

## Appendix 4D

### Half year report for the period ended 31 December 2015

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 2015
Previous corresponding period	Six month period ended 31 December 2014

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 2015.

#### Results for announcement to the market

#### Financial Performance

A \$'000

Revenue from ordinary activities	Up 39.5% to	38,040
Profit/(loss) from ordinary activities after tax attributable to security holders	Up \$8.2m to	6,271
Net profit/(loss) for the period attributable to security holders	Up \$8.2m to	6,271
Core Earnings <sup>1</sup>	Up 40.5% to	5,737

#### Distribution

<b>Current Period</b>	<b>Amount per unit</b>
Interim Distribution <sup>2</sup>	7.31 cents
<b>Previous Corresponding Period</b>	
Interim Distribution	5.20 cents
Record date for determining entitlement to the Interim Distribution	31 December 2015
Date the Interim Distribution is payable:	4 March 2015
The taxable component of the interim distribution comprises:	
Unfranked Dividend:	2.26 cents
Trust Distribution:	5.05 cents

\* Further information on tax components of the distribution will be provided to security holders with their half yearly distribution statement for the period ending 31 December 2015.

#### Net Tangible Assets

<b>Current Period</b>	<b>Current Period</b>
Net tangible asset backing per security	\$1.31
<b>Previous Corresponding Period</b>	
Net tangible asset backing per security	\$1.10

#### 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, lease straight-lining, depreciation charges on the buildings held by the Trust and amortisation of intangibles), determined in accordance with ASIC RG230.
- The Interim Distribution is based on a payout ratio of 90% of Core Earnings.

***Control Gained over Entities during the Period***

None.

***Control Lost over Entities during the Period.***

None.

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

- 18.2% equity investment in Bell City Fund
- 10.0% equity investment in 193 Clarence Hotel Fund
- 1.9% equity investment in Auburn Central Syndicate
- 10.7% equity investment in Elanor Retail Property Fund
- 8.2% equity investment in Limestone Street Centre Syndicate

***Accounting standards used by foreign entities***

International Financial Reporting Standards.

***Audit***

The accounts have been subject to a review, with an unqualified opinion. 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 2015.

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

- Directors' Report
- Interim Financial Report



Elanor Investors Group  
elanorinvestors.com

## **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))

## **Interim Financial Report for the half year ended 31 December 2015**

# ELANOR INVESTORS GROUP

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# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT TO STAPLED SECURITY HOLDERS

The Directors of Elanor Funds Management Limited (Responsible Entity or Manager), as responsible entity of the Elanor Investment Fund (Trust), and the Directors of Elanor Investors Limited (Company) present their report together with the consolidated interim financial report of Elanor Investors Group (Group, Consolidated Group, Elanor) and the consolidated interim financial report of the Elanor Investment Fund (EIF Group) for the half year ended 31 December 2015 (period).

The interim financial report of Elanor Investors Group comprises of 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 the Company during the period and up to the date of this report:

Paul Bedbrook (Chair)  
Glenn Willis (Managing Director and Chief Executive Officer)  
Nigel Ampherlaw  
William (Bill) Moss AO

### 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 investment assets and businesses.

### 3. Distributions

Distributions relating to the half year ended 31 December 2015 comprise:

<b>Distribution</b>	<b>Half Year Ended 31 December 2015</b>
Interim Distribution	
- Amount payable (cents per stapled security)	7.31
- Payment Date	4 March 2016

A provision for the Interim Distribution has not been recognised in the consolidated interim financial statements for the period as the distribution had not been declared at the reporting date. The Interim Distribution of 7.31 cents per stapled security compares to an Interim Distribution and Final Distribution for the year ended 30 June 2015 of 5.20 and 6.70 cents per stapled security respectively.

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT TO STAPLED SECURITY HOLDERS

### 4. Operating and financial review

#### *Overview and strategy*

The key strategic objective of Elanor is to grow funds under management by identifying and originating investments that deliver strong performance for both Elanor security holders and Elanor's funds management capital partners. Elanor seeks to co-invest with its capital partners in funds managed by Elanor for both strategic and alignment purposes.

Investments are also originated and held on balance sheet where they provide opportunities for future co-investment by external capital partners.

Elanor's core sectors focus is in hotels, tourism and leisure, and real estate. In addition, special situations investments incorporate assets that are high yielding and exhibit strong real estate backing that may fall outside of the sectors in which the Group currently focuses.

During the six month period Elanor increased assets under management from \$346.4 million to \$390.1 million. Co-investments of \$4.7 million were made in new funds under management.

Elanor is well positioned for growth. Whilst prevailing market conditions for "value" investors are more challenging, the Group's pipeline is encouraging.

#### *Managed funds and investment portfolio*

The following tables show the Group's managed funds and investment portfolio.

#### **Managed Funds as at 30 June 2015**

<b>Funds</b>	<b>Location</b>	<b>Type</b>	<b>Gross Asset Value \$'m</b>
Manning Mall Syndicate	Taree, NSW	Sub-regional shopping centre	38.0
Griffin Plaza Syndicate	Griffith, NSW	Neighbourhood shopping centre	18.2
Super A Mart Auburn Syndicate	Auburn, NSW	Retail warehouse	21.1
John Cootes Diversified Property Fund	Penrith, Yennora and Tuggerah, NSW	Two retail showrooms and one warehouse	12.3
193 Clarence Hotel Fund	Sydney, NSW	Hotel	24.2
Bell City Funds (4)	Preston, VIC	Hotel, budget accommodation and commercial complex	162.1
Auburn Central Syndicate	Auburn, NSW	Sub-regional shopping centre	75.3

#### **Disposals since 30 June 2015**

Manning Mall Syndicate	Taree, NSW	Sub-regional shopping centre	38.0
Griffin Plaza Syndicate	Griffith, NSW	Neighbourhood shopping centre	18.2

#### **Additions since 30 June 2015**

Elanor Retail Property Fund	Taree, NSW and Glenorchy, TAS	Sub-regional shopping centres	61.6
Limestone Street Centre Syndicate	Ipswich, QLD	Commercial office building	33.5
<b>Total Managed Funds as at 31 December 2015</b>			<b>390.1</b>

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT TO STAPLED SECURITY HOLDERS

### 4. Operating and financial review (continued)

#### *Managed funds and investment portfolio (continued)*

#### Investment Portfolio

<b>Asset</b>	<b>Location</b>	<b>Type of Operating Business</b>	<b>Note</b>	<b>Valuation \$'m</b>
<b>Hotels Tourism and Leisure</b>				
Peppers Cradle Mountain Lodge	Cradle Mountain National Park, TAS	Hotel	1	37.0
Featherdale Wildlife Park	Sydney, NSW	Wildlife Park	1	15.1
Hotel Ibis Styles Canberra Eaglehawk	Canberra, ACT	Hotel	1	17.7
Mantra Wollongong Hotel	Wollongong, NSW	Hotel	1	8.5
Hotel Ibis Styles Albany	Albany, WA	Hotel	1	5.3
<b>Special Situations Investments</b>				<b>Cost \$'m</b>
John Cootes Furniture	Operates from 9 sites; Merrylands, Penrith, Yennora, Tuggerah, Campbelltown, Bathurst, Taree, Fyshwick and Warners Bay (as of 25 January 2016) (all NSW or ACT)	Furniture retailer	2	7.0
Merrylands Property	Merrylands, NSW	Property associated with John Cootes Furniture	3	14.8
				<b>Equity accounted value \$'m</b>
<b>Managed Fund Co-Investments</b>				
193 Clarence Hotel Syndicate	Sydney, NSW	Hotel	4	1.2
Bell City Funds (4)	Preston, VIC	Hotel, budget accommodation and commercial complex	4	12.4
Auburn Central Syndicate	Auburn, NSW	Sub-regional shopping centre	4	0.6
<b>Additions since 30 June 2015</b>				
Elanor Retail Property Fund	Taree, NSW and Glenorchy, TAS	Sub-regional shopping centre	4	3.1
Limestone Street Centre Syndicate	Ipswich, QLD	Commercial office	4	1.4
<b>Total Investment Portfolio</b>				<b>124.1</b>

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT TO STAPLED SECURITY HOLDERS

### 4. Operating and financial review (continued)

#### *Managed funds and investment portfolio (continued)*

Note 1: All owner occupied properties in the Hotels, 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.

Note 2: The John Cootes Furniture business is a wholly owned subsidiary of the Company and accounted for using the basis of consolidation.

Note 3: The Merrylands property is treated as inventory and stated at the lower of cost and net realisable value.

Note 4: Managed Fund Co-Investments are associates and accounted for using the equity method.

#### *Review of financial results*

The Group recorded a statutory profit after tax of \$6.3 million for the period ended 31 December 2015.

Core or Distributable earnings were \$5.7 million or 8.12 cents per stapled security. An Interim Distribution of 7.31 cents per stapled security has been declared for the six months ended 31 December 2015 (90% pay-out ratio on Core Earnings). Core Earnings is considered more relevant than statutory profit as it represents an estimate of the underlying recurring cash earnings of the Group, and has been determined in accordance with ASIC Regulatory Guide 230.

