

## ASX Announcement

8 October 2019

### Elanor Retail Property Fund Targets Value-Add Retail Assets

- ERF will focus on non-discretionary Value-Add retail assets. The Fund's Value-Add Assets have delivered a 15% p.a. total return since the Fund was listed.
- ERF will focus on retail assets which can be repositioned or have significant redevelopment opportunities. Prevailing market conditions are presenting high-quality Value-Add investment opportunities in the Australian retail sector.
- ERF will commence a structured sales program for the Fund's Income Assets with proceeds to be recycled into Value-Add retail assets or utilised for a buy back of securities.

Elanor Funds Management Limited ("EFML" or "the Manager") on behalf of Elanor Retail Property Fund ("ERF" or "the Fund") is pleased to announce that it has concluded its strategic review which was first outlined at the release of the 1HY19 results.

### Background to strategic review

Following a review of the ERF portfolio in February 2019, EFML classified the Fund's assets according to their respective investment attributes.



### Strategic Review

Since announcing the strategic review, EFML has explored a number of initiatives aimed at closing the gap between ERF's NTA per security and security price. Some of the alternatives that were evaluated included:

- Unlocking value from the Value-Add Assets through redevelopment or repositioning of the assets;
- Disposal of the Fund's Income Assets and recycling of proceeds; and
- Corporate M&A opportunities for ERF including the potential sale of the entire portfolio.

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### **Outcome of the Strategic Review**

EFML will commence a structured sales program for the Fund's Income Assets prior to the end of 2019, with the net proceeds to be recycled into new Value-Add retail assets or used to implement a buy back of securities.

### **Transition to Value-Add Retail Focus**

ERF will focus on retail assets that provide opportunities for high, risk-adjusted total returns from realising the highest and best use via a repositioning of the centres' retail tenant mix and/or unlocking the assets' development potential.

Since listing in November 2016, ERF has delivered a total return of 15% p.a. on its Value-Add Assets, Auburn Central and Tweed Mall.

Elanor Investors Group has a strong investment track record in delivering exceptional value from the repositioning of retail assets to non-discretionary focussed retail properties and unlocking the underlying real estate value of the assets.

### **Outlook**

ERF has a strong investment track record in Value-Add retail assets and believes that prevailing market conditions are presenting high-quality Value-Add investment opportunities in the retail sector.

Following the sale of the Income Assets, the Fund will be well positioned to further grow value for security holders as it leverages the Manager's demonstrated capabilities in this space.

For further information regarding this announcement please contact:

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