

13 October 2016

Corporate Governance Statement

In accordance with ASX Listing Rule 1.1 condition 13, the Elanor Retail Property Fund ("**ERF**" or "the **Fund**"), in seeking to be admitted to the Official List of ASX, provides this Corporate Governance summary which discloses the extent to which the Fund will follow the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (Recommendations). The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons have been provided for not following them.

The Fund's corporate governance policies and charters have been posted on the Fund's website: www.elanorinvestors.com.

The Fund has adopted the third edition of the ASX Corporate Governance Principles and Recommendations.

Principle / Recommendation	Comply	How the Fund Complies
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1: The responsible entity of an externally managed listed entity should have and disclose: <ul style="list-style-type: none"> the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and the role and responsibility of the board of the responsible entity for overseeing those arrangements. 	Yes	<p>The Fund will be managed under the supervision and direction of the Board. The primary function of the Board is to ensure that the Fund is managed in the best interests of Security Holders.</p> <p>This recommendation is included in the Board Charter. The Board's responsibilities are defined in the Board Charter and there is a clear delineation between the functions reserved to the Board and those conferred upon the senior management of the Fund.</p> <p>The Board's responsibilities involves monitoring the decisions and actions of the Fund's managers and the management team who are responsible for the day-to-day management of the Fund. The Board also monitors the governance and performance of the Fund through the committees established by it.</p> <p>All matters, unless specifically reserved for the Board, necessary for the day-to-day management of the Fund are delegated by the Board to the Fund's managers. Although the Board retains overall responsibility for the management of the Fund, under the Investment Management Agreement and the Property and Development Management Agreement, the Responsible Entity has engaged the Manager (Elanor Asset Services Pty Limited) to provide, or procure the provision of certain services and resources to the Responsible Entity to enable it to carry out its obligations in respect of the Fund. Key terms of these management agreements are summarised in the Fund's Product Disclosure Statement dated [insert date] 2016 ("PDS").</p>

Principle / Recommendation	Comply	How the Fund Complies
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.2: A company should: <ul style="list-style-type: none"> undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. 	N/A	Not applicable, as the Fund is externally managed. However, prior to appointment, or recommendation for appointment, as a Director, appropriate background checks including police and bankruptcy background checks and the provision of business references are carried out.
Recommendation 1.3: Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.	N/A	Not applicable, as the Fund is externally managed. However, ERF ensures that all Directors and senior executives providing services to the Fund have a letter of appointment setting out the remuneration, right to the provision for a deed of access and indemnity, term of appointment, expectations regarding meetings and committees
Recommendation 1.4: The company secretary should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	N/A	Not applicable, as the Fund is externally managed. However, the company secretary of the Responsible Entity is accountable directly to the board on all matters of governance and will inform the board of all relevant matters not otherwise brought to the attention of the Board.

Principle / Recommendation	Comply	How the Fund Complies
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.5: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board or a relevant committee of the board to establish measurable objectives for achieving gender diversity and to assess annually, and disclose at the end of each reporting period, both the objectives and progress in achieving them.	N/A	Not applicable, as the Fund is externally managed.
Recommendation 1.6: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors and whether a performance evaluation was undertaken.	N/A	Not applicable, as the Fund is externally managed. However, in accordance with the Board Charter of the Responsible Entity, the performance of the Board will be evaluated each year in a manner determined the chair of the Board. A copy of the Board Charter is available at www.elanorinvestors.com .
Recommendation 1.7: Companies should have and disclose a process for periodically evaluating the performance of senior executives and whether a performance evaluation was undertaken.	N/A	Not applicable, as the Fund is externally managed. However, the Board is responsible for reviewing the performance of ERPF I and ERPF II under the Investment Management Agreement and Property and Development Management Agreement respectively.