A summary of the Group and EIF Group's results for the half year period is set out below:

	Group 31 December 2015	Group 31 December 2014	EIF Group 31 December 2015	EIF Group 31 December 2014
Net profit/(loss) after tax (\$'000)	6,271	(1,936)	3,586	294
Core Earnings (\$'000)	5,737	4,084	3,965	3,390
Distributions payable to security holders (\$'000)	5,163	3,675	3,569	3,051
Core Earnings per stapled security (cents)	8.12	5.78	5.61	4.80
Core Earnings per weighted average stapled security (cents)	8.12	6.61	5.61	5.49
Distributions (cents per unit)	7.31	5.20	5.05	4.32
Net tangible assets (\$ per stapled security)	1.31	1.10	0.83	0.65

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

Note	Group 31 December 2015 \$'000	Group 31 December 2014 \$'000	EIF Group 31 December 2015 \$'000	EIF Group 31 December 2014 \$'000
<b>Net profit/(loss) after tax (statutory)</b>	<b>6,271</b>	<b>(1,936)</b>	<b>3,586</b>	<b>294</b>
<i>Adjustments for items included in statutory profit/(loss)</i>				
Transaction, establishment costs and fair value decrements	5	6,115	-	3,676
Building depreciation expense	4	539	-	-
Fair value adjustments on investment property	-	-	-	(580)
Increase in equity accounted investments to reflect distributions received/receivable	3	-	379	-
John Cootes Furniture insurance recovery adjustment	2	(1,524)	-	-
Straight lining of rental expense	15	-	-	-
Amortisation of intangibles	75	75	-	-
Tax adjustments	(5)	(709)	-	-
<b>Core Earnings</b>	<b>5,737</b>	<b>4,084</b>	<b>3,965</b>	<b>3,390</b>



# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT TO STAPLED SECURITY HOLDERS

### 4. Operating and financial review (continued)

#### *Review of financial results (continued)*

Note 1: Core Earnings has been determined in accordance with ASIC RG 230 and 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 John Cootes Furniture insurance recovery not distributable, 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 and straight lining of rental expense) and restating share of profit from equity accounted investments to reflect distributions received / receivable in respect of those investments and for a one-off tax charge not related to the reporting period, and tax impact relating to the above adjustments.

Note 2: The insurance recovery in respect of the John Cootes Furniture Yennora Warehouse fire on 27 July 2015 includes an amount received in relation to the loss of plant and equipment. Core Earnings has been reduced by \$1.52 million, reflecting the insurance recovery received for the loss of plant and equipment (net of the write off of the written down value of plant and equipment destroyed). This is because those proceeds will be used to purchase replacement plant and equipment required by the business.

Note 3: Share of profit from equity accounted investments includes depreciation and amortisation that were added back in the determination of distributable earnings from 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 4: During the period the Group incurred total depreciation charges of \$1.369 million, however only the depreciation expense on buildings of \$0.526 million has been added back for the purposes of calculating Core Earnings.

Note 5: Transaction and establishment costs incurred by the Group through profit and loss for the six months ended 31 December 2014 relate to the establishment and listing of the Group in July 2014, and are adjusted for subsequent revaluation increments during the period through profit and loss. These costs are:

	<b>Group 31 December 2015 \$'000</b>	<b>Group 31 December 2014 \$'000</b>	<b>EIF Group 31 December 2015 \$'000</b>	<b>EIF Group 31 December 2014 \$'000</b>
Stamp duty and registration costs	-	1,355	-	783
Acquisition costs including advisers and consultants fees	-	2,232	-	1,569
Listing related costs	-	2,528	-	1,324
<b>Transaction and establishments costs</b>	<b>-</b>	<b>6,115</b>	<b>-</b>	<b>3,676</b>

#### *Review of operational results*

The Group is organised into four divisions by business type.

Funds Management manages third party owned investment funds and syndicates.

Hotels, Tourism and Leisure originates investment and fund management assets. The current investment portfolio includes Peppers Cradle Mountain Lodge, Featherdale Wildlife Park, Ibis Styles Canberra Eaglehawk Hotel, Mantra Wollongong Hotel and Ibis Styles Albany Hotel along with co-investment in 193 Clarence Hotel Syndicate and four Bell City syndicates. Hotels, Tourism and Leisure also manages these syndicates.

Real Estate originates investment and fund management assets. The current investment portfolio comprises investments in Auburn Central Syndicate, Elanor Retail Property Fund and Limestone Street Centre Syndicate. Real Estate manages Super A-Mart Auburn, John Cootes Diversified Property, Auburn Central Syndicate, Elanor Retail Property Fund and Limestone Street Centre Syndicate.

Special Situations Investments contains the John Cootes Furniture business and the property associated with John Cootes Furniture business at Merrylands, NSW.

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT TO STAPLED SECURITY HOLDERS

### 4. Operating and financial review (continued)

#### Review of operational results (continued)

The performance of the Group, as represented by the aggregate results of its operations for the period, was as follows:

	Group Segment Revenues 31 December 2015 \$'000	Group Segment Revenues 31 December 2014 \$'000	Group Segment EBITDA 31 December 2015 \$'000	Group Segment EBITDA 31 December 2014 \$'000
Funds Management	5,110	2,124	4,115	1,915
Hotels, Tourism and Leisure	18,036	15,430	5,147	3,937
Real Estate	39	-	38	-
Special Situations Investments	14,749	9,701	2,237	933
Other	62	20	-	20
<b>Total Segment Revenue and EBITDA</b>	<b>37,996</b>	<b>27,275</b>	<b>11,537</b>	<b>6,805</b>
Unallocated Corporate Costs			(2,382)	(1,627)
<b>Group EBITDA</b>			<b>9,155</b>	<b>5,178</b>
Depreciation and amortisation			(1,445)	(1,188)
<b>Group EBIT</b>			<b>7,710</b>	<b>3,990</b>
Interest income			44	-
Borrowing Costs			(673)	(520)
<b>Group EBT and Extraordinary Items</b>			<b>7,081</b>	<b>3,470</b>
Transaction and establishment costs			-	(6,115)
<b>Group Net profit / (loss) before income tax</b>			<b>7,081</b>	<b>(2,645)</b>
Income tax expense/(benefit)			(810)	709
<b>Group Net profit / (loss) after income tax</b>			<b>6,271</b>	<b>(1,936)</b>
<b>Core Earnings</b>			<b>5,737</b>	<b>4,084</b>

For further information on the segment performance, please see Note 19 to the consolidated interim financial statements.

#### Funds Management

The performance of the Funds Management business is summarised as follows:

	31 December 2015 \$'000	31 December 2014 \$'000
Operating Performance		
Total revenue	5,110	2,124
EBITDA	4,115	1,915
Operating margin	80.5%	90.2%
	<b>2015</b>	<b>2014</b>
Funds under Management	<b>\$'m</b>	<b>\$'m</b>
Opening funds under management	346.4	86.7
Increase in value of funds under management	4.8	1.2
Disposals / decrease in value of funds under management	(56.2)	-
New funds	95.1	163.9
<b>Total</b>	<b>390.1</b>	<b>251.8</b>

The level of growth in funds under management during the period has been positive. The Group established two new syndicates during the period being Elanor Retail Property Fund (sub-regional shopping centres in Taree, NSW and Glenorchy, TAS) and Limestone Street Syndicate (commercial office building in Ipswich, QLD). Elanor Retail Property Fund is a multi-asset retail property fund that was previously known as Manning Mall Syndicate which owned Manning Mall Property.

During the period the Group strengthened its internal asset management and investment management capabilities, and deepened its capital partner base to support the Group's strategic focus to deliver growth in funds under management and the performance of assets under management.

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT TO STAPLED SECURITY HOLDERS

### 4. Operating and financial review (continued)

#### Review of operational results (continued)

##### Hotels, Tourism and Leisure

The performance of the Hotels, Tourism and Leisure business is summarised as follows:

	31 December 2015 \$'000	31 December 2014 \$'000
Operating Performance		
Total revenue	18,036	15,430
EBITDA	5,147	3,937
Operating margin	28.5%	25.5%

Hotels, Tourism and Leisure contains a portfolio of hotel and leisure properties including Peppers Cradle Mountain Lodge, Featherdale Wildlife Park, Ibis Styles Canberra Eaglehawk Hotel, Mantra Wollongong Hotel and Ibis Styles Albany Hotel.

The table below sets out the assessed value of each property at 31 December 2015.

	31 December 2015 \$'m	31 December 2014 \$'m
Valuation of Properties		
Peppers Cradle Mountain Lodge	37.0	29.0
Featherdale Wildlife Park	15.1	13.0
Ibis Styles Canberra Eaglehawk Hotel	17.7	17.7
Mantra Wollongong	8.5	7.1
Ibis Styles Albany Hotel	5.3	5.3
<b>Total</b>	<b>83.6</b>	<b>72.1</b>

The Hotels, Tourism and Leisure business also includes equity accounted investments reflecting the Group's co-investment with its capital partners in 193 Clarence Hotel Syndicate and Bell City syndicates. During the period the equity accounted share of profit of these investments was \$0.1 million with distributions received or receivable for the period totalling \$0.5 million.

