

---

## ASX Announcement

20 August 2018

### **Elanor Retail Property Fund delivers strong FY18 result**

Elanor Retail Property Fund ("ERF" or "Fund") is pleased to announce its annual financial results for the full year ended 30 June 2018.

#### **Highlights**

- Statutory net profit for the period of \$23.0 million.
- Core Earnings for the period of \$14.0 million, or 10.86 cents per security.
- Distributions for the period of \$13.3 million, or 10.31 cents per security, reflecting an increase of 1.7% above the twelve months ended 31 December 2017.
- The Fund completed the accretive acquisitions of the Gladstone Square Shopping Centre on 31 July 2017 for \$31.5 million and Moranbah Fair on 19 January 2018 for \$25.0 million.
- As at 30 June 2018, ERF had a total investment portfolio of \$317.7 million, including \$5.5 million of non-core Auburn podium strata tenancies. This reflected an increase of \$87.6 million from 30 June 2017.
- As at 30 June 2018 the portfolio comprises 7 high investment quality retail shopping centres, with a strong focus on non-discretionary retailers, representing 57% of rental income.
- Gearing of the Fund of 38.2% as at 30 June 2018, within the Group's target gearing range of between 30% and 40%.

Commenting on the result, ENN CEO, Glenn Willis, said: "We are pleased with the FY18 results of the Fund. During the financial year we completed the accretive acquisitions of Gladstone Square Shopping Centre (July 2017) and Moranbah Fair (January 2018). Furthermore, the non-core Auburn podium strata tenancies were substantially divested (to be finalised by 31 October 2018) and an Agreement for Lease to introduce ALDI was executed. This important strategic addition to Tweed Mall is scheduled to open in mid-2019."

Fund Manager, Michael Baliva, said "ERF has performed strongly as a direct result of our focus on non-discretionary retail investments with strong strategic real estate value. Furthermore, ERF is well positioned to grow NTA per security from the current value of \$1.50 as we execute initiatives to realise the operational and strategic potential of each asset in 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 non-discretionary focused retail properties that provide quality earnings from rental income across a diversified retail tenant mix;
- implement leasing and other asset management initiatives to grow the income and value of the retail properties;
- acquire additional high investment quality retail properties with a significant component of non-discretionary retailers;
- implement development and repositioning strategies in the Portfolio; and
- optimise the capital structure of the Fund based on a conservative approach to gearing.

## **Summary of Financial Results**

Statutory net profit for the period was \$23.0 million.

Core Earnings for the period were \$14.0 million, or 10.86 cents per security.

ERF has declared a final distribution of 5.16 cents per security for the six months to 30 June 2018 (to be paid on 4 September 2018).

NTA per security of \$1.50 as at 30 June 2018.

A summary of the key financial results for the full year ended 30 June 2018 and a reconciliation of statutory earnings to Core Earnings for the full year is as follows:

<b>Key financial results</b>	<b>30 June 2018</b>
Net profit / (loss) (\$'000)	22,956
Core Earnings (\$'000)	13,974
Distributions payable to security holders (\$'000)	13,276
Core Earnings per stapled security (cents)	10.86
Core Earnings per weighted average stapled security (cents)	10.86
Distributions (cents per stapled security)	10.31
Net tangible assets (\$ per stapled security)	1.50
Gearing (net debt / total assets less cash) (%)	38.2

Reconciliation of Core Earnings	30 June 2018	
	\$'000	
<b>Statutory net profit / (loss)</b>	<b>22,956</b>	
<i>Adjustments for items included in statutory profit/(loss):</i>		
Fair value adjustments on investment property	(10,293)	
Release of rental guarantee amounts not included in profit / (loss)	213	
Straight lining of rental income	(261)	
Amortisation expense	1,359	
<b>Core Earnings</b>	<b>13,974</b>	

  

Balance Sheet Summary	30 June 2018	31 December 2017
Total Assets (\$'000)	326,193	308,740
Borrowings (\$'000)	128,948	116,003
Net Assets (\$'000)	193,155	189,240
Gearing (Net Debt / Total Assets less cash)	38.2%	34.7%
Number of securities on issue (million)	128.7	128.7
Net asset value per security (\$)	1.50	1.47
Net tangible assets per security (\$)	1.50	1.47

## **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 based on the execution of initiatives to realise the operational and strategic potential in each asset in the portfolio.

Please refer to the presentation and financial statements lodged with ASX today for further details regarding ERF's FY18 result.

---

**Investor Briefing**

Elanor Retail Property Fund will be holding an Investor Briefing Conference Call on Monday, 20 August 2018 at 11:00am, to present and discuss the Fund's FY18 results. The Conference details are:

Dial In: 1800 123 296 or +61 2 8038 5221

Conference ID: 2846979

Commencement: 11:00am AEST

For further information regarding this announcement please contact:

Glenn Willis  
Managing Director and Chief Executive Officer  
Elanor Investors Group  
Phone: (02) 9239 8400