

Appendix 4D

Half year report for the period ended 31 December 2021

Name of entity	Elanor Investors Group (Elanor) a stapled entity comprising Elanor Investors Limited, and Elanor Funds Management Limited as Responsible Entity of Elanor Investment Fund.
ARSN	Elanor Investment Fund 169 450 926
ABN	Elanor Investors Limited 33 169 308 187
ABN	Elanor Funds Management Limited 39 125 903 031
Reporting period	Six month period ended 31 December 2021
Previous corresponding period	Six month period ended 31 December 2020

This Half Year Report is given to the ASX in accordance with Listing Rule 4.2A. The Report should be read in conjunction with the attached Interim Financial Report for the half year ended 31 December 2021.

Results for announcement to the market

Financial Performance

		A \$'000
Revenue from ordinary activities	Down 2.8% to	35,805
Profit/(loss) from ordinary activities after tax attributable to security holders	Down 408.8% to	(10,177)
Net profit/(loss) for the period attributable to security holders	Down 408.8% to	(10,177)
Core Earnings ¹	Up 121.0% to	12,263

Distribution

Current Period	Amount per unit
Interim Distribution ²	9.05 cents
Previous Corresponding Period	
Interim Distribution	4.13 cents
Record date for determining entitlement to the Interim Distribution	31 December 2021
Date the Interim Distribution is payable:	28 February 2022
The components of the Interim Distribution comprise:	Trust Distribution: 9.05 cents

Note: Further information on tax components of the distribution will be provided to security holders in their annual tax statement for the year ending 30 June 2022.

Net Tangible Assets

Current Period	Current Period
Net tangible asset backing per security	\$1.32
Previous Corresponding Period	
Net tangible asset backing per security	\$1.47

Notes:

- Core Earnings represents the Directors view of underlying earnings from ongoing operating activities for the period, being net profit/(loss) after tax, adjusting for one-off realised items (being formation or other transaction costs that occur infrequently or are outside the course of ongoing business activities), non-cash items (being fair value movements, depreciation charges on the buildings held by the Trust and amortisation of intangibles), determined with reference to with ASIC RG230.
- The Interim Distribution is based on a payout ratio of 90% of Core Earnings.

Control Gained over Entities during the Period

- Elanor Wildlife Park Fund
- Stirling Street Syndicate

Control Lost over Entities during the Period

None noted.

Details of any associates and Joint Venture entities required to be disclosed:

- 18.03% equity investment in Elanor Retail Property Fund (ASX:ERF)
- 14.13% equity investment in Elanor Commercial Property Fund (ASX:ECF)
- 1.04% equity investment in Belconnen Markets Syndicate
- 4.73% equity investment in Hunters Plaza Syndicate
- 15.00% equity investment in Waverley Gardens Fund
- 25.00% equity investment in 1834 Hospitality
- 0.21% equity investment in Warrawong Plaza Syndicate

Accounting standards used by foreign entities

International Financial Reporting Standards.

Audit

The accounts have been subject to a review, with an unqualified conclusion. Refer attached Interim Financial Report.

Distribution Reinvestment Plan (DRP)

There is no DRP in operation for the interim distribution for the half year ended 31 December 2021.

For all other information required by Appendix 4D, please refer to the following documents:

- Directors' Report
- Interim Financial Report



Interim Financial Report

For the half year ended
31 December 2021

Elanor Investors Group

Comprising the stapling of units in Elanor Investment Fund (ARSN 169 450 926) and ordinary shares in Elanor Investors Limited (ABN 33 169 308 187)

Level 38, 259 George Street,
Sydney NSW 2000
GPO Box 1511,
Sydney NSW 2001
www.elanorinvestors.com

ELANOR INVESTORS GROUP

TABLE OF CONTENTS

Directors' Report.....	3
Auditor's Independence Declaration	14
Consolidated Statements of Profit or Loss	15
Consolidated Statements of Comprehensive Income.....	16
Consolidated Statements of Financial Position	17
Consolidated Statements of Changes in Equity	19
Consolidated Statements of Cash Flows.....	21
Notes to the Consolidated Financial Statements.....	22
Directors' Declaration to Stapled Security Holders.....	51
Independent Auditor's Report	52

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

The Directors of Elanor Investors Limited (Company), and the Directors of Elanor Funds Management Limited (Responsible Entity or Manager), as responsible entity of the Elanor Investment Fund, present their report together with the interim financial report of Elanor Investors Group (Group, Consolidated Group or Elanor) and the interim financial report of the Elanor Investment Fund (EIF Group) for the half year ended 31 December 2021 (period).

The interim financial report of Elanor Investors Group comprises the Company and its controlled entities, including Elanor Investment Fund (Trust) and its controlled entities. The interim financial report of the EIF Group comprises Elanor Investment Fund and its controlled entities.

Elanor Investors Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 38, 259 George Street, Sydney NSW 2000.

The Trust was registered as a managed investment scheme on 21 May 2014 and the Company was incorporated on 1 May 2014.

The units of the Trust and the shares of the Company are combined and issued as stapled securities in the Group. The Group's securities are traded on the Australian Securities Exchange (ASX: ENN). The units of the Trust and shares of the Company cannot be traded separately and can only be traded as stapled securities. Although there is no ownership interest between the Trust and the Company, the Company is deemed to be the parent entity of the Group under Australian Accounting Standards.

The Directors' report is a combined Directors' report that covers both the Company and the Trust. The financial information for the Group is taken from the consolidated financial reports and notes.

1. Directors

The following persons have held office as Directors of the Responsible Entity and Company during the period and up to the date of this report:

- Paul Bedbrook (Chairman)
- Glenn Willis (Managing Director and Chief Executive Officer)
- Nigel Ampherlaw
- Anthony Fehon
- Su Kiat Lim (appointed 1 October 2021)
- Karyn Baylis (appointed 1 November 2021)

2. Principal activities

The principal activities of the Group are the management of investment funds and syndicates and the investment in, and operation of, a portfolio of real estate assets and businesses.

3. Distributions

Distributions relating to the half year ended 31 December 2021 comprise:

Distribution	Half Year Ended 31 December 2021
Interim Distribution	
Amount payable (cents per stapled security)	9.05
Payment date	28 February 2022

The Interim Distribution of 9.05 cents compares to an Interim Distribution for the half year ended 31 December 2020 of 4.13 cents per stapled security.

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

4. Operating and financial review

OVERVIEW AND STRATEGY

Elanor is a real estate funds manager with an investment focus on acquiring and unlocking value in assets that provide both high quality income and capital growth potential. Elanor's active approach to asset management is fundamental to delivering investment performance.

Elanor's key investment sectors of focus are the commercial office, healthcare real estate, retail real estate and accommodation hotels, tourism and leisure sectors.

During the period, Elanor increased its funds under management by 17.9% from \$2,073.2 million to \$2,444.1 million and decreased its co-investments and balance sheet investments from \$216.4 million to \$205.0 million. The growth in funds under management has been supported by strong growth in the Group's institutional and private wholesale investor base (refer to page 5 for a table detailing the Group's funds under management and co-investments and balance sheet investments as at 31 December 2021).

The significant funds management initiatives completed during the period included:

- On 2 August 2021, the Elanor Commercial Property Fund (ASX: ECF) acquired the commercial office property located at 50 Cavill Avenue, Gold Coast, QLD for \$113.5 million, growing ECF's portfolio to 8 high investment quality commercial property assets valued at \$513.2 million as at 31 December 2021;
- On 22 August 2021, the Elanor Retail Property Fund (ASX: ERF) successfully divested the Moranbah Fair property, at book value, for \$28.0 million;
- On 30 September 2021, the Elanor Hotels and Accommodation Fund was successfully established by the Elanor Metro and Prime Regional Hotel Fund (EMPR) acquiring the Elanor Luxury Hotel Fund (ELHF) and the Albany Hotel, creating a \$346.2 million hotel fund;
- The acquisition of Highpoint Health Hub in Ashgrove, QLD, for \$51.9 million in October 2021 by the Elanor Healthcare Real Estate Fund, growing the value of the fund's property portfolio to \$262.9 million as at 31 December 2021; and
- The establishment of the Warrawong Plaza Fund in October 2021 which acquired the Warrawong Plaza shopping centre in Wollongong, NSW, for \$136.4 million.

ENN's strong investment track record (average realised IRR of 19.5%) continues to drive demand from both wholesale private and institutional investors for the Group's funds. Elanor has a high calibre and highly scalable funds management platform with substantial capacity for growth. Further investment has been made in the platform during the year. Elanor is well positioned to continue the growth of its funds management business.

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

4. Operating and financial review (continued)

MANAGED FUNDS AND INVESTMENT PORTFOLIO

The following tables show the Group's Managed Funds and investment portfolio:

Managed Funds

Funds	Location	Type	Gross Asset Value
			\$'m
Elanor Commercial Property Fund (ASX: ECF)	QLD (4), SA (1), WA (1), ACT (1)	Commercial office buildings	418.8
Elanor Retail Property Fund (ASX: ERF)	NSW (2), QLD (3), TAS (1)	Sub-regional and neighbourhood shopping centres	232.7
Waverley Gardens Fund	Mulgrave, VIC	Sub-regional shopping centre	198.3
Elanor Hotel and Accommodation Fund	NSW (6), ACT (2), SA (4), TAS (1), WA (1)	Accommodation hotels	364.4
Elanor Healthcare Real Estate Fund	QLD (3), WA (2)	Commercial healthcare properties	232.2
Fairfield Centre Syndicate	Fairfield, NSW	Neighbourhood shopping centre	112.6
Belconnen Markets Syndicate	Canberra, ACT	Shopping centre	69.0
Hunters Plaza Syndicate	Auckland, NZ	Sub-regional shopping centre	58.4
Bluewater Square Syndicate	Redcliffe, QLD	Neighbourhood shopping centre	56.1
Elanor Wildlife Park Fund	NSW (3)	Wildlife parks	68.8
Stirling Street Syndicate	Perth, WA	Commercial office building	35.4
Burke Street Fund	Woolloongabba, QLD	Commercial office buildings	81.0
Riverside Plaza Syndicate	Queanbeyan, NSW	Neighbourhood shopping centre	70.3
Clifford Gardens Fund	Toowoomba, QLD	Neighbourhood shopping centre	166.3
Additions since 30 June 2021			
Elanor Commercial Property Fund (ASX: ECF)	Gold Coast, QLD	Commercial office buildings	113.5
Elanor Healthcare Real Estate Fund	Ashgrove, QLD	Commercial healthcare properties	51.9
Warrawong Plaza Syndicate	Warrawong, NSW	Sub-regional shopping centre	142.4
Disposals since 30 June 2021			
Elanor Retail Property Fund (ASX: ERF)	Moranbah, QLD	Neighbourhood shopping centre	(28.0)
Total Managed Funds			2,444.1

Note 1: The funds under management balance of \$2,441.1 million represents the gross asset value of the Group's Managed Funds at 31 December 2021, including those funds that have been consolidated in the Group's financial statements.

Note 2: The number included in brackets under the 'Location' column represent the number of assets within each State for the Group's multi-asset funds.

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

4. Operating and financial review (continued)

MANAGED FUNDS AND INVESTMENT PORTFOLIO (CONTINUED)

Investment Portfolio

Asset	Location	Type	Note	Carrying Value \$'m
1834 Hospitality	Adelaide, SA	Hotel management		2.1
Hotel Ibis Styles Albany	Albany, WA	Accommodation hotel	1	3.2
				Equity accounted value \$'m
Managed Fund Co-Investments				
Elanor Hotel and Accommodation Fund	NSW (6), ACT (2), SA (4), TAS (1), WA (1)	Accommodation hotels	1,3	78.5
Elanor Commercial Property Fund (ASX: ECF)	QLD (4), SA (1), WA (1), ACT (1)	Commercial office buildings	2	50.3
Elanor Retail Property Fund (ASX: ERF)	NSW (2), QLD (2), TAS (1)	Sub-regional and neighbourhood shopping centres	2	28.3
Waverley Gardens Fund	Mulgrave, VIC	Sub-regional shopping centre	2	11.5
Bluewater Square Syndicate	Redcliffe, QLD	Neighbourhood shopping centre	3	7.9
Elanor Wildlife Park Fund	NSW (3)	Wildlife parks	3	16.2
Hunters Plaza Syndicate	Auckland, NZ	Sub-regional shopping centre	2	1.5
Belconnen Markets Syndicate	Canberra, ACT	Shopping centre	2	0.3
Stirling Street Syndicate	Perth, WA	Commercial office building	3	6.5
Additions since 30 June 2021				
Warrawong Plaza Syndicate	Warrawong, NSW	Sub-regional shopping centre	2	0.2
Cougal Street	Southport, QLD	Commercial office building		1.9
Disposals since 30 June 2021				
Hotel Ibis Styles Albany	Albany, WA	Accommodation hotel	1	(3.2)
Total Investment Portfolio				205.0
Total Managed Funds and Investment Portfolio				2,649.1

Note 1: All owner-occupied properties in the Hotel, Tourism and Leisure business are held for use by the Group for the supply of services and are classified as property, plant and equipment and stated at fair value in the financial statements.

