

Appendix 4D

Half Year Report

For the half year ended 31 December 2023

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 2023
Previous corresponding period	Six month period ended 31 December 2022

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 2023.

Results for announcement to the market

Financial Performance

		A \$'000
Revenue from ordinary activities	Down 4.2% to	72,307
Profit/(loss) from ordinary activities after tax attributable to security holders	Down 207.3% to	(23,856)
Net profit/(loss) for the period attributable to security holders	Down 207.3% to	(23,856)
Core Earnings ¹	Down 19.5% to	8,284

Note 1: The variances have been calculated by comparing current period financial results to the reported results in the Appendix 4D as at 31 December 2022. 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.

Distribution

Current Period	Amount per unit
Interim Distribution ²	4.90 cents
Previous Corresponding Period	
Interim Distribution	7.51 cents

Note 2: The Interim Distribution is based on a payout ratio of 90% of Core Earnings. 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 2024.

The Record Date for determining entitlements to the Interim Distribution was 29 December 2023. The Interim Distribution is payable on 29 February 2024.

Net Tangible Assets

Current Period	Current Period
Consolidated net tangible asset backing per security	\$2.55
ENN Group net tangible asset backing per security	\$1.13
Previous Corresponding Period	
Consolidated net tangible asset backing per security	\$2.91
ENN Group net tangible asset backing per security	\$1.34

Control Gained over Entities during the Period

The following changes in control occurred within the Group during the half year:

- FP NewCo1 Pty Limited (wholly owned acquired on 7 July 2023 as part of the Challenger Real Estate Funds Management transaction)

Control Lost over Entities during the Period

None noted.

Details of any associates and Joint Venture entities

The Group' associates and joint venture entities and its percentage holding are set out below:

- 23.56% equity investment in Elanor Property Income Fund
- 12.56% equity investment in Elanor Commercial Property Fund (ASX:ECF)
- 25.00% equity investment in 1834 Hospitality
- 15.00% equity investment in Waverley Gardens Fund
- 13.77% equity investment in Harris Street Fund
- 7.10% equity investment in Riverton Forum Fund
- 5.87% equity investment in Hunters Plaza Syndicate
- 5.00% equity investment in Elanor Healthcare Real Estate Fund
- 1.72% equity investment in 55 Elizabeth Street Fund
- 1.04% equity investment in Belconnen Markets Syndicate

Accounting standards used by foreign entities

International Financial Reporting Standards.

Audit

The accounts have been subject to a review, with an unqualified report. 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 2023.

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 2023

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)

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ELANOR INVESTORS GROUP

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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 (the 'Group', 'Consolidated Group' or 'Elanor') and the interim financial report of the Elanor Investment Fund (the 'EIF Group') for the half year ended 31 December 2023 (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:

- Ian Mackie (Appointed as Chair from 1 January 2024, appointed as Director on 25 August 2023)
- Paul Bedbrook (resigned as Chair and Director on 31 December 2023)
- Glenn Willis (Managing Director and Chief Executive Officer of Elanor Investors Group)
- Nigel Ampherlaw
- Su Kiat Lim
- Anthony Fehon
- Karyn Baylis
- Victor Rodriguez (Appointed on 7 July 2023)
- Kathy Ostin (Appointed on 1 January 2024)

2. Principal activities

The principal activities of the Group are the management of investment funds 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 2023 comprise:

Distribution	Half Year Ended 31 December 2023
Interim Distribution	
Amount payable (cents per stapled security)	4.90
Payment date	29 February 2024

The Interim Distribution of 4.90 cents per stapled security compares to an Interim Distribution for the half year ended 31 December 2022 of 7.51 cents per stapled security.

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

4. Operating and financial review

OVERVIEW AND STRATEGY

Elanor is a funds management group with an investment focus on acquiring and unlocking value in real estate assets to generate superior risk adjusted returns. Elanor's highly active approach to asset management is fundamental to delivering investment outperformance.

Elanor's key investment sectors include the commercial office, healthcare real estate, retail real estate, industrial and logistics, and the accommodation hotels, tourism and leisure sectors.

During the period, Elanor increased its assets under management from \$3.0 billion to \$6.3 billion. The growth in assets under management has been supported by strong growth in the Group's institutional and private wholesale investors base (refer to page 4 and 5 for the tables detailing the Group's assets under management and co-investments and balance sheet investments as at 31 December 2023).

Challenger Real Estate Funds Management transaction

In July 2023, Elanor completed the acquisition of the right to manage the Challenger Limited's (Challenger) Australian real estate funds management portfolio for consideration of \$39.6 million. As part of the transaction, Elanor and Challenger also entered into a strategic partnership whereby Elanor has become Challenger's real estate funds management partner in Australia and New Zealand and Fidante (Challenger's multi-affiliate funds management business) is Elanor's exclusive distribution partner for its real estate managed funds.

The transaction delivered a step-change in size and scale for Elanor, increasing assets under management from \$3.0 billion to \$6.3 billion with the addition of two significant institutional real estate mandates in Challenger Life Company and the Abu Dhabi Investment Council (ADIC). The strategic partnership with Fidante, Challenger's market leading capital raising platform, further positions the Group for strong growth.

The transaction was completed on 7 July 2023, with Elanor issuing 24.8 million ENN securities as consideration, representing 16.6% of securities on issue at that time. 4.5 million of the new ENN securities were transferred to ADIC, resulting in Challenger's and ADIC's holding in Elanor representing approximately 13.6% and 3.0% of securities on issue, respectively. Elanor has also granted ADIC options to acquire up to 7.5 million additional Elanor securities at exercise prices of between \$2.25 to \$2.75 per security, with vesting milestones linked to ADIC committing a further \$0.5 billion in AUM.

This transaction is a milestone achievement for Elanor in the execution of its key strategic objective to become the leading Australian real estate funds management group known for delivering exceptional investment returns for its capital partners.

The completion of the Challenger transaction delivered significant Securityholder value through:

- Material Earnings Accretion;
- Size and Scale; the integration of Challenger's real estate business into Elanor's high calibre, scalable real estate funds management platform increased Elanor's assets under management by more than 2 times;
- Growth; the addition of two significant institutional capital partners in conjunction with exclusive capital raising arrangements with Fidante, Challenger's market leading funds management distribution platform; and
- Strategic Alignment; Challenger holds a 13.6% and ADIC holds a 3.0% interest in Elanor.

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

4. Operating and financial review (continued)

OVERVIEW AND STRATEGY (continued)

Funds Management Initiatives

In addition to the Challenger transaction, the significant funds management initiatives completed during the period included:

- acquisition of 55 Elizabeth Street, Brisbane for \$172 million into a new Elanor managed fund following a \$109 million, oversubscribed, capital raising. 55 Elizabeth Street is a fully leased, prime grade, carbon neutral Brisbane CBD commercial office building leased to the Commonwealth Government;
- established joint venture with ICON Developments (wholly owned subsidiary of Japanese Developer, Kajima Corporation) to develop a targeted \$250 million prime Australian logistics portfolio. Commenced exclusive due diligence to acquire a brownfield development opportunity in the north of Melbourne, Victoria;
- acquisition of the Panorama Retreat & Resort, located in the Dandenong Ranges, VIC, for \$10 million by Elanor Hotel Accommodation Fund (EHAF), from Elanor, following the repositioning and rebranding of the property into a regional accommodation hotel;
- acquisition of Leura Gardens in the Blue Mountains, NSW for \$20 million by EHAF, growing the portfolio of high investment quality regional and luxury accommodation hotel properties to approximately \$480 million.

Elanor's strong investment track record continues to drive demand from wholesale and institutional investors for the Group's managed funds. Elanor has a high calibre and scalable funds management platform with substantial capacity for growth. Further investments have been made in the platform during the period. Elanor is well positioned for significant growth in assets under management.

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 its investment portfolio:

Managed Funds

Funds	Location ²	Type	Gross Asset Value \$'m
Commercial Office			
Elanor Commercial Property Fund (ASX: ECF)	QLD (5), SA (1), WA (1), ACT (1)	Commercial office buildings	477.3
Harris Street Fund	Sydney, NSW	Commercial office building	167.7
Burke Street Fund	Woolloongabba, QLD	Commercial office building	82.6
Stirling Street Syndicate	Perth, WA	Commercial office building	35.2
Healthcare Real Estate			
Elanor Healthcare Real Estate Fund	QLD (4), WA (2)	Commercial healthcare properties	302.9
Retail Real Estate			
Elanor Property Income Fund	NSW (1), QLD (2), TAS (1)	Sub-regional and neighbourhood shopping centres	111.0
Waverley Gardens Fund	Mulgrave, VIC	Sub-regional shopping centre	208.7
Clifford Gardens Fund	Toowoomba, QLD	Neighbourhood shopping centre	173.9
Warrawong Plaza Fund	Warrawong, NSW	Sub-regional shopping centre	186.1
Fairfield Centre Syndicate	Fairfield, NSW	Neighbourhood shopping centre	115.2
Riverside Plaza Syndicate	Queanbeyan, NSW	Neighbourhood shopping centre	108.2
Belconnen Markets Syndicate	Canberra, ACT	Shopping centre	103.1
Hunters Plaza Syndicate	Auckland, NZ	Sub-regional shopping centre	56.0
Bluewater Square Syndicate	Redcliffe, QLD	Neighbourhood shopping centre	47.0
Riverton Forum Fund	Riverton, WA	Sub-regional shopping centre	113.3
Tweed Mall Syndicate	Tweed Heads, NSW	Sub-regional shopping centre	90.1
Hotels, Tourism and Leisure			
Elanor Hotel and Accommodation Fund	NSW (9), SA (4), ACT (3), VIC (2), TAS (1), WA (1)	Luxury and regional accommodation hotels	499.3
Elanor Wildlife Park Fund	NSW (3)	Leisure parks	67.3
Additions since 30 June 2023			
Elizabeth Street Fund	Brisbane, QLD	Commercial office building	175.3
Challenger Retail portfolio	NSW (3), TAS (1), WA (1), NT (1), France (1)	Sub-regional and neighbourhood shopping centres	696.0
Challenger Commercial portfolio	NSW (1), VIC (2), QLD (1), TAS (1), ACT (5)	Commercial office buildings	1,577.5
Challenger Industrial portfolio	NSW (1), NT (2)	Industrial and logistics assets	240.5
ADIC Retail portfolio	NSW (1), QLD (1)	Sub-regional and neighbourhood shopping centres	555.8
ADIC Hotel portfolio	QLD (1)	Luxury and regional accommodation hotels	81.9
Total Managed Funds¹			6,271.9

Note 1: The assets under management balance of \$6,271.9 million represents the gross asset value of the Group's Managed Funds as at 31 December 2023, including those funds that have been consolidated in the Group's financial statements. As at 31 December 2023, 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 Group's financial statements.