##### Real Estate

Real Estate comprises equity accounted investments in the Auburn Central Syndicate, Elanor Retail Property Fund and Limestone Street Centre Syndicate. During the period the equity accounted share of profit of these investments was \$0.04 million with distributions received or receivable for the period totalling \$0.04 million.

##### Special Situations Investments

The performance of the Special Situations Investments business is summarised as follows:

	31 December 2015 \$'000	31 December 2014 \$'000
Operating Performance		
Total revenue	14,749	9,701
EBITDA	2,237	933
Operating margin	15.2%	9.6%

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT TO STAPLED SECURITY HOLDERS

### 4. Operating and financial review (continued)

#### *Review of operational results (continued)*

Special Situations Investments contains the John Cootes Furniture business and the property associated with John Cootes Furniture business at Merrylands.

John Cootes Furniture opened a new store in Fyshwick (ACT) in December 2015 and a further new store was opened in Warners Bay (NSW) in January 2016.

On 27 July 2015 the John Cootes Furniture warehouse in Orchardleigh Street, Yennora, sustained major damage as a result of a fire. The entire contents of the building, primarily stock and plant and equipment of the John Cootes Furniture business, were destroyed and the building was unable to be recovered. The warehouse building is owned by the John Cootes Diversified Property Syndicate, a managed investment scheme managed by the Group. The property is fully insured, and the required business interruption insurances are also in place. In respect of the John Cootes Furniture business, claims for loss of stock and plant and equipment have been fully settled at \$2.0 million and \$1.7 million respectively. Two business interruption claims have been lodged that relate to lost sales from the date of the fire to 30 November 2015 along with claim preparation costs and additional costs of working. To date, progress payments of \$1.3 million have been received from the insurer. A further progress claim for lost sales and lost gross margin for the month of December is expected to be lodged in February 2016.

The Group lodged a Planning Proposal in respect of its property located at 248 – 264 Woodville Road Merrylands, with Parramatta City Council ("Council") on 12 October 2015. The Planning Proposal was tabled at a Council meeting held on 7 December 2015.

At that meeting, the Council unanimously resolved to endorse the Planning Proposal, including recommendations to:

- Forward the Planning Proposal to the Department of Planning and Environment for Gateway determination;
- Proceed with formal negotiations to prepare a Voluntary Planning Agreement;
- Rezone the subject site to B4 mixed use;
- Increase the maximum height of building control to 31 metres (9 storeys); and
- Increase the maximum floor space ratio to 2.25:1.

#### **Summary and Outlook**

The Group's core strategy will remain focussed on growing earnings from the funds management business and actively managing its investment portfolio. The Group has a number of funds management opportunities under consideration, with a particular focus on the real estate and hotels, tourism and leisure sectors. The Group will look to increase income from managed funds, seed new managed funds with Group owned investments, and continue to co-invest with external capital partners.

The Group is establishing a new multi asset managed fund, the Elanor Hospitality and Accommodation Fund (Fund). The Fund will comprise a portfolio of 6 Australian Hotels (including Cradle Mountain Lodge and Wollongong Hotel) with strong, diversified cash flows and significant redevelopment potential. At inception the Fund will have an asset portfolio of approximately \$95 million. Consistent with its strategy of aligning interests with investors, the Group will initially subscribe for a co-investment of approximately 40% of the Fund's equity. The Group intends to apply the majority of the net proceeds it receives from the transaction to reduce debt. The balance of the net proceeds will be utilised for working capital and future investment purposes.

Risks to the Group in the coming period primarily comprise potential earnings volatility associated with general economic and market conditions including inbound tourism and domestic retail spending, the availability of capital for funds management opportunities, and any movement in property valuations. The Group manages these risks through its active asset management approach across its investment portfolio, continuing to focus on broadening the Group's capital partner base, and through the active management of the Group's capital structure.

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT TO STAPLED SECURITY HOLDERS

### 5. Value of assets

The value of the Group's and EIF Group's assets is derived using the basis set out in the notes of the consolidated financial statements.

	Consolidated Group 31 December 2015 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 31 December 2015 \$'000	EIF Group 30 June 2015 \$'000
Value of total assets	147,401	135,650	94,731	91,100
Value of net assets	100,070	97,437	58,663	57,884

### 6. Interests in the Group

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

	Consolidated Group 31 December 2015 '000	Consolidated Group 30 June 2015 '000
Stapled securities on issue at the beginning of the period	70,645	60,800
Stapled securities issued for business acquisitions through Institutional Placement	-	9,120
Stapled securities issued under Security Purchase Plan	-	725
<b>Stapled securities on issue at the end of the period</b>	<b>70,645</b>	<b>70,645</b>

### 7. 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.

### 8. Rounding of amounts to the nearest thousand dollars

The Group and the EIF Group are registered entities of a kind referred to in Class Order 98/100 (as amended) issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

### 9. Subsequent events

The Directors of the Responsible Entity and the Company are not aware of any other matter since the end of the period that has or may significantly affect the operations of the Group, the result of those operations, or the state of the Group's affairs in future financial periods that are not otherwise referred to in this Directors' Report.

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

Sydney, 24 February 2016



Glenn Willis  
CEO and Managing Director

The Directors  
Elanor Investors Limited and  
Elanor Funds Management Limited (as responsible  
entity for Elanor Investment Fund)  
Level 38, 259 George Street  
Sydney NSW 2000

24 February 2016

Dear Directors,

### **Elanor Investors Limited and Elanor Investment Fund**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Elanor Investors Limited and Elanor Funds Management Limited in its capacity as responsible entity for Elanor Investment Fund.

As lead audit partner for the review of the half year financial statements of Elanor Investors Limited and Elanor Investment Fund for the half year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU  
DELOITTE TOUCHE TOHMATSU



AG Collinson  
Partner  
Chartered Accountants

**ELANOR INVESTORS GROUP**

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	Consolidated Group	Consolidated Group	EIF Group	EIF Group
Note	31 December 2015 \$'000	31 December 2014 \$'000	31 December 2015 \$'000	31 December 2014 \$'000
<b>Income</b>				
Revenue from operating activities	2	32,469	27,216	-
Interest income		44	15	12
Rental income		26	28	4,383
Share of profit / (loss) from equity accounted investments		146	10	146
Fair value gain on revaluation of assets/investment properties		-	-	580
Other income	4	5,355	5	-
<b>Total income</b>		<b>38,040</b>	<b>27,274</b>	<b>4,541</b>
<b>Expenses</b>				
Changes in inventories of finished goods		6,992	6,452	-
Salary and employee benefits		11,944	9,439	134
Property expenses		2,870	2,191	-
Operator management costs		833	850	-
Borrowing costs		610	543	691
Depreciation		1,369	1,113	-
Amortisation		138	126	48
Marketing and promotion		1,725	1,240	-
Repairs, maintenance and technology		422	390	-
Transaction, establishment costs and fair value decrements		-	6,115	-
Other expenses	5	4,056	1,460	82
<b>Total expenses</b>		<b>30,959</b>	<b>29,919</b>	<b>955</b>
<b>Net profit/(loss) before income tax expense</b>		<b>7,081</b>	<b>(2,645)</b>	<b>3,586</b>
Income tax expense/(benefit)	3	810	(709)	-
<b>Net profit/(loss) for the half year</b>		<b>6,271</b>	<b>(1,936)</b>	<b>3,586</b>
<b>Attributable to security holders of:</b>				
- Elanor Investors Limited		2,685	(2,230)	-
- Elanor Investment Fund (non-controlling interest)		3,586	294	3,586
<b>Net profit/(loss) for the half year</b>		<b>6,271</b>	<b>(1,936)</b>	<b>3,586</b>
Basic earnings per stapled security (cents)		8.88	(3.60)	5.08
Diluted earnings per stapled security (cents)		8.14	(3.60)	4.65

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 2015

		Consolidated Group 31 December 2015 \$'000	Consolidated Group 31 December 2014 \$'000	EIF Group 31 December 2015 \$'000	EIF Group 31 December 2014 \$'000
	Note				
<b>Net profit/(loss) for the half year</b>		<b>6,271</b>	<b>(1,936)</b>	<b>3,586</b>	<b>294</b>
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit and loss</i>					
Gain/(loss) on revaluation of cash flow hedge	16	49	(145)	49	(145)
<i>Items that may not be reclassified to profit and loss</i>					
Share of asset revaluation reserve from equity accounted investments	16	417	-	417	-
Gain/(loss) on revaluation of property, plant and equipment	16	478	580	-	-
Income tax relating to these items		-	-	-	-
Other comprehensive income/(loss) for the half year, net of tax		944	435	466	(145)
<b>Total comprehensive income/(loss) for the half year, net of tax</b>		<b>7,215</b>	<b>(1,501)</b>	<b>4,052</b>	<b>149</b>
<b>Attributable to security holders of:</b>					
- Elanor Investors Limited		3,163	(1,650)	-	-
- Elanor Investment Fund (non-controlling interest)		4,052	149	4,052	149
<b>Total comprehensive income/(loss) for the half year, net of tax</b>		<b>7,215</b>	<b>(1,501)</b>	<b>4,052</b>	<b>149</b>