Note 2: Managed Fund co-investments are associates and accounted for using the equity method.

Note 3: The co-investments in Elanor Hotel and Accommodation Fund (EHAF), Elanor Wildlife Park Fund (EWPF), Stirling Street Syndicate (Stirling) and the Bluewater Square Syndicate (Bluewater) have been consolidated in the financial statements. The amount shown assumes that the investments were accounted for using the equity method.

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

4. Operating and financial review (continued)

REVIEW OF FINANCIAL AND OPERATING RESULTS

The Consolidated Group recorded a statutory loss after tax of \$10.2 million for the half year ended 31 December 2021.

At balance date, Elanor held a 43.60% interest in the Elanor Hotel and Accommodation Fund (EHAF), a 42.82% (30 June 2021: 26.61%) interest in the Elanor Wildlife Park Fund (EWPF), a 42.98% (30 June 2021: 2.03%) interest in Stirling Street Syndicate (Stirling) and a 42.27% (30 June 2021: 42.27%) interest in the Bluewater Square Syndicate (Bluewater). For accounting purposes, Elanor controls EHAF, EWPF, Stirling and Bluewater given its level of ownership and role as manager of the funds. This means that the financial results and financial position of EHAF, EWPF, Stirling and Bluewater are consolidated into the financial statements of the Group for the half year ended 31 December 2021.

All other managed fund co-investments are accounted for using the equity method in the Group's consolidated financial statements. Presenting the summary consolidated financial results of the Group on the basis that EHAF, EWPF, Stirling and Bluewater are accounted for using the equity method is important because Elanor considers that this provides securityholders with additional information to enable comparison with prior periods given the change from equity accounting to consolidated in the period.

As a result of the growth in the Group's Funds Under Management the Group continues to grow recurring funds management income. The Group generated \$20.2 million (including \$6.6 million of income from the Group's consolidated funds which is eliminated in the consolidated financial result) of funds management income during the period (an increase of 35.3% compared to the corresponding prior half year period) and had funds under management of \$2,444.1 million at 31 December 2021 (an increase of 17.9% from 30 June 2021).

The Group's balance sheet as at 31 December 2021 reflects Net Assets of \$295.5 million and cash on hand of \$18.1 million.

Core or Distributable Earnings for the period was \$12.3 million or 10.06 cents per stapled security (an increase of 121% from the corresponding prior period). Core Earnings represents an estimate of the underlying recurring cash earnings of the Group. Core Earnings is used by the Board to make strategic decisions and as a guide to assessing appropriate distribution declarations. A summary of the Group and EIF Group's results for the period is set out below:

	ENN Group 31 December 2021	ENN Group 31 December 2020	EIF Group 31 December 2021	EIF Group 31 December 2020
Summary Financial Results				
Net profit / (loss) after tax (\$'000)	(10,177)	3,296	(12,402)	3,411
Net profit / (loss) after tax (\$'000) (EHAF, EWPF, Stirling and Bluewater equity accounted)	(4,700)	3,218	97	3,013
Core Earnings (\$'000)	12,263	5,549	3,874	4,112
Distributions paid/ payable to security holders (\$'000)	11,037	4,994	3,487	3,701
Statutory earnings per stapled security (cents)	(1.62)	2.75	(2.46)	2.49
Statutory earnings per weighted average stapled security (cents)	(1.69)	2.85	(2.56)	2.58
Core Earnings per stapled security (cents)	10.06	4.59	3.18	3.40
Core Earnings per weighted average stapled security (cents)	10.46	4.64	3.32	3.44
Distributions (cents per stapled security / unit)	9.05	4.13	2.86	3.06
Net tangible assets (\$ per stapled security)	2.41	2.02	2.21	1.79
Net tangible assets (\$ per stapled security) (EHAF, EWPF, Stirling and Bluewater equity accounted)	1.32	1.47	0.96	1.09
Gearing (net debt / total assets less cash) (%)	46.3	48.9	40.6	40.8
Gearing (net debt / total assets less cash) (%) (EHAF, EWPF, Stirling and Bluewater equity accounted)	25.2	25.0	0.0	7.0

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

4. Operating and financial review (continued)

REVIEW OF FINANCIAL AND OPERATING RESULTS (CONTINUED)

The table below provides a reconciliation from the Group's statutory net profit / (loss) after tax to the adjusted net profit / (loss) after tax, presented on the basis that EHAF, EWPF, Stirling and Bluewater are equity accounted. Elanor considers that presenting the operating performance of the Group on this adjusted basis provides securityholders with additional information to enable comparison with prior periods given the change from equity accounting to consolidated in the period. The results provided on this basis are presented as the 'ENN Group'.

	ENN Group 31 December 2021 \$'000	ENN Group 31 December 2020 \$'000
Statutory Net Profit / (Loss) After Tax	(10,177)	3,296
Adjustment to remove the impact of consolidation of EHAF, EWPF, Stirling and Bluewater	14,530	3,499
Adjustment to include the impact of accounting for EHAF, EWPF, Stirling and Bluewater using the equity method	(9,053)	(3,577)
Adjusted Net Profit / (Loss) After Tax	(4,700)	3,218

Adjusted Statement of Profit or Loss

Set out below is a build up by component of the adjusted net profit / (loss) after tax, presented on the basis that EHAF, EWPF, Stirling and Bluewater are equity accounted.

	ENN Group 31 December 2021 \$'000	ENN Group 31 December 2020 \$'000
Funds management income	20,193	14,926
Share of (loss) / profit from equity accounted investments	(4,102)	505
Revenue from investment portfolio	310	1,037
Operating expenses	(17,822)	(10,834)
EBITDA	(1,421)	5,634
Depreciation and amortisation	(1,694)	(1,145)
EBIT	(3,115)	4,489
Fair value revaluation on financial assets and liabilities	(1,516)	(293)
Gain on sale of investments	2,792	2,244
Interest income	649	858
Borrowing costs	(2,992)	(2,665)
Net profit / (loss) before income tax	(4,182)	4,634
Income tax (expense) / benefit	(518)	(1,416)
Adjusted net profit / (loss) after income tax	(4,700)	3,218

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

4. Operating and financial review (continued)

REVIEW OF FINANCIAL AND OPERATING RESULTS (CONTINUED)

Funds Management Income

The table below provides a breakdown of ENN Group's funds management income.

	ENN Group 31 December 2021 \$'000	ENN Group 31 December 2020 \$'000
Management fees and cost recoveries	12,406	9,398
Leasing and development management fees	2,229	1,821
Acquisition fees	5,558	3,707
Total funds management income	20,193	14,926

Note: Total funds management income includes \$6.6 million relating to the Group's consolidated funds (EHAF, EWPF, Bluewater and Stirling), which is eliminated upon consolidation into the Group's consolidated financial results.

The Group's leasing and development management fees continue to grow, with a strong pipeline of scheduled development and repositioning projects across the Group's Managed Funds.

Acquisition fees for the period of \$5.6 million (31 December 2020: \$3.7 million) were generated from new funds management initiatives during the period as discussed earlier in this report.

Distributions from Co-Investments

The Group measures the performance of its co-investments based on distributions received / receivable from these co-investments. The table below provides a breakdown of the Group's distributions received and / or receivable from its Managed Funds for the period ended 31 December 2021.

	ENN Group 31 December 2021 \$'000	ENN Group 31 December 2020 \$'000
Elanor Commercial Property Fund	1,869	1,675
Elanor Healthcare Real Estate Fund	–	135
Elanor Retail Property Fund	691	1,114
Hunters Plaza Syndicate	–	36
Stirling Street Syndicate	104	–
Warrawong Plaza Syndicate	138	–
Bluewater Square Syndicate	219	–
Elanor Hotel Accommodation Fund	–	–
Elanor Wildlife Park Fund	–	–
Total distributions received / receivable from Managed Funds	3,021	2,961

Note: As the Group consolidates Stirling and Bluewater into its consolidated financial results, the distribution receivable from these funds are eliminated on consolidation. The distributions receivable relating to the other funds that are equity accounted are contained within the equity accounted investments balance, and will reduce the equity accounted investments balance when the distribution is received.

Total co-investment distributions received or receivable during the half year amounted to \$3.0 million, compared to \$3.0 million received or receivable during the corresponding period in the prior year.

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

4. Operating and financial review (continued)

REVIEW OF FINANCIAL AND OPERATING RESULTS (CONTINUED)

The table below provides a reconciliation from adjusted net profit / (loss) after tax to distributable Core Earnings:

	Note	ENN Group 31 December 2021 \$'000	ENN Group 31 December 2020 \$'000
Adjusted Net Profit / (Loss) After Tax		(4,700)	3,218
Adjustments for items included in statutory profit / (loss)			
Increase in equity accounted investments to reflect distributions received / receivable	2	7,122	2,506
Net (gain) / loss on disposals of equity accounted investments	3	(2,261)	(2,244)
Profit on Sale of EHAF	4	10,500	–
Profit on Sale of EHAF Retained	4	(2,659)	–
Building depreciation expense	5	10	17
Amortisation amounts	6	2,366	2,151
Tax and other non-cash adjustments	7	1,885	(99)
Core Earnings	1	12,263	5,549

Note 1: Core Earnings represents the Directors view of underlying earnings from ongoing operating activities on group level for the period, being net profit / (loss) after tax, adjusting for one-off realised items (being formation or other transaction costs that occur infrequently or are outside the course of ongoing business activities), non-cash items (being fair value movements, depreciation charges on the buildings held by the Trust, amortisation of intangibles, straight lining of rental expense, and amortisation of equity settled STI and LTI amounts), and restating share of profit from equity accounted investments to reflect distributions received / receivable in respect of those investments.

Note 2: Share of profit from equity accounted investments (including equity accounting of EHAF, EWPF, Stirling and Bluewater) of the Group's consolidated funds on an equity accounted basis) includes depreciation and amortisation and fair value adjustments on investment property that were added back in the determination of distributable earnings for those managed funds. The Group's share of those adjustments to distributable earnings in the relevant managed funds have been added back for the purposes of calculating Core Earnings so that the Group's Core Earnings reflects the distribution received / receivable by the Group from those investments in Elanor managed funds.

Note 3: Net (gain) / loss on disposals of equity accounted investments includes adjustments for realised non-cash accounting (gains) / losses on the sale of equity accounted investments during the period, so as to only include net cash profit for the purposes of calculating Core Earnings.

Note 4: On 30 September 2021, the Group sold its holding in Elanor Luxury Hotel Fund (ELHF) and Albany Hotel Syndicate (Albany) to Elanor Metro and Prime Regional Hotel Fund (EMPR) to establish the Elanor Hotel Accommodation Fund. The hotel assets held by ELHF and Albany were accounted for by the Group on a fair value basis whereby revaluation increases arising from changes in the fair value of land and buildings are recognised in other comprehensive income and accumulated within equity as opposed to being reflected in the consolidated profit and loss of the Group. Consequently, and consistent with the Group's policy, the profit on divestment of ELHF and Albany (\$10.5 million) has been included in Core Earnings for the period. Furthermore, an amount of \$2.7 million of this profit has been retained to assist in achieving the future growth plans of the Group.