Note 2: The numbers included in brackets under the 'Location' column represents the number of assets within each state or country for the Group's multi-asset funds.

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

4. Operating and financial review (continued)

Investment Portfolio

Asset	Location	Type	Note	Carrying Value \$'m
1834 Hospitality	Adelaide, SA	Hotel management	2	3.8
Cougall Street	Southport, QLD	Commercial office building		2.1
				Co-Investments Value \$'m
Managed Fund				
Co-Investments				
Elanor Hotel and Accommodation Fund	NSW (9), SA (4), ACT (3), VIC (2), TAS (1), WA (1)	Luxury and regional accommodation hotels	1,3	68.6
Elanor Commercial Property Fund (ASX: ECF)	QLD (5), SA (1), WA (1), ACT (1)	Commercial office buildings	2	38.3
Elanor Property Income Fund	NSW (1), QLD (2), TAS (1)	Sub-regional and neighbourhood shopping centres	2	15.3
Waverley Gardens Fund	Mulgrave, VIC	Sub-regional shopping centre	2	11.3
Bluewater Square Syndicate	Redcliffe, QLD	Neighbourhood shopping centre	3	2.5
Elanor Wildlife Park Fund	NSW (3)	Leisure parks	3	15.2
Hunters Plaza Syndicate	Auckland, NZ	Sub-regional shopping centre	2	1.4
Belconnen Markets Syndicate	Canberra, ACT	Shopping centre	2	0.5
Stirling Street Syndicate	Perth, WA	Commercial office building	3	6.3
Harris Street Fund	Sydney, NSW	Commercial office building	2	5.5
Elanor Healthcare Real Estate Fund	QLD (4), WA (2)	Commercial healthcare properties	2	6.6
Riverton Forum Fund	Riverton, WA	Sub-regional shopping centre	2	9.0
Additions since 30 June 2023				
Elizabeth Street Fund	Brisbane, QLD	Commercial office building	2	1.9
Harris Street Fund	Sydney, NSW	Commercial office building		2.7
				-
Disposals since 30 June 2023				
Riverton Forum Fund	Riverton, WA	Sub-regional shopping centre		(4.7)
Elanor Property Income Fund	NSW (1), QLD (2), TAS (1)	Sub-regional and neighbourhood shopping centres		(0.7)
Elanor Hotel and Accommodation Fund	NSW (9), SA (4), ACT (3), VIC (2), TAS (1), WA (1)	Luxury and regional accommodation hotels		(4.7)
Total Investment Portfolio				180.9
Total Managed Funds and Investment Portfolio				6,452.8

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 measured 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 EHAF, EWPF, Stirling and the Bluewater have been consolidated in the financial statements. The amount shown assumes that the investments were accounted for using the equity method.

Update on the Group's Managed Funds

The Group's Managed Funds have performed well over the period despite challenging market conditions and the prevailing higher interest rate environment. Valuations of the Group's Managed Fund assets have been relatively stable, reducing by approximately 1.0% since 30 June 2023.

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

4. Operating and financial review (continued)

Commercial Office

The listed Elanor Commercial Property Fund (ASX: ECF) achieved its distribution guidance for the half year, reflecting the strength of the Fund's high investment quality commercial office properties and tenants, and the Fund's prudent capital management and interest rate hedging. Notwithstanding challenging market conditions, ECF's portfolio maintained high occupancy, well above industry occupancy levels, achieved strong like for like income growth and continued to deliver leasing success with positive leasing spreads. Softening capitalisation and discount rates have negatively impacted capital values, however this has been partially offset by positive upward movements in market rents.

The value of the Group's commercial managed fund portfolio increased by \$1,733.5 million during the half year to \$2,483.2 million as at 31 December 2023. The valuation increase was a result of the acquisition of the Challenger real estate funds management platform, and the acquisition of 55 Elizabeth Street, a Prime grade commercial office building in the Brisbane CBD. This valuation growth was offset by the decompression in the weighted average portfolio capitalisation rate.

The total assets under management for commercial office was \$2,515.6 million as at 31 December 2023.

Healthcare Real Estate

The Elanor Healthcare Real Estate Fund (EHREF) continues to perform strongly. The Fund is majority-owned by an Asian-based institutional real estate investor, with a strategy to grow the Fund's portfolio of core healthcare real estate assets.

Investor demand for high quality healthcare real estate continued to remain strong given the defensive characteristics and secure income of the sector.

The value of the healthcare real estate portfolio increased by \$1.0 million during the period to \$292.9 million as at 31 December 2023.

The total assets under management for healthcare real estate was \$302.9 million as at 31 December 2023.

Retail and Mixed-Use Real Estate

The Group's retail and mixed-use real estate managed funds continue to focus on investments in non-discretionary focused neighbourhood and sub-regional shopping centre assets. The retail portfolio experienced continued growth in customer visitation and trading activity over the period.

The retail real estate portfolio increased in value by \$1,231.5 million during the period to \$2,529.0 million at 31 December 2023, including the acquisition of Challenger and ADIC retail portfolios. The increase in portfolio value also reflects the significant development projects at Warrawong Plaza and Capital Food Market (Belconnen, ACT).

The Group also achieved significant progress across two new mixed-use development projects with the Tweed Mall Mixed-Use Real Estate Fund and the Riverside Mixed-Use Development Fund lodging development applications totalling over 1,500 dwellings combined.

The total assets under management for retail and mixed-use real estate was \$2,564.4 million as at 31 December 2023.

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

4. Operating and financial review (continued)

Hotels, Tourism and Leisure

The hotel accommodation sector continues to experience challenging market conditions. Hotel occupancy across the sector, particularly in regional markets, has been impacted by a decline in traveller confidence following consecutive interest rate rises and cost of living pressures, and the normalisation of visitation levels following impacts of COVID-19 lockdowns. Positively, average room rates continue to improve. Operating costs across the portfolio are being revised in line with prevailing market conditions to maximise profitability.

The value of the hotels, tourism and leisure portfolio increased by \$106.4 million during the period to \$562.2 million at 31 December 2023 (of which \$5.1 million was due to fair value movement on a like-for-like basis on the existing portfolio and \$111.3 million due to acquisitions in the portfolio). The growth in the portfolio valuation includes the acquisitions of Leura Gardens and Panorama Retreat & Resort and the acquisition of the ADIC hotel portfolio. Growth in the valuation of the portfolio also includes valuation improvements reflecting increased confidence in the growth of the business-to-business segments (corporate, wholesale, groups and conference and events) and average room rates at the Fund's hotels.

Total assets under management for hotels, tourism and leisure was \$579.5 million as at 31 December 2023.

Elanor Wildlife Park Fund

During the period, Featherdale Wildlife Park earnings continued to grow, driven by stronger international visitation, particularly from China, following the reinstatement of Australia on the Chinese Government's list of approved travel destinations in August 2023. Mogo Wildlife Park and Hunter Valley have normalised following COVID-19 related peaks.

For 31 December 2023, the total Wildlife Parks portfolio valuation remained stable at \$61.5 million.

The total assets under management for wildlife parks was \$67.3 million as at 31 December 2023.

Industrial and Logistics

The Group's Industrial and Logistics division is focused on last-mile 'develop to core' investment opportunities to capitalise on the strong tailwinds that are continuing to drive the sector.

In December 2023, the Group entered into a joint venture with ICON Developments (a wholly owned subsidiary of Japanese Developer, Kajima Corporation) to develop a targeted \$250.0 million prime Australian logistics portfolio. The joint venture has entered exclusive due diligence for its first acquisition, a brownfield development opportunity located in the north of Melbourne, Victoria.

The total assets under management for the industrial portfolio was \$240.5 million as at 31 December 2023.

Summary

Notwithstanding the prevailing economic uncertainty across some of the Group's investment sectors, Elanor's Managed Funds are well positioned to grow earnings as market conditions continue to improve. The Group is well positioned to deliver strong investment returns for Elanor's capital partners. The Group has significantly grown assets under management following the completion of the Challenger real estate transaction.

The Group has a strong pipeline of high quality funds management opportunities emerging from the prevailing investment environment.

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

4. Operating and financial review (continued)

REVIEW OF FINANCIAL AND OPERATING RESULTS

Statutory results

The Consolidated Group recorded a net statutory loss after tax of \$23.9 million for the half year ended 31 December 2023 (31 December 2022: \$7.8 million loss).

At balance date, Elanor held a 26.82% (30 June 2023: 30.60%) interest in the Elanor Hotel Accommodation Fund (EHAF), a 42.82% (30 June 2023: 42.82%) interest in Elanor Wildlife Park Fund (EWPF), a 42.27% (30 June 2023: 42.27%) interest in the Bluewater Square Syndicate (Bluewater) and 42.98% (30 June 2023: 42.98%) in Stirling Street Syndicate (Stirling). For accounting purposes, Elanor is deemed to have a controlling interest in EHAF, EWPF, Bluewater and Stirling given its level of ownership and role as manager of the funds. This requires that the financial results and financial position of EHAF, EWPF, Bluewater and Stirling are consolidated into the financial statements of the Group for the half year ended 31 December 2023.

All other managed fund co-investments are accounted for using the equity method in the Group's consolidated financial statements.

Revenue from operating activities for the Consolidated Group for the half year ended 31 December 2023 was \$72.3 million, including strong growth in the Group's recurring funds management fees as a result of the execution of a range of strategic funds management initiatives.

The Consolidated Group's balance sheet as at 31 December 2023 reflects net assets of \$390.0 million and cash on hand of \$19.1 million.

The Consolidated Group recorded a statutory net loss after tax for the half year of \$23.9 million compared to statutory net loss after tax of \$7.8 million in the prior comparative period. Funds Management Revenue increased significantly from the prior comparative period. Total expenses have increased, reflecting increased borrowing costs as well as salary and employee benefit costs.

