



ASX Announcement

2 June 2017

New Funds Management Initiative - Hunters Plaza Syndicate

Elanor Investors Group (“ENN”) is pleased to announce that it has exchanged contracts to acquire the Hunters Plaza Shopping Centre, Papatoetoe, Auckland, New Zealand. The asset will be held in a new managed fund, the “Hunters Plaza Syndicate”. The purchase price for the Hunters Plaza Shopping Centre is \$NZ 50.6 million (approximately \$A 47.7 million). The centre has been acquired with a 2 year rental guarantee to allow implementation of repositioning, re-leasing and tenant remixing strategy. Settlement of Hunters Plaza is expected to occur in July 2017.

Situated on a 2.88 hectare site, Hunters Plaza is a 15,885m² sub-regional shopping centre, well located in the strongly growing metropolitan Auckland suburb of Papatoetoe, adjacent to a significant education and sporting precinct, 9.5km from the airport and 19km from the CBD. The centre was extensively refurbished in 2015, and is anchored by strongly trading major retailers:

- Countdown (Woolworths) supermarket (2,547m²); recently refurbished; lease expiring in August 2025;
- Kmart Discount Department Store (6,170m²); lease expiring in December 2022. The tenancy currently also serves as the head office for Kmart New Zealand

The major retailers are complemented by 3 mini majors (Cityfitness, Noel Leeming and Number One Shoes) and over 40 specialty retailers focussed on providing prepared food, entertainment and other retail goods and services to its growing trade area.

The acquisition of Hunters Plaza represents a fully leased yield of 8.40% (7.65% passing) and a capital value of \$NZ 3,185/m² of lettable area (which is below replacement cost).

ENN CEO, Glenn Willis, said: “We are pleased to have secured Hunters Plaza and believe that the centre represents excellent value for investors in the Hunters Plaza Syndicate. This will be Elanor’s first acquisition in New Zealand, a country with strong economic growth prospects.

The establishment of Hunters Plaza Syndicate takes ENN’s owned and managed portfolio of assets to over \$A 800 million.”

ENN’s Head of Real Estate, Michael Baliva, said: “Hunters Plaza is a mature shopping centre generating stable cash flows by providing convenient access to everyday goods and services for its growing trade area. The Hunters Plaza Syndicate provides its investors with both strong income returns and opportunities for capital growth.”



Overview of Hunters Plaza Syndicate

The initial gearing of the Hunters Plaza Syndicate will be approximately 50% of the asset valuation.

Equity investor interest in the syndicate has been very positive and ENN is in the process of finalising allocations.

Consistent with its strategy of aligning interests with syndicate investors, ENN will co-invest alongside syndicate investors.

The fees payable to ENN as manager of the syndicate are:

- Arrangement and acquisition fee: 1.0% of purchase price, payable at settlement
- Equity raise fee: 1.0% of the syndicate equity
- Ongoing management fee: 1.0% of gross asset value per annum, payable monthly
- Performance fee: 25% of syndicate cash return (after all fees and expenses) above an IRR of 10.0%

ENDS.

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