Principle / Recommendation	Comply	How the Fund Complies
Principle 2: Structure the board to add value		
Recommendation 2.1: Companies should have a nomination committee which has at least three members, a majority of whom are independent directors and is chaired by an independent director. Companies should disclose the charter of the committee, the members of the committee and the number of times the committee met throughout each reporting period and the individual attendances of the members at those meetings.	N/A	Not applicable, as the Fund is externally managed.
Recommendation 2.2: Companies should have and disclose a board skills matrix setting out the mix of skills and diversity that the board has or is looking to achieve in its membership.	N/A	Not applicable, as the Fund is externally managed. However, the Board is made up of Directors with a broad range of skills, expertise and experience and from a diverse range of background, including gender, which is appropriate to achieve the Fund's objective.
Recommendation 2.3: Companies should disclose the names of independent directors, the length of service of each director and if a director has an interests, positions, associations and relationships that might cause doubts about the independent of a director but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion.	Yes	Paul Bedbrook and Nigel Ampherlaw are independent Directors, appointed by the Responsible Entity as the initial independent Directors. In determining the independence of its Directors, the Responsible Entity has had regard to the guidelines provided by Principle 2 of the ASX Guidelines.
Recommendation 2.4: A majority of the board of a listed entity should be independent directors.	N/A	Not applicable, as the Fund is externally managed. The Board has four Directors, one of whom is the Chairman, Paul Bedbrook. In addition to the two independent Directors, two of the three remaining Directors are non-executive Directors (Nigel Ampherlaw and William 'Bill' Moss). The Board considers this to be the optimal Board composition given the current size and business of the Responsible Entity.

Principle / Recommendation	Comply	How the Fund Complies
Principle 2: Structure the board to add value		
Recommendation 2.5: The chair should be an independent director and, in particular, not the CEO.	N/A	Not applicable, as the Fund is externally managed. However, the Chairman of the Board is Paul Bedbrook who is an independent Director.
Recommendation 2.6: Companies should have a program for inducting new directors and providing appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	N/A	Not applicable, as the Fund is externally managed. All Directors receive an induction or orientation program which includes information on the Responsible Entity's values and knowledge and skills appropriate to their role. Ongoing training for the Directors includes site visits and available professional education programs to enhance skills and knowledge, and presentations on developments impacting the fund.

Principle / Recommendation	Comply	How the Fund Complies
Principle 3: Act ethically and responsibly		
Recommendation 3.1: <ul style="list-style-type: none"> Companies should have a code of conduct for its directors, senior executives and employees and disclose that code or a summary of it. 	Yes	Each Director and employee of the Elanor Investors Group involved in the management or provision of services to the Fund has agreed to comply with the Code of Conduct. The Code of Conduct aims to ensure that all Directors and employees of the Elanor Investors Group meet the highest ethical and professional standards in the conduct of their duties and obligations and in dealing with other employees and officers as well as the investors of the Fund. This is to ensure that trust and confidence is maintained to the highest standards with all stakeholders, including Security Holders, regulators, stakeholders, service providers, tenants and the public. The Code of Conduct is described at Section 6 of the PDS and a copy of the Code of Conduct is available at www.elanorinvestors.com .

Principle / Recommendation	Comply	How the Fund Complies
Principle 4: Safeguard integrity in corporate reporting		
Recommendation 4.1: <p>The board should establish an audit committee.</p> <p>The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> • consist only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; and • has at least three members. <p>The board should disclose:</p> <ul style="list-style-type: none"> • the charter of the committee; • the relevant qualifications and experience of committee members; and • the number of times the committee met throughout each reporting period and the individual attendances of the members at those meetings. 	<p>Yes</p> <p>Partially</p> <p>Yes</p>	<p>The Board has established an Audit and Risk Committee to assist in the Board overseeing the integrity of the Fund's financial reporting, risk management framework and the independence of external auditors, and monitoring compliance with legal, regulatory and policy requirements.</p> <p>The Audit and Risk Committee's members are appointed by the Board and must comprise at least three members the majority of whom are independent. The chair of the Audit and Risk Committee is required to be an independent Director (but must not be the chair of the Board) Nigel Ampherlaw has been appointed by the Board to chair the Audit and Risk Committee, with independent director Paul Bedbrook and executive director, Glenn Willis to serve as members of the Audit and Risk Committee.</p> <p>The qualifications and experience of the members of the Committee are set out in Section 6 of the PDS.</p> <p>The Audit and Risk Committee has a formal charter which sets out the Committee's responsibilities and functions The key roles and of the Committee are summarised in Sector 6 of the PDS. A copy of the Audit and Risk Committee Charter is available at www.elanorinvestors.com.</p> <p>The Audit and Risk Committee will meet as necessary but, at a minimum four times per financial year (in each full financial year).</p>
Recommendation 4.2: <p>The board should, before it approves the entity's financial statements, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity (as required by section 295A of the Corporations Act) and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>Yes</p>	<p>To the extent that the financial statements of the Fund are approved by the Board each financial year, the Chief Executive Officer for the Responsible Entity and Chief Financial Officer of the Responsible Entity will provide the declarations required by Section 295A of the Corporations Act.</p>

