



ASX Announcement

10 November 2015

New Funds Management Initiative

Elanor Investors Group ("ENN") is pleased to announce that the Elanor Retail Property Fund ("Fund") has agreed to acquire Glenorchy Plaza, a regional shopping centre located in the heart of the Glenorchy CBD, approximately 10 kms northwest of Hobart.

This Fund is being created from an existing Elanor managed fund, the Manning Mall Syndicate, with the Manning Mall shopping centre combined with Glenorchy Plaza shopping centre to be the initial cornerstone assets of the Fund.

Glenorchy Plaza is a two level modern retail complex, with 14 specialty retailers and anchored by a 6,874m² BigW (leased to June 2025 with 4 x 5 year options). This BigW is one of only three in Tasmania.

Constructed in 2005, Glenorchy Plaza is well located next to the Woolworths anchored Glenorchy Central which complements Glenorchy Plaza to drive foot traffic between the two centres. Glenorchy Plaza sits within a precinct that is an established lifestyle destination, with Village Cinemas and a modern health and fitness centre conveniently located opposite.

Glenorchy Plaza will be acquired for a purchase price of \$18.5 million, which reflects a fully leased initial yield of 8.20% per annum. Settlement is scheduled to occur in December 2015.

ENN CEO, Glenn Willis, said: "We are very pleased to have secured Glenorchy Plaza for our investors. We believe the centre represents an exciting opportunity for investors. The transaction increases ENN's owned and managed assets to approximately \$450 million."

The Fund's strategy is founded on ENN's proven experience and track record in originating and actively managing quality retail assets to deliver outstanding investment performance. The objective of the Fund is to build a \$200 million portfolio of quality Australian retail real estate assets over the next two years. The Fund will particularly focus on sub-regional and neighbourhood shopping centres that are accretive to the total return of the Fund whilst delivering increased diversification for investors.

ENN's Head of Real Estate, Michael Baliva, said: "The Elanor Retail Property Fund will be focused on acquiring and managing a portfolio of high investment quality retail properties. As a sector, retail property provides strong risk-adjusted returns and we look forward to building the portfolio further, and delivering investors with stable income returns and opportunities for capital growth."

Overview of Elanor Retail Property Fund

Initial Assets	Manning Mall shopping centre, a 10,741m ² sub-regional shopping centre situated in Taree, NSW and Glenorchy Plaza, a 11,920 m ² retail complex located in Glenorchy, Tasmania.
Anchor Tenants	Coles, Target and BigW
Investment Size	\$65.3 million
Equity	\$29.2 million
Borrowings	\$36.1 million (55% of valuation + capital expenditure)



Forecast Distributions	Year 1 8.25% p.a., average 8.4% p.a. over 2 years
Expected Term	2 – 3 years from settlement, based on planned acquisition strategy
Manager	Elanor Funds Management Limited AFSL 398196 / ACN 125 903 031

Funding

Fund establishment, acquisition and transaction costs of \$65.3 million will be funded via debt (\$36.1 million) and Fund equity (\$29.2 million).

Equity investor interest in the new Fund has been strong and ENN is in the process of finalising allocations.

Consistent with its strategy of aligning interests with investors, ENN will subscribe for a co-investment of up to 20% of the Fund's initial equity.

Management Fee Arrangements

The management fees payable to ENN as manager of the Fund are:

- Arrangement and acquisition fee: 1.0% of purchase price of Glenorchy Plaza and any future assets, payable at settlement
- Equity raise fee: 1.0% of value of equity raised at any time, payable at settlement
- Ongoing base management fee: 1.0% of gross asset value per annum, payable monthly
- Performance fee: 25% of Fund return (after all fees and expenses) above an IRR of 10%

ENDS.

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