Note 5: During the period, the Group (on the basis that EHAF, EWPF, Stirling and Bluewater are equity accounted) incurred total depreciation charges of \$1.1 million, however only the depreciation expense on buildings of \$0.01 million has been added back for the purposes of calculating Core Earnings.

Note 6: During the period, the Group incurred non-cash profit and loss charges in respect of the amortisation of certain amounts including the equity component of the Group's Short Term Incentive (STI), Long Term Incentive (LTI) amounts, intangibles and borrowing costs. These amounts have been added back for the purposes of calculating Core Earnings.

Note 7: Tax and other non-cash adjustments include non-cash interest and depreciation in respect of the Group's leases, other non-cash profit and loss charges impacting the Group's result for the period, and the tax effect for non-cash items during the period.

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

4. Operating and financial review (continued)

REVIEW OF FINANCIAL AND OPERATING RESULTS (CONTINUED)

Refinancing Opportunity

In late 2017, the Group issued \$60 million 5-year unsecured Corporate Notes, maturing in October 2022, to support the funds management growth opportunities of the Group. Subsequently in April 2019, the Group established a revolving secured finance facility maturing in August 2022.

The Group has grown substantially since the current debt facilities were established (funds under management has grown from \$681.6 million as at 30 June 2017 to \$2,444.1 million as at 31 December 2021). This provides the Group with a significant opportunity to restructure its debt facilities to reduce the Group's cost of capital and facilitate the continued growth of the Group on flexible and accommodative terms.

The refinancing of Elanor's secured debt facility and Corporate Notes provides the opportunity for the Group to favourably restructure its debt arrangements. The refinancing is expected to provide a significant improvement in the Group's cost of funds (given the 7.1% p.a. coupon rate on the Corporate Notes).

The Group is undertaking a competitive market process to refinance the maturing debt facility and Corporate Notes. The Group is in discussions with multiple potential lenders who have expressed interest.

Summary and Outlook

The Group's key strategic objective remains unchanged: to grow funds under management by delivering strong investment returns for Elanor's capital partners. The Group is acutely focused on growing funds management earnings and recycling co-investment capital to facilitate growth in funds under management in a 'capital-lite' manner.

Risks to the Group in the coming year primarily comprise the potential earnings variability associated with general economic and market conditions including COVID related impacts on domestic tourism, retail spending, the availability of capital for funds management opportunities, movement in property valuations, tightening debt capital markets, the general increase in cyber security risks, climate related risks and possible weather related events. Elanor manages these risks through a highly active approach to asset management across its investment portfolio, a continued focus on broadening the Group's institutional and private wholesale investor base, insurance arrangements and active management of its capital structure.

The Group will continue its strong growth in funds under management through the acquisition of high investment quality assets based on Elanor's investment philosophy and criteria. The Group has a strong pipeline of funds management opportunities. Furthermore, the Group is actively pursuing opportunities in new real estate sectors and strategic opportunities to deliver its growth objectives.

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

5. Interests in the Group

The movement in stapled securities of the Group during the period is set out below:

	Consolidated Group 31 December 2021 '000	Consolidated Group 31 December 2021 '000
Stapled securities on issue at the beginning of the period	120,974	119,579
Stapled securities issued under the short term incentive scheme	941	1,395
Stapled securities on issue at the end of the period	121,915	120,974

6. Auditor's independence declaration

A copy of the auditor's independence declaration, as required under section 307C of the Corporations Act 2001 (Cth), is included on the page following the Directors' Report.

7. Refinancing

The Directors have determined that it is appropriate to prepare the consolidated financial statements on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of business.

As at 31 December 2021, the Consolidated Group is in a net current asset deficiency position of \$72.6 million (30 June 2021: \$57.9 million). The net current asset deficiency is attributable to the Group's secured debt facility (drawn to \$13.5 million at balance date) maturing on 31 August 2022, and the Group's unsecured Corporate Notes of \$60 million maturing on 17 October 2022.

The Group is undertaking a competitive market process to refinance the maturing debt facility and Corporate Notes. The Group is in discussions with multiple lenders in this regard. In conjunction with the competitive market process, credit approved terms have been received from a financier for a debt facility that would enable the Group to refinance its maturing facilities.

The refinancing of the Group's debt facility and Corporate Notes provide an opportunity for the Group to restructure its debt arrangements to provide increased flexibility in its debt structuring. Furthermore, the refinancing provides the opportunity for the Group to significantly reduce its cost of capital and facilitate the continued growth of the Group on flexible and accommodative terms.

Accordingly, as of the date of this report, the Directors are confident the Group will be able to successfully refinance its debt facility and Corporate Notes to ensure the Group's ability to realise its assets and discharge its liabilities in the ordinary course of business.

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

8. Events occurring after reporting date

The directors are not aware of any other matter or circumstance not otherwise dealt with in the financial reports or the Directors' Report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in the financial period subsequent to the half year ended 31 December 2021.

9. Rounding of amounts to the nearest thousand dollars

In accordance with Legislative Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the rounding off of amounts in the financial statements, amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, unless otherwise indicated.

This report is made in accordance with a resolution of the Boards of Directors of Elanor Funds Management Limited and Elanor Investors Limited.

Signed in accordance with a resolution of the Directors pursuant to section 298(2) of the *Corporations Act 2001* (Cth).



Paul Bedbrook
Chairman



Glenn Willis
CEO and Managing Director

Sydney, 18 February 2022



Auditor's Independence Declaration

As lead auditor for the review of Elanor Investors Limited and Elanor Investment Fund for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Elanor Investors Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'N R McConnell', written in a cursive style.

N R McConnell
Partner
PricewaterhouseCoopers

Sydney
18 February 2022

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

		Consolidated Group 31 December 2021 \$'000	Consolidated Group 31 December 2020 \$'000	EIF Group 31 December 2021 \$'000	EIF Group 31 December 2020 \$'000
Revenue and other income					
Revenue from operating activities	2	35,805	36,829	–	–
Interest income		197	526	–	–
Rental income		2,404	1,846	10,142	6,106
Share of profit from equity accounted investments	7	3,562	3,971	3,494	3,917
Realised gain on disposal of investment		920	2,244	919	1,994
Fair value (loss)/gain on revaluation of PP&E and investment properties	5,6	(2,363)	1,114	(2,572)	786
Fair value loss on revaluation of derivatives		(295)	(364)	(295)	–
Other income		868	128	191	127
Total revenue and other income		41,098	46,294	11,879	12,930
Expenses					
Changes in inventories of finished goods		2,197	2,107	–	–
Salary and employee benefits		23,665	14,489	1,336	1,161
Property expenses		4,406	4,027	841	333
Operator management costs		1,201	2,086	2,537	1,965
Borrowing costs	8,17	8,730	7,613	6,792	5,772
Depreciation	5	6,509	7,018	–	–
Amortisation		209	90	6	16
Marketing and promotion		1,219	916	–	–
Repairs, maintenance and technology		1,221	1,090	110	66
Impairment expense	5	1,503	–	–	–
Other expenses	17	3,653	2,632	12,659	206
Total expenses		54,513	42,068	24,281	9,519
Net profit / (loss) before income tax expense		(13,415)	4,226	(12,402)	3,411
Income tax (benefit) / expense	4	(3,238)	930	–	–
Net profit / (loss) for the period		(10,177)	3,296	(12,402)	3,411
Attributable to security holders of:					
- Parent Entity		1,022	315	(2,998)	3,013
- Non-controlling interest EIF		(2,998)	3,014	–	–
Net profit / (loss) attributable to ENN security holders		(1,976)	3,329	(2,998)	3,013
Attributable to security holders of:					
- External Non-controlling interest		(8,201)	(33)	(9,404)	398
Net profit / (loss) for the period		(10,177)	3,296	(12,402)	3,411
Basic earnings / (loss) per stapled security (cents)		(1.69)	2.85		
Diluted earnings / (loss) per stapled security (cents)		(1.69)	2.57		
Basic earnings / (loss) of the parent entity (cents)		0.87	0.27		
Diluted earnings / (loss) of the parent entity (cents)		0.74	0.24		

The above Consolidated Statements of Profit or Loss should be read in conjunction with the accompanying notes

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Consolidated Group 31 December 2021 \$'000	Consolidated Group 31 December 2020 \$'000	EIF Group 31 December 2021 \$'000	EIF Group 31 December 2020 \$'000
Net profit / (loss) for the period	(10,177)	3,296	(12,402)	3,411
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit and loss</i>				
Profit / (loss) on revaluation of cash flow hedge	449	493	422	485
<i>Items that may not be reclassified to profit and loss</i>				
Share of reserves of equity accounted investments	443	783	443	754
Gain / (loss) on revaluation of property, plant and equipment	2,939	25,855	2,997	25,510
Other comprehensive income / (loss) for the period, net of tax	3,831	27,131	3,862	26,749
Total comprehensive income / (loss) for the period, net of tax	(6,346)	30,427	(8,540)	30,160
Attributable to security holders of:				
- Parent entity	991	355	(676)	20,208
- Non-controlling interest - EIF	(676)	20,209	-	-
Total comprehensive income / (loss) for the period, net of tax, of ENN security holders	315	20,564	(676)	20,208
Attributable to security holders of:				
- External non-controlling interest	(6,661)	9,863	(7,864)	9,952
Total comprehensive income / (loss) for the period, net of tax	(6,346)	30,427	(8,540)	30,160

The above Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying notes

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		Consolidated Group 31 December 2021 \$'000	Consolidated Group 30 June 2021 \$'000	EIF Group 31 December 2021 \$'000	EIF Group 30 June 2021 \$'000
	Note				
Current assets					
Cash and cash equivalents		18,085	20,771	2,828	1,954
Trade and other receivables	11,17	9,622	6,293	44,185	8,370
Other financial assets	9	7,579	5,214	–	–
Inventories		2,020	901	–	–
Other current assets		2,492	1,426	79	431
Total current assets		39,798	34,605	47,092	10,755
Non-current assets					
Property, plant and equipment	5	413,864	350,820	–	–
Investment properties	6,17	90,875	55,500	474,612	384,825
Equity accounted investments	7,17	94,183	92,588	91,821	88,647
Intangible assets		1,425	1,328	–	–
Deferred tax assets		12,174	7,888	–	–
Total non-current assets		612,521	508,124	566,433	473,472
Total assets		652,319	542,729	613,525	484,227
Current liabilities					
Payables	12,17	13,665	10,972	5,496	2,397
Derivative financial instruments		157	626	157	601
Interest bearing liabilities	8,17	72,892	64,611	16,887	48,538
Lease liabilities	5	1,664	617	–	–
Current provisions		3,959	2,880	–	–
Other current liabilities	12	18,236	11,650	18,319	11,561
Income tax payable		246	–	–	–
Contract liabilities		1,540	1,122	297	23
Total current liabilities		112,359	92,478	41,156	63,120
Non-current liabilities					
Derivative financial instruments		138	188	138	188
Interest bearing liabilities	8,17	239,153	202,661	233,837	132,534
Non-current provisions		698	461	–	–
Lease liabilities	5	4,457	2,958	–	–
Loan from the Company	17	–	–	68,728	74,453
Total non-current liabilities		244,446	206,268	302,703	207,175
Total liabilities		356,805	298,746	343,859	270,295
Net assets		295,514	243,983	269,666	213,932

The above Consolidated Statements of Financial Position should be read in conjunction with the accompanying notes