Principle / Recommendation	Comply	How the Fund Complies
Principle 4: Safeguard integrity in corporate reporting		
Recommendation 4.3: A listed entity that has an AGM should ensure that its external auditor attends and is available to answer questions from security holders relevant to the audit.	N/A	Not applicable, as the Fund is externally managed. The Fund may hold an AGM as and when required.

Principle / Recommendation	Comply	How the Fund Complies
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1: The Company should have a written policy for complying with its continuous disclosure obligations under the ASX Listing Rules and disclose that policy or a summary of it.	Yes	<p>The Responsible Entity is committed to fair and open disclosure and its policy has been adopted to ensure the Responsible Entity meets its disclosure obligations under the Corporations Act and the ASX Listing Rules in relation to the Fund.</p> <p>The overriding principle of the Responsible Entity 's Continuous Disclosure Policy is to ensure that the Fund complies with the ASX Listing Rules and provides equal access to information and to promote quality communication between the Fund and third parties, such as Security Holders, the investment community, the media and the ASX.</p> <p>The Responsible Entity's company secretary will be responsible for ensuring the Fund complies with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act.</p> <p>The communication policy and continuous disclosure policy are summarised at Section 6 of the PDS and copies are available at www.elanorinvestors.com.</p>

Principle / Recommendation	Comply	How the Fund Complies
Principle 6: Respect the rights of security holders		
Recommendation 6.1: A company should provide information about itself and its governance to investors via its website.	Yes	The Responsible Entity has adopted a communication policy and continuous disclosure policy. The Responsible Entity intends to provide all relevant information about itself, the Fund and the governance of the Fund at www.elanorinvestors.com , as required by the ASX Guidelines and the Listing Rules. Summaries of the various governance policies are at Section 6.
Recommendation 6.2: Companies should design and implement an investor relation program to facilitate effective two-way communication with investors.	Yes	The Responsible Entity will provide clear and effective communications with stakeholders on matters affecting the Fund and the Securities, in accordance with the communication policy and continuous disclosure policy. Announcements in respect of the Fund and the Responsible Entity will be: <ul style="list-style-type: none"> • released to ASX as required by listing rules; • posted to ERF's website; and • distributed to major media and investor contacts ERF will also regularly communicate with Security Holders, including through the publication of: <ul style="list-style-type: none"> • audited annual financial reports; • reviewed half-yearly financial reports; • Distribution statements; • annual taxation statements; and • Fund updates. ERF's website will also have accessible information on the Fund, half-yearly and annual reports, and Distribution information.
Recommendation 6.3: Companies should have and disclose the policies and procedures it has in place to facilitate and encourage participation at meetings of security holders.	N/A	Not applicable, as the Fund is externally managed. The Fund will hold an AGM as and when required.

Principle / Recommendation	Comply	How the Fund Complies
Principle 6: Respect the rights of security holders		
Recommendation 6.4: Companies should give security holders the opportunity to communicate electronically.	Yes	ERF intends to provide Security Holders with the option of receiving communications from the Fund electronically.