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 2015

		Consolidated Group 31 December 2015 \$'000	Consolidated Group 30 June 2014 \$'000	EIF Group 31 December 2015 \$'000	EIF Group 30 June 2014 \$'000
	Note				
<b>Current assets</b>					
Cash and cash equivalents		9,161	7,488	2,323	3,437
Receivables		5,976	3,355	777	753
Inventories	10	4,161	3,765	-	-
Other current assets		540	439	-	-
<b>Total current assets</b>		<b>19,838</b>	<b>15,047</b>	<b>3,100</b>	<b>4,190</b>
<b>Non-current assets</b>					
Property, plant and equipment	8	87,214	86,048	-	-
Investment properties	9	-	-	72,908	72,908
Non-current inventories	10	12,950	11,781	-	-
Equity accounted investments	11	18,723	14,002	18,723	14,002
Goodwill and intangible assets	12	7,745	7,820	-	-
Deferred tax assets		931	952	-	-
<b>Total non-current assets</b>		<b>127,563</b>	<b>120,603</b>	<b>91,631</b>	<b>86,910</b>
<b>Total assets</b>		<b>147,401</b>	<b>135,650</b>	<b>94,731</b>	<b>91,100</b>
<b>Current liabilities</b>					
Payables	13	5,706	4,250	564	614
Derivative financial instruments	7	79	86	79	86
Interest bearing liabilities	14	425	8,541	-	8,541
Current provisions		927	824	56	-
Other current liabilities		1,527	1,148	-	-
Income tax payable		977	199	-	-
Loan from the Company	14	-	-	3,946	4,052
<b>Total current liabilities</b>		<b>9,641</b>	<b>15,048</b>	<b>4,645</b>	<b>13,293</b>
<b>Non-current liabilities</b>					
Derivative financial instruments	7	44	86	44	86
Interest bearing liabilities	14	36,325	22,178	31,379	19,837
Non-current provisions		788	901	-	-
Other non-current liabilities		533	-	-	-
<b>Total non-current liabilities</b>		<b>37,690</b>	<b>23,165</b>	<b>31,423</b>	<b>19,923</b>
<b>Total liabilities</b>		<b>47,331</b>	<b>38,213</b>	<b>36,068</b>	<b>33,216</b>
<b>Net assets</b>		<b>100,070</b>	<b>97,437</b>	<b>58,663</b>	<b>57,884</b>
<b>Equity</b>					
<i>Equity Holders of Elanor Investors Limited</i>					
Contributed equity		41,589	41,589	-	-
Reserves		11,479	10,929	-	-
Retained profits/(accumulated losses)		(1,957)	(3,261)	-	-
<b>Parent entity interest</b>		<b>51,111</b>	<b>49,257</b>	<b>-</b>	<b>-</b>
<i>Equity Holders of Elanor Investment Fund</i>					
Contributed equity		45,460	45,460	45,460	45,460
Reserves		960	414	960	414
Retained profits/(accumulated losses)		2,539	2,306	12,243	12,010
<b>Non-controlling interest</b>		<b>48,959</b>	<b>48,180</b>	<b>58,663</b>	<b>57,884</b>
<b>Total equity attributable to stapled security holders:</b>					
- Elanor Investors Limited		51,111	49,257	-	-
- Elanor Investment Fund		48,959	48,180	58,663	57,884
<b>Total equity</b>		<b>100,070</b>	<b>97,437</b>	<b>58,663</b>	<b>57,884</b>

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 2015

	Note	Contributed equity	Asset Revaluation Reserve	Cash flow Hedge Reserve	Security Based Payment Reserve	Retained profits/ (accumulated losses)	Parent Entity Total Equity	Non- controlling interests	Total Equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated Group</b>									
Total equity at 1 July 2015		41,589	10,805	-	124	(3,261)	49,257	48,180	97,437
Profit / (loss) for the period						2,685	2,685	3,586	6,271
Other comprehensive income / (expense) for the period		-	478	-	-	-	478	466	944
<b>Total comprehensive income / (expense) for the period</b>		<b>-</b>	<b>478</b>	<b>-</b>	<b>-</b>	<b>2,685</b>	<b>3,163</b>	<b>4,052</b>	<b>7,215</b>
<b>Transactions with owners in their capacity as owners:</b>									
Contributions of equity, net of issue costs		-	-	-	-	-	-	-	-
Security-based payments		-	-	-	72	-	72	80	152
Distributions paid and payable		-	-	-	-	(1,381)	(1,381)	(3,353)	(4,734)
<b>Total equity at 31 December 2015</b>		<b>41,589</b>	<b>11,283</b>	<b>-</b>	<b>196</b>	<b>(1,957)</b>	<b>51,111</b>	<b>48,959</b>	<b>100,070</b>
<b>Consolidated Group</b>									
Total equity at 1 July 2014		-	-	-	-	-	-	-	-
Profit / (loss) for the period						(2,230)	(2,230)	294	(1,936)
Other comprehensive income / (expense) for the period		-	580	-	-	-	580	(145)	435
<b>Total comprehensive income / (expense) for the period</b>		<b>-</b>	<b>580</b>	<b>-</b>	<b>-</b>	<b>(2,230)</b>	<b>(1,650)</b>	<b>149</b>	<b>(1,501)</b>
<b>Transactions with owners in their capacity as owners:</b>									
Contributions of equity, net of issue costs		41,606	-	-	-	-	41,606	45,460	87,066
Security-based payments		-	-	-	118	-	118	-	118
Distributions paid and payable		-	-	-	-	-	-	-	-
<b>Total equity at 31 December 2014</b>		<b>41,606</b>	<b>580</b>	<b>-</b>	<b>118</b>	<b>(2,230)</b>	<b>40,074</b>	<b>45,609</b>	<b>85,683</b>

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 2015

	Note	Contributed equity	Asset Revaluation Reserve	Cash flow Hedge Reserve	Security Based Payment Reserve	Retained profits/ (accumulated losses)	Parent Entity Total Equity	Non- controlling interests	Total Equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>EIF Group</b>									
Total equity at 1 July 2015		45,460	450	(172)	136	12,010	57,884	-	57,884
Profit / (loss) for the period						3,586	3,586	-	3,586
Other comprehensive income / (expense) for the period		-	-	49	-	-	49	-	49
Share of reserves of Equity Accounted Investments		-	417	-	-	-	417	-	417
<b>Total comprehensive income / (expense) for the period</b>		-	<b>417</b>	<b>49</b>	-	<b>3,586</b>	<b>4,052</b>	-	<b>4,052</b>
<b>Transactions with owners in their capacity as owners:</b>									
Contributions of equity, net of issue costs		-	-	-	-	-	-	-	-
Security-based payments		-	-	-	80	-	80	-	80
Distributions paid and payable		-	-	-	-	(3,353)	(3,353)	-	(3,353)
<b>Total equity at 31 December 2015</b>		<b>45,460</b>	<b>867</b>	<b>(123)</b>	<b>216</b>	<b>12,243</b>	<b>58,663</b>	-	<b>58,663</b>
<b>Total equity at 31 December 2014</b>									
Total equity at 1 July 2014		-	-	-	-	-	-	-	-
Profit / (loss) for the period						294	294	-	294
Other comprehensive income / (expense) for the period		-	-	(145)	-	-	(145)	-	(145)
<b>Total comprehensive income / (expense) for the period</b>		-	-	<b>(145)</b>	-	<b>294</b>	<b>149</b>	-	<b>149</b>
<b>Transactions with owners in their capacity as owners:</b>									
Contributions of equity, net of issue costs		45,460	-	-	-	-	45,460	-	45,460
Security-based payments		-	-	-	-	-	-	-	-
Distributions paid and payable		-	-	-	-	-	-	-	-
<b>Total equity at 31 December 2014</b>		<b>45,460</b>	-	<b>(145)</b>	-	<b>294</b>	<b>45,609</b>	-	<b>45,609</b>

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 2015

	Consolidated Group 31 December 2015 \$'000	Consolidated Group 31 December 2014 \$'000	EIF Group 31 December 2015 \$'000	EIF Group 31 December 2014 \$'000
<b>Cash flows from operating activities</b>				
Receipts from customers	41,511	29,753	-	-
Payments to suppliers and employees	(33,138)	(26,671)	(582)	(100)
Interest received	41	13	12	8
Finance costs paid	(662)	(470)	(677)	(425)
Rent receipts from the Company	-	-	4,798	3,703
Income tax paid	(10)	-	-	-
<b>Net cash flows from operating activities</b>	<b>7,742</b>	<b>2,625</b>	<b>3,551</b>	<b>3,186</b>
<b>Cash flows from investing activities</b>				
Payments for business and asset acquisitions	-	(86,793)	-	(63,097)
Payment for long term inventory	(1,101)	-	-	-
Payments for property, plant and equipment	(2,042)	(803)	-	-
Payments for management rights	-	(1,650)	-	-
Payments made on behalf of associates	-	(169)	-	-
Payments for equity accounted investments	(4,640)	(13,139)	(4,640)	(13,139)
Distributions received from equity accounted investments	481	-	481	-
Acquisition and establishment costs	-	(3,945)	-	-
Loans to associates	-	(780)	-	(780)
Loans from Company	-	-	(106)	6,302
<b>Net cash flows from investing activities</b>	<b>(7,302)</b>	<b>(107,279)</b>	<b>(4,265)</b>	<b>(70,714)</b>
<b>Cash flows from financing activities</b>				
Net proceeds from borrowings	5,967	29,621	2,953	26,187
Proceeds from equity raisings	-	89,586	-	46,955
Costs associated with equity raisings	-	(6,740)	-	(2,210)
Distributions paid to unitholders	(4,734)	-	(3,353)	-
<b>Net cash flows from financing activities</b>	<b>1,233</b>	<b>112,467</b>	<b>(400)</b>	<b>70,932</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,673</b>	<b>7,813</b>	<b>(1,114)</b>	<b>3,404</b>
Cash and cash equivalents at the beginning of the period	7,488	-	3,437	-
<b>Cash at the end of the period</b>	<b>9,161</b>	<b>7,813</b>	<b>2,323</b>	<b>3,404</b>

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

# ELANOR INVESTORS GROUP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

### 1. Summary of significant accounting policies

Elanor Investors Group (Group or Consolidated Group) is a 'stapled' entity comprising of Elanor Investment Fund (Trust) and its controlled entities, and Elanor Investors Limited (EIL or Company) and its controlled entities. 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).