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		Consolidated Group 31 December 2021 \$'000	Consolidated Group 30 June 2021 \$'000	EIF Group 31 December 2021 \$'000	EIF Group 30 June 2021 \$'000
Equity					
<i>Equity Holders of Parent Entity</i>					
Contributed equity	10	72,783	72,305	105,559	104,101
Treasury shares	10	(1,503)	(1,204)	(4,588)	(3,628)
Reserves		15,428	15,035	32,776	30,291
Retained accumulated (losses) / profits		(43,548)	(44,606)	(15,701)	1,815
Parent entity interest		43,160	41,530	118,046	132,580
<i>Equity Holders of Non Controlling Interest</i>					
Contributed equity - Elanor Investment Fund	10	105,559	104,101	-	-
Treasury shares	10	(4,588)	(3,628)	-	-
Reserves		38,911	35,759	-	-
Retained accumulated profits / (losses)		(21,835)	(3,652)	-	-
Non-controlling interest		118,047	132,580	-	-
<i>Equity Holders of Non Controlling Interest - External</i>					
Contributed equity - External		109,137	37,244	117,395	40,774
Reserves		36,573	34,682	27,931	25,683
Retained accumulated (losses) / profits		(11,403)	(2,053)	6,294	14,895
External Non-controlling interest		134,307	69,874	151,620	81,352
Total equity attributable to stapled security holders:					
- Parent Entity		43,160	41,530	118,046	132,580
- Non-controlling Interest - EIF		118,047	132,580	-	-
Total equity attributable to ENN security holders		161,207	174,110	118,046	132,580
Total equity attributable to stapled security holders:					
- Non-controlling interest - External		134,307	69,874	151,620	81,352
Total equity		295,514	243,983	269,666	213,932

The above Consolidated Statements of Financial Position should be read in conjunction with the accompanying notes

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Note	Contributed equity	Treasury shares	Asset Revaluation Reserve	Cash flow Hedge Reserve	Security Based Payment Reserve	Retained profits/ (accumulated losses)	Parent Entity Total Equity	Non-controlling interest EIF	Total ENN Equity	External Non-controlling interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated Group											
Total equity at 1 July 2021	72,305	(1,204)	13,129	10	1,896	(44,607)	41,531	132,580	174,110	69,873	243,983
Profit / (loss) for the period	-	-	-	-	-	1,022	1,022	(2,998)	(1,976)	(8,201)	(10,177)
Other comprehensive income / (expense) for the period	-	-	(59)	28	-	-	(31)	2,322	2,291	1,540	3,831
Total comprehensive income / (expense) for the period	-	-	(59)	28	-	1,022	991	(676)	315	(6,661)	(6,346)
Transactions with owners in their capacity as owners:											
Contributions of equity, net of issue costs	10	478	(299)	-	-	(179)	-	-	-	75,924	75,924
Transfers between reserves and retained earnings		-	-	-	(38)	-	38	-	-	-	-
Security-based payments	10	-	-	-	-	640	640	831	1,471	-	1,471
Distributions paid and payable		-	-	-	-	-	-	(14,687)	(14,687)	(4,716)	(19,403)
Transaction with non-controlling interest		-	-	-	-	-	-	-	-	(116)	(116)
Total equity at 31 December 2021	72,783	(1,503)	13,070	-	2,357	(43,548)	43,160	118,047	161,207	134,307	295,514

Note	Contributed equity	Treasury shares	Asset Revaluation Reserve	Cash flow Hedge Reserve	Security Based Payment Reserve	Retained profits/ (accumulated losses)	Parent Entity Total Equity	Non-controlling interest EIF	Total ENN Equity	External Non-controlling interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated Group											
Total equity at 1 July 2020	71,891	(1,005)	13,098	(33)	1,289	(46,713)	38,527	116,237	154,764	57,586	212,350
Profit / (loss) for the period	-	-	-	-	-	315	315	3,014	3,329	(33)	3,296
Other comprehensive income / (expense) for the period	-	-	33	7	-	-	40	17,195	17,235	9,896	27,131
Total comprehensive income / (expense) for the period	-	-	33	7	-	315	355	20,209	20,564	9,863	30,427
Transactions with owners in their capacity as owners:											
Contributions of equity, net of issue costs		414	(414)	-	-	-	-	-	-	-	-
Security-based payments		-	-	-	-	905	905	1,149	2,054	-	2,054
Distributions paid and payable (restated)	3	-	-	-	-	(1,293)	(1,293)	(3,701)	(4,994)	-	(4,994)
Total equity at 31 December 2020 (restated)	72,305	(1,419)	13,131	(26)	2,194	(47,691)	38,494	133,894	172,388	67,449	239,837

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	Contributed equity	Treasury shares	Asset Revaluation Reserve	Cash flow Hedge Reserve	Security Based Payment Reserve	Retained profits/ (accumulated losses)	Parent Entity Total Equity	External Non-controlling interest	Total Equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EIF Group										
Total equity at 1 July 2021		104,101	(3,628)	26,849	(369)	3,811	1,815	132,580	81,352	213,932
Profit / (loss) for the period		–	–	–	–	–	(2,998)	(2,998)	(9,404)	(12,402)
Other comprehensive income / (expense) for the period		–	–	1,784	538	–	–	2,322	1,540	3,862
Total comprehensive income / (expense) for the period		–	–	1,784	538	–	(2,998)	(676)	(7,864)	(8,540)
Transactions with owners in their capacity as owners:										
Contributions of equity, net of issue costs	10	1,458	(960)	–	–	(498)	–	–	83,848	83,848
Security-based payments		–	–	–	–	831	–	831	(116)	715
Distributions paid and payable		–	–	–	–	–	(14,687)	(14,687)	(4,716)	(19,403)
Transfers between reserves and retained €		–	–	–	(169)	–	169	–	–	–
Transaction with non-controlling interest		–	–	–	–	–	–	–	(886)	(886)
Total equity at 31 December 2021		105,559	(4,588)	28,632	–	4,144	(15,701)	118,046	151,620	269,666

	Note	Contributed equity	Treasury shares	Asset Revaluation Reserve	Cash flow Hedge Reserve	Security Based Payment Reserve	Retained profits/ (accumulated losses)	Parent Entity Total Equity	External Non-controlling interest	Total Equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EIF Group										
Total equity at 1 July 2020		102,853	(2,796)	3,998	(1,348)	2,580	10,950	116,237	69,123	185,360
Profit / (loss) for the period		–	–	–	–	–	3,013	3,013	398	3,411
Other comprehensive income / (expense) for the period		–	–	16,976	219	–	–	17,195	9,553	26,748
Total comprehensive income / (expense) for the period		–	–	16,976	219	–	3,013	20,208	9,951	30,159
Transactions with owners in their capacity as owners:										
Contributions of equity, net of issue costs		1,248	(1,248)	–	–	–	–	–	–	–
Security-based payments		–	–	–	–	1,150	–	1,150	–	1,150
Distributions paid and payable (restated)	3	–	–	–	–	–	(3,701)	(3,701)	–	(3,701)
Total equity at 31 December 2020 (restated)		104,101	(4,044)	20,974	(1,129)	3,730	10,262	133,894	79,074	212,968

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Consolidated Group 31 December 2021 \$'000	Consolidated Group 31 December 2020 \$'000	EIF Group 31 December 2021 \$'000	EIF Group 31 December 2020 \$'000
Cash flows from operating activities				
Receipts from customers	41,375	43,769	–	–
Payments to suppliers and employees	(43,488)	(29,647)	(4,911)	(1,915)
Interest received	170	775	–	–
Finance costs paid	(9,018)	(6,401)	(6,903)	(3,463)
Receipts from the Company	–	–	11,058	5,162
Net cash flows from operating activities	(10,961)	8,496	(756)	(216)
Cash flows from investing activities				
Financial assets repaid / (acquired)	10,954	(3,920)	–	–
Payments for property, plant and equipment / investment properties	(5,460)	(4,036)	(1,977)	(3,899)
Loans to associates	(1,995)	(1,076)	52	20
Receipts for equity accounted investments	46,777	7,345	41,721	8,664
Payments for equity accounted investments	(27,150)	–	(27,150)	–
Payments for acquisitions of subsidiaries	(9,952)	–	(9,854)	–
Distributions received from equity accounted investments	5,502	1,902	5,502	1,902
Loans from Company	–	–	(4,507)	(126)
Net cash flows from investing activities	18,676	215	3,787	6,561
Cash flows from financing activities				
Proceeds from borrowings	51,690	9,000	70,931	9,000
Repayments of borrowings	(53,660)	(14,798)	(65,582)	(14,787)
Payments for lease liability	(925)	(468)	–	–
Proceeds from equity raisings	7,100	–	7,100	–
Costs associated with equity raisings	(1,898)	–	(1,898)	–
Distributions paid to security holders	(12,708)	–	(12,708)	–
Net cash flows from financing activities	(10,401)	(6,266)	(2,157)	(5,787)
Net (decrease) / increase in cash and cash equivalents	(2,686)	2,445	874	558
Cash and cash equivalents at the beginning of the period	20,771	23,548	1,954	3,980
Cash at the end of the period	18,085	25,993	2,828	4,538

The above Consolidated Statements of Cash Flows should be read in conjunction with the accompanying notes

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

About this Report

Elanor Investors Group (Group, Consolidated Group or Elanor) is a 'stapled' entity comprising Elanor Investors Limited (EIL or Company) and its controlled entities (EIL Group) and Elanor Investment Fund (Trust) and its controlled entities (EIF Group). The units in the Trust are stapled to shares in the Company. The stapled securities cannot be traded or dealt with separately. The stapled securities of the Group are listed on the Australian Securities Exchange (ASX: ENN). As permitted by ASIC Corporations Instrument 2015/838 issued by the Australian Securities and Investments Commission (ASIC), this report is a combined report that presents the consolidated financial statements and accompanying notes of both Elanor Investors Group and the Elanor Investment Fund (EIF Group).

Statement of compliance

This interim financial report for the half year ended 31 December 2021 has been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The interim financial report does not include notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 30 June 2021 and the public announcements made by Elanor during the half year ended 31 December 2021, in accordance with the continuous disclosure requirements of *Corporations Act 2001*.

The accounting policies adopted in the preparation of the interim financial report are consistent with those of the previous financial year unless stated otherwise.

Comparative figures have been restated where appropriate to ensure consistency of presentation throughout the financial report.

New accounting standards and interpretations

New and amended accounting standards and interpretations commencing 1 July 2021

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2021 that are applicable to the Group.

New accounting standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Rounding

The amounts in the consolidated financial statements have been rounded off to the nearest one thousand dollars, unless otherwise indicated, in accordance with ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

About this Report (continued)

Refinancing

The Directors have determined that it is appropriate to prepare the consolidated financial statements on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of business.

As at 31 December 2021, the Consolidated Group is in a net current asset deficiency position of \$72.6 million (30 June 2021: \$57.9 million). The net current asset deficiency is attributable to the Group's secured debt facility (drawn to \$13.5 million at balance date) maturing on 31 August 2022, and the Group's unsecured Corporate Notes of \$60 million maturing on 17 October 2022.

The Group is undertaking a competitive market process to refinance the maturing debt facility and Corporate Notes. The Group is in discussions with multiple lenders in this regard. In conjunction with the competitive market process, credit approved terms have been received from a financier for a debt facility that would enable the Group to refinance its maturing facilities.

The refinancing of the Group's debt facility and Corporate Notes provide an opportunity for the Group to restructure its debt arrangements to provide increased flexibility in its debt structuring. Furthermore, the refinancing provides the opportunity for the Group to significantly reduce its cost of capital and facilitate the continued growth of the Group on flexible and accommodative terms.

Accordingly, as of the date of this report, the Directors are confident the Group will be able to successfully refinance its debt facility and Corporate Notes to ensure the Group's ability to realise its assets and discharge its liabilities in the ordinary course of business.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

In preparing the consolidated financial statements for the half year ended 31 December 2021, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are consistent with those disclosed in the financial report of the previous financial year.

Refer to the Group's Annual Financial Report for the year ended 30 June 2021 for discussions on the Group's COVID-19 considerations in applying critical accounting judgements, which remain consistent for the preparation of the financial statements for the half year ended 31 December 2021.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

About this Report (continued)

Basis of Consolidation

The consolidated Financial Statements of the Group incorporate the assets and liabilities of Elanor Investors Limited (the Parent) and all of its subsidiaries, including Elanor Investment Fund and its subsidiaries as at 31 December 2021. Elanor Investors Limited is the parent entity in relation to the stapling. The results and equity of Elanor Investment Fund (which is not directly owned by Elanor Investors Limited) have been treated and disclosed as a non-controlling interest. Whilst the results and equity of Elanor Investment Fund are disclosed as a non-controlling interest, the stapled security holders of Elanor Investment Fund are the same as the stapled security holders of Elanor Investors Limited.