Principle / Recommendation	Comply	How the Fund Complies
Principle 7: Recognise and manage risk		
Recommendation 7.1: <p>Companies should have a committee or committees to oversee risk, each of which has at least three members, a majority of whom are independent directors, and is chaired by an independent director. Companies should disclose the charter and members of the committee and the number of times the committee met throughout each reporting period and the individual attendances of the members at those meetings.</p>	Partially	<p>The Board has established the Audit and Risk Committee to assist the Board in overseeing and reviewing the effectiveness of the Responsible Entity's risk management framework which applies to the Responsible Entity and the Fund. The Audit and Risk Committee's members are appointed by the Board and must comprise at least three members, the majority of whom are independent. The chair of the Audit and Risk Committee is required to be an independent Director (but must not be the chair of the Board). Currently, the Audit and Risk Committee is chaired by Nigel Ampherlaw with independent director, Paul Bedbrook and executive director, Glenn Willis as members of the Audit and Risk Committee.</p> <p>The Board has adopted a formal charter setting out the main responsibilities and functions of the Audit and Risk Committee. A copy of the Audit and Risk Committee Charter is available at www.elanorinvestors.com.</p> <p>The Audit and Risk Committee's specific responsibilities relating to risk management include:</p> <ul style="list-style-type: none"> • overseeing and reviewing the effectiveness of the risk management framework at least annually; • approving and reviewing the quality and adequacy of risk management policies, systems, procedures, controls and practices that apply to the Fund, including business continuity management; • promoting a greater awareness and commitment to risk management practices in relation to the Fund; and • providing a forum for review of changes to regulatory and statutory requirements with to risk management. <p>The Audit and Risk Committee will meet as necessary but at a minimum, four times per financial year (in each full financial year). At the end of each reporting period the number of times the committee met throughout the period will be disclosed, including the individual attendance of the members at those meetings. See also Recommendation 4.I.</p>

Principle / Recommendation	Comply	How the Fund Complies
Principle 7: Recognise and manage risk		
Recommendation 7.2: The board or a committee of the board should: <ul style="list-style-type: none"> review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and disclose in relation to each reporting period, whether such a review has taken place. 	Yes	The Audit and Risk Committee will oversee and review the effectiveness of the Responsible Entity's risk management framework annually. Additionally, the Audit and Risk Committee must review the Audit and Risk Committee Charter annually and obtain the approval of the Board in respect of any amendments to the Audit and Risk Committee Charter.
Recommendation 7.3: Companies should disclose if it has an internal audit function, how the function is structured and what role it performs. Alternatively, if it does not have an internal audit function, the listed entity should disclose the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Yes	The Responsible Entity does not have an internal audit function. As a wholly owned subsidiary of the Elanor Investors Group, the Responsible Entity and the Fund will be incorporated into the Elanor Investors Group audit plan where applicable. The Audit and Risk Committee will receive and review reports provided by the Elanor Investors Group on issues relevant to the Responsible Entity or the Fund and consider any major findings of audit reports and review management's response in terms of content and timeliness.
Recommendation 7.4: Companies should disclose whether they have regard to environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	The Fund is exposed to certain economic risks. Refer to Section 12 of the PDS for more information in respect of those risks, and risks associated with holding Securities generally. Those risks are managed and reviewed regularly by the Responsible Entity in accordance with its risk management framework, under the supervision of the Audit and Risk Committee.

Principle / Recommendation	Comply	How the Fund Complies
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1: The board should establish a remuneration committee. The remuneration committee should be structured so that it: <ul style="list-style-type: none"> • consists of a majority of independent directors; • is chaired by an independent chair; and • has at least three members. The board should disclose the charter and members of the committee and the number of times the committee met throughout each reporting period and the individual attendances of the members at those meetings.	N/A	Not applicable, as the Fund is externally managed. Section 13 sets out the fees payable to the Responsible Entity under the Constitutions. A summary of the Constitutions is at Section 14 of the PDS. In addition, summaries of the fees payable to the Manager and other Elanor Investors Group entities who provide management services to the Fund are contained in Section 13 of the PDS.
Recommendation 8.2: A listed entity should disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	N/A	Not applicable, as the Fund is externally managed. Section 13 sets out the fees payable to the Responsible Entity under the Constitution. A summary of the Constitutions is contained in Section 14 of the PDS. In addition, summaries of the fees payable to the Manager and other Elanor Investors Group entities who provide management services to the Fund are contained in Section 13 of the PDS.
Recommendation 8.3: Companies which have an equity-based remuneration scheme should have a policy on hedging participation in that scheme; and disclose that policy or a summary of it.	N/A	Not applicable, as the Fund is externally managed. Section 13 sets out the fees payable to the Responsible Entity under the Constitutions. A summary of the Constitution is contained in Section 14 of the PDS. In addition, summaries of the fees payable to other Elanor Investors Group entities who provide management services to the Fund are contained in Section 13 of the PDS.