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

	Group	Group	EIF Group	EIF Group
	31 December	31 December	31 December	31 December
Summary Financial Results	2023	2022	2023	2022
Net profit / (loss) after tax (\$'000)	(23,856)	(7,762)	(14,355)	5,667
Net loss attributable to ENN security holders (\$'000)	(13,565)	(348)	(4,366)	(4)
Statutory earnings per stapled security (cents)	(8.92)	(0.30)		
Statutory earnings per weighted average stapled security (cents)	(9.11)	(0.29)		
Net tangible assets (\$ per stapled security)	2.55	2.91	2.37	2.73
Gearing (net debt / total assets less cash) (%)	46.5	43.4	40.8	41.8

Adjusted Statement of Profit and Loss

The table below provides a reconciliation from the Group's statutory net loss after tax to the adjusted net loss after tax, presented on the basis that EHAF, EWPF, Bluewater and Stirling are equity accounted, rather than consolidated in accordance with Accounting Standards. Elanor considers that presenting the operating performance of the Group on this adjusted basis gives the most appropriate representation of the Group which is consistent with the management and reporting of the Group, and to provide a comparable basis for the presentation of prior period results. The results provided on this basis are presented as the 'ENN Group'.

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

4. Operating and financial review (continued)

REVIEW OF FINANCIAL AND OPERATIONAL RESULTS (continued)

	ENN Group 31 December 2023 \$'000	ENN Group 31 December 2022 \$'000
Statutory Net Loss After Tax	(23,856)	(7,762)
Adjustment to remove the impact of the consolidated statutory results of EHAF, EWPF, Stirling and Bluewater	16,345	5,726
Adjustment to include the impact of recognising the investments in EHAF, EWPF, Stirling and Bluewater using the equity method	(4,468)	(471)
Adjusted Net Loss After Tax	(11,979)	(2,507)

Set out below is a build up by component of the adjusted net loss after tax.

	ENN Group 31 December 2023 \$'000	ENN Group 31 December 2022 \$'000
Funds management income	28,735	29,909
Share of (loss) / profit from equity accounted investments	(9,372)	(1,618)
Revenue from investment portfolio	1,058	166
Operating expenses	(23,962)	(23,642)
EBITDA	(3,541)	4,815
Amortisation of contract asset	(2,386)	(467)
Depreciation and amortisation	(2,126)	(1,718)
EBIT	(8,053)	2,630
Fair value revaluation on financial assets and liabilities	–	508
Gain on sale of investments	2,057	90
Interest income	599	429
Borrowing costs	(4,637)	(3,580)
Net profit / (loss) before income tax expense	(10,034)	77
Income tax expense	(1,945)	(2,584)
Adjusted net loss after income tax	(11,979)	(2,507)

Core Earnings

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 Core Earnings' results for the period is set out below:

	ENN Group 31 December 2023	ENN Group 31 December 2022
Summary Financial Results		
Adjusted net loss after tax (\$'000)	(11,979)	(2,507)
(EHAF, EWPF, Stirling and Bluewater equity accounted)		
Core Earnings (\$'000)	8,284	10,290
Distributions paid / payable to security holders (\$'000)	7,456	9,261
Core earnings per stapled security (cents)	5.45	8.35
Core earnings per weighted average stapled security (cents)	5.56	8.66
Distributions (cents per stapled security / unit)	4.90	7.51
Net tangible assets (\$ per stapled security)	1.13	1.34
(EHAF, EWPF, Stirling and Bluewater equity accounted)		
Gearing (net debt / total assets less cash) (%)	31.3	27.2
(EHAF, EWPF, Stirling and Bluewater equity accounted)		

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

4. Operating and financial review (continued)

REVIEW OF FINANCIAL AND OPERATIONAL RESULTS (continued)

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

		ENN Group 31 December 2023 \$'000	ENN Group 31 December 2022 \$'000
Adjusted Net Loss After Tax		(11,979)	(2,507)
<i>Adjustments for items included in statutory profit / (loss)</i>			
Increase in equity accounted investments to reflect distributions received / receivable	2	12,296	6,391
Net (gain) / loss on disposals of equity accounted investments	3	706	289
Building depreciation expense	4	89	–
Amortisation amounts	5	5,129	2,629
Corporate transactions	6	1,853	–
Tax and other non-cash adjustments	7	190	3,488
Core Earnings	1	8,284	10,290

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: During the period, the Group (on the basis that EHAF, EWPF, Stirling and Bluewater are equity accounted) incurred total depreciation charges of \$1.2 million, however only the depreciation expense on buildings of \$0.1 million has been added back for the purposes of calculating Core Earnings.

Note 5: 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, contract assets acquired as part of the Challenger transaction, intangibles and borrowing costs. These amounts have been added back for the purposes of calculating Core Earnings.

Note 6: During the period, the Group incurred non-recurring profit and loss charges in respect of corporate transaction costs, including in respect of the Challenger real estate transaction. 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.

Funds Management Income

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

	ENN Group 31 December 2023 \$'000	ENN Group 31 December 2022 \$'000
Management fees and cost recoveries	21,348	14,507
Leasing and development management fees	2,380	2,808
Acquisition fees	5,007	6,150
Performance fees	–	6,444
Total funds management income	28,735	29,909

Note: Total funds management income includes \$5.2 million (31 December 2022: \$7.0 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.

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

4. Operating and financial review (continued)

REVIEW OF FINANCIAL AND OPERATIONAL RESULTS (continued)

The Group's funds management fees have grown strongly during the period primarily as a result of the Challenger real estate funds management transaction and the execution of a range of funds management initiatives. Leasing and development management fees continue to be a sustainable income stream as a result of the breadth of development and repositioning projects across the Group's Managed Funds in the Retail, Hotels, Industrial and Commercial sectors.

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 2023.

	ENN Group 31 December 2023 \$'000	ENN Group 31 December 2022 \$'000
Elanor Commercial Property Fund	1,692	1,869
Elanor Hotel Accommodation Fund	470	2,036
Elanor Property Income Fund	390	179
Elanor Healthcare Real Estate Fund	228	–
Riverton Forum Fund	42	–
Harris Street Fund	40	228
Waverley Gardens Syndicate	–	364
Stirling Street Syndicate	–	75
Hunters Plaza Syndicate	–	22
Total distributions received / receivable from Managed Funds	2,862	4,773

Note: As the Group consolidates Stirling, EHAF, EWPF 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 \$2.9 million.

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

4. Operating and financial review (continued)

REVIEW OF FINANCIAL AND OPERATIONAL RESULTS (continued)

Risk Management

Elanor's growth and success depends on its ability to evaluate and manage risk. Good risk management practices will not only protect established value, they will also assist in identifying and capitalising on opportunities to create value. By effectively evaluating and managing risk, the Group provides greater certainty and confidence for all Elanor securityholders.

Elanor regularly assesses the key business risks and opportunities that could impact performance and the ability to deliver on the Group's strategy. Risks to the Group in the coming year primarily relate to the potential earnings variability associated with general economic and market conditions, capital value impacts due to rising debt costs, domestic retail spending, the availability of capital for funds management opportunities, movement in property valuations, debt capital market conditions, the general increase in cyber security risks, climate related risks and possible weather-related events.

The current rising interest rate environment has the potential to impact earnings across both Elanor and its managed funds through higher borrowing costs and through downward pressure on property valuations as a result of softening valuation metrics and tightening debt and equity capital markets. The Group continues to monitor and actively manage this risk, primarily through the adoption of appropriate interest rate hedging strategies.

The Group is progressing its assessment of the likely reporting requirements arising as a result of the adoption of the draft Australian Sustainability Reporting Standards. This initiative is a key focus of the Group's ESG Committee.

The Group manages these risks in accordance with its Risk Management Framework and Risk Management Policy as well as through its highly active asset management approach across its investment portfolio, its continued focus on broadening the Group's capital partner base, insurance arrangements and through the active management of its capital structure.

Environmental, Social, Governance (ESG)

The Group is focussed on environmental, social and governance initiatives for the benefit of all stakeholders, including Elanor securityholders and managed fund capital partners. Making a positive contribution to the communities in which we operate, and more broadly, is implicit in how the Group operates its funds management business. Elanor is focused on executing the Group's ESG strategy and has progressed numerous initiatives during the period, including:

- supporting disadvantaged youth in Australia through the Group's ongoing partnership with The Smith Family;
- improving energy efficiency across the Group's real estate portfolio;
- embedding ESG assessments into the asset due diligence process; and
- implementing employee engagement systems across the Group.

Elanor published its Annual ESG Report in September 2023. We look forward to further progressing the Group's key ESG initiatives during 2024.

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

4. Operating and financial review (continued)

REVIEW OF FINANCIAL AND OPERATIONAL RESULTS (continued)

Summary and Outlook

The Group's key strategic objective remains unchanged: to deliver strong investment returns for Elanor's capital partners and grow Securityholder value. Furthermore, the Group is acutely focused on growing funds management earnings and recycling co-investment capital to facilitate its growth in a 'capital-lite' manner.

The performance of Elanor's managed portfolio has remained resilient in the face of an increasing interest rate environment. This reflects the high investment quality of the assets within the portfolio and Elanor's highly active asset management approach in managing these assets. The Group continues to have a strong pipeline of funds management opportunities and continues to actively pursue funds management opportunities in new real estate sectors in addition to pursuing strategic opportunities to deliver its growth objectives.

5. Interests in the Group

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

	Consolidated Group 31 December 2023 \$'000	Consolidated Group 31 December 2022 \$'000
Stapled securities on issue at the beginning of the period	124,069	121,916
Stapled securities issued ¹	24,754	1,337
Stapled securities issued under the short term incentive scheme	2,237	–
Stapled securities exercised under the long term incentive scheme	1,042	–
Stapled securities on issue at the end of the period	152,102	123,253

¹ Securities issued to Challenger on 7 July 2023 as consideration for the Challenger real estate transaction. 15,680,023 securities are held under escrow arrangements and subject to claw-back from Challenger based on certain conditions over three years from completion.

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. Events occurring after reporting date

On 19 February 2024, the Elanor Wildlife Park Fund entered into a new debt facility agreement with a maturity date of 28 February 2027 to refinance the Fund's existing \$19.75 million corporate notes.

Subsequent to 31 December 2023, an interim distribution of 4.90 cents per stapled security has been declared by the Board of Directors. The interim distribution amount of \$7.5 million will be paid on 29 February 2024 in respect of the half year ended 31 December 2023.

Other than the events disclosed above, 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 2023.

ELANOR INVESTORS GROUP

DIRECTORS' REPORT

8. 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 Directors' Report, amounts in the Directors' Report have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, unless otherwise indicated.

The Directors' report is made in accordance with a resolution of the Boards of Directors of Elanor Funds Management Limited and Elanor Investors Limited. The Financial Statements were authorised for issue by the Directors on 22 February 2024.

Signed in accordance with a resolution of the Directors pursuant to section 298(2) of the *Corporations Act 2001* (Cth). The Directors have the power to amend and re-issue the Financial Statements.