These consolidated Financial Statements also include a separate column representing the consolidated Financial Statements of EIF Group, incorporating the assets and liabilities of Elanor Investment Fund and all of its subsidiaries, as at 31 December 2021.

Elanor Hotel and Accommodation Fund (EHAF)

EHAF comprises stapled securities in Elanor Hotel Accommodation Fund I (formerly known as Elanor Metro and Prime Regional Hotel Fund), Elanor Hotel Accommodation Fund II (formerly known as Elanor Metro and Prime Regional Hotel Fund II), Elanor Hospitality and Accommodation Fund Limited (formerly known as EMPR Management Pty Limited), Elanor Hotel Accommodation Fund III (formerly known as Elanor Luxury Hotel Fund) and Elanor Hotel Accommodation Fund II Limited (formerly known as Elanor Luxury Hotel Management Pty Ltd). The Group holds 43.60% of the equity in EHAF. The Group's ownership interest in EHAF gives the Group the same percentage of the voting rights in EHAF. EHAF is an unregistered trust for which Elanor Funds Management Limited acts as the Manager of the asset and Trustee of the trust.

As disclosed in the Annual Financial Report for the year ended 30 June 2021, EHAF was established on 30 September 2021 through acquisition of the previous Elanor Luxury Hotel Fund (ELHF) and Albany Hotel by the previous Elanor Metro and Prime Regional Hotel Fund (EMPR), together forming the new combined fund.

The Group had previously held a controlling interest in both ELHF and EMPR as at 30 June 2021, and as a result of the Group's continued controlling interest in EHAF as at 31 December 2021, the Group continues to consolidate the underlying assets and liabilities of EHAF in the current period. During the period, the Group sold down part of its equity interest in EHAF totalling \$26.6 million (or 2.8%). The impact of this sell down to the Group's consolidated balance sheet is to increase cash and non-controlling interest in relation to EHAF.

Elanor Wildlife Park Fund (EWPF)

EWPF comprises stapled securities in Elanor Wildlife Park Fund and Elanor Wildlife Park Pty Limited. The Group holds 42.82% (2021: 26.61%) of the equity in EWPF. The Group's 42.82% ownership interest in EWPF gives the Group the same percentage of the voting rights in EWPF. EWPF is an unregistered trust for which Elanor Funds Management Limited acts as the Manager and Trustee of the trust. Refer to Note 13 Business Combinations for further discussion.

Stirling Street Syndicate (Stirling)

The Group holds 42.98% (2021: 2.03%) of the equity in Stirling. The Group's ownership interest in Stirling gives the Group the same percentage of the voting rights in Stirling. Stirling is an unregistered trust for which Elanor Funds Management Limited acts as the Manager of the asset and Trustee of the trust. Refer to Note 13 Business Combinations for further discussion.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Basis of Consolidation (continued)

Bluewater Square Syndicate (Bluewater)

The Group holds 42.27% (2021: 42.27%) of the equity in Bluewater. The Group's ownership interest in Bluewater gives the Group the same percentage of the voting rights in Bluewater. Bluewater is an unregistered trust for which Elanor Funds Management Limited acts as the Manager of the asset and Trustee of the trust.

The responsible entity of EHAF, EWPF, Stirling and Bluewater is owned wholly by the Group and governed by the licencing and legal obligations of a professional asset manager. The powers of the Trustee are governed by the constitution of EHAF, EWPF, Stirling and Bluewater respectively which sets out the basis of fees that the relevant Trustee can receive. These fees include management fees, performance fees, and acquisition fees.

Based on the assessment above, at the current level of equity investment in EHAF, EWPF, Stirling and Bluewater and the Group's ability to direct the relevant activities of these entities based on the powers of the Trustee, the AASB 10 definition of control for these investments is met, and therefore each of these investments are consolidated into Elanor Investors Group Financial Statements.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

The notes to the consolidated Financial Statements have been organised into the following sections:

RESULTS	
1.	SEGMENT INFORMATION27
2.	REVENUE.....29
3.	DISTRIBUTIONS29
4.	INCOME TAX.....30
OPERATING ASSETS.....31	
5.	PROPERTY, PLANT AND EQUIPMENT31
6.	INVESTMENT PROPERTIES.....35
7.	EQUITY ACCOUNTED INVESTMENTS35
FINANCE AND CAPITAL STRUCTURE37	
8.	INTEREST BEARING LIABILITIES37
9.	OTHER FINANCIAL ASSETS39
10.	CONTRIBUTED EQUITY40
OTHER INFORMATION41	
11.	RECEIVABLES41
12.	PAYABLES AND OTHER LIABILITIES41
13.	BUSINESS COMBINATIONS42
14.	RELATED PARTIES44
15.	SIGNIFICANT EVENTS45
16.	EVENTS OCCURRING AFTER REPORTING DATE45
17.	NON-PARENT DISCLOSURE45

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Results

This section focuses on the operating results and financial performance of the Group. It includes disclosures of segmental information, revenue, distributions and income tax including the relevant accounting policies adopted in each area.

1. Segment information

OVERVIEW

Segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors of Elanor Investors Limited and the Responsible Entity.

The main income statement items used by management to assess each of the divisions are divisional revenue and divisional EBITDA.

BUSINESS SEGMENTS

The Group is organised into the following divisions by business type:

Funds Management

The Funds Management division manages third party owned investment funds and syndicates. As at 31 December 2021, the Funds Management division has approximately \$2,444.1 million of investments under management, being the managed investments.

Hotels, Tourism and Leisure

Hotels, Tourism and Leisure originates and manages investment and funds management assets. The current investment portfolio includes 1834 Hospitality, along with a co-investment in Elanor Hotel and Accommodation Fund (EHAF) and Elanor Wildlife Park Fund (EWPF). EHAF and EWPF are consolidated in the Financial Statements.

Retail

Retail originates and manages investment and funds management assets in the retail real estate sector. The current investment portfolio comprises co-investments in Elanor Retail Property Fund (ASX: ERF), Bluewater Square Syndicate, Hunters Plaza Syndicate, Waverley Gardens Fund, Warrawong Plaza Fund and Belconnen Markets Syndicate. The Bluewater Square Syndicate is consolidated in the Financial Statements.

Commercial Office

Commercial Office originates and manages investment and funds management assets in the commercial office real estate sector. The current investment portfolio comprises co-investments in the Elanor Commercial Property Fund (ASX: ECF) and the Stirling Street Syndicate. The Stirling Street Syndicate is consolidated in the Financial Statements.

Healthcare

Healthcare originates and manages investment and funds management assets in the healthcare real estate sector.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

1. Segment information (continued)

The table below shows the Groups segment results:

Consolidated Group – 31 December 2021

	Funds Management	Hotels, Tourism & Leisure	Retail	Commercial Office	Healthcare	Unallocated Corporate	Total
	\$'000	\$'000	\$'000			\$'000	\$'000
Revenue from trading activities	13,609	22,196	1,999	223	–	–	38,027
Share of profit of equity accounted investments	–	(10)	400	3,171	–	–	3,561
Operating expense	(3,767)	(15,102)	(3,131)	(4,552)	(195)	(11,266)	(38,013)
Divisional EBITDA	9,842	7,084	(732)	(1,158)	(195)	(11,266)	3,575
Depreciation and amortisation	(75)	(5,651)	(6)	–	–	(987)	(6,719)
Divisional EBIT from continuing operations	9,767	1,433	(738)	(1,158)	(195)	(12,253)	(3,144)
Fair value movements in financial assets and liabilities	–	(1,761)	(698)	(77)	–	(125)	(2,661)
Realised gain/(loss) on disposal of investment	1,361	(594)	–	153	–	–	920
Interest income	–	–	–	–	–	198	198
Amortisation of borrowing costs	–	–	–	–	–	(1,650)	(1,650)
Borrowing costs	–	–	–	–	–	(7,078)	(7,078)
Income tax benefit / (expense)	–	–	–	–	–	3,238	3,238
Profit / (loss) for the period	11,128	(922)	(1,436)	(1,082)	(195)	(17,670)	(10,177)
Total assets	28,154	332,285	55,978	35,357	–	200,545	652,319
Total liabilities	6,560	149,341	37,830	20,614	–	142,459	356,805

Consolidated Group – 31 December 2020

	Funds Management	Hotels, Tourism & Leisure	Retail	Commercial Office	Healthcare	Unallocated Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from trading activities	12,384	24,445	1,846	–	–	–	38,675
Share of profit of equity accounted investments	–	109	1,482	2,350	30	–	3,971
Operating expense	(2,923)	(13,776)	(2,939)	(2,793)	(93)	(4,695)	(27,219)
Divisional EBITDA	9,461	10,778	389	(443)	(63)	(4,695)	15,427
Depreciation and amortisation	(75)	(6,348)	(17)	–	–	(670)	(7,110)
Divisional EBIT from continuing operations	9,386	4,430	373	(443)	(63)	(5,365)	8,318
Fair value adjustment on revaluation of investment properties	–	289	108	–	(66)	419	750
Realised gain on disposal of investment	–	619	102	493	1,030	–	2,244
Interest income	148	–	–	–	–	378	526
Amortisation of borrowing costs	–	(429)	(29)	–	–	(334)	(792)
Borrowing costs	–	(3,794)	(361)	–	–	(2,664)	(6,819)
Net tax expense	–	–	–	–	–	(930)	(930)
Profit / (loss) for the period	9,534	1,115	193	50	901	(8,496)	3,296
Total assets	31,418	349,201	54,854	–	–	122,689	558,162
Total liabilities	14,659	186,847	36,774	–	–	75,049	313,329

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

2. Revenue

OVERVIEW

This note provides a breakdown of revenue from operating activities by activity type.

Revenue from operating activities

	Consolidated Group 31 December 2021 \$'000	Consolidated Group 31 December 2020 \$'000
Revenue from hotels	19,405	24,445
Revenue from funds management	13,609	12,384
Revenue from wildlife parks	2,791	–
Total revenue from operating activities	35,805	36,829

3. Distributions

OVERVIEW

When determining distributions, the Group's Board considers a number of factors, including forecast earnings and expected economic conditions. Elanor Investors Group aims to distribute 90% of Core Earning. Core Earnings are reflecting the Director's view of underlying earnings from ongoing operating activities for the period.

The following distributions were declared by the ENN Group either during the period or post balance date:

ENN Group

	Distribution cents per stapled security 31 December 2021	Distribution cents per stapled security 31 December 2020	Total Amount 31 December 2021 \$'000	Total Amount 31 December 2020 \$'000
Interim distribution	9.05	4.13	11,037	4,994

The distribution will be paid on 28 February 2022. Please refer to the Director's report for the calculation of Core Earnings and the Distribution.

ACCOUNTING POLICY

Distributions are recognised as a liability when declared or at the record date (if earlier). Distributions paid and payable are recognised as distributions within equity. Distributions paid are included in cash flows from financing activities in the consolidated statement of cash flows.

A review was performed on the accounting policy for the recognition of distributions at 30 June 2021, as disclosed in the Group's Annual Financial Report. In prior periods, a distribution was recognised when declared. It is deemed appropriate, given the track record of the Group paying a distribution, to record a liability at balance date as the record date has passed and it is probable the distribution in respect of the half year ended 31 December 2021 will be paid (even if not yet declared at balance date). This policy change has been applied retrospectively, resulting in a restatement in the retained earnings balance as at 31 December 2020 in the Consolidated Statement of Changes in Equity. The total impact is a decrease in retained earnings of \$5.0 million and \$3.7 million for the Consolidated Group and the EIF Group, respectively, for the half year ended 31 December 2020.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

4. Income tax

OVERVIEW

This note provides detailed information about the Group's income tax items including a reconciliation of income tax expense if Australia's company income tax rate of 30% was applied to the Group's profit / (loss) before income tax as shown in the income statement to the actual income tax expense / (benefit).