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2015.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

The significant policies which have been adopted in the preparation of these consolidated financial statements for the period ended 31 December 2015 are set out below.

#### (a) Basis of preparation

These interim financial reports do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2015 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

##### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, property, plant and equipment and derivative financial instruments held at fair value.

##### *Statement of Compliance*

The interim financial report has been prepared in accordance with the Corporations Act 2001, the Trust Constitution and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report.

##### *Critical accounting judgements and estimates*

The preparation of financial statements in conformity with Australian Accounting Standards may require the use of certain critical accounting estimates, and management to exercise its judgement in the process of applying the Group's accounting policies. The critical accounting judgements and estimates made include the determination of the parent entity in the stapled group, impairment testing of goodwill, brand name and equity accounted investments, and the determination of fair value for property, plant and equipment and investment properties. No other key assumptions concerning the future, or other estimates of uncertainty at the reporting date, have a significant risk of causing material adjustments to the financial statements in the next reporting period.

##### *Going Concern*

##### *EIF Group*

EIF Group's current liabilities exceeded its current assets by \$1.5 million as at 31 December 2015. The directors of Elanor Funds Management Limited, in its capacity as Responsible Entity of EIF Group, have received a letter of loan subordination from the Company indicating that it confirms its intention to not require repayment of the loan owed by EIF Group of \$3.9 million to enable EIF Group to continue as a going concern and meet its financial obligations as and when they fall due, for at least 12 months from the date of signing of the Group's financial statements for the half year ended 31 December 2015.

## ELANOR INVESTORS GROUP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

**(b) Application of new and revised Accounting Standards not yet effective**

A number of Australian Accounting Standards and Interpretations are in issue but are not effective for the current period. The potential impact of these other Standards and Interpretations has not yet been fully determined. The Group and the EIF Group does not intend to adopt any of these announcements before their effective dates. These include:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 January 2016	30 June 2017
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1 January 2016	30 June 2017
AASB 9 Financial Instruments, and the relevant amending standards	1 January 2018	30 June 2019
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments – Part C	1 January 2018	30 June 2019
AASB 15 Revenue	1 January 2018	30 June 2019

Additionally, at the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
IFRS 16 Leases	1 January 2019	30 June 2020

# ELANOR INVESTORS GROUP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

### 2. Revenue from operating activities

	Consolidated Group 31 December 2015 \$'000	Consolidated Group 31 December 2014 \$'000	EIF Group 31 December 2015 \$'000	EIF Group 31 December 2014 \$'000
Revenue from hotels	12,214	10,412	-	-
Revenue from wildlife park	5,715	5,007	-	-
Revenue from sale of furniture	9,430	9,673	-	-
Funds management fee income	5,110	2,124	-	-
<b>Revenue from operating activities</b>	<b>32,469</b>	<b>27,216</b>	<b>-</b>	<b>-</b>

### 3. Income tax expense

	Consolidated Group 31 December 2015 \$'000	Consolidated Group 31 December 2014 \$'000	EIF Group 31 December 2015 \$'000	EIF Group 31 December 2014 \$'000
<b>(a) Income tax expense</b>				
Current tax expense	788	664	-	-
Deferred tax expense	22	(1,373)	-	-
	<b>810</b>	<b>(709)</b>	<b>-</b>	<b>-</b>

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

Profit / (loss) from continuing operations before income tax expense:	7,081	(2,645)	3,586	294
Less: Profit / (loss) from the Trust (which is not taxable)	3,586	294	3,586	294
Prima facie profit / (loss)	3,495	(2,939)	-	-
Tax at the Australian tax rate of 30%	1,049	(882)	-	-
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Entertainment	8	6	-	-
Non-deductible expenses	28	-	-	-
Non-deductible depreciation and amortisation	182	358	-	-
Amounts recognised on acquisition of subsidiary	-	(191)	-	-
Insurance proceeds on plant and equipment	(457)	-	-	-
<b>Income tax expense / (benefit)</b>	<b>810</b>	<b>(709)</b>	<b>-</b>	<b>-</b>

### 4. Other Income

	Consolidated Group 31 December 2015 \$'000	Consolidated Group 31 December 2014 \$'000	EIF Group 31 December 2015 \$'000	EIF Group 31 December 2014 \$'000
Stock and equipment Insurance claim income*	2,055	-	-	-
Business interruption claim income*	1,342	-	-	-
Material damage Insurance claim income*	1,616	-	-	-
Other income	342	5	-	-
<b>Total Other Income</b>	<b>5,355</b>	<b>5</b>	<b>-</b>	<b>-</b>

\*Refer to Note 23 for further information.

# ELANOR INVESTORS GROUP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

### 5. Other expenses

	Consolidated Group 31 December 2015 \$'000	Consolidated Group 31 December 2014 \$'000	EIF Group 31 December 2015 \$'000	EIF Group 31 December 2014 \$'000
Stock write-off (John Cootes fire related)*	1,924	-	-	-
PPE write-off (John Cootes fire related)*	34	-	-	-
Motor vehicles write-off (John Cootes fire related)*	55	-	-	-
Other fire related expenses*	464	-	-	-
Other expenses	1,579	1,460	82	66
<b>Total Other expenses</b>	<b>4,056</b>	<b>1,460</b>	<b>82</b>	<b>66</b>

\*Refer to Note 23 for further information.

### 6. Distributions

#### (a) Consolidated Group

The following distributions were declared by the Consolidated Group post balance date:

	Distribution cents per stapled security	Total amount \$'000
Distributions for the half year ended 31 December 2015*	7.31	5,163
Distributions for the half year ended 31 December 2014	5.20	3,675

\* The distribution of 7.31 cents per stapled security for the period ended 31 December 2015 was not declared prior to 31 December 2015. Please refer to the Director's Report for the calculation of Core Earnings and the Distribution.

#### (b) EIF Group

The following distributions were declared by the EIF Group post balance date:

	Distribution cents per unit	Total amount \$'000
Distributions for the half year ended 31 December 2015*	5.05	3,569
Distributions for the half year ended 31 December 2014	4.32	3,051

\* The distribution of 5.05 cents per stapled security for the period ended 31 December 2015 was not declared prior to 31 December 2015. Please refer to the Director's Report for the calculation of Core Earnings and the Distribution.

### 7. Derivative financial instruments

	Consolidated Group 31 December 2015 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 31 December 2015 \$'000	EIF Group 30 June 2015 \$'000
<b>Current liabilities</b>				
Interest rate swaps	79	86	79	86
<b>Total current liabilities</b>	<b>79</b>	<b>86</b>	<b>79</b>	<b>86</b>
<b>Non-current liabilities</b>				
Interest rate swaps	44	86	44	86
<b>Total non-current liabilities</b>	<b>44</b>	<b>86</b>	<b>44</b>	<b>86</b>
<b>Total Derivative financial instruments</b>	<b>123</b>	<b>172</b>	<b>123</b>	<b>172</b>

#### Interest rate swaps

The Group has entered into an interest rate swap agreement with a notional principal amount totalling A\$10 million that entitles it to receive interest, at quarterly intervals, at a floating rate on the notional principal and oblige it to pay interest at a fixed rate. The interest rate swap agreements allow the Group to raise long term borrowings at a floating rate and effectively swap them into a fixed rate.



## ELANOR INVESTORS GROUP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

#### 8. Property, plant and equipment

##### Consolidated Group

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the current period is set out below:

	Consolidated Group 31 December 2015 \$'000	Consolidated Group 30 June 2015 \$'000
Carrying amount at the beginning of the period	86,048	-
Total cost on acquisition	-	78,131
Fair value decrement	-	(2,319)
Additions	2,042	1,734
Depreciation	(1,354)	(2,303)
Revaluation increments	478	10,805
<b>Carrying amount at the end of the period</b>	<b>87,214</b>	<b>86,048</b>

##### Property

The following table represents the total fair value of property, plant and equipment at 31 December 2015, including movements since acquisition.