Ian Mackie
Chair



Glenn Willis
CEO and Managing Director

Sydney, 22 February 2024



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 2023, 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 'CJ Cummins', with a horizontal line extending to the right.

CJ Cummins
Partner
PricewaterhouseCoopers

Sydney
22 February 2024

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

		Consolidated Group	Consolidated Group	EIF Group	EIF ¹ Group
	31 December	31 December	31 December	31 December	31 December
	2023	2022	2023	2022	2022
	Note	\$'000	\$'000	\$'000	\$'000
Revenue and other income					
Revenue from operating activities	2	72,307	75,451	–	–
Interest income		201	85	9	6
Rental income		4,504	4,587	13,825	13,146
Share of profit from equity accounted investments	7	–	277	–	53
Realised gain on disposal of investment		–	107	–	107
Net fair value gain on revaluation of PP&E and investment properties	19	–	–	–	10,118
Net fair value gain on revaluation of derivatives		274	99	274	–
Other income		788	1,464	42	–
Total revenue and other income		78,074	82,070	14,150	23,430
Expenses					
Changes in inventories of finished goods		4,551	4,944	–	–
Salary and employee benefits		37,498	35,453	1,269	1,435
Property expenses		7,705	7,030	1,482	1,244
Operator management costs		3,442	4,008	2,942	2,558
Borrowing costs	9	13,181	9,416	11,182	7,871
Depreciation	5	7,766	7,325	–	–
Amortisation		351	323	52	63
Marketing and promotion		1,501	1,835	20	4
Repairs, maintenance and technology		1,747	1,281	29	28
Share of loss from equity accounted investments	7	3,352	–	3,485	–
Realised loss on disposal of investment		82	–	82	–
Net fair value loss on revaluation of PP&E and investment properties	5,6,19	12,100	5,595	7,292	–
Net fair value loss on revaluation of derivatives	19	–	–	–	395
Impairment expense	7	–	2,831	–	2,831
Other expenses		6,877	6,034	670	1,334
Total expenses		100,153	86,075	28,505	17,763
Net loss before income tax expense		(22,079)	(4,005)	(14,355)	5,667
Income tax expense	4	(1,777)	(3,757)	–	–
Net profit / (loss) for the period		(23,856)	(7,762)	(14,355)	5,667
Attributable to security holders of:					
- Parent Entity		(9,199)	(344)	(4,366)	(4)
- Non-controlling interest EIF		(4,366)	(4)	–	–
Net loss attributable to ENN security holders		(13,565)	(348)	(4,366)	(4)
Attributable to security holders of:					
- External Non-controlling interest		(10,291)	(7,414)	(9,989)	5,671
Net profit / (loss) for the period		(23,856)	(7,762)	(14,355)	5,667
Basic loss per stapled security (cents)		(9.11)	(0.29)		
Diluted loss per stapled security (cents)		(8.01)	(0.25)		
Basic earnings / (loss) of the parent entity (cents)		(6.18)	(0.29)		
Diluted earnings / (loss) of the parent entity (cents)		(5.43)	(0.25)		

¹The EIF Group comparatives have been restated to reflect the restatement made in the 30 June 2023 financial report. Refer to Note 30 in the 30 June 2023 financial report.

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Consolidated Group	Consolidated Group	EIF Group	EIF ¹ Group
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	\$'000	\$'000	\$'000	\$'000
Net profit / (loss) for the period	(23,856)	(7,762)	(14,355)	5,667
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit and loss</i>				
<i>Items that may not be reclassified to profit and loss</i>				
Share of reserves of equity accounted investments	–	56	–	56
Gain on revaluation of property, plant and equipment	6,740	12,208	–	–
Other comprehensive income for the period, net of tax	6,740	12,264	–	56
Total comprehensive income / (loss) for the period, net of tax	(17,116)	4,502	(14,355)	5,723
Attributable to security holders of:				
- Parent entity	(7,387)	(344)	(4,366)	52
- Non-controlling interest - EIF	(4,366)	52	–	–
Total comprehensive income / (loss) for the period, net of tax, of ENN security holders	(11,753)	(292)	(4,366)	52
Attributable to security holders of:				
- External Non-controlling interest	(5,363)	4,794	(9,989)	5,671
Total comprehensive income / (loss) for the period, net of tax	(17,116)	4,502	(14,355)	5,723

¹The EIF Group comparatives have been restated to reflect the restatement made in the 30 June 2023 financial report. Refer to Note 30 in the 30 June 2023 financial report.

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

		Consolidated Group	Consolidated Group	EIF Group	EIF Group
	31 December	31 December	30 June	31 December	30 June
	2023	2023	2023	2023	2023
	Note	\$'000	\$'000	\$'000	\$'000
Current assets					
Cash and cash equivalents		19,086	25,269	1,399	1,182
Trade and other receivables	13,19	24,449	18,157	47,399	41,902
Other financial assets	11	5,207	4,095	–	–
Inventories		1,752	1,893	–	–
Other current assets		3,677	3,207	322	15
Derivative financial instruments	10	–	1,353	–	1,353
Assets classified as held for sale (AHFS)	8	92,267	–	87,485	–
Total current assets		146,438	53,974	136,605	44,452
Non-current assets					
Property, plant and equipment	5	454,186	521,054	–	–
Contract assets	14	41,111	3,618	–	–
Investment properties	6,19	82,600	91,875	521,484	591,870
Derivative financial instruments	10	1,627	–	1,627	–
Equity accounted investments	7,19	90,818	97,834	86,533	93,610
Intangible assets		1,439	1,478	–	–
Deferred tax assets		9,707	10,083	–	–
Total non-current assets		681,488	725,942	609,644	685,480
Total assets		827,926	779,916	746,249	729,932
Current liabilities					
Payables	15,19	13,737	17,987	12,456	9,566
Interest bearing liabilities	9,19	21,525	8,542	17,289	5,982
Liabilities associated with AHFS	8	46,695	–	44,960	–
Loan from the Company	19	–	–	17,467	12,592
Lease liabilities	5	1,776	1,887	–	–
Current provisions		5,335	5,401	–	–
Other current liabilities	15	17,140	16,656	16,480	13,130
Income tax payable		2,039	610	–	–
Contract liabilities		1,106	2,196	148	276
Total current liabilities		109,353	53,279	108,800	41,546
Non-current liabilities					
Interest bearing liabilities	9,19	327,062	372,159	270,849	312,633
Non-current provisions		415	296	–	–
Lease liabilities	5	1,068	1,870	–	–
Loan from the Company	19	–	–	6,218	42,036
Total non-current liabilities		328,545	374,325	277,067	354,669
Total liabilities		437,898	427,604	385,867	396,215
Net assets		390,028	352,312	360,382	333,717

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 2023

		Consolidated Group 31 December 2023 \$'000	Consolidated Group 30 June 2023 \$'000	EIF Group 31 December 2023 \$'000	EIF Group 30 June 2023 \$'000
	Note				
Equity					
<i>Equity Holders of Parent Entity</i>					
Contributed equity	12	84,335	73,555	141,957	108,093
Treasury shares	12	(1,697)	(759)	(5,925)	(2,610)
Reserves		35,466	32,285	32,351	31,190
Accumulated losses		(82,602)	(73,403)	(37,025)	(24,739)
Parent entity interest		35,502	31,678	131,358	111,934
<i>Equity Holders of Non-Controlling Interest</i>					
Contributed equity - Elanor Investment Fund	12	141,957	108,093	–	–
Treasury shares	12	(5,925)	(2,610)	–	–
Reserves		32,351	31,190	–	–
Accumulated losses		(37,025)	(24,739)	–	–
Non-controlling interest		131,358	111,934	–	–
<i>Equity Holders of Non-Controlling Interest - External</i>					
Contributed equity - External		187,936	167,121	182,747	166,120
Reserves		74,297	69,399	23,327	21,854
Accumulated (losses) / Retained profits		(39,065)	(27,820)	22,950	33,809
External Non-controlling interest		223,168	208,700	229,024	221,783
Total equity attributable to stapled security holders:					
- Parent Entity		35,502	31,678	131,358	111,934
- Non-controlling Interest - EIF		131,358	111,934	–	–
Total equity attributable to ENN security holders		166,860	143,612	131,358	111,934
Total equity attributable to stapled security holders:					
- Non-controlling interest - External		223,168	208,700	229,024	221,783
Total equity		390,028	352,312	360,382	333,717

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 2023

	Contributed equity	Treasury shares	Other Reserves	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
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated Group											
Total equity at 1 July 2023	73,555	(759)	29,337	–	2,948	(73,403)	31,678	111,934	143,612	208,700	352,312
Loss for the period	–	–	–	–	–	(9,199)	(9,199)	(4,366)	(13,565)	(10,291)	(23,856)
Other comprehensive income for the period	–	–	1,812	–	–	–	1,812	–	1,812	4,928	6,740
Total comprehensive income / (expense) for the period	–	–	1,812	–	–	(9,199)	(7,387)	(4,366)	(11,753)	(5,363)	(17,116)
Transactions with owners in their capacity as owners:											
Contributions of equity, net of issue costs	12	10,780	(938)	–	–	–	9,842	30,549	40,391	23,305	63,696
Transfers between reserves and retained earnings	–	–	–	–	–	–	–	–	–	–	–
Security-based payments	–	–	–	–	1,369	–	1,369	1,161	2,530	–	2,530
Distributions paid and payable	3	–	–	–	–	–	–	(7,920)	(7,920)	(1,335)	(9,255)
Transaction with non-controlling interest	–	–	–	–	–	–	–	–	–	(2,139)	(2,139)
Total equity at 31 December 2023	84,335	(1,697)	31,149	–	4,317	(82,602)	35,502	131,358	166,860	223,168	390,028
Consolidated Group											
Total equity at 1 July 2022	72,783	(1,682)	19,324	–	3,193	(56,426)	37,192	126,512	163,704	177,550	341,254
Profit / (loss) for the period	–	–	–	–	–	(344)	(344)	(4)	(348)	(7,414)	(7,762)
Other comprehensive income / (expense) for the period	–	–	–	–	–	–	–	56	56	12,208	12,264
Total comprehensive income / (expense) for the period	–	–	–	–	–	(344)	(344)	52	(292)	4,794	4,502
Transactions with owners in their capacity as owners:											
Contributions of equity, net of issue costs	12	538	285	–	–	–	823	2,296	3,119	28,116	31,235
Security-based payments	–	–	–	–	(131)	–	(131)	(913)	(1,044)	–	(1,044)
Distributions paid and payable	3	–	–	–	–	–	–	(11,378)	(11,378)	(4,010)	(15,388)
Transaction with non-controlling interest	–	–	–	–	–	–	–	–	–	(17)	(17)
Total equity at 31 December 2022	73,321	(1,397)	19,324	–	3,062	(56,770)	37,540	116,569	154,109	206,433	360,542

