Elanor Investors Group
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Elanor Investors Group

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

Interim Financial Report
for the half year ended 31 December 2014

ELANOR INVESTORS GROUP

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ELANOR INVESTORS GROUP

DIRECTORS' REPORT TO STAPLED SECURITY HOLDERS

The Director's of Elanor Funds Management Limited (Responsible Entity or Manager), (as responsible entity of Elanor Investment Fund) and the Directors of Elanor Investors Limited (Company) present their report together with the consolidated interim financial report of Elanor Investors Group (Group or Consolidated Group) and the consolidated interim financial report of Elanor Investment Fund (EIF Group) for the half year ended 31 December 2014 (period).

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

Elanor Investors Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 26, 135 King 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), having listed on 11 July 2014. 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.

These consolidated interim financial statements have been presented in accordance with ASIC Order 14-0697. The Company and the Trust do not have to comply with subsection 323D(5) of the Corporations Act 2001 in respect of the first half-year of each of the Company and the Trust ending on 1 November 2014 and 21 November 2014 respectively. The Company and the Trust comply with Parts 2M.2, 2M.3 and 2M.4 of the Act in respect of the first half-years of the Company and the Trust as if those half-years are for the six months to 31 December 2014.

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

1. Directors

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

Paul Bedbrook (Chairman)
Glenn Willis (CEO and Managing Director)
Nigel Ampherlaw (Director)
William Moss (Director)

2. Principal activities and core strategy

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

Our core strategy is to:

Build our Investment Management business:
- Grow income from Funds Management
- Seed new managed funds with ENN owned investments
- Co-invest with external capital partners

Manage our Investment Portfolio:
- Selectively acquire quality, high yielding assets that have potential for co-investment by external capital
- Realise earnings and capital growth potential from ENN owned investments.

3. Overview of Managed Funds and Investment Portfolio

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

Managed Funds

Funds	Location	Type	Gross Asset Value $'m
Manning Mall Syndicate	Taree, NSW	Sub-regional shopping centre	37.2
Griffin Plaza Syndicate	Griffith, NSW	Neighbourhood shopping centre	17.9
Super A Mart Auburn Syndicate	Auburn NSW	Retail warehouse	20.7
John Cootes Diversified Property Fund	Penrith, Yennora and Tuggerah, NSW	Two retail showrooms and one warehouse	12.1
Additions since Initial Public Offering			
193 Clarence Hotel Syndicate	Sydney, NSW	Hotel	21.0
Bell City Syndicates (4)	Preston, VIC	Hotel, budget accommodation and commercial complex	142.9
Total Managed Funds			**251.8**

Investment Portfolio

Asset	Location	Type of Operating Business	Valuation $'m
Hotels Tourism and Leisure			
Peppers Cradle Mountain Lodge	Cradle Mountain National Park, TAS	Hotel	29.0
Featherdale Wildlife Park	Sydney, NSW	Wildlife Park	13.0
Hotel Ibis Styles Canberra Eaglehawk	Canberra, ACT	Hotel	17.7
Mantra Wollongong Hotel	Wollongong, NSW	Hotel	7.1
Additions since Initial Public Offering			
Hotel Ibis Styles Albany	Albany, WA	Hotel	5.3
Special Situations Investments			
John Cootes Furniture	Operates from 4 sites; Merrylands, Penrith, Yennora and Tuggerah (all NSW)	Furniture retailer	7.0
Merrylands Property	Merrylands, NSW	Property associated with John Cootes Furniture	12.1
Additions since Initial Public Offering			
Managed Fund Co -Investments			
193 Clarence Hotel Syndicate	Sydney, NSW		1.1
Bell City Syndicates (4)	Preston, VIC		12.0
Total Investment Portfolio			**104.3**

4. Distribution

The distribution of income for the period ended 31 December 2014 was 5.2 cents per stapled security which will be paid by the Group on 27 February 2015. A provision has not been recognised in the consolidated financial statements at 31 December 2014 as the distribution had not been declared at the reporting date.

5. Review and results of operations

The Group recorded a statutory loss after tax of $1.9 million for the period ended 31 December 2014, after $6.1 million of transaction and establishment costs associated with the establishment and listing of ENN in July 2014.

Core or Distributable earnings were $4.1 million or 5.8 cents per stapled security, and 6.6 cents per weighted average stapled security on issue during the period. Distribution of 5.2 cents per stapled security has been declared for the period (90% pay-out ratio on Core Earnings). Core Earnings is considered more relevant than statutory profit as it represents an estimate of the underlying recurring cash earnings of the Group, and has been determined in accordance with ASIC Regulatory Guide 230.

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

	Consolidated Group 31 December 2014	**EIF Group 31 December 2014**
Net profit/(loss) after tax ($'000)	(1,936)	294
Core Earnings ($'000)	4,084	3,390
Distributions payable to security holders ($'000)	3,675	3,051
Core Earnings per stapled security (cents)	5.78	4.80
Core Earnings per weighted average stapled security (cents)	6.61	5.49
Distributions (cents per unit)	5.20	4.32
Net tangible assets ($ per stapled security)	1.10	0.65

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

	Note	**Consolidated Group 31 December 2014 $'000**	**EIF Group 31 December 2014 $'000**
Net profit/(loss) after tax (statutory)		**(1,936)**	**294**
Adjustments for items included in statutory profit/(loss)			
Transaction, establishment costs and fair value decrements	4	6,115	3,676
Building depreciation expense	3	539	-
Fair value adjustments on investment property		-	(580)
Amortisation of intangibles		75	-
Tax adjustments	2	(709)	-
Core Earnings	1	**4,084**	**3,390**

Note 1: Core Earnings represents the Directors view of underlying earnings from ongoing operating activities for the period, being net profit/(loss) after tax, adjusting for one-off realised items (being formation or other transaction costs that occur infrequently or are outside the course of ongoing business activities), non-cash items (being fair value movements, depreciation charges on the buildings held by the Trust and amortisation of intangibles), determined in accordance with ASIC RG230.

Note 2: Income tax expense for the period positively contributed to net profit/loss after income tax by $0.709 million. Income tax expense for the period includes the impact of certain positive non-recurring items related to the tax impact of acquisitions made at the time of listing. The directors have not included this tax benefit in distributable Core Earnings for the period ended 31 December 2014.

Note 3: During the period the Group incurred total depreciation charges of $1.113 million, however only the depreciation expense on buildings of $0.539 million has been added back for the purposes of calculating Core Earnings.

Note 4: Transaction and establishment costs incurred by the Group through profit and loss relate to the establishment and listing of the Group in July 2014. These costs are:

	Consolidated Group 31 December 2014 $'000	EIF Group 31 December 2014 $'000
Stamp duty and registration costs	1,355	783
Acquisition costs including advisers and consultants fees	2,232	1,569
Listing related costs	2,528	1,324
Transaction and establishment costs	**6,115**	**3,676**

The Group is organised into three divisions by business type.