		Total Cost	Accumulated Depreciation	Cumulative revaluation increments/ (decrements)	Consolidated Fair Value		Total Cost	Accumulated Depreciation	Cumulative revaluation increments/ (decrements)	Consolidated Fair Value
	31 December 2015	31 December 2015	31 December 2015	31 December 2015	31 December 2015		30 June 2015	30 June 2015	30 June 2015	30 June 2015
Note	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
Cradle Mountain Lodge	(1)	29,561	(1,714)	9,153	37,000		29,281	(1,117)	8,836	37,000
Eaglehawk Hotel	(2)	20,023	(1,023)	(1,254)	17,746		19,661	(665)	(1,254)	17,742
Wollongong Hotel	(3)	8,334	(461)	627	8,500		8,328	(294)	466	8,500
Albany Hotel	(4)	5,388	(85)	(44)	5,259		5,337	(43)	(44)	5,250
Featherdale Wildlife Park	(5)	13,829	(149)	1,464	15,144		13,627	(91)	1,464	15,000
Other		4,772	(225)	(982)	3,565		3,631	(93)	(982)	2,556
<b>Total</b>		<b>81,907</b>	<b>(3,657)</b>	<b>8,964</b>	<b>87,214</b>		<b>79,865</b>	<b>(2,303)</b>	<b>8,486</b>	<b>86,048</b>

(1) At 31 December 2015, the Directors assessed the fair value of the property, plant and equipment of the Cradle Mountain Lodge to be \$37m.

(2) At 31 December 2015, the Directors assessed the fair value of the property, plant and equipment of the Eaglehawk Hotel to be \$17.7m.

(3) At 31 December 2015, the Directors assessed the fair value of the property, plant and equipment of the Wollongong Hotel to be \$8.5m.

(4) At 31 December 2015, the Directors assessed the fair value of the property, plant and equipment of the Albany Hotel to be \$5.3m.

(5) At 31 December 2015, the Directors assessed the fair value of the property, plant and equipment of the Featherdale Wildlife Park to be \$15.1m.

## ELANOR INVESTORS GROUP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

#### 9. Investment properties

##### EIF Group

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

	EIF Group 31 December 2015 \$'000	EIF Group 30 June 2015 \$'000
Carrying amount at the beginning of the period	72,908	-
Total cost on acquisition	-	63,205
Fair value decrement on acquisition	-	-
Additions	-	-
Revaluation increments	-	9,703
<b>Carrying amount at the end of the period</b>	<b>72,908</b>	<b>72,908</b>

##### **Property**

The following table represents the total fair value of investment properties at 31 December 2015, including movements since acquisition.

		Consolidated Fair Value	Consolidated Fair Value
	Note	31 December 2015 \$'000	30 June 2015 \$'000
Cradle Mountain Lodge	(1)	34,365	34,365
Eaglehawk Hotel	(1)	14,776	14,776
Wollongong Hotel	(1)	7,117	7,117
Albany Hotel	(1)	5,057	5,057
Featherdale Wildlife Park	(1)	11,593	11,593
<b>Total</b>		<b>72,908</b>	<b>72,908</b>

##### Notes

(1) These values relate to land and buildings held by the Trust only. Refer to Note 8 - Property, plant and equipment for the full valuation.

# ELANOR INVESTORS GROUP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

### 10. Inventories

	Consolidated Group 31 December 2015 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 31 December 2015 \$'000	EIF Group 30 June 2015 \$'000
<b>Current</b>				
Goods held for resale	4,161	3,765	-	-
<b>Total current</b>	<b>4,161</b>	<b>3,765</b>	-	-
<b>Non-current</b>				
Property Inventory	12,950	11,781	-	-
<b>Total non-current</b>	<b>12,950</b>	<b>11,781</b>	-	-

### 11. Equity accounted investments

	Percentage Ownership 31 December 2015	Percentage Ownership 30 June 2015	Consolidated Group 31 December 2015 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 31 December 2015 \$'000	EIF Group 30 June 2015 \$'000
193 Clarence Hotel Fund	10.00%	10.00%	1,158	1,160	1,158	1,160
Bell City Funds	18.19%	17.47%	12,406	12,222	12,406	12,222
Auburn Central Syndicate	1.85%	1.85%	629	620	629	620
Elanor Retail Property Fund	10.69%	-	3,125	-	3,125	-
Limestone Street Centre Syndicate	8.19%	-	1,405	-	1,405	-
<b>Total equity accounted investments</b>			<b>18,723</b>	<b>14,002</b>	<b>18,723</b>	<b>14,002</b>

### 12. Intangible assets

	Consolidated Group 31 December 2015 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 31 December 2015 \$'000	EIF Group 30 June 2015 \$'000
Management Rights	1,500	1,500	-	-
Accumulated amortisation	(225)	(150)	-	-
<b>Total Management Rights</b>	<b>1,275</b>	<b>1,350</b>	-	-
Brands	1,660	1,660	-	-
Accumulated impairment charge	-	-	-	-
<b>Total Brands</b>	<b>1,660</b>	<b>1,660</b>	-	-
Goodwill at cost	4,810	4,810	-	-
Accumulated impairment charge	-	-	-	-
<b>Total Goodwill</b>	<b>4,810</b>	<b>4,810</b>	-	-
<b>Total intangible assets</b>	<b>7,745</b>	<b>7,820</b>	-	-

# ELANOR INVESTORS GROUP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

### 12. Intangible assets (continued)

	Consolidated Group 31 December 2015 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 31 December 2015 \$'000	EIF Group 30 June 2015 \$'000
<b>Management Rights</b>				
Opening net book amount	1,350	-	-	-
Additions	-	1,500	-	-
Amortisation	(75)	(150)	-	-
Closing net book amount	1,275	1,350	-	-
<b>Brands</b>				
Opening net book amount	1,660	-	-	-
Additions	-	1,660	-	-
Accumulated impairment charge	-	-	-	-
Closing net book amount	1,660	1,660	-	-
<b>Goodwill</b>				
Opening net book amount	4,810	-	-	-
Additions	-	4,810	-	-
Accumulated impairment charge	-	-	-	-
Closing net book amount	4,810	4,810	-	-
<b>Total intangible assets</b>	<b>7,745</b>	<b>7,820</b>	<b>-</b>	<b>-</b>

### 13. Payables

	Consolidated Group 31 December 2015 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 31 December 2015 \$'000	EIF Group 30 June 2015 \$'000
Trade creditors	1,568	1,265	-	-
Related party payables	-	-	84	171
Accrued expenses	2,972	2,148	283	273
GST payable	1,124	570	197	170
Tax payable	42	267	-	-
<b>Total payables</b>	<b>5,706</b>	<b>4,250</b>	<b>564</b>	<b>614</b>

# ELANOR INVESTORS GROUP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

### 14. Interest bearing liabilities

	Consolidated Group 31 December 2015 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 31 December 2015 \$'000	EIF Group 30 June 2015 \$'000
<b>Current</b>				
Bank loan - term debt	425	8,559	-	8,559
Borrowing Costs less amortisation	-	(18)	-	(18)
Loan from the Company	-	-	3,946	4,052
<b>Total current</b>	<b>425</b>	<b>8,541</b>	<b>3,946</b>	<b>12,593</b>
<b>Non-current</b>				
Bank loan - term debt	36,576	22,396	31,559	20,000
Borrowing Costs less amortisation	(251)	(218)	(180)	(163)
<b>Total non-current</b>	<b>36,325</b>	<b>22,178</b>	<b>31,379</b>	<b>19,837</b>
<b>Total interest bearing liabilities</b>	<b>36,750</b>	<b>30,719</b>	<b>35,325</b>	<b>32,430</b>

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 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.

#### Credit facilities

As at 31 December 2015, the Group had unrestricted access to the following credit facilities:

	Consolidated Group 31 December 2015 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 31 December 2015 \$'000	EIF Group 30 June 2015 \$'000
A\$ trade credit facility	500	500	-	-
Amount used	(425)	(396)	-	-
<b>Amount unused</b>	<b>75</b>	<b>104</b>	<b>-</b>	<b>-</b>
Working Capital facility	8,500	5,000	8,500	5,000
Amount used	(5,017)	(2,000)	(5,017)	(2,000)
<b>Amount unused</b>	<b>3,483</b>	<b>3,000</b>	<b>3,483</b>	<b>3,000</b>
Term debt facility	33,559	28,559	33,559	28,559
Amount used	(31,559)	(28,559)	(31,559)	(28,559)
<b>Amount unused</b>	<b>2,000</b>	<b>-</b>	<b>2,000</b>	<b>-</b>
Total facility	42,559	34,059	42,059	33,559
Total amount used	(37,001)	(30,955)	(36,576)	(30,559)
<b>Total amount unused</b>	<b>5,558</b>	<b>3,104</b>	<b>5,483</b>	<b>3,000</b>

#### Consolidated Group

The Group has access to a A\$42.56 million facility, upon which both the Company and the Trust can draw. The drawn amount at 31 December 2015 of A\$37.0 million of the AUD facility will mature on 11 July 2017. At 31 December 2015, the amount of drawn facilities is hedged to 27%.