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 2023

		Contributed equity	Treasury shares	Other Reserves	Cash flow Hedge Reserve	Security Based Payment Reserve	Retained profits/ (accumulated losses)	Parent Entity Total Equity	External Non- controlling interest	Total Equity
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EIF Group										
Total equity at 1 July 2023		108,093	(2,610)	26,136	–	5,054	(24,739)	111,934	221,783	333,717
Loss for the period		–	–	–	–	–	(4,366)	(4,366)	(9,989)	(14,355)
Other comprehensive income for the period		–	–	–	–	–	–	–	–	–
Total comprehensive income / (expense) for the period		–	–	–	–	–	(4,366)	(4,366)	(9,989)	(14,355)
Transactions with owners in their capacity as owners:										
Contributions of equity, net of issue costs	12	33,864	(3,315)	–	–	–	–	30,549	16,317	46,866
Transfers between reserves and retained earnings		–	–	–	–	–	–	–	–	–
Security-based payments		–	–	–	–	1,161	–	1,161	–	1,161
Distributions paid and payable	3	–	–	–	–	–	(7,920)	(7,920)	(1,335)	(9,255)
Transaction with non-controlling interest		–	–	–	–	–	–	–	2,248	2,248
Total equity at 31 December 2023		141,957	(5,925)	26,136	–	6,215	(37,025)	131,358	229,024	360,382
EIF Group										
Total equity at 1 July 2022		105,559	(5,086)	26,917	–	6,650	(7,528)	126,512	185,451	311,963
Loss for the period		–	–	–	–	–	(4)	(4)	5,671	5,667
Other comprehensive income for the period		–	–	56	–	–	–	56	–	56
Total comprehensive income / (expense) for the period		–	–	56	–	–	(4)	52	5,671	5,723
Transactions with owners in their capacity as owners:										
Contributions of equity, net of issue costs	12	1,829	467	–	–	–	–	2,296	32,126	34,422
Security-based payments		–	–	–	–	(913)	–	(913)	–	(913)
Distributions paid and payable	3	–	–	–	–	–	(11,378)	(11,378)	(4,010)	(15,388)
Transaction with non-controlling interest		–	–	–	–	–	–	–	59	59
Total equity at 31 December 2022		107,388	(4,619)	26,973	–	5,737	(18,910)	116,569	219,297	335,866

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 2023

	Consolidated Group 31 December 2023 \$'000	Consolidated Group 31 December 2022 \$'000	EIF Group 31 December 2023 \$'000	EIF Group 31 December 2022 \$'000
Cash flows from operating activities				
Receipts from customers	79,174	95,693	–	–
Payments to suppliers and employees	(64,198)	(76,968)	(19,719)	(8,426)
Interest received	113	572	9	6
Finance costs paid	(12,100)	(8,219)	(9,399)	(6,114)
Rental Receipts	–	–	14,092	13,147
Income tax paid	(314)	(793)	–	–
Net cash flows from operating activities	2,675	10,285	(15,017)	(1,387)
Cash flows from investing activities				
Financial assets (provided) / repaid	(1,023)	(340)	–	–
Payments for property, plant and equipment / investment properties	(30,414)	(23,939)	(21,462)	(23,903)
Loans to associates	626	(6,475)	333	(692)
Receipts for subsidiaries and equity accounted investments	16,843	8,125	16,713	6,860
Payments for subsidiaries and equity accounted investments	(12,916)	(8,732)	(10,858)	(8,732)
Payments for corporate acquisitions	(2,921)	–	–	–
Transfers of cash held in trust	(3,163)	–	–	–
Distributions received from equity accounted investments	2,802	11,724	2,730	11,724
Loans from Company	–	–	(1,232)	(2,778)
Net cash flows from investing activities	(30,166)	(19,637)	(13,776)	(17,521)
Cash flows from financing activities				
Proceeds from borrowings	28,226	47,478	35,007	47,558
Repayments of borrowings	(15,725)	(31,000)	(15,725)	(31,000)
Payments for lease liability	(914)	(1,002)	–	–
Proceeds from equity raisings	13,278	25,500	13,278	25,500
Costs associated with equity raisings	(212)	(669)	(205)	(669)
Distributions paid to security holders	(3,345)	(11,625)	(3,345)	(11,625)
Net cash flows from financing activities	21,308	28,682	29,010	29,764
Net increase / (decrease) in cash and cash equivalents	(6,183)	19,330	217	10,856
Cash and cash equivalents at the beginning of the period	25,269	27,774	1,182	9,008
Cash at the end of the period	19,086	47,104	1,399	19,864

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 2023

About this Report

The notes to the consolidated Financial Statements have been organised into the following sections for reduced complexity and ease of navigation:

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ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

About this report (continued)

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 2023 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 2023 and the public announcements made by Elanor during the half year ended 31 December 2023, 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 standards adopted by the Group

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2023 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

New standards, amendments and interpretations effective after 1 July 2023 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2023, and have not been adopted early in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Group.

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 2023

About this report (continued)

Critical accounting judgements 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 2023, 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.

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 2023. 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 securityholders of Elanor Investment Fund are the same as the stapled securityholders 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 2023.

Control of Elanor Hotel Accommodation Fund (EHAF), Elanor Wildlife Park Fund (EWPF), Bluewater Square Syndicate (Bluewater) and Stirling Street Syndicate (Stirling)

Elanor Hotel Accommodation Fund (EHAF)

EHAF comprises stapled securities in Elanor Hotel Accommodation Fund (formerly known as Elanor Metro and Prime Regional Hotel Fund), Elanor Metro and Prime Regional Hotel Fund II (formerly known as Elanor Metro and Prime Regional Hotel Fund), Elanor Hotel Accommodation Fund III (formerly known as Elanor Hospitality and Accommodation Fund II), Elanor Hotel Accommodation Fund Limited (formerly known as Elanor Luxury Hotel Fund), Elanor Metro and Prime Regional Hotel Fund II (formerly known as EMPR II Management Pty Limited). The Group holds 26.82% (30 June 2023: 30.60%) of the equity in EHAF. The Group's ownership interest in EHAF gives the Group the same percentage of 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.

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% (30 June 2023: 42.82%) of the equity in EWPF. The Group's 42.82% ownership interest in EWPF gives the Group the same percentage of voting rights in EWPF. EWPF is an unregistered trust for which Elanor Funds Management Limited acts as the Manager and Trustee of the trust.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

About this report (continued)

Control of Elanor Hotel Accommodation Fund (EHAF), Elanor Wildlife Park Fund (EWPF), Bluewater Square Syndicate (Bluewater) and Stirling Street Syndicate (Stirling) (continued)

Stirling Street Syndicate (Stirling)

The Group holds 42.98% (30 June 2023: 42.98%) 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.

Bluewater Square Syndicate (Bluewater)

The Group holds 42.27% (30 June 2023: 42.27%) of the equity in Bluewater. The Group's ownership interest in Bluewater gives the Group the same percentage of 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 wholly owned 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 2023

Results

This section focuses on the operating results and financial performance of the Group. It includes disclosures of segmental information, revenue, distributions and cash flow 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 2023, the Funds Management division has approximately \$6,271.9 million of external investments under management, being the managed investments.

Hotels, Tourism and Leisure

Hotels, Tourism and Leisure originates and manages investment and funds management assets in the hotel, tourism and leisure real estate sector. The current investment portfolio includes 1834 Hospitality, along with a co-investment in EHAF and 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 Property Income Fund, Bluewater, Hunters Plaza Syndicate, Waverley Gardens Fund and Belconnen Markets Syndicate. Bluewater 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), Stirling, Harris and Elizabeth Street Fund. Stirling is consolidated in the Financial Statements.

Healthcare

Healthcare originates and manages investment and funds management assets in the healthcare real estate sector. The current investment portfolio comprises a co-investment in the Elanor Healthcare Real Estate Fund.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

1. Segment information (continued)

The table below shows the Group's segment results:

Consolidated Group – 31 December 2023

	Funds Management	Hotels, Tourism & Leisure	Retail	Commercial Office	Healthcare	Unallocated Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from operating activities	21,111	51,196	–	–	–	–	72,307
Rental income	–	442	2,234	1,684	–	144	4,504
Share of profit of equity accounted investments	–	117	(2,503)	(1,059)	93	–	(3,352)
Operating expense	(2,721)	(43,009)	(10,671)	(2,631)	(93)	(3,408)	(62,533)
Divisional EBITDA	18,390	8,746	(10,940)	(2,006)	–	(3,264)	10,926
Depreciation	(2)	(6,644)	–	–	–	(1,120)	(7,766)
Amortisation	(75)	–	–	(52)	–	(224)	(351)
Divisional EBIT from continuing operations	18,313	2,102	(10,940)	(2,058)	–	(4,608)	2,809
Fair value adjustment on revaluation of investment property	–	(1,686)	(10,808)	102	–	292	(12,100)
Fair value adjustment on revaluation of derivatives	–	274	–	–	–	–	274
Realised gain/(loss) on disposal of investment	125	–	–	–	–	(207)	(82)
Interest income	–	–	–	–	–	201	201
Borrowing costs	–	–	–	–	–	(13,181)	(13,181)
Net tax expense	–	–	–	–	–	(1,777)	(1,777)
Profit / (loss) for the period	18,438	690	(21,748)	(1,956)	–	(19,280)	(23,856)
Total assets	37,218	537,218	46,864	35,168	6,570	164,888	827,926
Total liabilities	6,160	267,753	40,991	20,761	–	102,233	437,898

Consolidated Group – 31 December 2022

	Funds Management	Hotels, Tourism & Leisure	Retail	Commercial Office	Healthcare	Unallocated Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from trading activities	22,841	53,535	2,305	1,191	–	166	80,038
Share of profit of equity accounted investments	–	106	999	(748)	(80)	–	277
Operating expense	(4,165)	(40,192)	(4,750)	(1,307)	(206)	(11,161)	(61,781)
Divisional EBITDA	18,676	13,449	(1,446)	(864)	(286)	(10,995)	18,534
Depreciation and amortisation	–	(6,230)	–	(63)	–	(1,355)	(7,648)
Divisional EBIT from continuing operations	18,676	7,219	(1,446)	(927)	(286)	(12,350)	10,886
Fair value adjustment on revaluation of investment property and derivatives	–	(5,829)	(974)	583	–	723	(5,497)
Realised gain/(loss) on disposal of investment	–	–	–	(2)	–	109	107
Interest income	–	–	–	–	–	(85)	(85)
Amortisation of borrowing costs	–	–	–	–	–	(662)	(662)
Interest expense	–	–	–	–	–	(8,754)	(8,754)
Net tax benefit / (expense)	–	–	–	–	–	(3,757)	(3,757)
Profit / (loss) for the period	18,676	1,390	(2,420)	(346)	(286)	(24,776)	(7,762)
Total assets	37,375	475,522	57,781	43,800	–	137,898	752,376
Total liabilities	9,784	238,097	37,924	28,782	–	77,247	391,834

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

2. Revenue from operating activities

OVERVIEW

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

	Consolidated Group 31 December 2023 \$'000	Consolidated Group 31 December 2022 \$'000
Revenue from Hotels operations	41,597	45,037
Revenue from Funds Management activities	23,497	22,841
Revenue from Wildlife Parks operations	9,598	8,040
Amortisation of Contract Asset	(2,386)	(467)
Total revenue from operating activities	72,307	75,451

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 Earnings to its securityholders. Core Earnings reflects the Director's view of the distributable earnings from ongoing operating activities for the period.