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

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

Funds Management, which manages the third party owned investment funds and syndicates.

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

	Consolidated Group Segment Revenues 31 December 2014 $'000	Consolidated Group Segment EBITDA 31 December 2014 $'000
Hotels, Tourism and Leisure	15,430	3,937
Special Situations	9,701	933
Funds Management	2,124	1,915
Other	20	20
Total Segment Revenue and EBITDA	**27,275**	**6,805**
Unallocated Corporate Costs		(1,627)
Group EBITDA		**5,178**
Depreciation and amortisation		(1,188)
Group EBIT		**3,990**
Borrowing Costs		(520)
Group EBT and Extraordinary Items		**3,470**
Transaction and establishment costs		(6,115)
Group Net profit / (loss) before income tax		**(2,645)**
Income tax benefit		709
Group Net profit / (loss) after income tax		**(1,936)**

Hotel, Tourism and Leisure performed in line with expectations.

John Cootes Furniture business performed below expectations, largely related to transitioning of the business.

Funds Management has performed strongly based primarily on the addition of $163 million of funds under management since the Initial Public Offering.

For further information on the segment performance, please see Note 18.

6. Value of assets

The value of the Group's and EIF Group assets is derived using the basis set out in Note 1 of the consolidated financial statements.

	Consolidated Group 31 December 2014 $'000	EIF Group 31 December 2014 $'000
Value of total assets	122,483	79,563
Value of net assets	85,683	45,609

7. Interests in the Group

During the period the Group conducted an institutional placement of 15% of securities on issue at the time of the placement (9.12 million securities) and a Securities Purchase Plan (0.725 million securities). The net proceeds, after capitalised issue costs, of $13.2 million were primarily utilised to fund the Groups $12.0 million cornerstone investment in the Bell City Syndicates. The remainder of the proceeds were used to retire debt.

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

	Consolidated Group 31 December 2014 $'000
Stapled securities on issue at the beginning of the period	60,800
Stapled securities issued for business acquisitions through Institutional Placement	9,120
Stapled securities issued for Security Purchase Plan	725
Stapled securities on issue at the end of the period	**70,645**

8. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

9. Rounding of amounts to the nearest thousand dollars

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

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

10. Subsequent events

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

Signed in accordance with a resolution of the Directors pursuant to s.306(3) of the Corporations Act 2001 (Cth).

Paul Bedbrook
Chairman

Glenn Willis
CEO and Managing Director

Sydney, 23 February 2015

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The Directors
Elanor Investors Limited and
Elanor Funds Management Limited (as responsible entity for Elanor Investment Fund)
Level 26, 135 King Street
Sydney NSW 2000

23 February 2015

Dear Directors,

Elanor Investors Limited and Elanor Investment Fund

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

As lead audit partner for the review of the half year financial statements of Elanor Investors Limited and Elanor Investment Fund for the half year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Note	Consolidated Group 31 December 2014 $'000	EIF Group 31 December 2014 $'000
Income			
Revenue from operating activities	2	27,216	-
Interest income		15	8
Rental income		28	3,917
Share of profit / (loss) from equity accounted investments		10	10
Fair Value gain on revaluation of assets		-	580
Other income		5	-
Total income		**27,274**	**4,515**
Expenses			
Cost of goods sold		6,452	-
Salary and employee benefits		9,439	-
Property expenses		2,191	-
Operator management fees		850	-
Borrowing costs		543	441
Depreciation		1,113	-
Amortisation		126	38
Marketing and promotion		1,240	-
Repairs, maintenance and technology		390	-
Transaction, establishment costs and fair value decrements		6,115	3,676
Other expenses		1,460	66
Total expenses		**29,919**	**4,221**
Net profit/(loss) before income tax expense		(2,645)	294
Income tax expense/(benefit)	3	(709)	-
Net profit/(loss) for the half year		**(1,936)**	**294**
Attributable to security holders of:			
- Elanor Investors Limited		(2,230)	-
- Elanor Investment Fund (non-controlling interest)		294	294
Net profit/(loss) for the half year		**(1,936)**	**294**
Basic earnings per stapled security (cents)		(3.5981)	0.4737
Diluted earnings per stapled security (cents)		(3.5981)	0.4195

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

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Note	Consolidated Group 31 December 2014 $'000	EIF Group 31 December 2014 $'000
Net profit/(loss) for the half year		**(1,936)**	**294**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Gain/(loss) on revaluation of cash flow hedge	14	(145)	(145)
Items that may not be reclassified to profit and loss			
Gain/(loss) on revaluation of property, plant and equipment	14	580	-
Income tax relating to these items		-	-
Other comprehensive income/(loss) for the half year, net of tax		435	(145)
Total comprehensive income/(loss) for the half year, net of tax		**(1,501)**	**149**
Attributable to security holders of:			
- Elanor Investors Limited		(1,650)	-
- Elanor Investment Fund (non-controlling interest)		149	149
Total comprehensive income/(loss) for the half year, net of tax		**(1,501)**	**149**

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

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	Consolidated Group 31 December 2014 $'000	EIF Group 31 December 2014 $'000
Current assets			
Cash and cash equivalents		7,813	3,404
Receivables		2,324	1,519
Inventories	8	3,366	-
Income tax receivable		561	-
Other current assets		426	167
Total current assets		**14,490**	**5,090**
Non-current assets			
Property, plant and equipment	6	74,752	-
Investment properties	7	-	61,324
Non-current inventories	8	11,027	-
Equity accounted investments	9	13,149	13,149
Goodwill and intangible assets	10	7,755	-
Deferred tax assets		1,310	-
Total non-current assets		**107,993**	**74,473**
Total assets		**122,483**	**79,563**
Current liabilities			
Payables	11	4,611	863
Derivative financial instruments	5	37	37
Interest bearing liabilities	12	6,404	6,404
Current provisions		652	-
Other current liabilities		898	418
Total current liabilities		**12,602**	**7,722**
Non-current liabilities			
Derivative financial instruments	5	109	109
Interest bearing liabilities	12	23,267	26,123
Non-current provisions		822	-
Total non-current liabilities		**24,198**	**26,232**
Total liabilities		**36,800**	**33,954**
Net assets		**85,683**	**45,609**
Equity			
Equity Holders of Elanor Investors Limited			
Contributed equity		41,606	-
Reserves		698	-
Retained profits/(accumulated losses)		(2,230)	-
Parent entity interest		40,074	-
Equity Holders of Elanor Investment Fund			
Contributed equity		45,460	45,460
Reserves		(145)	(145)
Retained profits/(accumulated losses)		294	294
Non-controlling interest		45,609	45,609
Total equity attributable to stapled security holders:			
- Elanor Investors Limited		40,074	-
- Elanor Investment Fund		45,609	45,609
Total equity		**85,683**	**45,609**

