approximately 3.9% per annum and the weighted average term to maturity of the Fund's debt is 2.4 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
- Gearing is expected to be at the upper end of ERF's target gearing range post acquisition of Moranbah Fair on 19 January 2018 and sale of the remaining non-core Auburn podium strata tenancies

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



Outlook

ERF is strongly positioned to enhance value for security holders

- Investment focus on non-discretionary expenditure drives strong risk-adjusted returns
- Active asset management of the existing portfolio generating improved operational performance and returns
- Increased capital value from implementation of operational and strategic real estate initiatives

NTA per security

- ERF is well positioned to grow NTA per security from \$1.47 as at 31 December 2017 based on the execution of current initiatives to realise the operational and strategic potential in each asset in the Portfolio

Disclaimer

This presentation has been prepared by Elanor Funds Management Limited As Responsible Entity For Elanor Retail Property Fund I (ARSN 615 291 220) and Elanor Funds Management Limited As Responsible Entity For Elanor Retail Property Fund II (ARSN 615 291 284), collectively Elanor Retail Property Fund ('ERF' or 'the Fund').

This presentation contains selected summary information relating to the consolidated financial report for ERF for the six months ended 31 December 2017 ("Fund's Results") and does not purport to be all-inclusive or to contain all of the information that may be relevant to any particular investor or which a prospective investor may require in evaluations for a possible investment in the Fund. It should be read in conjunction with the Fund's continuous disclosure announcements lodged with the Australian Securities Exchange including the Fund's Results, which are available at www.asx.com.au. The recipient acknowledges that circumstances may change and that this presentation may become outdated as a result. This presentation and the information in it are subject to change without notice and the Fund is not obliged to update this presentation.

This presentation is provided for general information purposes only. It is not a product disclosure statement, prospectus or any other disclosure document for the purposes of the Corporations Act and has not been, and is not required to be, lodged with the Australian Securities & Investments Commission. It should not be relied upon by the recipient in considering the merits of the Fund or the acquisition of securities in the Fund. Nothing in this presentation constitutes investment, legal, tax, accounting or other advice and it is not to be relied upon in substitution for the recipient's own exercise of independent judgment with regard to the operations, financial condition and prospects of the Fund. The information contained in this presentation does not constitute financial product advice. Before making an investment decision, the recipient should consider its own financial situation, objectives and needs, and conduct its own independent investigation and assessment of the contents of this presentation, including obtaining investment, legal, tax, accounting and such other advice as it considers necessary or appropriate. This presentation has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. It is not an invitation or offer to buy or sell, or a solicitation to invest in or refrain from investing in, securities in the Fund or any other investment product.

The information in this presentation has been obtained from and based on sources believed by the Fund to be reliable. To the maximum extent permitted by law, the Fund and its other affiliates and their respective directors, officers, employees, consultants and agents make no representation or warranty, express or implied, as to the accuracy, completeness, timeliness or reliability of the contents of this presentation. To the maximum extent permitted by law, no member of the Fund accepts any liability (including, without limitation, any liability arising from fault or negligence on the part of any of them) for any loss whatsoever arising from the use of this presentation or its contents or otherwise arising in connection with it.

All dollar values are in Australian dollars (\$A or AUD) unless stated otherwise.

This presentation may contain forward-looking statements, guidance, forecasts, estimates, prospects, projections or statements in relation to future matters ('Forward Statements'). Forward Statements can generally be identified by the use of forward looking words such as "anticipate", "estimates", "will", "should", "could", "may", "expects", "plans", "forecast", "target" or similar expressions in this presentation. Forward Statements including indications, guidance or outlook on future revenues, distributions or financial position and performance or return or growth in underlying investments are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No independent third party has reviewed the reasonableness of any such statements or assumptions. No member of the Fund represents or warrants that such Forward Statements will be achieved or will prove to be correct or gives any warranty, express or implied, as to the accuracy, completeness, likelihood of achievement or reasonableness of any Forward Statement contained in this presentation. Except as required by law or regulation, the Fund assumes no obligation to release updates or revisions to Forward Statements to reflect any changes.