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

ENN Group

	Distribution cents per stapled security 31 December 2023	Distribution cents per stapled security 31 December 2022	Total Amount 31 December 2023 \$'000	Total Amount 31 December 2022 \$'000
Interim distribution	4.90	7.51	7,455	9,261

The distribution will be paid on 29 February 2024. 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 2023

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 (loss) / profit before income tax as shown in the income statement, to the actual income tax expense / benefit.

(a) Income Tax Expense

	Consolidated Group 31 December 2023 \$'000	Consolidated Group 31 December 2022 \$'000
Current tax expense	598	3,845
Deferred tax expense / (benefit)	1,179	(88)
Income tax expense	1,777	3,757

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

	Consolidated Group 31 December 2023 \$'000	Consolidated Group 31 December 2022 \$'000
Loss before income tax expense	(22,079)	(4,005)
Add: loss from the Trust (which is not taxable)	14,355	6,541
Prima facie profit / (loss)	(7,724)	2,536
Tax at the Australian tax rate of 30%	(2,317)	761
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Entertainment	25	31
Non-deductible depreciation and amortisation	1,758	1,256
Fair value adjustments to investment property in the Trust	1,581	–
Non-deductible expenses	–	45
Impact of consolidations	(375)	2
Other	1,105	1,662
Income tax expense	1,777	3,757

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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 investments.

5. Property, plant and equipment

OVERVIEW

All owner-occupied 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 20 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 2023 \$'000	Consolidated Group 30 June 2023 \$'000
Carrying amount at the beginning of the period	598,354	501,324
Additions	26,666	74,583
Revaluation increments / (decrements)	5,732	22,454
Disposals	–	(7)
Assets reclassified as held for sale	(98,005)	–
Carrying amount at the end of the period	532,747	598,354
Accumulated depreciation at the beginning of the period	(77,300)	(63,870)
Depreciation	(7,766)	(13,430)
Accumulated depreciation reclassified as held for sale	6,505	–
Accumulated depreciation at the end of the period	(78,561)	(77,300)
Total carrying value at the end of the period	454,186	521,054

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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 2023:

Property	Valuation	Consolidated	Consolidated
		Group	Group
		31 December	30 June
		2023	2023
		\$'000	\$'000
Cradle Mountain Lodge	Independent	80,000	80,000
Byron Bay Hotel	Independent	36,000	34,500
Narrabundah Hotel	Internal	33,500	33,500
Parklands Resort Mudgee	Internal	23,600	24,000
Eaglehawk Hotel	Internal	22,500	22,500
Leura Gardens Resort	Internal	20,000	–
Chateau Yering Hotel	Independent	18,750	18,750
Clare Country Club	Internal	17,250	17,250
Tamworth Hotel	Internal	16,800	16,800
Port Macquarie Hotel	Internal	15,500	15,500
Adabco Boutique Hotel	Internal	15,500	15,500
Wollongong Hotel	Internal	15,000	15,000
Tall Trees Hotel	Internal	14,000	14,000
Barossa Weintal Hotel	Internal	13,500	13,500
Estate Tuscany Hotel	Internal	12,800	12,750
Wildes Boutique Hotel	Independent	12,000	12,050
Panorama Retreat	Independent	10,000	6,000
Pavilion Wagga Wagga Hotel	Internal	9,000	9,000
Albany Hotel	Internal	3,100	3,100
Mayfair Hotel	Independent	–	91,500
Featherdale Wildlife Park	Internal	34,900	33,100
Hunter Valley Wildlife Park	Internal	15,200	16,900
Mogo Wildlife Park	Internal	11,400	10,900
Right-of-use asset		1,935	2,533
Other		1,951	2,421
Total		454,186	521,054

(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
	2023	2023
	\$'000	\$'000
Right-of-use assets		
Office premise lease	1,935	2,533
Total	1,935	2,533
Lease liabilities		
Current	1,776	1,887
Non-current	1,068	1,870
Total	2,844	3,757

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

5. Property, plant and equipment (continued)

(d) Valuation technique and inputs

As at 31 December 2023, 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:

31 December 2023

	Discount Rate %	Terminal Yield %	Capitalisation Rate %	Average Daily Rate \$	Occupancy %
Consolidated Group - Hotels					
Assets measured at fair value					
Property, plant and equipment	7.75 - 11.00	5.75 - 9.25	5.75 - 11.00	151 - 383	34 - 82

	Discount Rate %	Terminal Yield %	Capitalisation Rate %
Consolidated Group - Wildlife Parks			
Assets measured at fair value			
Property, plant and equipment	16.0 - 16.5	14.0	13.5

30 June 2023

	Discount Rate %	Terminal Yield %	Capitalisation Rate %	Average Daily Rate \$	Occupancy %
Consolidated Group - Hotels					
Assets measured at fair value					
Property, plant and equipment	7.75 - 11.00	5.75 - 9.25	5.75 - 11.00	154 - 505	56 - 81

	Discount Rate %	Terminal Yield %	Capitalisation Rate %
Consolidated Group - Wildlife Parks			
Assets measured at fair value			
Property, plant and equipment	16.0 - 16.5	14.0 - 14.0	13.0 - 13.0

Refer to the Group's Annual Financial Report for the year ended 30 June 2023 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 2023.

All relevant information available at 31 December 2023 has been incorporated in determining the fair value of the Group's property, plant and equipment, including relevant market information between 31 December 2023 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 2023.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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 2023 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 2023. 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 (%)	(8,237)	9,748	(1.8)	2.2
Terminal yield (%)	(20,797)	25,661	(4.6)	5.7
Capitalisation rate (%)	(31,713)	37,347	(7.0)	8.2

	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 (\$)	29,472	(28,530)	6.6	(6.4)
Occupancy (%)	36,874	(37,000)	8.3	(8.3)

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 (%)	(25)	36	(0.04)	0.06
Terminal yield (%)	(1,125)	1,264	(1.8)	2.0
Capitalisation rate (%)	(2,200)	2,500	(3.6)	4.0

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

6. Investment properties

(a) Carrying value and movement of 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 2023 \$'000	Consolidated Group 30 June 2023 \$'000
Carrying amount at the beginning of the period	91,875	93,875
Additions	1,477	2,361
Revaluation (decrements) / increments	(10,752)	(4,361)
Carrying amount at the end of the period	82,600	91,875

The following table represents the total fair value of investment properties at 31 December 2023:

Property	Valuation	Consolidated Group 31 December 2023 \$'000	Consolidated Group 30 June 2023 \$'000
Bluewater Square	Internal	46,000	55,500
Stirling Street	Independent	34,500	34,500
Cougal Street	Independent	2,100	1,875
Total		82,600	91,875

As at 31 December 2023, the Directors assessed the fair value of the investment properties above, supported by independent or 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.

(b) Valuation technique and inputs

As at 31 December 2023, 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 investment properties are as follows:

Valuation Techniques	Significant unobservable inputs	31 December 2023	30 June 2023
<i>Discounted cash flows</i> – involves the projection of a series of inflows and outflows to which a market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the property.	Adopted discount rate	7.00% - 7.50%	6.50% - 7.50%
	Adopted terminal yield	6.75% - 7.25%	6.25% - 7.25%
<i>Capitalisation method</i> – involves determining the net market income of the investment property. This net market income is then capitalised at the adopted capitalisation rate to derive a core value.	Adopted capitalisation rate	6.50% - 7.00%	6.00% - 7.00%

Refer to the Group's Annual Financial Report for the year ended 30 June 2023 for further discussion on the valuation techniques and inputs associated with the valuation of the Group's investment properties as at 31 December 2023.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

6. Investment properties (continued)

All relevant information available at 31 December 2023 has been incorporated in determining the fair value of the Group's investment properties, including relevant market information between 31 December 2023 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 investment properties reported at 31 December 2023.

Sensitivity Analysis

The following sensitivity analysis has been prepared to illustrate the exposure of the fair value of the investment properties balance at 31 December 2023 to changes in the key drivers most impacted by the current market uncertainty. Significant unobservable assumptions such as discount and capitalisation rates, may be impacted by market movement after 31 December 2023. 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.