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 2014

	Note	Contributed equity	Asset Revaluation Reserve	Cash flow Hedge Reserve	Security Based Payment Reserve	Retained profits/ (accumulated losses)	Parent Entity Total Equity	Non-controlling interests	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated Group									
Total equity at 1 July 2014		-	-	-	-	-	-	-	-
Profit / (loss) for the period						(2,230)	(2,230)	294	(1,936)
Other comprehensive income / (expense) for the period		-	580	-	-	-	580	(145)	435
Total comprehensive income / (expense) for the period		**-**	**580**	**-**	**-**	**(2,230)**	**(1,650)**	**149**	**(1,501)**
Transactions with owners in their capacity as owners:									
Contributions of equity, net of issue costs	13	41,606	-	-	-	-	41,606	45,460	87,066
Security-based payments		-	-	-	118	-	118	-	118
Distributions paid and payable	4	-	-	-	-	-	-	-	-
Total equity at 31 December 2014		**41,606**	**580**	**-**	**118**	**(2,230)**	**40,074**	**45,609**	**85,683**
EIF Group									
Total equity at 1 July 2014		-	-	-	-	-	-	-	-
Profit / (loss) for the period						294	294		294
Other comprehensive income / (expense) for the period		-	-	(145)	-	-	(145)	-	(145)
Total comprehensive income / (expense) for the period		**-**	**-**	**(145)**	**-**	**294**	**149**		**149**
Transactions with owners in their capacity as owners:									
Contributions of equity, net of issues costs	13	45,460	-	-	-	-	45,460	-	45,460
Security-based payments		-	-	-	-	-	-	-	-
Distributions paid and payable	4	-	-	-	-	-	-	-	-
Total equity at 31 December 2014		**45,460**	**-**	**(145)**	**-**	**294**	**45,609**	**-**	**45,609**

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 2014

	Consolidated Group 31 December 2014 $'000	EIF Group 31 December 2014 $'000
Cash flows from operating activities		
Receipts from customers	29,753	-
Payments to suppliers and employees	(26,671)	(100)
Property expenses paid	-	-
Costs paid on behalf of the Company	-	-
Interest received	13	8
Finance costs paid	(470)	(425)
Rent receipts from the Company	-	3,703
Receipts of funds for property costs from the Company	-	-
Income tax paid	-	-
Net cash flows from operating activities	**2,625**	**3,186**
Cash flows from investing activities		
Payments for business and asset acquisitions	(86,793)	(63,097)
Payments for property, plant and equipment	(803)	-
Payments for management rights	(1,650)	-
Payments made on behalf of associates	(169)	-
Payments for equity accounted investments	(13,139)	(13,139)
Acquisition and establishment costs	(3,945)	-
Loans to associates	(780)	(780)
Loans from stapled entity	-	6,302
Net cash flows from investing activities	**(107,279)**	**(70,714)**
Cash flows from financing activities		
Net proceeds from borrowings	29,621	26,187
Proceeds from equity raisings	89,586	46,955
Costs associated with equity raisings	(6,740)	(2,210)
Net cash flows from financing activities	**112,467**	**70,932**
Net increase/(decrease) in cash and cash equivalents	7,813	3,404
Cash and cash equivalents at the beginning of the period	-	-
Cash at the end of the period	**7,813**	**3,404**

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

1. Summary of significant accounting policies

Elanor Investors Group (Group or Consolidated Group) is a 'stapled' entity comprising of Elanor Investment Fund (Trust) and its controlled entities, and Elanor Investors Limited (EIL or Company) and its controlled entities. The units in the Trust are stapled to shares in the Company. The stapled securities cannot be traded or dealt with separately. The stapled securities of the Group are listed on the Australian Securities Exchange (ASX).

The significant policies which have been adopted in the preparation of these consolidated financial statements for the period ended 31 December 2014 are set out below.

(a) Basis of preparation

As permitted by Class Order 05/642 issued by the Australian Securities and Investments Commission (ASIC), this interim 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).

The interim financial report of Elanor Investors Group comprises the consolidated financial report of Elanor Investors Limited and its controlled entities, including Elanor Investment Fund and its controlled entities.

The interim financial report of the EIF Group comprises the consolidated financial report of Elanor Investment Fund and its controlled entities.

These consolidated interim financial statements have been presented in accordance with ASIC Order 14-0697. The Company and the Trust do not have to comply with subsection 323D(5) of the Corporations Act 2001 in respect of the first half-year of each of the Company and the Trust ending on 1 November 2014 and 21 November 2014 respectively. The Company and the Trust comply with Parts 2M.2, 2M.3 and 2M.4 of the Act in respect of the first half-years of the Company and the Trust as if those half-years are for the six months to 31 December 2014.

These financial statements are to be read in conjunction with public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

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

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

Critical accounting estimates
The preparation of financial statements in conformity with Australian Accounting Standards may require the use of certain critical accounting estimates, and management to exercise its judgement in the process of applying the Group's accounting policies. The critical accounting estimates made include the estimation of the fair value of the Group's assets and assumptions related to deferred tax assets and liabilities, impairment testing of goodwill and Director valuations for some property, plant and equipment and investment properties. No other key assumptions concerning the future, or other estimates of uncertainty at the reporting date, have a significant risk of causing material adjustments to the financial statements in the next reporting period.

Going concern
EIF Group's current liabilities exceeded its current assets by $2.6m as at 31 December 2014. The directors of the Elanor Funds Management Limited, in its capacity as Responsible Entity of EIF Group, have received a letter of loan subordination from the Company indicating that it confirms its intention to not require repayment of the loan owed by EIF Group of $6.3 million to enable EIF Group to continue as a going concern and meet its financial obligations as and when they fall due, for at least 12 months from the date of signing of the Group's financial statements for the half year ended 31 December 2014.

1. Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations not yet effective

Certain new standards and amendments and interpretations to existing standards have been published that are mandatory for the Group and the EIF Group for accounting periods beginning on or after 1 January 2015, which the Group and the EIF Group have not yet adopted. Based on a review of these standards, the majority of the standards yet to be adopted are not expected to have significant impact on the financial statements of the Group or the EIF Group. The Group's and the EIF Group's assessment of the impact of those new and amended standards and interpretations which may be relavant is set out below:

AASB 15 Revenue from Contracts with Customers; AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15; AASB 9 Financial Instruments; AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014); and AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010).

