

ASX Announcement

26 June 2018

Tweed Mall - Aldi Agreement for Lease

Elanor Retail Property Fund (“ERF”) is pleased to announce that it has entered into an Agreement For Lease (“AFL”) with Aldi Foods Pty Ltd (“Aldi”) at Tweed Mall, Tweed Heads, NSW.

ERF and Aldi have agreed to enter into a 15 year lease with two further five year options. Aldi will replace Lincraft to anchor the northern end of Tweed Mall. Aldi is expected to commence trading in the second quarter of 2019, following completion of landlord works and Aldi’s fitout to convert the tenancy into a supermarket.

The introduction of the new Aldi supermarket into Tweed Mall will provide a range of benefits, including:

- Replacing a discretionary mini-major with a strong non-discretionary supermarket anchor on a long lease, at an increased rental
- A forecast increase in total centre sales in excess of 10% upon opening, including forecast sales increases at the existing Woolworths and Coles supermarkets
- A significant increase in foot traffic at the centre, particularly to the northern internal mall
- Providing a strong catalyst for the specialty tenant remix strategy, focussing on non-discretionary retailers
- Extending the centre’s Weighted Average Lease Expiry (by area) from 3.6 to 4.5 years
- Forecast re-rating of Tweed Mall’s capitalisation rate, with the valuation uplift expected to materially exceed the capital expenditure and temporary rental downtime for the introduction of Aldi (Tweed Mall will be independently revalued as at 30 June 2018 in accordance with ERF’s valuation policy).

Importantly, the Aldi lease contains relocation and sub-division clauses, maintaining ERF’s flexibility to execute the future mixed-use redevelopment opportunities at Tweed Mall.

ERF’s Fund Manager, Michael Baliva, said: “The introduction of Aldi achieves a significant milestone for Tweed Mall. Complemented by Woolworths, Coles, and Target, Aldi will be a key catalyst in the repositioning of the centre toward a non-discretionary focussed retail offering for the local trade area. The increased sales and foot traffic generated by Aldi will further provide substantial benefits for Tweed Mall and its retailers, thereby driving value for ERF security holders”.

ENDS.

For further information regarding this announcement please contact:

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