	Fair value measurement sensitivity			
	Increase by	Decrease by	Increase by	Decrease by
	0.50%	0.50%	0.50%	0.50%
	\$'000	\$'000	%	%
Discount rate (%)	(3,014)	3,090	(3.8)	3.9
Terminal yield (%)	(3,720)	3,998	(4.7)	5.0
Capitalisation rate (%)	(6,394)	7,419	(7.8)	9.1

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 2023

	Principal activity	Percentage Ownership	Consolidated Group 31 December 2023 \$'000
Elanor Commercial Property Fund (ASX: ECF)	Commercial Office Properties	12.56%	38,327
Elanor Property Income Fund	Real Estate Properties	23.56%	14,613
Waverley Gardens Fund	Shopping Centre	15.00%	11,270
Harris Street Fund	Commercial Office Property	13.77%	8,223
Elanor Healthcare Real Estate	Healthcare Properties	5.00%	6,570
Riverton Forum Fund	Shopping Centre	7.10%	4,225
1834 Hospitality	Hotel Management	25.00%	3,822
55 Elizabeth Street Fund	Commercial Office Property	1.72%	1,877
Hunters Plaza Syndicate	Shopping Centre	5.87%	1,428
Belconnen Markets Syndicate	Shopping Centre	1.04%	463
Total equity accounted investments			90,818

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

7. Equity accounted investments (continued)

30 June 2023

	Principal activity	Percentage Ownership	Consolidated Group 30 June 2023 \$'000
Elanor Commercial Property Fund (ASX: ECF)	Commercial Office Properties	12.56%	40,830
Elanor Property Income Fund	Real Estate Properties	23.39%	16,497
Waverley Gardens Fund	Shopping Centre	15.00%	13,171
Riverton Forum Fund	Shopping Centre	15.00%	9,000
Elanor Healthcare Real Estate	Healthcare Properties	5.00%	6,709
Harris Street Fund	Commercial Office Property	9.41%	5,853
1834 Hospitality	Hotel Management	25.00%	3,777
Hunters Plaza Syndicate	Shopping Centre	5.87%	1,550
Belconnen Markets Syndicate	Shopping Centre	1.04%	447
Total equity accounted investments			97,834

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

	Consolidated Group 31 December 2023 \$'000	Consolidated Group 30 June 2023 \$'000
Carrying amount at the beginning of the period	97,834	110,394
Share of loss from equity accounted investments	(3,352)	(7,042)
Distributions received	(2,802)	(14,799)
Share of movement in reserves	–	(38)
Net investment in / (sale of) equity accounted investments	(780)	10,950
Realised (loss) / gain on disposal of investments	(82)	1,200
(Impairment) / reversal of impairment of equity accounted investments	–	(2,831)
Total carrying value at the end of the period	90,818	97,834

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

8. Assets and liabilities held for sale

OVERVIEW

On 6 December 2023, Elanor entered into an exclusive due diligence process following receipt of a letter of interest from a third party to acquire the Mayfair hotel. Management expect that the asset will be sold within 12 months. As such, the Mayfair assets and liabilities are classified as a disposal group held for sale as at 31 December 2023. Attributable with the assets held for sale, interest bearing liabilities has been presented as current, which represents an expected repayment of debt to meet finance facility covenant requirements if the asset is sold. No gain or loss was recognised as result of this classification change.

	Consolidated Group 31 December 2023 \$'000
Assets and liabilities held for sale	
Property, plant and equipment	91,500
Inventories	343
Other assets	424
Total asset classified as held for sale	92,267
Interest bearing liabilities	44,918
Other liabilities	1,777
Total liabilities directly associated with assets held for sale	46,695

Accounting Policy

Non-current assets or disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell at the time of the reclassification.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

Finance and Capital Structure

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

9. 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.

	Consolidated Group 31 December 2023 \$'000	Consolidated Group 30 June 2023 \$'000
Current		
Corporate notes	19,750	6,750
Bank loan - borrowing costs less amortisation	(225)	(208)
Bank loan - term debt	2,000	2,000
Total current	21,525	8,542
Non-current		
Corporate notes	39,027	56,027
Corporate notes - borrowing costs less amortisation	(788)	(1,483)
Bank loan - term debt	290,163	318,738
Bank loan - borrowing costs less amortisation	(1,341)	(1,123)
Total non-current	327,062	372,159
Total interest bearing liabilities	348,587	380,701

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.

Corporate notes

On 30 June 2022, the Group has raised \$40 million in unsecured medium-term notes in two tranches: a \$25 million issue of 3.25-year fixed rate medium-term notes (7.75% p.a.), maturing 30 September 2025; a \$15 million issue of 4-year floating rate medium-term notes (4.5% p.a. margin above BBSW), maturing 30 June 2026. Of the \$40 million (30 June 2023: \$40 million) corporate notes the Group holds \$1 million (30 June 2023: \$1 million) as an investment in the Group's unsecured notes on issues. This has been deducted from the corporate notes balances to present the net position. 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 EWPF 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. EWPF has repaid \$5.25 million. The unsecured notes include Loan to Value Ratio and Interest Cover Covenants. The EWPF is currently meeting all of its covenants.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

9. Interest bearing liabilities (continued)

Bank loans

As at 31 December 2023, the Group had unrestricted access to the following credit facilities:

	Consolidated Group 31 December 2023 \$'000	Consolidated Group 30 June 2023 \$'000
ENN Group		
Facility - ENN	65,000	67,000
Total amount used	(65,000)	(67,000)
Total amount unused - ENN	-	-
EHAF Group		
Facility - EHAF	229,670	210,020
Total amount used	(225,063)	(205,413)
Total amount unused - EHAF	4,607	4,607
Bluewater		
Facility - Bluewater	27,300	30,525
Total amount used	(27,300)	(30,525)
Total amount unused - Bluewater	-	-
Stirling		
Facility - Stirling	19,800	19,800
Total amount used	(19,800)	(19,800)
Total amount unused - Stirling	-	-
Total amount unused - Consolidated Group	4,607	4,607

The ENN Group has access to a \$65.0 million debt facility, with a maturity date of 31 July 2025. The drawn amount at 31 December 2023 was \$65.0 million and this facility was not hedged.

The EHAF Group has access to secured debt facilities of \$129.2 million, \$82.5 million and a \$18.0 million capex facility (from which both the EHAF hotel management companies and property trusts can draw). During the period, EHAF extended the maturity date of its debt facility from 23 December to 28 February 2025. The drawn amount at 31 December 2023 was \$225.1 million. Excluding the drawn capex facility, the secured debt facilities were 54% hedged as at 31 December 2023.

Bluewater has access to a \$27.3 million facility. The drawn amount at 31 December 2023 was \$27.3 million. In December 2023, Bluewater extended its existing debt facility maturity date from 31 August 2024 to 28 February 2025. As at 31 December 2023, the drawn amount was not hedged.

Stirling has access to a \$19.8 million facility. The drawn amount at 31 December 2023 was \$19.8 million. During the period Stirling extended the debt facility maturity date from 31 August 2024 to 31 August 2025. As at 31 December 2023, the drawn amount was not hedged.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

9. Interest bearing liabilities (continued)

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 2023 \$'000	Consolidated Group 31 December 2022 \$'000
Interest expense	12,389	8,754
Amortisation of debt establishment costs	792	662
Total borrowing costs	13,181	9,416

10. Derivative financial instruments

OVERVIEW

The Group's derivative financial instruments consist of interest rate swap contracts to hedge its exposure to movements in variable interest rates. 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.

	Consolidated Group 31 December 2023 \$'000	Consolidated Group 30 June 2023 \$'000
Current assets / (liabilities)		
Interest rate swaps	–	1,353
	–	1,353
Non-current assets		
Interest rate swaps	1,627	–
	1,627	–
Total derivative financial instruments	1,627	1,353

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

11. Other financial assets

OVERVIEW

The Group's other financial assets consist of short-term financing provided by the Group to certain managed funds.

The Group's other financial assets as at 31 December 2023 are detailed below:

	Consolidated Group 31 December 2023 \$'000	Consolidated Group 30 June 2023 \$'000
Other financial assets and receivables	5,207	4,095
Total other financial assets	5,207	4,095

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

12. 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 2023

No. of securities/ shares	Details	Date of income entitlement	Total Equity	Parent Entity	EIF
			31 December 2023	31 December 2023	31 December 2023
			\$'000	\$'000	\$'000
124,069,426	Opening balance	1 Jul 2023	181,648	73,555	108,093
24,754,165	2023 Challenger equity issuance ¹	7 Jul 2023	39,606	9,648	29,958
983,331	2020 LTI Securities exercised	5 Oct 2023	718	179	539
2,251,797	2024 STI Securities granted	16 Nov 2023	4,278	944	3,334
58,333	2020 LTI Securities exercised	15 Dec 2023	67	15	52
(15,090)	2023 STI Securities lapsed	15 Dec 2023	(25)	(6)	(19)
152,101,962	Securities on issue	31 Dec 2023	226,292	84,335	141,957

¹ Securities issued to Challenger as consideration under the Challenger real estate transaction. 15,680,023 securities are held in escrow and subject to claw-back from Challenger based on certain conditions over three years.

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	Total Equity	Parent Entity	EIF
			31 December 2023	31 December 2023	31 December 2023
			\$'000	\$'000	\$'000
2,320,232	Opening balance	1 Jul 2023	3,369	759	2,610
2,251,797	2024 STI Securities granted	16 Nov 2023	4,278	944	3,334
(15,090)	2023 STI Securities lapsed	15 Dec 2023	(25)	(6)	(19)
4,556,939	Treasury securities on issue	31 Dec 2023	7,622	1,697	5,925

Contributed equity for the period ended 30 June 2023

No. of securities/ shares	Details	Date of income entitlement	Total Equity	Parent Entity	EIF
			30 June 2023	30 June 2023	30 June 2023
			\$'000	\$'000	\$'000
121,915,824	Opening balance	1 Jul 2022	178,342	72,783	105,559
1,336,940	2023 STI Securities granted	15 Aug 2022	2,367	538	1,829
816,662	2023 LTI Securities exercised	28 Jun 2023	939	234	705
124,069,426	Securities on issue	30 Jun 2023	181,648	73,555	108,093

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

12. Contributed equity (continued)

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 2023 \$'000	Parent Entity 30 June 2023 \$'000	EIF 30 June 2023 \$'000
4,746,414	Opening balance	1 Jul 2022	6,768	1,682	5,086
(2,384,738)	2020 STI Securities vested	1 Jul 2022	(3,119)	(823)	(2,296)
1,336,940	2023 STI Securities granted	15 Aug 2022	2,367	538	1,829
(1,378,384)	2021 STI Securities vested	18 Dec 2022	(2,647)	(638)	(2,009)
2,320,232	Treasury securities on issue	30 Jun 2023	3,369	759	2,610

13. Trade and other receivables

OVERVIEW

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

	Consolidated Group 31 December 2023 \$'000	Consolidated Group 30 June 2023 \$'000
Current		
Trade receivables	22,472	15,621
Other receivables	3,702	4,406
Provision for expected credit loss	(1,725)	(1,870)
Total trade and other receivables	24,449	18,157

14. Contract assets

OVERVIEW

This note provides further information about the Group's contract assets.

	Consolidated Group 31 December 2023 \$'000	Consolidated Group 30 June 2023 \$'000
Contract assets		
Challenger real estate investment management agreement	37,960	–
Elanor Commercial Property Fund	3,151	3,618
Total contract assets	41,111	3,618

On 7 July 2023, Elanor completed the Challenger Limited's (Challenger) Australian real estate funds management transaction for a consideration of \$39.6 million (fair value). Elanor issued 24.8 million ENN securities as consideration for the transaction. The consideration paid is subject to claw-back arrangements from Challenger of up to 63%, based on performance milestones over three years, including minimum base funds management fee targets.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

14. Contract assets (continued)

The initial accounting for the acquisition has indicated to account the investment management assets as a payment to customer under AASB 15 *Revenue from Contracts with Customers*. Obtaining the Challenger real estate business was determined to be a payment made to acquire the rights to provide a service to Challenger, which is a payment to a customer under AASB 15.