AASB 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. AASB 15 and AASB 2014-5 apply to annual reporting periods beginning on or after 1 January 2017. Early application is permitted for annual reporting periods beginning on or after 1 January 2015 but before 1 January 2017. The Group is yet to assess its full impact. However, initial indications are that it is unlikely that there will be a material impact on the Group's financial statements. The Group does not intend to adopt AASB15 before its operative date, which means it would be first applied in the annual reporting period ending 30 June 2018.

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and may affect the Group's accounting for its financial assets. The standard is not applicable until periods beginning on or after 1 January 2018 but is available for early adoption. The Group is yet to assess its full impact. However, initial indications are that it is unlikely that there will be a material impact on the Group's financial statements. The Group does not intend to adopt AASB 9 before its operative date, which means it would be first applied in the annual reporting period ending 30 June 2019.

(c) 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 2014. Elanor Investors Limited is the parent entity in relation to the stapling. The results and equity of Elanor Investment Fund (which is not directly owned by Elanor Investors Limited) have been treated and disclosed as a non-controlling interest. Whilst the results and equity of Elanor Investment Fund are disclosed as a non-controlling interest, the stapled security holders of Elanor Investment Fund are the same as the stapled security holders of Elanor Investors Limited.

These Financial Statements also include a separate column representing the Financial Statements of Elanor Investment Fund, incorporating the assets and liabilities of Elanor Investment Fund and all of its subsidiaries, as at 31 December 2014.

Subsidiaries are all entities over which the Group has control. Control is defined as having rights to variable returns from involvement in the investee and having the ability to affect those returns through its power over the investee.

Where an entity began or ceased to be a controlled entity during the reporting period, the assets, liabilities and results are consolidated only from the date control commenced or up to the date control ceased.

In preparing the consolidated Financial Statements, all intra-group transactions and balances, including unrealised profits arising thereon, have been eliminated in full.

1. Summary of significant accounting policies (continued)

(d) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value and comprises the assets transferred, the liabilities incurred and the equity interests issued. Acquisition-related costs are recongnised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

• deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 ‘Income Taxes’ and AASB 119 ‘Employee Benefits’ respectively;

• liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 ‘Share-based Payment’ at the acquisition date; and

• assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 ‘Non-current Assets Held for Sale and Discontinued Operations’ are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where a business combination is achieved in stages, the Group’s previously held equity interest in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

1. Summary of significant accounting policies (continued)

(e) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policy decisions.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

When a company entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(f) Revenue recognition

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Elanor's activities as described below.

<u>Hotel revenue</u>
Revenue is recognised when goods and services have been provided to the customer.

<u>Sale of goods</u>
Sales are recognised as revenue only when the sale becomes unconditional and ownership of a product has passed to the customer, after delivery.

<u>Funds management fee revenue</u>
Fund management fee revenue is recognised on an accruals basis, in accordance with the terms of the relevant contracts.

Rental income from investment properties is accounted for on a straight-line basis over the term of the lease.

If not received at balance sheet date, revenue is reflected in the balance sheet as a receivable and carried at its recoverable value.

Where revenue is received from the sale of properties, it is recognised when the significant risks and rewards have transferred to the buyer. This will normally take place on unconditional exchange of contracts except where payment on completion is expected to occur significantly after exchange. For conditional exchanges, sales are recognised when the conditions are satisfied.

1. Summary of significant accounting policies (continued)

(g) Expenses

Expenses are brought to account on an accruals basis.

(h) Finance costs

Finance costs include interest payable on bank overdrafts and short-term and long-term borrowings, payments on derivatives and amortisation of ancillary costs incurred in connection with arrangement of borrowings.

Finance costs are expensed as incurred using the effective interest rate method, except to the extent that they are directly attributable to the acquisition of a qualifying asset. In these circumstances, borrowing costs are capitalised to the cost of the assets until the assets are ready for their intended use or sale.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets (with the exception of receivables) are recognised net of the amount of GST, to the extent that the GST is not recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition, or as an expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included in the statement of financial position as receivable or payable.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short term deposits with an original maturity of 90 days or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Receivables

Trade and other receivables are initially recognised at fair value and subsequently accounted for at amortised cost. Collectability of trade receivables is reviewed on a regular basis and bad debts are written off when identified. A specific provision is made for any doubtful debts where objective evidence exists that the receivables will not be recoverable. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows.

All receivables with maturities greater than 12 months after reporting date are classified as non-current assets.

(l) Inventories

Inventories are assets held for sale or consumables held in the ordinary course of operations and recognised at the lower of cost or net realisable value.

The cost of the inventory comprises costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. A provision is raised when it is believed that the costs incurred will not be recovered on the ultimate sale of the inventory.

1. Summary of significant accounting policies (continued)

(m) Investment property

Investment property relates to the land and buildings owned by the EIF Group (being the Elanor Investment Fund and its controlled entities) only.

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

At each reporting date, the carrying values of the investment properties are assessed by the Directors' and where the carrying value differs materially from the Directors' assessment of fair value, an adjustment to the carrying value is recorded as appropriate.

The Directors' assessment of fair value of each investment property takes into account latest independent valuations, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable properties. In determining the fair value, the capitalisation of net income method and/or the discounting of future net cash flows to their present value have been used, which are based upon assumptions and judgements in relation to future rental income, property capitalisation rate or estimated yield and make reference to market evidence of transaction prices for similar properties.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(n) Property, plant and equipment

Land and Buildings

All owner occupied properties in the Hotel, Tourism & Leisure class are held for use by the Group for the supply of services and are classified as land and buildings and stated at fair value less accumulated depreciation and accumulated impairment for the buildings. Fair value is the amount for which the land and buildings could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Revaluation increases arising from changes in the fair value of land and buildings are recognised in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

The land and buildings owned by Wiltex Wholesale are classified as Inventory, other than the proportion of the property which is classified as owner occupied as a result of being used by the John Cootes Furniture business for the supply of services. Owner occupied land and buildings owned by Wiltex Wholesale is stated at cost less accumulated depreciation.

Furniture, fittings and equipment

Furniture, fittings and equipment are stated at cost less accumulated depreciation.

Livestock

Livestock are stated at cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the animals. The fair value of the livestock is not materially different to its carrying value. Depreciation on livestock is calculated using the straight-line method, over the useful lives of the assets which range from 5 - 50 years.

1. Summary of significant accounting policies (continued)

Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Buildings	40 years
Computer Equipment	3 years
Vehicles	8 years
Furniture, fittings and equipment	5 - 10 years

(o) Intangible assets

Funds management rights

Funds management rights have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives of 10 years.