(a) Income Tax Expense

	Consolidated Group 31 December 2021 \$'000	Consolidated Group 31 December 2020 \$'000
Current tax expense	246	–
Deferred tax expense / (benefit)	(3,484)	930
Income tax expense / (benefit)	(3,238)	930

(b) Reconciliation of income tax expense to prima facie tax expense

	Consolidated Group 31 December 2021 \$'000	Consolidated Group 31 December 2020 \$'000
Profit / (loss) before income tax expense	(13,415)	4,226
Less: Loss / (profit) from the Trust (which is not taxable)	12,402	(3,411)
Prima facie profit / (loss)	(1,013)	815
Tax at the Australian tax rate of 30%	(304)	245
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Entertainment	34	20
Non-deductible depreciation and amortisation	786	756
Fair value adjustments to investment property in the Trust	–	(31)
Non-deductible expenses	(21)	26
Impact of consolidations	(612)	(91)
Non-assessable income	(3,674)	–
Other	553	6
Income tax expense / (benefit)	(3,238)	930

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Operating Assets

This section includes information about the assets used by the Group to generate revenue and profits, specifically relating to its property, plant and equipment, and investment properties and equity accounted investments.

5. Property, plant and equipment

OVERVIEW

All owner operated investment properties held by the Group are deemed to be held for use by the Group for the supply of services, and are therefore classified as property, plant and equipment under Australian Accounting Standards. At balance date, the Group's owner-occupied investment property portfolio comprised 14 accommodation hotels and 3 wildlife parks in Australia.

(a) Carrying value and movement in property, plant and equipment (including right-of-use asset)

The carrying amount of property, plant and equipment (including the right-of-use asset) at the beginning and end of the current period is set out below:

	Consolidated Group 31 December 2021 \$'000	Consolidated Group 30 June 2021 \$'000
Carrying amount at the beginning of the period	402,136	361,620
Additions from consolidation of Elanor Wildlife Park Fund	62,500	–
Additions	3,311	2,064
Additions - right of use asset	3,177	4,132
Revaluation increments	2,068	36,404
Impairment - right of use asset	(1,503)	–
Disposals	–	(2,084)
Carrying amount at the end of the period	471,689	402,136
Accumulated depreciation at the beginning of the period	(51,316)	(40,660)
Depreciation	(6,509)	(10,656)
Accumulated depreciation at the end of the period	(57,825)	(51,316)
Total carrying value at the end of the period	413,864	350,820

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

5. Property, plant and equipment (continued)

(b) Carrying value of property, plant and equipment

The following table represents the total fair value of property, plant and equipment as at 31 December 2021:

Property	Valuation	Consolidated	Consolidated
		Group	Group
		31 December	30 June
		2021	2021
		\$'000	\$'000
Mayfair Hotel	Independent	86,000	86,000
Cradle Mountain Lodge	Independent	73,000	73,000
Byron Bay Hotel	Independent	33,000	33,000
Featherdale Wildlife Park	Internal	32,500	–
Narrabundah Hotel	Independent	32,000	32,000
Eaglehawk Hotel	Independent	21,000	21,000
Mogo Zoo	Internal	20,400	–
Parklands Resort Mudgee	Independent	18,000	18,000
Port Macquarie Hotel	Independent	15,000	15,000
Tall Trees Hotel	Independent	13,900	13,900
Wollongong Hotel	Independent	13,500	13,500
Adabco Boutique Hotel	Independent	13,000	13,000
Clare Country Club	Independent	10,000	10,000
Hunter Valley Wildlife Park	Internal	9,600	–
Pavillion Wagga Wagga Hotel	Independent	7,500	7,500
Barossa Weintal Hotel	Independent	7,000	7,000
Right-of-use asset		4,326	3,426
Albany Hotel	Independent	3,300	3,200
Other		838	1,294
Total		413,864	350,820

(c) Leases / right of use assets

This note provides information for leases where the group is a lessee.

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	Consolidated	Consolidated
	Group	Group
	31 December	30 June
	2021	2021
	\$'000	\$'000
Right of use assets		
Office premise lease	3,675	3,426
Other leases	651	–
Total	4,326	3,426
Lease liabilities		
Current	1,664	617
Non-current	4,457	2,958
Total	6,121	3,575

During the period, a right of use asset and lease liability was recognised, and lease accounting adopted in relation to a property lease obligation of the Group. Subsequent to recognition, an impairment of \$1.5 million was recognised against the right of use asset in accordance with AASB 136 *Impairment of Assets* as the Group had entered into a third party sub-lease of the space as at 1 February 2022, and the recoverable amount of the sub-lease is lower than the future lease expenses of the head lease.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

5. Property, plant and equipment (continued)

(d) Valuation technique and inputs

As at 31 December 2021, the Group obtained both independent valuations and internal valuations at balance date. Where independent valuations were not obtained, internal valuations were prepared using both the discounted cash flow and income capitalisation valuation methodologies. The property valuations were completed using detailed forecasts prepared by the Fund's asset management teams. The significant unobservable inputs associated with the valuation of the Group's property, plant and equipment are as follows:

Hotels

	Discount Rate %	Terminal Yield %	Capitalisation Rate %	Average Daily Rate \$	Occupancy %
Consolidated Group - Hotels					
Assets measured at fair value					
Property, plant and equipment	5.75 - 11.00	6.00 - 9.25	7.25 - 10.50	118 - 436	50 - 88

Wildlife Parks

	Discount Rate %	Terminal Yield %	Capitalisation Rate %
Consolidated Group - Wildlife Parks			
Assets measured at fair value			
Property, plant and equipment	14.5 - 20.0	13.0 - 20.0	13.0 - 20.0

Refer to the Group's Annual Financial Report for the year ended 30 June 2021 for further discussion on the valuation techniques and inputs associated with the valuation of the Group's property, plant and equipment as at 31 December 2021.

All the external valuations obtained indicated that their valuation reports are subject to material uncertainty. The valuations have been certified by the valuers as appropriate at the valuation date of 31 December 2021, however, due to current uncertainty in the market, valuations may change materially after the valuation date as new information comes to light.

All relevant information available at 31 December 2021 has been incorporated in determining the fair value of the Group's property, plant and equipment, including relevant market information between 31 December 2021 and the date of approval of the Group's financial statements. No additional information after balance date had an impact on the fair value of the Group's property, plant and equipment reported at 31 December 2021.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

5. Property, plant and equipment (continued)

(d) Valuation technique and inputs (continued)

Sensitivity Analysis

The following sensitivity analysis has been prepared to illustrate the exposure of the fair value of the property, plant and equipment balance at 31 December 2021 to changes in the key drivers most impacted by the current market uncertainty. Significant unobservable assumptions such as discount and capitalisation rates, average daily rate and occupancy (for the hotels only) may be impacted by market movement after 31 December 2021. While it is unlikely that the significant assumptions would move in isolation, these sensitivities have been performed independently to illustrate the impact each individual assumption has on fair value.

Sensitivity Analysis – Hotels

	Fair value measurement sensitivity			
	Increase by	Decrease by	Increase by	Decrease by
	0.50%	0.50%	0.50%	0.50%
	\$'000	\$'000	%	%
Discount rate (%)	(8,776)	8,475	(2.6)	2.5
Terminal yield (%)	(16,220)	17,069	(4.7)	5.0
Capitalisation rate (%)	(23,972)	26,552	(7.0)	7.7

	Fair value measurement sensitivity			
	Increase by	Decrease by	Increase by	Decrease by
	2.50%	2.50%	2.50%	2.50%
	\$'000	\$'000	%	%
Average daily rate (\$)	16,850	(17,100)	4.9	(5.0)
Occupancy (%)	17,600	(17,250)	5.1	(5.0)

Sensitivity Analysis – Wildlife Parks

	Fair value measurement sensitivity			
	Increase by	Decrease by	Increase by	Decrease by
	0.50%	0.50%	0.50%	0.50%
	\$'000	\$'000	%	%
Discount rate (%)	(1,002)	1,025	(1.60)	1.64
Terminal yield (%)	(1,221)	1,311	(1.95)	2.10
Capitalisation rate (%)	(2,300)	2,400	(3.68)	3.84

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

6. Investment properties

The carrying amount of investment properties at the beginning and end of the current period is set out below:

	Consolidated Group 31 December 2021 \$'000	Consolidated Group 30 June 2021 \$'000
Carrying amount at the beginning of the period	55,500	50,864
Additions from consolidation of Stirling Street Syndicate	34,000	–
Additions	2,150	4,083
Revaluation (decrements) / increments	(775)	553
Disposals	–	–
Carrying amount at the end of the period	90,875	55,500

The following table represents the total fair value of investment properties at 31 December 2021.

Property	Valuation	Consolidated Group 31 December 2021 \$'000	Consolidated Group 30 June 2021 \$'000
Bluewater Square	Internal	55,000	55,500
Stirling Street	Internal	34,000	–
Cougal Street	Internal	1,875	–
Total		90,875	55,500

As at 31 December 2021, the Directors assessed the fair value of the investment properties above, supported by internal valuation reports. The investment properties are categorised as level 3 in the fair value hierarchy. There were no transfers between hierarchies during the period.

7. Equity accounted investments

OVERVIEW

This note provides an overview and detailed financial information of the Group's investments that are accounted for using the equity method of accounting.

The Group's equity accounted investments are as follows:

31 December 2021

	Principal activity	Percentage Ownership	Consolidated Group 31 December 2021 \$'000
Elanor Retail Property Fund (ASX: ERF)	Shopping Centres	18.03%	28,286
Elanor Commercial Property Fund (ASX: ECF)	Office Buildings	14.13%	50,292
Belconnen Markets Syndicate	Shopping Centre	1.04%	311
Hunters Plaza Syndicate	Shopping Centre	4.73%	1,542
Waverley Gardens Fund	Shopping Centre	15.00%	11,540
1834 Hospitality	Hotel Management	25.00%	2,050
Warrawong Plaza Syndicate	Shopping Centre	0.21%	162
Total equity accounted investments			94,183

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

7. Equity accounted investments (continued)

30 June 2021

		Percentage Ownership	Consolidated Group 30 June 2021 \$'000
Elanor Retail Property Fund (ASX: ERF)	Shopping Centres	18.03%	31,414
Elanor Commercial Property Fund (ASX: ECF)	Office Buildings	15.00%	38,370
Belconnen Markets Syndicate	Shopping Centre	2.08%	609
Hunters Plaza Syndicate	Shopping Centre	4.73%	1,281
Waverley Gardens Fund	Shopping Centre	15.00%	10,721
1834 Hospitality	Hotel Management	25.00%	2,061
Elanor Wildlife Park Fund	Wildlife Parks	26.61%	7,980
Stirling Street Syndicate	Office Building	2.03%	152
Total equity accounted investments			92,588

The carrying amount of equity accounted investments at the beginning and end of the current period is set out below:

	Consolidated Group 31 December 2021 \$'000	Consolidated Group 30 June 2021 \$'000
Carrying amount at the beginning of the period	92,588	97,651
Consolidation of Elanor Wildlife Park Fund and Stirling Street Syndicate	(8,132)	–
Share of profit from equity accounted investments	3,561	7,096
Distributions received	(5,503)	(5,248)
Share of movement in reserves	443	1,872
Net investment in / (sale of) equity accounted investments	9,865	(10,825)
Share of fair value gain on revaluation of assets	1,361	2,781
Impairment of equity accounted investments	–	(739)
Total carrying value at the end of the period	94,183	92,588

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Finance and Capital Structure

This section provides further information on the Group's debt finance, financial assets and contributed equity.

8. Interest bearing liabilities

OVERVIEW

The Group borrows funds from financial institutions to partly fund the acquisition of income producing assets, such as investment properties, securities or the acquisition of businesses. The Group's borrowings are generally fixed, either directly or through the use of interest rate swaps and have a fixed term. This note provides information about the Group's debt facilities, including the facilities of EHAF, EWPF, Stirling and Bluewater. The EHAF, EWPF, Stirling and Bluewater facilities are non-recourse.

	Consolidated Group 31 December 2021 \$'000	Consolidated Group 30 June 2021 \$'000
Current		
Bank loan - term debt	13,500	65,080
Bank loan - borrowing costs less amortisation	(338)	(469)
Unsecured notes	60,000	–
Unsecured notes - borrowing costs less amortisation	(270)	–
Total current	72,892	64,611
Non-current		
Corporate notes	25,000	60,000
Corporate notes - borrowing costs less amortisation	(612)	(445)
Bank loan - term debt	215,325	144,105
Bank loan - borrowing costs less amortisation	(560)	(999)
Total non-current	239,153	202,661
Total interest bearing liabilities	312,045	267,272

The term debt is secured by registered mortgages over all freehold property and registered security interests over all present and after acquired property of key Group entities and companies. The terms of the debt also impose certain covenants on the Group including Loan to Value ratio and Interest Cover covenants. The Group is currently meeting all its covenants.