All of the facilities have a variable interest rate. As detailed in Note 7, the interest rates on the loans are partially fixed using interest rate swaps. The weighted average annual interest rates payable of the loans at 31 December 2015, including the impact of the interest rate swaps, is 4.12% per annum.

#### EIF Group

The EIF Group has access to a \$42.06 million facility, upon which both the Company and the Trust can draw. The drawn amount at 31 December 2015 of \$36.6million of the AUD facility will mature on 11 July 2017. At 31 December 2015, the amount of drawn facilities is hedged to 28%.

All of the facilities have a variable interest rate. As detailed in Note 7, the interest rates on the loans are partially fixed using interest rate swaps. The weighted average annual interest rates payable of the loans at 31 December 2015, including the impact of the interest rate swaps, is 4.12% per annum.

# ELANOR INVESTORS GROUP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

### 15. Contributed equity

	No. of securities/ shares	Consolidated Group 31 December 2015 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 31 December 2015 \$'000	EIF Group 30 June 2015 \$'000
Opening balance	70,644,752	41,589	-	45,460	-
Additions	-	-	41,589	-	45,460
Closing balance	70,644,752	41,589	41,589	45,460	45,460
<b>Total Contributed Equity</b>		<b>41,589</b>	<b>41,589</b>	<b>45,460</b>	<b>45,460</b>

### 16. Reserves

	Consolidated Group 31 December 2015 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 31 December 2015 \$'000	EIF Group 30 June 2015 \$'000
<b>Asset revaluation reserve</b>				
Opening balance	11,255	-	450	-
Revaluation	478	10,805	-	-
Transfer to retained profits - realised items	-	-	-	-
Equity Accounted Investment Revaluation Reserve	417	450	417	450
Closing balance	12,150	11,255	867	450
<b>Cash flow hedge reserve</b>				
Opening balance	(172)	-	(172)	-
Revaluation	49	(172)	49	(172)
Transfer to retained profits - realised items	-	-	-	-
Closing balance	(123)	(172)	(123)	(172)
<b>Stapled security-based payment reserve</b>				
Opening balance	260	-	136	-
Loan Securities and Option expense	152	260	80	136
Closing balance	412	260	216	136
<b>Total reserves</b>	<b>12,439</b>	<b>11,343</b>	<b>960</b>	<b>414</b>

The asset revaluation reserve is used to record increments and decrements on the revaluation of property, plant and equipment.

The cash flow hedge reserve is used to recognise increments and decrements in the fair value of cash flow hedges.

The stapled security-based payment reserve is used to recognise the fair value of loan securities and options issued to employees but not yet exercised under the Group's DSTI and LTIP.

# ELANOR INVESTORS GROUP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

### 17. Retained profits / (Accumulated losses)

	Consolidated Group 31 December 2015 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 31 December 2015 \$'000	EIF Group 30 June 2015 \$'000
Opening balance	(955)	-	12,010	-
Profit / (loss) for the period	6,271	2,720	3,586	15,061
Available for distribution	5,316	2,720	15,596	15,061
Transfer from asset revaluation reserve	-	-	-	-
Distributions paid	(4,734)	(3,675)	(3,353)	(3,051)
<b>Closing balance</b>	<b>582</b>	<b>(955)</b>	<b>12,243</b>	<b>12,010</b>

The distribution of ENN Group of 7.31 cents per stapled security for the half year ended 31 December 2015 totalling \$5.2 million had not been declared at half year end. This will be paid on or before 4 March 2016.

The distribution of EIF Group of 5.05 cents per stapled security for the half year ended 31 December 2015 totalling \$3.6 million had not been declared at half year end. This will be paid on or before 4 March 2016.

### 18. Net tangible assets

	Consolidated Group 31 December 2015 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 31 December 2015 \$'000	EIF Group 30 June 2015 \$'000
Net tangible assets are calculated as follows:				
Total assets	147,401	135,650	94,731	91,100
Less: Intangible assets	(7,745)	(7,820)	-	-
Less: Total liabilities	(47,331)	(38,213)	(36,068)	(33,216)
<b>Net tangible assets</b>	<b>92,325</b>	<b>89,617</b>	<b>58,663</b>	<b>57,884</b>
Total number of stapled securities on issue	70,645	70,645	70,645	70,645
Net tangible asset backing per stapled security / unit	\$ 1.31	\$ 1.27	\$ 0.83	\$ 0.82

# ELANOR INVESTORS GROUP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

### 19. Segment information

#### 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 2015, the Funds Management division has approximately \$390 million of external investments under management, being the Managed Investments;

#### *Hotels, Tourism and Leisure*

Hotels, Tourism and Leisure originates investment and fund management assets. The current investment portfolio includes Peppers Cradle Mountain Lodge, Featherdale Wildlife Park, Ibis Styles Canberra Eaglehawk Hotel, Mantra Wollongong Hotel and Ibis Styles Albany Hotel along with co-investment in 193 Clarence Hotel syndicate and four Bell City syndicates. Hotels, Tourism and Leisure also manages these syndicates;

#### *Real Estate*

Real Estate originates investment and fund management assets. The current investment portfolio comprises an investment in Auburn Central Syndicate and Elanor Retail Property Fund. Real Estate manages Elanor Retail Property Fund (Manning Mall and Glenorchy Shopping Centre), Super A Mart, John Cootes Diversified Property, Auburn Central syndicate and Limestone Street Centre Syndicate;

#### *Special Situations Investments*

The Special Situations Investments contains the John Cootes Furniture business and the property associated with John Cootes Furniture business at Merrylands, NSW.

The main income statement items used by management to assess each of the divisions are divisional revenue and divisional EBITDA. In addition, depreciation and amortisation are analysed by division. Each of these income statement items is looked at after adjusting for transaction and establishment costs, amortisation of intangible assets and impairment of goodwill.

#### Consolidated Group - 31 December 2015

	Funds Management	Hotels, Tourism & Leisure	Real Estate	Special Situations Investments	Unallocated Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from trading activities	5,110	12,214		14,749	62	32,135
Revenue from wildlife parks	-	5,715	-	-	-	5,715
Share of profit of equity accounted investments	-	107	39	-	-	146
Operating expense	(995)	(12,889)	(1)	(12,512)	(2,444)	(28,841)
Divisional EBITDA	4,115	5,147	38	2,237	(2,382)	9,155
Depreciation and amortisation	(75)	(1,220)	-	(60)	(90)	(1,445)
Divisional EBIT	4,040	3,927	38	2,177	(2,472)	7,710
Transaction and establishment costs not included in divisional EBIT					-	-
Interest income	9	12	-	11	12	44
Amortisation of Borrowing costs					(63)	(63)
Borrowing costs					(610)	(610)
Net tax benefit / (expense)					(810)	(810)
<b>Profit/(loss) for the half year</b>	<b>4,049</b>	<b>3,939</b>	<b>38</b>	<b>2,188</b>	<b>(3,943)</b>	<b>6,271</b>
Total assets	3,968	105,083	5,158	28,105	5,088	147,401



# ELANOR INVESTORS GROUP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

### 19. Segment information (continued)

#### Consolidated Group - 31 December 2014

	Funds Management	Hotels, Tourism & Leisure	Real Estate	Special Situations Investments	Unallocated Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from trading activities	2,124	15,430	-	9,701	20	27,275
Operating expense	(209)	(11,493)	-	(8,768)	(1,627)	(22,097)
Divisional EBITDA	1,915	3,937	-	933	(1,607)	5,178
Depreciation and amortisation	(75)	(1,085)	-	(16)	(12)	(1,188)
Divisional EBIT	1,840	2,852	-	917	(1,619)	3,990
Transaction and establishment costs not included in divisional EBIT					(6,115)	(6,115)
Interest income					12	12
Amortisation of Borrowing costs					(50)	(50)
Borrowing costs					(482)	(482)
Net tax benefit / (expense)					709	709
<b>Profit/(loss) for the half year</b>	<b>1,840</b>	<b>2,852</b>	<b>-</b>	<b>917</b>	<b>(7,545)</b>	<b>(1,936)</b>
Total assets	2,112	93,287	-	23,249	3,835	122,483

#### EIF Group - 31 December 2015

	Funds Management	Hotels, Tourism & Leisure	Real Estate	Special Situations Investments	Unallocated Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from trading activities	-	4,383	-	-	-	4,383
Share of profit of equity accounted investments	-	107	39	-	-	146
Operating expense	-	(2)	(1)	-	(148)	(151)
Divisional EBITDA	-	4,488	38	-	(148)	4,378
Depreciation and amortisation	-	-	-	-	-	-
Divisional EBIT	-	4,488	38	-	(148)	4,378
Fair value adjustment on revaluation of investment property	-	-	-	-	-	-
Interest income	-	10	-	-	2	12
Responsible Entity management fee expense	-	-	-	-	(65)	(65)
Amortisation of Borrowing costs	-	-	-	-	(48)	(48)
Borrowing costs	-	-	-	-	(691)	(691)
<b>Profit/(loss) for the half year</b>	<b>-</b>	<b>4,498</b>	<b>38</b>	<b>-</b>	<b>(950)</b>	<b>3,586</b>
Total assets	-	88,729	5,158	-	843	94,731