Brands

Brands acquired are carried at cost as established at the date of acquisition less accumulated impairment losses, if any.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(p) Impairment of assets

All assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where objective evidence or an indicator of impairment exists, an estimate of the asset's recoverable amount is made. An impairment loss is recognised in the statement of profit or loss and other comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less cost of disposal and value in use.

(q) Payables

Payables represent liabilities and accrued expenses owing at year end which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition. Payables are recognised at amortised cost and normal commercial terms and conditions apply to payables.

A distribution and or dividend payable to Security holders is recognised for the amount of any distribution and or dividend approved on or before reporting date but not paid at reporting date.

All payables with maturities greater than 12 months after the reporting date are classified as non current liabilities.

1. Summary of significant accounting policies (continued)

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(s) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to reporting date.

(t) Interest bearing liabilities

Interest bearing liabilities are recognised initially at cost, being the fair value of the consideration received net of transaction costs associated with the borrowing. Subsequent to initial recognition, interest bearing liabilities are recognised at amortised cost using the effective interest method. Under the effective interest method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in the statement of profit or loss and other comprehensive income over the expected life of the borrowings.

Interest bearing liabilities are classified as current liabilities where the liability has been drawn under a financing facility which expires within 12 months. Amounts drawn under financial facilities which expire after 12 months are classified as non-current.

1. Summary of significant accounting policies (continued)

(u) Derivative and other financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates its hedging instruments, which include derivatives, as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the ‘other gains and losses’ line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or nonfinancial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

(v) Security based payments

Equity-settled security-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled security-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

1. Summary of significant accounting policies (continued)

(w) Income tax

Trust

Under current tax legislation, the Trust is not liable for income tax, provided the Security holders are presently entitled to the taxable income of the Trust including realised capital gains each financial year.

Company and other taxable entities

Income tax expense comprises current and deferred tax and is recognised in the statement of profit or loss and other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group, formed on 11 July 2014, and are therefore taxed as a single entity, with any deferred tax assets and liabilities of these entities set off in the consolidated financial statements. The head entity within the tax-consolidated group is Elanor Investors Limited.

(x) Contributed equity

Ordinary units and shares are classified as equity and recognised at the fair value of the consideration received. Any transaction costs arising on the issue of ordinary securities are recognised directly in equity as a reduction, net of tax, of the proceeds received.

(y) Earnings per stapled security

Basic earnings per stapled security is calculated as profit after tax attributable to Security holders divided by the weighted average number of ordinary stapled securities issued.

Diluted earnings per stapled security is calculated as profit after tax attributable to Security holders adjusted for any profit recognised in the period in relation to dilutive potential stapled securities divided by the weighted average number of stapled securities and dilutive stapled securities.

(z) Segment reporting

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.

1. Summary of significant accounting policies (continued)

(aa) Comparatives

The Trust was registered as a managed investment scheme on 21 May 2014 and the Company was incorporated on 1 May 2014. Units in the Trust and shares in the Company were stapled together and listed on the Australian Securities Exchange on 11 July 2014. The Group did not trade prior to 11 July 2014, and therefore there are no comparatives presented for the half year to 31 December 2014.

(ab) Use of estimates and judgements

The preparation of consolidated 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where a higher degree of judgment or complexity arise, or areas where assumptions and estimates are significant to the Group's financial statements, are detailed below:

Fair value of property investments

Land and Buildings are carried at fair value with changes in fair value recognised in other comprehensive income in the statement of comprehensive income. Fair value is defined as the price at which an asset or liability could be exchanged in an arm's length transaction between knowledgeable, willing parties, other than in a forced or liquidation sale.

In reaching estimates of fair value, management judgment needs to be exercised. The level of management judgment required in establishing fair value of the land and buildings for which there is no quoted price in an active market is reduced through the use of external valuations.

Goodwill

Management judgement is required in reviewing and impairment testing goodwill balances carried by the Group, which involves estimates of key assumptions including cash flow projections, growth rates and discount rates.

Deferred Tax Assets

Management judgement is required in reviewing the recoverability of deferred tax assets carried by the Group, which involves estimates of key assumptions including cash flow projections, growth rates and discount rates.

2. Revenue from operating activities

	Consolidated Group 31 December 2014 $'000	EIF Group 31 December 2014 $'000
Revenue from hotels	10,412	-
Revenue from wildlife parks	5,007	-
Revenue from sale of furniture	9,673	-
Management fee income	2,124	-
Revenue from operating activities	**27,216**	**-**

3. Income tax expense

	Consolidated Group 31 December 2014 $'000	EIF Group 31 December 2014 $'000
(a) Income tax expense		
Current tax expense	664	-
Deferred tax expense	(1,373)	-
	(709)	**-**

(b) Reconciliation of income tax expense to prima facie tax expense		
Profit / (loss) from continuing operations before income tax expense:	(2,645)	294
Less: Profit / (loss) from the Trust (which is not taxable)	294	294
Prima facie profit / (loss)	(2,938)	-
Tax at the Australian tax rate of 30%	(882)	-
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment	6	-
Non-deductible depreciation and amortisation	358	-
Amounts recognised on acquisition of subsidiary	(191)	-
Income tax expense / (benefit)*	**(709)**	**-**

*A component of the deferred tax balances have been recongnised in equity, in relation to capitalised equity raising costs. Refer to Note 13 for further details.

4. Distributions

(a) Consolidated Group

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

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

* The distribution of 5.2 cents per stapled security for the period ended 31 December 2014 was not declared prior to 31 December 2014. Please refer to the Director's Report for the calculation of Core Earnings and the Distribution.

(b) EIF Group

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

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

5. Derivative financial instruments

	Consolidated Group 31 December 2014 $'000	EIF Group 31 December 2014 $'000
Current liabilities		
Interest rate swaps	37	37
	37	**37**
Non-current liabilities		
Interest rate swaps	109	109
	109	**109**

Interest rate swaps

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

6. Property, plant and equipment

Consolidated Group

Property	Note	Total Cost on Acquisition	Fair Value Decrement on Acquisition	Fair Value on Acquisition	Additions	Total Cost 31 December 2014 $'000	Accumulated Depreciation 31 December 2014 $'000	Cumulative revaluation increments/ (decrements) 31 December 2014 $'000	Consolidated Fair Value 31 December 2014 $'000
Cradle Mountain Lodge	(1)	28,814	(39)	28,775	274	29,049	(559)	285	28,775
Eaglehawk Hotel	(2)	19,259	(1,517)	17,742	225	17,967	(327)	102	17,742
Wollongong Hotel	(3)	8,195	(999)	7,196	4	7,200	(129)	124	7,195
Albany Hotel	(4)	5,351	(101)	5,250	-	5,250	(17)	17	5,250
Featherdale Wildlife Park	(5)	13,408	(39)	13,369	9	13,378	(61)	52	13,369
Other		3,210	(985)	2,225	218	2,443	(22)	-	2,421
Total		78,237	(3,680)	74,557	730	75,287	(1,115)	580	74,752