The investment management rights acquired are accounted for under AASB 15 *Revenue from Contracts with Customers* and the amounts are as follows:

- The fair value of the consideration is \$39.6 million. Based on the fair value of the securities issued with reference to the share price (\$1.60) on the day of the transaction completion.
- The acquired Investment management rights are recognised as a payment to customer (non-current) for the full consideration of \$39.6 million. The asset will be amortised over a 10-year period and recorded as an adjustment of revenue.
- The equity paid for the consideration is fully recognised in equity (\$39.6 million) as a clawback is deemed highly improbable. The portion of the share capital in escrow under the claw-back arrangement has been disclosed in a financial statement note 12 as share capital subject to escrow. After the 3-year clawback period, if there is no clawback, this will be reverted to share capital (no escrow). If there is a clawback, there will be a reduction to the payment to customer.

15. 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 2023 \$'000	Consolidated Group 30 June 2023 \$'000
Trade creditors	4,704	5,947
Accrued expenses	6,246	9,874
GST payable	2,787	2,166
Total payables	13,737	17,987

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

15. Payables and other liabilities (continued)

Other liabilities

	Consolidated Group 31 December 2023 \$'000	Consolidated Group 30 June 2023 \$'000
Cash held in trust ¹	–	3,163
Distribution payable	7,455	2,015
Distribution payable by consolidated Funds ²	1,336	1,246
Other liabilities ³	8,349	10,232
Total other current liabilities	17,140	16,656

¹ The cash held in trust balance is cash held on behalf of a related entity and was transferred to that entity subsequent to 30 June 2023.

² The distribution payable is related to distributions declared by the consolidated Funds for the half year ending 31 December 2023.

³ \$8.2 million included in Other liabilities represents arrangements with investors to acquire units in Managed Funds (30 June 2023: \$9.9 million).

16. 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 year.

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 2023, this amount is \$65,000 (31 December 2022: \$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 2023 was nil (31 December 2022: 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.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

16. Related parties (continued)

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

	Consolidated Group 31 December 2023 \$	Consolidated Group 31 December 2022 \$
55 Elizabeth Street Fund	3,400,666	–
Elanor Commercial Property Fund	2,794,762	2,473,953
Warrawong Plaza Syndicate	1,167,240	1,470,856
Elanor Property Income Fund	997,505	2,420,866
Riverside Plaza Syndicate	918,294	6,078,220
Elanor Healthcare Real Estate Fund	723,120	2,778,842
Belconnen Markets Syndicate	712,748	575,102
Clifford Gardens Fund	668,845	997,132
Fairfield Centre Syndicate	658,670	556,247
Harris Street Syndicate	636,767	1,021,105
Hunters Plaza Syndicate	618,242	324,412
Waverley Gardens Fund	606,738	627,425
Riverton Forum Fund	482,988	1,731,250
Tweed Mall Fund	424,220	1,492,064
Burke Street Fund	295,012	293,881
Total	15,105,820	22,841,355

17. Significant events

The significant funds management initiatives completed during the period included:

- Challenger's real estate funds management transaction in July 2023;
- acquisition of 55 Elizabeth Street, Brisbane for \$172 million into a new Elanor managed fund. 55 Elizabeth Street is a fully leased, prime grade, carbon neutral Brisbane CBD commercial office building leased to the Commonwealth Government;
- established joint venture with ICON Developments (wholly owned subsidiary of Japanese Developer, Kajima Corporation) to develop a targeted \$250 million prime Australian logistics portfolio. Commenced exclusive due diligence to acquire a brownfield development opportunity in the north of Melbourne, Victoria;
- acquisition of the Panorama Retreat & Resort, located in the Dandenong Ranges, VIC, for \$10 million by Elanor Hotel Accommodation Fund (EHAF) following the repositioning and rebranding of the property into a regional accommodation hotel;
- acquisition of Leura Gardens in the Blue Mountains, NSW for \$20 million by EHAF, growing the portfolio of high investment quality regional and luxury accommodation hotel properties to approximately \$480 million.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

18. Events occurring after reporting date

On 19 February 2024, the Elanor Wildlife Park Fund entered into a new debt facility agreement with a maturity date of 28 February 2027 to refinance the Fund's existing \$19.75 million corporate notes.

Subsequent to 31 December 2023, an interim distribution of 4.90 cents per stapled security has been declared by the Board of Directors. The interim distribution amount of \$7.5 million will be paid on 29 February 2024 in respect of the half year ended 31 December 2023.

Other than the events disclosed above, 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 2023.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

19. 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 only have one segment.

Distributions

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

	Distribution cents per stapled security 31 December 2023	Distribution cents per stapled security 31 December 2022	Total Amount 31 December 2023 \$'000	Total Amount 31 December 2022 \$'000
Interim distribution	4.90	7.51	7,455	9,261

The distribution will be paid on 29 February 2024. Please refer to the Director's report for the calculation of Core Earnings and the Distribution.

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 2023 \$'000	EIF Group 30 June 2023 \$'000
Carrying amount at the beginning of the period	591,870	498,382
Additions	21,463	68,668
Revaluation (decrements) / increments	(4,364)	35,006
Transfers	–	(10,186)
Assets reclassified as held for sale	(87,485)	–
Carrying amount at the end of the period	521,484	591,870

Refer to Note 5 Property, plant and equipment and Note 6 Investment properties for further details of the valuations of the underlying property assets.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

19. Non-Parent disclosure (continued)

Equity accounted investments

The Trust's equity accounted investments are as follows:

31 December 2023

	Principal activity	Percentage Ownership	EIF Group 31 December 2023 \$'000
Elanor Commercial Property Fund (ASX: ECF)	Commercial Office Properties	12.56%	38,327
Elanor Property Income Fund	Real Estate Properties	23.56%	14,613
Waverley Gardens Fund	Shopping Centre	15.00%	11,270
Harris Street Fund	Commercial Office Property	13.77%	8,223
Elanor Healthcare Real Estate	Healthcare Properties	5.00%	6,570
Riverton Forum Fund	Shopping Centre	7.10%	4,225
55 Elizabeth Street Fund	Commercial Office Property	1.72%	1,877
Hunters Plaza Syndicate	Shopping Centre	5.87%	1,428
Total equity accounted investments			86,533

30 June 2023

	Principal activity	Percentage Ownership	EIF Group 30 June 2023 \$'000
Elanor Commercial Property Fund (ASX: ECF)	Commercial Office Properties	12.56%	40,830
Elanor Property Income Fund	Real Estate Properties	23.39%	16,497
Waverley Gardens Fund	Shopping Centre	15.00%	13,171
Riverton Forum Fund	Shopping Centre	15.00%	9,000
Elanor Healthcare Real Estate	Healthcare Properties	5.00%	6,709
Harris Street Fund	Commercial Office Property	9.41%	5,853
Hunters Plaza Syndicate	Shopping Centre	5.87%	1,550
Total equity accounted investments			93,610

The carrying amount of equity investments reconciling the movements between beginning of the period and end of the current period is set out below:

	EIF Group 31 December 2023 \$'000	EIF Group 30 June 2023 \$'000
Carrying amount at the beginning of the period	93,610	107,182
Share of loss from equity accounted investments	(3,485)	(7,312)
Distributions received	(2,730)	(14,798)
Share of movement in reserves	–	(781)
Net investment in / (sale of) equity accounted investments	(780)	10,950
Realised (loss) / gain on disposal of investments	(82)	1,200
(Impairment) of equity accounted investments	–	(2,831)
Total carrying value at the end of the period	86,533	93,610

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

19. Non-Parent disclosure (continued)

Interest bearing liabilities

	EIF Group 31 December 2023 \$'000	EIF Group 30 June 2023 \$'000
Current		
Bank loan - term debt	2,000	6,140
Bank loan - borrowing costs less amortisation	–	(158)
Corporate notes	15,477	–
Corporate notes - borrowing costs less amortisation	(188)	–
Loan from the company	17,467	12,592
Total current	34,756	18,574
Non-current		
Corporate notes	–	13,322
Corporate notes - borrowing costs less amortisation	–	(445)
Bank loan - term debt	272,763	301,338
Bank loan - borrowing costs less amortisation	(1,914)	(1,582)
Loan from the company	6,218	42,036
Total non-current	277,067	354,669
Total interest bearing liabilities	311,823	373,243

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 2023, the outstanding payable to the Company was \$6.2 million (30 June 2023: \$42.0 million).

Other financial assets and liabilities

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

Trade and Other Receivables

	EIF Group 31 December 2023 \$'000	EIF Group 30 June 2023 \$'000
Trade receivables	47,196	40,844
Other receivables	203	613
GST receivable	–	445
Total trade and other receivables	47,399	41,902

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). These intercompany receivables balances are eliminated upon consolidation into the Group's balance sheet.

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

19. Non-Parent disclosure (continued)

Payables

	EIF Group 31 December 2023 \$'000	EIF Group 30 June 2023 \$'000
Trade creditors	10,144	7,323
Accrued expenses	2,217	2,243
GST payable	95	–
Total payables	12,456	9,566

ELANOR INVESTORS GROUP

DIRECTORS' DECLARATION TO STAPLED SECURITYHOLDERS

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 16 to 52 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 2023 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 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
22 February 2024



Independent auditor's review report to the stapled security holders of Elanor Investors Group

Report on the interim financial reports

Conclusion

We have reviewed the interim financial reports of:

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

which comprises the consolidated statements of financial position as at 31 December 2023, 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, selected explanatory notes and the directors' declaration to the stapled security holders.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying interim financial reports of Elanor Investors Limited and Elanor Investment Fund do not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Consolidated Group's and the EIF Group's financial position as at 31 December 2023 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 the 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.

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Responsibilities of the directors for the interim financial reports

The directors of the Company and the Registered Scheme are responsible for the preparation of the interim financial reports 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 directors determine is necessary to enable the preparation of the interim 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 interim financial reports

Our responsibility is to express a conclusion on the interim financial reports based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial reports are not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Group's and the EIF Group's financial position as at 31 December 2023 and of 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*.

A review of an interim 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, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'CJ Cummins', written in a cursive style.

CJ Cummins
Partner

Sydney
22 February 2024