
ASX Announcement**24 June 2020****Elanor Retail Property Fund - Market Update**

- ERF's portfolio trading occupancy reached 99% on 19 June 2020, up from 91% on 31 May 2020
- ERF has collected in excess of 70% of gross rent for the month of May 2020 reflecting the resilience of the Fund's non-discretionary retail focussed shopping centres
- ERF continues to execute the significant value-add programs for its Value-Add retail assets, Auburn Central and Tweed Mall
- Recommencement of the divestment programme for the Fund's Income Assets
- Notwithstanding the Fund's resilience to the impact of COVID-19, the Board of Elanor Funds Management Limited has determined to suspend the distribution for the six months to 30 June 2020, given the prevailing challenging economic environment

Trading Update

Elanor Retail Property Fund's ("ERF" or "Fund") 'defensive' shopping centre portfolio has performed well during the COVID-19 pandemic. The resilience of the portfolio, particularly the Income Assets, reflects the Fund's orientation towards shopping centres with strongly performing supermarkets and non-discretionary focussed specialty retailers.

The percentage of rent collected across the Fund's portfolio for the months of April and May 2020 was 67% and 72% respectively. In respect of the Fund's Income Assets, the percentage of rent collected was 86% and 83% respectively. It is expected that June's rent collection will show further improvement. Rental abatements and waivers continue to be negotiated to support occupancy levels, whilst seeking opportunities to extend lease tenure and improve the tenancy mix of each Centre.

In accordance with the Code of Conduct, Management is actively working with small to medium sized retailers who qualify for the Commonwealth Government's JobKeeper programme and have been severely impacted by COVID-19.

The level of trading activity across the Fund's portfolio continues to improve as Government imposed restrictions are relaxed. As at 19 June 2020, the Fund had a trading occupancy of 99% of leased area.

The Fund's Value Add assets, Auburn Central and Tweed Mall, have a higher proportion of retailers subject to Government mandatory closures or reduced trading arrangements (gymnasiums, personal services retailers, cafes, restaurants and casual dining outlets). Tweed Mall has been further impacted by the closure of the Queensland border, reducing its trade catchment area. The Manager expects that the recent relaxation of certain Government imposed trading restrictions will impact positively on trading activity at these assets.

Divestment Program for Income Assets

The Fund commenced a structured divestment program of its Income Assets in December 2019. The sales program was suspended in March 2020 as a result of the dislocation in capital markets following the COVID-19 pandemic.

The Manager has recommenced the divestment program of the Fund's Income Assets as a result of demand for strongly performing neighbourhood shopping centres. Discussions are currently in progress with several parties.

Value-Add Portfolio Repositioning

ERF continues to focus on unlocking the significant value-add potential in both Auburn Central and Tweed Mall. These properties will continue to benefit significantly from repositioning the retail mix at both centres and unlocking Tweed Mall's development potential.

Key updates in this regard are summarised below.

- The repositioning of Auburn Central from a sub-regional retail asset into a triple supermarket neighbourhood shopping centre is on schedule for completion in November 2020. The revised forecast financial returns from this project are expected to exceed initial projections. Further information on the status of this initiative will be provided in due course.
- The transformation of Tweed Mall into a significant mixed-use town centre precinct with a triple supermarket neighbourhood shopping centre, taking advantage of the property's favourable planning controls, continues to advance positively.
- Contracts have been exchanged for the sale of the Auburn Ambulance Station for \$4.0 million. This reflects a 60% gain on sale from the asset's \$2.5 million purchase price in early 2019. Furthermore, the site has facilitated specialty loading access for the Auburn Central repositioning project. Completion of the sale is scheduled for early August 2020.

Outlook

The Fund's core strategy remains focused on actively managing and growing earnings from its investment portfolio and acquiring additional high investment quality Value-Add retail properties. The Fund is well positioned to enhance value for security holders following the execution of the value-add initiatives at Auburn Central and Tweed Mall and the divestment programme of the Fund's Income Assets.

The Manager will continue to closely monitor the evolving economic impact of the COVID-19 pandemic and its impact on the Fund. The ongoing impact of these unprecedented events on the Fund will be a function of the extent and duration of the prevailing health and economic crisis. Further updates in this regard will be provided as required.

ENDS.



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

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