(1) At 31 December 2014, the Directors assessed the fair value of the property, plant and equipment of the Cradle Mountain Lodge to be $28.8m, supported by an independent valuation performed on 31 May 2014 by Landmark White of $29m.
(2) At 31 December 2014, the Directors assessed the fair value of the property, plant and equipment of the Eaglehawk Hotel to be $17.7m, supported by an independent valuation performed on 31 May 2014 by Landmark White of $17.7m.
(3) At 31 December 2014, the Directors assessed the fair value of the property, plant and equipment of the Wollongong Hotel to be $7.2m, supported by an independent valuation performed on 31 May 2014 by Landmark White of $7.1m.
(4) At 31 December 2014, the Directors assessed the fair value of the property, plant and equipment of the Albany Hotel to be $5.25m, supported by an independent valuation performed on 14 November 2014 by Landmark White of $5.25m.
(5) At 31 December 2014, the Directors assessed the fair value of the property, plant and equipment of the Featherdale Wildlife Park to be $13.4m, supported by an independent valuation performed on 31 May 2014 by Landmark White of $13.0m.

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

	Consolidated Group 31 December 2014 $'000
Carrying amount at the beginning of the period	-
Fair value decrement on acquisition	78,237
Acquisition costs written off	(3,680)
Additions	730
Depreciation	(1,115)
Revaluation increments	580
Carrying amount at the end of the period	74,752

7. Investment properties

EIF Group

Property	Note	Total Cost on Acquisition	Fair Value Decrement on Acquisition	Fair Value on Acquisition	Additions	Total Cost 31 December 2014 $'000	Fair Value (decrements) /increments 31 December 2014 $'000	Consolidated Fair Value 31 December 2014 $'000
Cradle Mountain Lodge	(1)	25,529	(39)	25,490	-	25,490	285	25,775
Eaglehawk Hotel	(1)	15,826	(1,313)	14,513	-	14,513	102	14,615
Wollongong Hotel	(1)	6,651	(1,000)	5,651	-	5,651	124	5,775
Albany Hotel	(1)	5,070	(70)	5,000	-	5,000	17	5,017
Featherdale Wildlife Park	(1)	10,129	(39)	10,090	-	10,090	52	10,142
Total		63,205	(2,461)	60,744	-	60,744	580	61,324

Notes

(1) These values relate to land and buildings held by the Trust only. Refer to Note 6 - Property, plant and equipment for the full valuation.

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

	EIF Group 31 December 2014 $'000
Carrying amount at the beginning of the period	-
Total cost on acquisition	63,205
Fair value decrement on acquisition	(2,461)
Additions	-
Revaluation increments	580
Carrying amount at the end of the period	**61,324**

8. Inventories

Current	Consolidated Group 31 December 2014 $'000	EIF Group 31 December 2014 $'000
Goods held for resale	3,366	-
Total current	**3,366**	**-**
Non-current		
Property Inventory	11,027	**-**
Total Non-current	**11,027**	**-**

9. Equity accounted investments

	Percentage Ownership	Consolidated Group 31 December 2014 $'000	EIF Group 31 December 2014 $'000
193 Clarence Hotel Fund	10.00%	1,149	1,149
Bell City Fund	17.47%	12,000	12,000
Total equity accounted investments		**13,149**	**13,149**

10. Intangible assets

	Consolidated Group 31 December 2014 $'000	EIF Group 31 December 2014 $'000
Management Rights	1,500	-
Accumulated amortisation	(75)	-
Total Management Rights	**1,425**	**-**
Brands	1,660	-
Accumulated impairment charge	-	-
Total Brands	**1,660**	**-**
Goodwill at cost	4,670	-
Accumulated impairment charge	-	-
Total Goodwill	**4,670**	**-**
Total intangible assets	**7,755**	**-**

	Consolidated Group 31 December 2014 $'000	EIF Group 31 December 2014 $'000
Management Rights		
Opening net book amount	-	-
Additions	1,500	-
Amortisation	(75)	-
Closing net book amount	1,425	-
Brands		
Opening net book amount	-	-
Additions	1,660	-
Accumulated impairment charge	-	-
Closing net book amount	1,660	-
Goodwill		
Opening net book amount	-	-
Additions	4,670	-
Accumulated impairment charge	-	-
Closing net book amount	4,670	-
Total intangible assets	**7,755**	**-**

11. Payables

	Consolidated Group 31 December 2014 $'000	EIF Group 31 December 2014 $'000
Trade Creditors	1,049	233
Accrued Expenses	3,245	630
GST Payable	234	-
Tax payable on acquisition	83	-
Total payables	**4,611**	**863**

12. Interest bearing liabilities

	Consolidated Group 31 December 2014 $'000	EIF Group 31 December 2014 $'000
Current		
Bank loan - term debt	6,459	6,459
Borrowing Costs less amortisation	(55)	(55)
Total current	6,404	6,404
Non-current		
Bank loan - term debt	23,514	20,000
Borrowing Costs less amortisation	(247)	(179)
Loan from the Company (1)	-	6,302
Total non-current	23,267	26,123
Total interest bearing liabilities	**29,671**	**32,527**

(1) The Loan from the Company to the Trust was created as a result of the Company loaning an amount of the proceeds of the Placement in December 2014 to the Trust for the acquisition of its share of the Bell City Fund.

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

Credit facilities

As at 31 December 2014, the Group had unrestricted access to the following credit facilities:

	Consolidated Group 31 December 2014 $'000	EIF Group 31 December 2014 $'000
A$ trade credit facility	500	-
Amount used	-	-
Amount unused	**500**	**-**
Working Capital facility	5,000	5,000
Amount used	(3,514)	(3,514)
Amount unused	**1,486**	**1,486**
Term debt facility	28,560	28,560
Amount used	(26,459)	(26,459)
Amount unused	**2,101**	**2,101**
Total facility	34,060	33,560
Total amount used	(29,973)	(29,973)
Total amount unused	**4,087**	**3,587**

12. Interest bearing liabilities (continued)

Consolidated Group

The Group has access to a A$34.06 million facility, upon which both the Company and the Trust can draw. The drawn amount at 31 December 2014 of A$6.459 million of the AUD facility will mature on 30 September 2015 and A$25 million will mature on 11 July 2017. At 31 December 2014, the amount of drawn facilities is hedged to 33.4%.

All of the facilities have a variable interest rate. As detailed in Note 5, the interest rates on the loans are partially fixed using interest rate swaps. The weighted average annual interest rates payable of the loans at 31 December 2014, including the impact of the interest rate swaps, is 4.365% per annum.