# ELANOR INVESTORS GROUP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

### 19. Segment information (continued)

#### EIF Group - 31 December 2014

	Funds Management	Hotels, Tourism & Leisure	Real Estate	Special Situations Investments	Unallocated Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from trading activities	-	3,927		-	8	3,935
Operating expense	-	-		-	-	-
Divisional EBITDA	-	3,927		-	8	3,935
Depreciation and amortisation	-	-		-	-	-
Divisional EBIT	-	3,927		-	8	3,935
Transaction and establishment costs not included in divisional EBIT					(3,677)	(3,677)
Fair value adjustment on revaluation of investment property					580	580
Responsible Entity management fee expense					(65)	(65)
Amortisation of Borrowing costs					(38)	(38)
Borrowing costs					(441)	(441)
<b>Profit/(loss) for the half year</b>	<b>-</b>	<b>3,927</b>		<b>-</b>	<b>(3,633)</b>	<b>294</b>
Total assets	-	79,420	-	-	143	79,563

### 20. Fair value measurement of financial and non-financial instruments

The Group recognises the following assets and liabilities at fair value on a recurring basis:

- \* Investment Properties
- \* Property, plant and equipment
- \* Financial assets and liabilities carried at fair value through profit and loss or reserves

#### (a) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy.

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the Consolidated Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2015 on a recurring basis:

# ELANOR INVESTORS GROUP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

### 20. Fair value measurement of financial and non-financial instruments (continued)

<b>Consolidated Group December 2015</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>				
Derivatives at fair value through reserves	-	-	-	-
<b>Total assets</b>	-	-	-	-
<b>Financial liabilities</b>				
Derivatives at fair value through reserves	-	(123)	-	(123)
<b>Total liabilities</b>	-	<b>(123)</b>	-	<b>(123)</b>

  

<b>Consolidated Group June 2015</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>				
Derivatives at fair value through reserves	-	-	-	-
<b>Total assets</b>	-	-	-	-
<b>Financial liabilities</b>				
Derivatives at fair value through reserves	-	(172)	-	(172)
<b>Total liabilities</b>	-	<b>(172)</b>	-	<b>(172)</b>

The following table presents the EIF Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2015 on a recurring basis:

<b>EIF Group December 2015</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>				
Derivatives at fair value through reserves	-	-	-	-
<b>Total assets</b>	-	-	-	-
<b>Financial liabilities</b>				
Derivatives at fair value through reserves	-	(123)	-	(123)
<b>Total liabilities</b>	-	<b>(123)</b>	-	<b>(123)</b>

  

<b>EIF Group June 2015</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>				
Derivatives at fair value through reserves	-	-	-	-
<b>Total assets</b>	-	-	-	-
<b>Financial liabilities</b>				
Derivatives at fair value through reserves	-	(172)	-	(172)
<b>Total liabilities</b>	-	<b>(172)</b>	-	<b>(172)</b>

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is not applicable for the Group or the EIF Group.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

All of the resulting fair value estimates are included in level 2. There are no level 3 financial instruments in either the Group or the EIF Group.

# ELANOR INVESTORS GROUP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

### 21. Contingent liabilities and commitments

Unless otherwise disclosed in the financial statements, there are no material contingent liabilities.

### 22. Related party disclosures

Other than as disclosed elsewhere, the Group discloses the following related party transactions for the period to 31 December 2015.

#### Responsible Entity fees

Elanor Funds Management Limited acted as Trustee and Manager and/or Custodian of a number of unregistered managed investment schemes, including schemes where the Group also held an investment. Elanor Funds Management Limited 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. Elanor Funds Management Limited 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 fee income earned and expenses recovered for the period to 31 December 2015 from these managed investment schemes is provided below:

	<b>Consolidated Group 31 December 2015 \$'000</b>	<b>EIF Group 31 December 2015 \$'000</b>
Manning Mall Syndicate	1,423	-
Griffin Plaza Syndicate	1,054	-
Super A Mart Auburn Syndicate	93	-
John Cootes Diversified Property Syndicate	84	-
193 Clarence Hotel Fund	296	-
Bell City Funds	1,140	-
Auburn Central Syndicate	401	-
Limestone Syndicate	575	-
Elanor Retail Property Fund	364	-
<b>Total</b>	<b>5,430</b>	<b>-</b>

For the half-year ended 31 December 2015, fees of \$311,281 were paid or payable to the Directors of the Responsible Entity and the Company in respect of their services provided.

# ELANOR INVESTORS GROUP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

### 23. Significant events

John Cootes Furniture – Yennora Warehouse Fire

As noted in the Group's 30 June 2015 Financial Report, on 27 July 2015, the John Cootes Furniture warehouse in Orchardleigh Street, Yennora sustained major damage as a result of a fire. The entire contents of the building, primarily stock and plant and equipment of the John Cootes Furniture business was destroyed and the building was unable to be recovered.

The Group has been actively working with the Company's insurer, and the status of the relevant insurance claims are set out below.

Loss of stock: \$2.0 million. This claim has now been fully settled as at 31 December 2015. This amount has been included in other income in the profit and loss for the first half to 31 December 2015.

Loss of plant and equipment (including other non-stock contents): \$1.7 million. This claim has now been fully settled as at 31 December 2015. This amount has been included in other income in the profit and loss for the first half to 31 December 2015.

Business interruption: Two claims have been lodged that relate to lost sales from the date of the fire on 27 July 2015 to 30 November 2015 along with claim preparation costs and additional costs of working. To date, progress payments of \$1.3 million have been received from the insurer, and have been included in other income in the profit and loss, for the first half to 31 December 2015.

A further Business Interruption progress claim for lost sales and lost gross margin for December 2015 is expected to be lodged in February 2016.

The summary of insurance claims included in the Group's results to 31 December 2015 is as follows:

Plant & Equipment:	\$1.7 million
Stock:	\$2.0 million
Business Interruption:	\$1.3 million
Total Insurance Recoveries:	\$5.0 million

The Group's profit result to 31 December 2015 incorporates all costs (including lost stock and plant and equipment) as a result of the fire, totalling \$2.5 million, as well as the \$5.0 million insurance proceeds received.

An adjustment has been made to reduce Core Earnings by \$1.52 million, reflecting the insurance recovery received for the loss of plant and equipment (net of the write off of the written down value of plant and equipment destroyed). This is because those proceeds will be used to purchase replacement plant and equipment required by the business.

### 24. Events occurring after reporting date

The Group is establishing a new multi asset managed fund, the Elanor Hospitality and Accommodation Fund (Fund). The Fund will comprise a portfolio of 6 Australian Hotels (including Cradle Mountain Lodge and Wollongong Hotel) with strong, diversified cash flows and significant redevelopment potential. At inception the Fund will have an asset portfolio of approximately \$95 million. Consistent with its strategy of aligning interests with investors, the Group will initially subscribe for a co-investment of approximately 40% of the Fund's equity. The Group intends to apply the majority of the net proceeds it receives from the transaction to reduce debt. The balance of the net proceeds will be utilised for working capital and future investment purposes.

Subsequent to the period end, a distribution of 7.31 cents per stapled security has been declared by the Board of Directors. The total distribution amount of \$5.2 million will be paid on or before 4 March 2016 in respect of the half year ended 31 December 2015.

Since the end of the period, 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 financial periods subsequent to the half year ended 31 December 2015.

# 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 13 to 35 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's financial position as at 31 December 2015 and of their performance, for the financial half year ended on that date; and
  
- (b) there are reasonable grounds to believe that the Group and EIF 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  
24 February 2016

## **Independent Auditor's Review Report to the Stapled Security Holders of Elanor Investors Limited and Elanor Investment Fund**

We have reviewed the accompanying half-year financial report of Elanor Investors Limited, and the accompanying financial report of Elanor Investment Fund, which comprise the consolidated balance sheets as at 31 December 2015, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of cash flows and the consolidated statements of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entities Elanor Investors Group ("the consolidated stapled entity") and Elanor Investment Fund as set out on pages 13 to 36. The consolidated stapled entity, as described in Note 1 to the financial report, comprises Elanor Investors Limited and the entities it controlled at the half-year's end or from time to time during the half-year, including Elanor Investment Fund and its controlled entities. Elanor Investment Fund, as described in Note 1 to the financial report, comprises Elanor Investment Fund and the entities it controlled at the half-year's end or from time to time during the half-year.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Elanor Investors Limited and Elanor Funds Management Limited, as responsible entity of Elanor Investment Fund, are responsible for the preparation of the half-year financial reports that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial reports that give a true and fair view and is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial reports based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial reports are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entities' financial position as at 31 December 2015 and their performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Elanor Investors Limited and Elanor Investment Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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 Liability limited by a scheme approved under Professional Standards Legislation.

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.

*Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Elanor Investors Limited and Elanor Funds Management Limited, as responsible entity of Elanor Investment Fund, would be in the same terms if given to the directors as at the time of this auditor's review report.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Elanor Investors Limited and Elanor Investment Fund are not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entities' financial positions as at 31 December 2015 and of their performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU  
DELOITTE TOUCHE TOHMATSU



AG Collinson  
Partner  
Chartered Accountants  
Sydney, 24 February 2016