CORPORATE NOTES

On 17 October 2017 and 18 December 2017, the Group issued \$40 million and \$20 million 7.1% unsecured 5-year fixed rate notes respectively. The total \$60 million unsecured fixed rate notes are due for repayment on 17 October 2022. The unsecured notes include Loan to Value Ratio and Interest Cover Covenants. The Group is currently meeting all of its covenants.

On 24 November 2019, the Elanor Wildlife Park Fund issued \$25.0 million 7.2% secured 5-year fixed rate notes. The \$25.0 million secured fix rate notes are due for repayment on 29 November 2024. The secured notes include Loan to Value Ratio and Interest Cover Covenants. The Elanor Wildlife Park Fund is currently meeting all of its covenants.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

8. Interest bearing liabilities (continued)

CREDIT FACILITIES

As at 31 December 2021, the Group had unrestricted access to the following credit facilities:

	Consolidated Group 31 December 2021 \$'000	Consolidated Group 30 June 2021 \$'000
ENN Group		
Facility - ENN	48,500	30,000
Total amount used	(13,500)	(6,000)
Total amount unused - ENN	35,000	24,000
EHAF Group		
Facility - EHAF	165,000	–
Total amount used	(165,000)	–
Total amount unused - EHAF	–	–
Bluewater Square Syndicate		
Facility - Bluewater	30,525	30,525
Total amount used	(30,525)	(30,525)
Total amount unused - Bluewater	–	–
Stirling Street Syndicate		
Facility - Stirling	19,800	–
Total amount used	(19,800)	–
Total amount unused - Stirling Street	–	–
EMPR Group		
Facility - EMPR	–	64,860
Total amount used	–	(64,860)
Total amount unused - EMPR	–	–
Elanor Luxury Hotel Fund		
Facility - ELHF	–	107,800
Total amount used	–	(107,800)
Total amount unused - ELHF	–	–
Total amount unused - Consolidated Group	35,000	24,000

Note: The debt facilities of EMPR and ELHF from 30 June 2021 have been included in EHAF at establishment of the fund, and have been refinanced by EHAF in the period. Refer below for further information on the EHAF debt facility.

The ENN Group has access to a \$48.5 million debt facility, with a maturity date of 31 August 2022. The drawn amount at 31 December 2021 is \$13.5 million and this facility is not hedged. The facility is classified as current liability as the facility's maturity is less than 12 months.

The EHAF Group has access to a \$165.0 million debt facility, upon which both the company and trust can draw. The drawn amount at 31 December 2021 is \$165.0 million which will mature on 23 December 2024. The amount of drawn facility was hedged to 51% as at 31 December 2021.

The Bluewater Square Syndicate has access to a \$30.5 million facility. The drawn amount at 31 December 2021 was \$30.5 million which will mature on 31 December 2023. As at 31 December 2021, the drawn amount was not hedged.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

8. Interest bearing liabilities (continued)

CREDIT FACILITIES (CONTINUED)

The Stirling Street Syndicate has access to a \$19.8 million facility. The drawn amount at 31 December 2021 was \$19.8 million which will mature on 23 August 2023. As at 31 December 2021, the drawn amount was not hedged.

BORROWING COSTS

A breakdown of the borrowing costs included in the Group's Consolidated Statement of Profit or Loss is provided below:

	Consolidated Group 31 December 2021 \$'000	Consolidated Group 31 December 2020 \$'000
Interest expense	7,078	6,821
Amortisation of debt establishment costs	1,652	792
Total borrowing costs	8,730	7,613

9. Other financial assets

OVERVIEW

The Group's other financial assets consist of short-term financing provided by the Group to certain managed funds and the Group's corporate bonds. The corporate bonds represent an investment in the Group's unsecured notes on issue (refer to Note 8 for further information on the Group's unsecured notes). The investment in the Group's unsecured notes has not been netted off against interest bearing liabilities to ensure the interest bearing liabilities represents the total unsecured notes on issue at balance date.

The Group's other financial assets as at 31 December 2021 are detailed below:

	Consolidated Group 31 December 2021 \$'000	Consolidated Group 30 June 2021 \$'000
Corporate notes	1,008	1,016
Other financial assets and receivables	6,571	4,198
Total other financial assets	7,579	5,214

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

10. Contributed equity

OVERVIEW

The shares of Elanor Investors Limited (Company) and the units of Elanor Investment Fund (EIF) are combined and issued as stapled securities. The shares of the Company and units of EIF cannot be traded separately and can only be traded as stapled securities.

Below is a summary of contributed equity of the Company and EIF separately and for Elanor's combined stapled securities. The basis of allocation of the issue price of stapled securities to Company shares and EIF units post stapling is determined by agreement between the Company and EIF as set out in the Stapling Deed.

Contributed equity for the period ended 31 December 2021

No. of securities/shares	Details	Date of income entitlement	Total Equity 31 December 2021 \$'000	Parent Entity 31 December 2021 \$'000	EIF 31 December 2021 \$'000
120,974,515	Opening balance	1 Jul 2021	176,406	72,305	104,101
941,309	2022 STI Securities granted	30 Sep 2021	1,936	478	1,458
121,915,824	Securities on issue	31 Dec 2021	178,342	72,783	105,559

A reconciliation of treasury securities on issue at the beginning and end of the period is set out below:

No. of securities/shares	Details	Date of income entitlement	Equity 31 December 2021 \$'000	Entity 31 December 2021 \$'000	EIF 31 December 2021 \$'000
3,805,105	Treasury securities on issue	1 Dec 2021	4,832	1,204	3,628
941,309	2022 STI Securities granted	30 Sep 2021	1,936	478	1,458
(317,165)	2020 STI Securities vested	19 Dec 2021	(677)	(179)	(498)
4,429,249	Treasury securities on issue	31 Dec 2021	6,091	1,503	4,588

Contributed equity for the period ended 30 June 2021

No. of securities/shares	Details	Date of income entitlement	Total Equity 30 June 2021 \$'000	Parent Entity 30 June 2021 \$'000	EIF 30 June 2021 \$'000
119,579,339	Opening balance	1 Jul 2020	174,744	71,891	102,853
1,395,176	2020 STI Securities granted	17 Dec 2020	1,662	414	1,248
120,974,515	Securities on issue	30 Jun 2021	176,406	72,305	104,101

A reconciliation of treasury securities on issue at the beginning and end of the prior period is set out below:

No. of securities/shares	Details	Date of income entitlement	Total Equity 30 June 2021 \$'000	Parent Entity 30 June 2021 \$'000	EIF 30 June 2021 \$'000
2,756,646	Opening balance	1 Jul 2020	3,801	1,005	2,796
1,395,176	2020 STI Securities granted	17 Dec 2020	1,662	414	1,248
(346,717)	2019 STI Securities vested	27 Jun 2021	(631)	(215)	(416)
3,805,105	Treasury securities on issue	30 Jun 2021	4,832	1,204	3,628

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Other Information

This section includes other information that must be disclosed to comply with the Accounting Standards, the Corporations Act 2001 or the Corporations Regulations, but which are not considered critical in understanding the financial performance or position of the Group, including information about related parties, events after the end of the reporting period and certain EIF Group disclosures.

11. Receivables

OVERVIEW

This note provides further information about assets that are incidental to the Group's trading activities, being trade and other receivables.

Receivables

	Consolidated Group 31 December 2021 \$'000	Consolidated Group 30 June 2021 \$'000
Trade receivables	5,846	4,197
Other receivables	3,776	2,096
Total trade and other receivables	9,622	6,293

12. Payables and other liabilities

OVERVIEW

This note provides further information about liabilities that are incidental to the Group's trading activities, being payables and other current liabilities.

Payables

	Consolidated Group 31 December 2021 \$'000	Consolidated Group 30 June 2021 \$'000
Trade creditors	5,880	1,390
Accrued expenses	7,180	7,743
GST payable	605	1,839
Total payables	13,665	10,972

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

12. Payables (continued)

Other current liabilities

	Consolidated Group 31 December 2021 \$'000	Consolidated Group 30 June 2021 \$'000
Distribution payable	11,037	8,638
Distribution payable by consolidated managed funds	291	2,923
Distribution payable by EHAF ¹	6,908	–
Other liabilities	–	89
Total other current liabilities	18,236	11,650

Note1 : The distribution payable by EHAF represents the guaranteed distribution payable to the fund's investors for the financial year ending 30 June 2022.

13. Business combinations

During the period, the Group increased its ownership interests in Stirling Street Syndicate (Stirling) and Elanor Wildlife Park Fund (EWPF), to 42.98% and 42.82% respectively. As a result, the Group obtained a controlling interest in these funds. Refer to the Basis of Consolidation for further discussion.

The consolidation of these investments, which are previously equity accounted, are considered business combinations under AASB 3 *Business Combinations*.

Details of the purchase consideration and the net assets acquired are as follows:

	Stirling Street \$'000	EWPF \$'000	Total \$'000
Transaction date	30 Nov 2021	27 Aug 2021	
Cash paid	3,619	8,856	12,475
Total purchase consideration	3,619	8,856	12,475
Cash and cash equivalents	719	1,805	2,524
Trade and other receivables	74	260	334
Inventory	–	925	925
Property, plant and equipment	–	63,013	63,013
Investment properties	34,072	–	34,072
Other assets	249	48	297
Payables	(319)	(3,091)	(3,411)
Interest bearing liabilities	(19,757)	(24,389)	(44,146)
Other liabilities	(62)	(495)	(556)
Net identifiable assets acquired	14,976	38,076	53,052
Less: non-controlling interest	8,494	21,813	30,307
Less: fair value of equity accounted investment immediately prior to acquisition	2,862	7,408	10,270
	3,619	8,856	12,475

Revenue and net profit contribution

The contribution to the Group's revenue for the period from the consolidation of Stirling and EWPF was \$0.2 million and \$1.1 million respectively, while their contribution to the Group's net loss for the period was \$0.02 million and \$0.3 million respectively. If the acquisition had occurred on 1 July 2021, the contribution to the Group's revenue and net profit/(loss) for the period would have been \$1.1 million and \$0.2 million for Stirling, and \$2.1 million and (\$1.4 million) for EWPF respectively.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

13. Business combination (continued)

Accounting policy

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill.

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

14. Related parties

OVERVIEW

Related parties are persons or entities that are related to the Group as defined by AASB 124 *Related Party Disclosures*. This note provides information about transactions with related parties during the period.

Elanor Investors Group

Responsible Entity fees

Elanor Funds Management Limited (EFML) is the Responsible Entity of the Elanor Investment Fund (EIF) (a wholly owned subsidiary of Elanor Investors Limited).

In accordance with the Constitution of Elanor Investment Fund (EIF), EFML is entitled to receive a management fee equal to its reasonable costs in providing its services as Responsible Entity for which it is not otherwise reimbursed. For the half year ended 31 December 2021, this amount is \$65,000 (31 December 2020: \$65,000).

EFML makes payments for EIF from time to time. These payments are incurred by EFML in properly performing or exercising its powers or duties in relation to EIF. EFML has a right of indemnity from EIF for any liability incurred by EFML in properly performing or exercising any of its powers or duties in relation to EIF. The amount reimbursed for the half year ended 31 December 2021 was nil (31 December 2020: nil).

EFML acted as Trustee and Manager and/or Custodian of a number of registered and unregistered managed investment schemes, including schemes where the Group also held an investment. EFML is entitled to fee income, as set out in the Constitution of each scheme, including management fees, acquisition fees, equity raise fees and performance fees. EFML is also entitled to be reimbursed from each Scheme for costs incurred in properly performing or exercising any of its powers or duties in relation to each Scheme.