EIF Group

The EIF Group has access to a A$33.56 million facility, upon which both the Company and the Trust can draw. The drawn amount at 31 December 2014 of A$6.459 million of the AUD facility will mature on 30 September 2015 and A$25 million will mature on 11 July 2017. At 31 December 2014, the amount of drawn facilities is hedged to 37.8%.

All of the facilities have a variable interest rate. As detailed in Note 5, the interest rates on the loans are partially fixed using interest rate swaps. The weighted average annual interest rates payable of the loans at 31 December 2014, including the impact of the interest rate swaps, is 4.365% per annum.

13. Contributed equity

No. of securities/ shares	Details	Date of income entitlement	Note	Total Equity 31 December 2014 $'000	Consolidated Group 31 December 2014 $'000	EIF Group 31 December 2014 $'000
60,800,000	Initial Public Offering (IPO)	10 Jul 2014	(i)	76,000	36,489	39,511
	Issue costs paid (net of tax)			(2,146)	(888)	(1,258)
9,120,000	Placement	9 Dec 2014	(ii)	12,586	5,690	6,896
	Issue costs paid (net of tax)			(346)	(127)	(219)
724,752	Security Purchase Plan	30 Dec 2014	(ii)	1,000	453	547
	Issue costs paid (net of tax)			(28)	(11)	(17)
70,644,752	**Securities/shares on issue**	**31 Dec 2014**		**87,066**	**41,606**	**45,460**

(i) Initial Public Offering (IPO)

On 10 July 2014, the Group completed an Initial Public Offering of securities on the Australian Securities Exchange, whereby all of the share capital of Elanor Investors Limited and all of the units in the Elanor Investment Fund were stapled together and commenced trading. At allotment, 60,800,000 stapled securities were issued to the public, at a price of $1.25 per stapled security, raising $76 million, before issue costs.

(ii) Placement and Security Purchase Plan

On 30 December 2014 and 9 December 2014 the Group issued stapled securities under a Placement and a Security Purchase Plan respectively to fund the acquisition of a cornerstone investment in one of the Group's syndicate Funds Management assets, the Bell City Fund.

Securities issued under the Placement and the Share Purchase Plan rank equally with existing securities.

14. Reserves

	Consolidated Group 31 December 2014 $'000	EIF Group 31 December 2014 $'000
Asset revaluation reserve		
Opening balance	-	-
Revaluation	580	-
Transfer to retained profits - realised items	-	-
Closing balance	580	-
Cash flow hedge reserve		
Opening balance	-	-
Revaluation	(145)	(145)
Transfer to retained profits - realised items	-	-
Closing balance	(145)	(145)
Stapled security-based payment reserve		
Opening balance	-	-
Loan Securities and Option expense	118	-
Closing balance	118	-
Total reserves	**553**	**(145)**

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

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

At IPO, as part of the Group's Deferred Short Term Incentive (DSTI) and Long Term Incentive (LTIP) remuneration plans, the Group issued 6.4 million unquoted Loan Security Awards and 1.6 million Options to certain management and other personnel within the Group as part of their remuneration arrangements. These performance rights are subject to vesting conditions as set out in the 16 June 2014 Product Disclosure Statement & Prospectus. Upon vesting, the Group issues stapled securities to those personnel.

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

15. Retained profits / (Accumulated losses)

	Consolidated Group 31 December 2014 $'000	EIF Group 31 December 2014 $'000
Opening balance	-	-
Profit / (loss) for the period	(1,936)	294
Available for distribution	(1,936)	294
Transfer from asset revaluation reserve	-	-
Distributions paid and payable	-	-
Closing balance	**(1,936)**	**294**

The distribution of 5.2 cents per stapled security for the half year ended 31 December 2014 totalling $3.675 million had not been declared at half year end. This will be paid on or before 27 February 2015.

16. Business combinations

Current Period

Acquisitions of businesses and assets

During the reporting period, a number of business and asset acquisitions were completed by the Group. As a part of the Group's IPO on 10 July 2014, an initial portfolio of businesses and assets was acquired and valued at approximately $86 million.

The initial accounting for these acquisitions has only been provisionally determined at the date of the half-year.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	Cradle Mountain Lodge	Eaglehawk Hotel	Wollongong Hotel	Albany Hotel	Featherdale Wildlife Park	John Cootes Furniture	Wiltex Wholesale	Total
Date of Acquisition:	10 Jul 2014	10 Jul 2014	10 Jul 2014	12 Dec 2014	10 Jul 2014	11 Jul 2014	11 Jul 2014	
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Purchase consideration:								
Cash paid	28,297	17,672	7,248	5,098	13,796	6,710	13,008	91,829
Total purchase consideration	**28,297**	**17,672**	**7,248**	**5,098**	**13,796**	**6,710**	**13,008**	**91,829**
Fair value of net identifiable assets acquired	28,297	17,672	7,248	5,349	13,796	2,040	13,008	87,410
Goodwill	**-**	**-**	**-**	**-**	**-**	**4,670**	**-**	**4,670**

The goodwill is attributable to the John Cootes Furniture business strong market position and profitable trading history and synergies expected to arise after the Group's acquisition. None of the goodwill is expected to be deductible for tax purposes.

16. Business combinations (continued)

	Cradle Mountain Lodge $'000	Eaglehawk Hotel $'000	Wollongong Hotel $'000	Albany Hotel $'000	Featherdale Wildlife Park $'000	John Cootes Furniture $'000	Wiltex Wholesale $'000	Total $'000
Separately identifiable intangibles	-	-	-	-	-	1,660	-	1,660
Inventory	299	-	-	-	133	2,061	10,965	13,458
Property, plant and equipment	28,775	17,742	7,196	5,250	13,369	199	2,026	74,557
Net deferred tax assets/(liabilities)	-	-	-	-	107	617	-	724
Payables	(122)	-	-	-	(362)	(857)	-	(1,341)
Employee benefits provision	(330)	(35)	-	(12)	(328)	(684)	-	(1,389)
Other current assets	845	254	370	273	1,312	-	149	3,203
Other current liabilities	(1,170)	(289)	(318)	(162)	(435)	(956)	(132)	(3,462)
Net identifiable assets acquired	**28,297**	**17,672**	**7,248**	**5,349**	**13,796**	**2,040**	**13,008**	**87,410**
Outflow of cash to acquire business								
Cash consideration	28,297	17,671	7,248	5,099	13,796	6,710	13,008	91,829
Less: Balance acquired	378	-	162	-	539	-	-	1,079
Outflow of cash	**27,919**	**17,671**	**7,086**	**5,099**	**13,257**	**6,710**	**13,008**	**90,750**
Acquisition-related costs	**39**	**1,517**	**999**	**101**	**39**	**772**	**213**	**3,680**

These costs have been excluded from the consideration transferred and have been recognised as an expense in profit or loss in the half-year, and included in the statement of cash flows.

