

17 February 2020

Company Announcements Office
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

Attached is the Elanor Retail Property Fund (ASX:ERF) 1HFY20 Results Announcement.

Yours sincerely,



Symon Simmons
Company Secretary
Elanor Funds Management Limited

Authority and Contact Details

This announcement has been authorised for release by the Board of Directors of Elanor Funds Management Limited

For further information regarding this announcement please contact:

Symon Simmons
Company Secretary
Elanor Funds Management Limited
Phone: (02) 9239 8400

ASX Announcement

17 February 2020

Elanor Retail Property Fund Delivers Strong 1HFY20 Result

Elanor Retail Property Fund ("ERF" or "Fund") is pleased to announce its interim financial results for the half year ended 31 December 2019 ("period").

Highlights

- Statutory net profit for the period of \$6.0 million.
- Core Earnings for the period of \$7.1 million (1HFY19: \$6.3 million), or 5.52 cents per security.
- Distributions for the period of \$6.7 million, or 5.24 cents per security based on maintaining a 95% payout ratio.
- As at 31 December 2019, ERF had a total investment portfolio of \$337.4 million, with \$207 million in Value-Add assets, consistent with the strategy of the Fund.
- The portfolio comprises 7 high investment quality retail shopping centres, with a strong focus on non-discretionary retailers, representing 62% of rental income.
- Following the opening of Aldi in Tweed Mall on 21 August 2019, the asset has experienced a significant increase in sales and footfall traffic of 15.4% and 13.8% respectively. These increases surpass earlier forecasts and support Tweed Mall's continued repositioning towards a retail offering which is increasingly non-discretionary focused.
- The Fund has entered into an Agreement For Lease ("AFL") with Aldi at Auburn Central for a new 1,755 square metre supermarket, secured by a new 15-year lease with two further five year-options. Replacing BIG W as the asset's second anchor retailer, the introduction of the new Aldi supermarket is consistent with the Fund's strategy to reposition Auburn Central as a non-discretionary focused, retail offering for the local trade area.
- Savills appointed to market 3 Income Assets for sale with a combined carrying value of \$96m (Manning Mall, Gladstone Square and Moranbah Fair). The sales process is expected to be completed in May 2020.
- Gearing of the Fund of 39.3% as at 31 December 2019, within the Group's target gearing range of between 30% and 40%.

Commenting on the result, ENN CEO, Glenn Willis, said: "We are pleased that the Fund continues to deliver strong risk-adjusted returns for security holders. As announced recently, we have commenced a structured sales program for the Fund's Income Assets, with the proceeds to be recycled into Value-Add retail opportunities or utilised for a buy-back of securities. We remain confident that the Fund is well positioned to continue to grow value for security holders."

Fund Manager, Michael Baliva, said "We remain focused on unlocking the significant value upside in both the Auburn Central and Tweed Mall assets. These properties will continue to benefit substantially from the repositioning of the centres' retail mix, as well as unlocking Tweed Mall's significant

development potential. The introduction of Aldi at Auburn Central is consistent with our strategy to reposition Auburn Central as a non-discretionary focused, retail offering for the local trade area. The increased sales and foot traffic generated by Aldi will provide further substantial benefits for the centre and its retailers, thereby driving value for ERF security holders.”

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 retail properties that provide strong earnings from a diversified retail tenant mix (with a focus on non-discretionary retailers and high strategic real estate value)
- implement active leasing and other asset management initiatives to grow income and portfolio value
- implement development and repositioning strategies across the portfolio
- maintain a conservative and efficient capital structure with a target gearing range of between 30% and 40%

Update on Strategic Review

On 8 October 2019 the Manager of the Fund announced that it had concluded a strategic review of the Fund, which was first outlined at the release of the 1HFY19 results. As a result of the strategic review, the Manager has commenced a structured sales program for the Fund’s Income Assets, with the proceeds to be recycled into value-add retail or utilised for a buy back of securities.

The Fund has engaged Savills National Retail Investments team to manage the divestment of three shopping centre assets: Moranbah Fair, Manning Mall, and Gladstone Square. The Fund is committed to growing the value of its investment portfolio and continues to evaluate further high investment quality shopping centre acquisition opportunities. Further asset recycling opportunities in the investment portfolio are currently being considered.

Summary of Financial Results

Statutory net profit for the period was \$6.0 million.

Core Earnings for the period were \$7.1 million, or 5.52 cents per security.

ERF has declared an interim distribution of 5.24 cents per security for the six months to 31 December 2019 (to be paid on 28 February 2020).

NTA per security of \$1.54 as at 31 December 2019.

A summary of the key financial results for the half year ended 31 December 2019 and a reconciliation of statutory earnings to Core Earnings for the half year is as follows:

Summary of Financial Results (continued)

Key financial results	31 December 2019
Net profit / (loss) (\$'000)	5,971
Core Earnings (\$'000)	7,104
Distributions payable to security holders (\$'000)	6,748
Core Earnings per stapled security (cents)	5.52
Core Earnings per weighted average stapled security (cents)	5.52
Distributions (cents per stapled security)	5.24
Net tangible assets (\$ per stapled security)	1.54
Gearing (net debt / total assets less cash) (%)	39.3

Reconciliation of Core Earnings	31 December 2019
	\$'000
Statutory net profit / (loss)	5,971
<i>Adjustments for items included in statutory profit/(loss):</i>	
Fair value adjustments on investment property	246
Straight lining of rental income	200
Amortisation expense	687
Core Earnings	7,104

Balance Sheet Summary	31 December	30 June
	2019	2019
Total Assets (\$'000)	344,908	340,103
Borrowings (\$'000)	138,191	134,523
Net Assets (\$'000)	198,366	197,450
Gearing (Net Debt / Total Assets less cash)	39.28%	38.8%
Number of securities on issue (million)	128.7	128.7
Net asset value per security (\$)	1.54	1.53
Net tangible assets per security (\$)	1.54	1.53

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 in the short term following execution of current initiatives to realise the operational and strategic opportunities across the Portfolio.

Please refer to the presentation and financial statements lodged with ASX today for further details regarding ERF's 1HFY20 result.

Investor Briefing

Elanor Retail Property Fund (ERF) will be holding an Investor Briefing Conference Call on Monday 17 February 2020 at 11:00am, to present and discuss the Fund's 1HFY20 results. The Conference details are:

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

Conference ID: 2826279

Commencement: 11:00am AEST

This announcement has been authorised for release by the Elanor Funds Management Limited Board of Directors.

For further information regarding this announcement please contact:

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