A summary of the income earned during the period from these managed investment schemes is provided below:

	Consolidated Group 31 December 2021 \$	Consolidated Group 31 December 2020 \$
Warrawong Plaza Syndicate	3,351,183	–
Elanor Commercial Property Fund	2,820,580	1,661,613
Elanor Healthcare Real Estate Fund	2,284,073	2,491,120
Elanor Retail Property Fund	1,970,836	2,214,723
Clifford Gardens Fund	769,601	–
Riverside Plaza Syndicate	483,886	1,602,717
Waverley Gardens Fund	466,749	599,126
Belconnen Markets Syndicate	461,789	802,056
Fairfield Centre Syndicate	416,315	641,993
Hunters Plaza Syndicate	353,734	335,715
Burke Street Fund	230,024	1,494,136
Elanor Wildlife Park Fund	–	362,823
Stirling Street Syndicate	–	177,421
Total	13,608,770	12,384,443

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

15. Significant events

Establishment of Warrawong Plaza Fund

The Group established the Warrawong Plaza Fund in October 2021 which acquired the Warrawong Plaza shopping centre in Wollongong, NSW, for \$136.4 million.

Elanor Healthcare Real Estate Fund

The Elanor Healthcare Real Estate Fund completed the acquisition of Highpoint Health Hub in Ashgrove, QLD for \$51.9 million in October 2021, growing the Fund's property portfolio to approximately \$262.9 million.

Elanor Hotel and Accommodation Fund

On 30 September 2021, the Elanor Hotels and Accommodation Fund was successfully established by the Elanor Metro and Prime Regional Hotel Fund (EMPR) acquiring the Elanor Luxury Hotel Fund (ELHF) and the Albany Hotel, creating a \$346.2 million hotel fund.

16. Events occurring after reporting date

The directors are not aware of any other matter or circumstance not otherwise dealt with in the financial reports or the Directors' Report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in the financial period subsequent to the half year ended 31 December 2021.

17. Non-Parent disclosure

OVERVIEW

This note provides information relating to the non-parent EIF Group only. The accounting policies are consistent with the Group, except as otherwise disclosed.

Segment information

Chief operating decisions are based on the segment information as reported by the consolidated Group and therefore EIF is deemed to have only one segment.

Distributions

The following distributions were declared by the EIF Group in respect of the period:

	Distribution cents per stapled security 31 December 2021	Distribution cents per stapled security 31 December 2020	Total Amount 31 December 2021 \$'000	Total Amount 31 December 2020 \$'000
Interim distribution	9.05	3.06	11,037	3,701

The distribution will be paid on 28 February 2022. Please refer to the Director's report for the calculation of Core Earnings and the Distribution.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

17. Non-Parent disclosure (continued)

Taxation of the Trust

Under current Australian income tax legislation, the Trust and its sub-trusts are not liable for income tax on their taxable income (including assessable realised capital gains) provided that the unitholders are presently entitled to the income of the Trust. Accordingly, the Group only pays tax on Company taxable earnings and there is no separate tax disclosure for the Trust.

Investment Properties

Movement in investment properties

The carrying value of investment properties at the beginning and end of the current period is set out below:

	EIF Group 31 December 2021 \$'000	EIF Group 30 June 2021 \$'000
Carrying amount at the beginning of the period	384,825	332,811
Additions from consolidation of Elanor Wildlife Park Fund	49,702	–
Additions from consolidation of Stirling Street Syndicate	34,000	–
Additions	1,977	17,115
Revaluation (decrements) / increments	4,108	36,631
Disposals	–	(1,732)
Carrying amount at the end of the period	474,612	384,825

Refer to Note 5 Property, Plant and Equipment and Note 6 Investment Properties for further details of the valuations of the underlying property assets.

Equity accounted investments

The Trust's equity accounted investments are as follows:

31 December 2021

	Principal activity	Percentage Ownership	EIF Group 31 December 2021 \$'000
Elanor Retail Property Fund (ASX: ERF)	Shopping Centres	18.03%	28,286
Elanor Commercial Property Fund (ASX: ECF)	Office Buildings	14.13%	50,292
Hunters Plaza Syndicate	Shopping Centre	4.73%	1,542
Waverley Gardens Fund	Shopping Centre	15.00%	11,540
Warrawong Plaza Syndicate	Shopping Centre	0.21%	161
Total equity accounted investments			91,821

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

17. Non-Parent disclosure (continued)

Equity accounted investments (continued)

30 June 2021

	Principal activity	Percentage Ownership	EIF Group 30 June 2021 \$'000
Elanor Retail Property Fund (ASX: ERF)	Shopping Centres	18.03%	31,414
Elanor Commercial Property Fund (ASX: ECF)	Office Buildings	15.00%	38,370
Hunters Plaza Syndicate	Shopping Centre	4.73%	1,281
Waverley Gardens Fund	Shopping Centre	15.00%	10,789
Elanor Wildlife Park Fund	Wildlife Parks	26.61%	6,641
Stirling Street Syndicate	Office Building	2.03%	152
Total equity accounted investments			88,647

Interest bearing liabilities

	EIF Group 31 December 2021 \$'000	EIF Group 30 June 2021 \$'000
Current		
Bank loan - term debt	17,132	48,862
Bank loan - borrowing costs less amortisation	(245)	(324)
Total current	16,887	48,538
Non-current		
Corporate notes	19,591	–
Corporate notes - borrowing costs less amortisation	(520)	–
Bank loan - term debt	215,325	133,453
Bank loan - borrowing costs less amortisation	(559)	(919)
Loan from the company	68,728	74,453
Total non-current	302,565	206,987
Total interest bearing liabilities	319,452	255,525

As part of the internal funding of the Fund, EIF entered into a long-term interest-bearing loan with EIL at arm's length terms, maturing in July 2024. As at 31 December 2021, the outstanding payable to the Company was \$68.7 million (2021: \$74.4 million).

CORPORATE NOTES

On 24 November 2019, the Elanor Wildlife Park Fund issued \$25.0 million 7.2% secured 5-year fixed rate notes, of which \$19.6 million is held on the EIF Group side of the Group's stapled structure. The \$25.0 million secured fix rate notes are due for repayment on 29 November 2024. The secured notes include Loan to Value Ratio and Interest Cover Covenants. The Elanor Wildlife Park Fund is currently meeting all of its covenants.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

17. Non-Parent disclosure (continued)

CREDIT FACILITIES

As at 31 December 2021, the EIF Group had unrestricted access to the following credit facilities:

	Consolidated Group 31 December 2021 \$'000	Consolidated Group 30 June 2021 \$'000
ENN Group		
Facility - ENN	48,500	30,000
Total amount used	(13,500)	(6,000)
Total amount unused - ENN	35,000	24,000
EHAF Group		
Facility - EHAF	165,000	-
Total amount used	(165,000)	-
Total amount unused - EHAF	-	-
Bluewater Square Syndicate		
Facility - Bluewater	30,525	30,525
Total amount used	(30,525)	(30,525)
Total amount unused - Bluewater	-	-
Stirling Street Syndicate		
Facility - Stirling	19,800	-
Total amount used	(19,800)	-
Total amount unused - Stirling Street	-	-
EMPR Group		
Facility - EMPR	-	64,860
Total amount used	-	(64,860)
Total amount unused - EMPR	-	-
Elanor Luxury Hotel Fund		
Facility - ELHF	-	107,800
Total amount used	-	(107,800)
Total amount unused - ELHF	-	-
Total amount unused - Consolidated Group	35,000	24,000

The ENN Group has access to a \$48.5 million debt facility, with a maturity date of 31 August 2022. The drawn amount at 31 December 2021 is \$13.5 million and this facility is not hedged. The facility is classified as current liability as the facility's maturity is less than 12 months.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

17. Non-Parent disclosure (continued)

The EHAF Group has access to a \$165.0 million debt facility, upon which both the company and trust can draw. The drawn amount at 31 December 2021 is \$165.0 million which will mature on 23 December 2024. The amount of drawn facility was hedged to 51% as at 31 December 2021.

The Bluewater Square Syndicate has access to a \$30.5 million facility. The drawn amount at 31 December 2021 was \$30.5 million which will mature on 31 December 2023. As at 31 December 2021, the drawn amount was not hedged.

The Stirling Street Syndicate has access to a \$19.8 million facility. The drawn amount at 31 December 2021 was \$19.8 million which will mature on 23 August 2023. As at 31 December 2021, the drawn amount was not hedged.

Borrowing costs

A breakdown of borrowing costs included in the EIF Group's Consolidated Statement of Profit or Loss is provided below:

	EIF Group 31 December 2021 \$'000	EIF Group 31 December 2020 \$'000
Interest expense	5,484	5,231
Amortisation of debt establishment costs	1,308	540
Total borrowing costs	6,792	5,772

Other expenses

A breakdown of other expenses included in the EIF Group's Consolidated Statement of Profit or Loss is provided below:

	EIF Group 31 December 2021 \$'000	EIF Group 31 December 2020 \$'000
General expenses	1,021	206
Loan forgiveness expense	11,638	–
Total other expenses	12,659	206

During the period, a review of intercompany positions occurred in the Group's consolidated fund, EHAF, which resulted in a loan forgiveness expense recognised in the EIF Group side of the Group's stapled structure. This amount is eliminated on consolidation at the Group level, and therefore there is a nil impact to the Group's Consolidated Statement of Profit or Loss.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

17. Non-Parent disclosure (continued)

Other financial assets and liabilities

This note provides further information about material financial assets and liabilities that are incidental to the EIF Group's trading activities, being trade and other receivables and payables.

Trade and Other Receivables

	EIF Group 31 December 2021 \$'000	EIF Group 30 June 2021 \$'000
Trade receivables	43,832	8,308
Other receivables	10	62
GST receivable	343	–
Total trade and other receivables	44,185	8,370

Trade receivables consists primarily of intercompany receivables between the landowning trusts of the Group's consolidated hotels and wildlife parks (which are held on the EIF Group side of the Group's stapled structure), and their respective operating entities (which are held on the EIL side of the Group's stapled structure). The increase in this balance during the period is mainly due to the consolidation of Elanor Wildlife Park Fund, and intercompany cash transfers that occurred as part of the EHAF transaction. These intercompany receivables balances are eliminated upon consolidation into ENN Group balance sheet.

Payables

	EIF Group 31 December 2021 \$'000	EIF Group 30 June 2021 \$'000
Trade creditors	3,009	792
Accrued expenses	2,379	1,595
GST payable	108	10
Total payables	5,496	2,397

ELANOR INVESTORS GROUP

DIRECTORS' DECLARATION TO STAPLED SECURITY HOLDERS

In the opinion of the Directors of Elanor Investors Limited and Elanor Funds Management Limited as responsible entity for the Elanor Investment Fund:

- a) the financial statements and notes set out on pages 15-50 are in accordance with the *Corporations Act 2001 (Cth)* including:
 - i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the Group's and EIF Group's financial position as at 31 December 2021 and of their performance, for the financial period ended on that date; and
- b) there are reasonable grounds to believe that the Group and EIF Group will be able to pay their debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Boards of Directors in accordance with Section 303(5) of the *Corporations Act 2001 (Cth)*.



Glenn Willis
CEO and Managing Director

Sydney
18 February 2022



Independent auditor's review report to the security holders of Elanor Investors Limited and of Elanor Investment Trust

Report on the half-year financial reports

Conclusion

We have reviewed the half-year financial report of:

- Elanor Investors Limited (the Company) and the entities it controlled from time to time during the half-year (together the Consolidated Group), and
- Elanor Investment Trust (the Registered Scheme) and the entities it controlled from time to time during the half-year (EIF Group)

which comprises the consolidated statements of financial position as at 31 December 2021, the consolidated statements of comprehensive income, consolidated statements of profit or loss, consolidated statements of changes in equity and consolidated statements of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Consolidated Group and EIF Group do not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the financial position of the Consolidated Group and the EIF Group as at 31 December 2021 and of their performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Consolidated Group and EIF Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company and the Responsible Entity of the Registered Scheme are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999

Liability limited by a scheme approved under Professional Standards Legislation.



directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the financial position of the Consolidated Group and EIF Group as at 31 December 2021 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'N R McConnell'.

N R McConnell
Partner

Sydney
18 February 2022