17. Net tangible assets

	Consolidated Group 31 December 2014 $'000	EIF Group 31 December 2014 $'000
Net tangible assets are calculated as follows:		
Total assets	122,483	79,563
Less: Intangible assets	(7,755)	-
Less: Total liabilities	(36,800)	(33,954)
Net tangible assets	**77,928**	**45,609**
Total number of stapled securities on issue	70,645	70,645
Net tangible asset backing per stapled security / unit	$1.10	$0.65

18. Segment information

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

Hotels, Tourism and Leisure

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

Funds Management
The Funds Management division manages third party owned investment funds and syndicates. As at 31 December 2014, the Funds Management division has approximately $251 million of external investments under management, being the Managed Investments; and

Special Situation Investments
The Special Situation Investments division identifies and sources new investment opportunities that meet the Group's investment criteria and also realise investments within the portfolio as appropriate. The portfolio contains the John Cootes Furniture business and the Wiltex Wholesale business (which is the owner of the Merrylands property).

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

Consolidated Group - 31 December 2014

	Hotels, Tourism & Leisure $'000	Funds Management $'000	Special Situation Investments $'000	Unallocated Corporate $'000	Total $'000
Revenue from trading activities	15,430	2,124	9,701	20	27,275
Operating expense	(11,493)	(209)	(8,768)	(1,627)	(22,097)
Divisional EBITDA	3,937	1,915	933	(1,607)	5,178
Depreciation and amortisation	(1,085)	(75)	(16)	(12)	(1,188)
Divisional EBIT	2,852	1,840	917	(1,619)	3,990
Transaction and establishment costs not included in divisional EBIT				(6,115)	(6,115)
Amortisation of Borrowing Costs				(50)	(50)
Borrowing costs				(470)	(470)
Net tax benefit / (expense)				709	709
Profit/(loss) for the half year	**2,852**	**1,840**	**917**	**(7,545)**	**(1,936)**
Total assets	93,287	2,112	23,249	3,835	122,483

18. Segment information (continued)

EIF Group - 31 December 2014

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

19. Fair value measurement of financial instruments

(a) Fair value hierarchy

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

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

The following table presents the Consolidated Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2014 on a recurring basis:

Consolidated Group December 2014	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Derivatives:				
At fair value through reserves	-	-	-	-
Total assets	**-**	**-**	**-**	**-**
Financial liabilities				
Derivatives:				
At fair value through reserves	-	(145)	-	(145)
Total liabilities	**-**	**(145)**	**-**	**(145)**

19. Fair value measurement of financial instruments (continued)

The following table presents the EIF Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2014 on a recurring basis:

EIF Group December 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Derivatives:				
At fair value through reserves	-	-	-	-
Total assets	**-**	**-**	**-**	**-**
Financial liabilities				
Derivatives:				
At fair value through reserves	-	(145)	-	(145)
Total liabilities	**-**	**(145)**	**-**	**(145)**

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2014.

(b) Valuation techniques used to derive Level 2 and Level 3 fair values

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

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

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

(c) Reconciliation of movements in fair value of financial instruments

	Consolidated Group 31 December 2014 $'000	EIF Group 31 December 2014 $'000
Opening balance	-	-
Additions	(145)	(145)
Closing balance	**(145)**	**(145)**

20. Contingent liabilities and commitments

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

21. Related party disclosures

On 11 July 2014 the Group completed its Initial Public Offering of securities on the Australian Securities Exchange. The IPO involved a number of related party transactions with Moss Capital Pty Limited, of which Glenn Willis and William (Bill) Moss are directors and shareholders.

Other than as disclosed elsewhere, the Group discloses the following related party transactions for the period to 31 December 2014.

Moss Capital received the following payments and fees out of the proceeds of the IPO, reflecting its role in managing the acquired trusts and the managed funds prior to acquisition by the Group at IPO, as well as other IPO related costs:

- A funds management rights fee of $1.5 million payable by Elanor Funds Management Limited as consideration for the funds management rights of the Managed Investments and the third party owned investment funds and syndicates under a Management Rights Deed;

- An acquisition fee of $285,000 (plus GST) payable on completion of the purchase of John Cootes Furniture and Wiltex Wholesale Pty Limited (the owner of the Merrylands Property) to be paid by Elanor Investors Limited;

- An establishment and acquisition fee of $265,600 (plus GST) on completion of the acquisition of Hotel Ibis Styles Canberra Eaglehawk payable out of the assets of the Eaglehawk Fund; and

- The repayment of the loan of $885,000 from Moss Capital which was used to fund the deposit for the acquisition of Hotel Ibis Styles Eaglehawk.

For the half-year ended 31 December 2014, fees of $301,293 were paid or payable to the Directors of the Responsible Entity and the Company in respect of their services provided.

22. Events occurring after reporting date

Subsequent to the period end, a distribution of 5.2 cents per stapled security has been delcared by the Board of Directors. The total distribution amount of $3.675 million will be paid on or before 27 February 2015 in respect of the half year ended 31 December 2014.

Since the end of the period, the directors are not aware of any other matter or circumstance not otherwise dealt with in the financial reports or the Directors' Report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in financial periods subsequent to the half year ended 31 December 2014.

ELANOR INVESTORS GROUP

DIRECTORS DECLARATION TO STAPLED SECURITY HOLDERS

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

(a) the financial statements and notes set out on pages 9 to 38 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 2014 and of their performance, for the financial half year ended on that date; and

(b) there are reasonable grounds to believe that the Group and EIF will be able to pay their debts as and when they become due and payable.

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

Glenn Willis
CEO and Managing Director

Sydney
23 February 2015

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

We have reviewed the accompanying half-year financial report of Elanor Investors Limited, and the accompanying financial report of Elanor Investment Fund, which comprise the consolidated balance sheets as at 31 December 2014, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of cash flows and the consolidated statements of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entities Elanor Investors Group ("the consolidated stapled entity") and Elanor Investment Fund as set out on pages 9 to 39. The consolidated stapled entity, as described in Note 1 to the financial report, comprises Elanor Investors Limited and the entities it controlled at the half-year's end or from time to time during the half-year, including Elanor Investment Fund and its controlled entities. Elanor Investment Fund, as described in Note 1 to the financial report, comprises Elanor Investment Fund and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial reports based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial reports are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entities' financial position as at 31 December 2014 and their performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Elanor Investors Limited and Elanor Investment Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

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

Conclusion

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

(a) giving a true and fair view of the consolidated entities' financial positions as at 31 December 2014 and of their performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants
Sydney, 23 February 2015