Annual Financial Report

For the year ended 30 June 2020

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

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The Directors of Elanor Investors Limited (Company), and the Directors of Elanor Funds Management Limited (Responsible Entity or Manager), as responsible entity of the Elanor Investment Fund, present their report together with the consolidated financial report of Elanor Investors Group (Group, Consolidated Group or Elanor) and the consolidated financial report of the Elanor Investment Fund (EIF Group) for the full year ended 30 June 2020 (period).

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

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

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

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

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

1. Directors

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

- Paul Bedbrook (Chairman)
- Glenn Willis (Managing Director and Chief Executive Officer)
- Nigel Ampherlaw
- Lim Kin Song
- Anthony (Tony) Fehon (Appointed 20 August 2019)
- William (Bill) Moss AO (Resigned 17 September 2019)

2. Principal activities

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

3. Distributions

Distributions relating to the year ended 30 June 2020 comprise:

Distribution	Year Ended 30 June 2020
Interim Distribution	
Amount payable (cents per stapled security)	9.51
Payment date	28 February 2020

The Group achieved Core Earnings of $15.4 million for the financial year ended 30 June 2020, including Core Earnings of $3.0 million for the six months ended 30 June 2020. In light of the COVID-19 pandemic, the Directors have determined to suspend the Group's distribution for the six months ended 30 June 2020. Therefore, total distributions in respect of the year ended 30 June 2020 were 9.51 cents per stapled security being the interim distribution made in February 2020.

4. Operating and financial review

OVERVIEW AND STRATEGY

The key strategic objective of Elanor is to invest in real estate backed assets that deliver strong returns for both Elanor's funds management capital partners and Elanor's security holders.

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

The Group also originates and holds investments on balance sheet as required to seed funds management opportunities for future co-investment by Elanor's capital partners.

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

Despite the impacts of the COVID-19 pandemic on financial conditions across the Australian economy, during the year, Elanor increased its assets under management from $1,550.1 million to $1,895.2 million and its co-investments and balance sheet investments from $163.1 million to $203.2 million. Furthermore, the Group listed the Elanor Commercial Property Fund (ASX:ECF) on the Australian Securities Exchange on 6 December 2019. The Group's Managed Funds now include two listed REITS.

The growth in assets under management has been assisted by the introduction of a number of global and domestic institutional capital partners, directly reflecting the Group's increased focus and resourcing in this area.

The Group completed the following funds management initiatives during the year:

- The establishment of the Elanor Wildlife Park Fund in November 2019 which acquired the Mogo Zoo in Mogo, NSW and Featherdale Wildlife Park in Sydney, NSW. Featherdale Wildlife Park was previously owned by the Group. The fund had a gross asset value of $52.2 million as at 30 June 2020.

- The listing of the Elanor Commercial Property Fund on the Australian Securities Exchange on 6 December 2019 with a Gross Asset Value of $310.7 million. In conjunction with the listing, the fund acquired the residual 48.5% equity interest in the WorkZone West property in Perth, WA for $66.0 million, and the commercial property at 200 Adelaide Street in Brisbane, QLD for $44.2 million.

- The acquisition by the Elanor Commercial Property Fund of the Garema Court property in Canberra, ACT for $71.5 million, in December 2019.

- The divestment of the Auburn Office Syndicate on 18 December 2019 for $4.7 million.

- The establishment of the Elanor Healthcare Real Estate Fund, with the acquisition of two high investment quality healthcare properties, with a combined asset value of $123.3 million - both of the properties are multi-tenanted medical office and day surgeries and are located at 55 Little Edward Street, Spring Hill, Brisbane, and Pacific Private, Southport, Gold Coast. Settlement was completed in March 2020.

ENN's strong investment track record continues to be evidenced by the demand from wholesale and institutional investors for ENN's funds. Elanor has a well-resourced and scalable funds management platform with substantial capacity for growth. Further investment has been made in the platform during the year, including in relation to the office healthcare real estate sector. Elanor is well positioned to grow its funds management business.

4. Operating and financial review (continued)

MANAGED FUNDS AND INVESTMENT PORTFOLIO

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

Funds	Location	Type	Gross Asset Value $'m
Auburn Office Syndicate	Auburn, NSW	Commercial office building	4.7
Belconnen Markets Syndicate	Canberra, ACT	Shopping centre	56.4
Bluewater Square Syndicate	Redcliffe, QLD	Neighbourhood shopping centre	51.9
Elanor Commercial Property Fund (ASX: ECF)	QLD (4), SA (1), WA (1), ACT (1)	Commercial office buildings	381.6
Elanor Luxury Hotel Fund	SA (2), TAS (1)	Accommodation hotels	169.0
Elanor Metro and Prime Regional Hotel Fund	NSW (6), ACT (2), SA (2)	Accommodation hotels	162.9
Elanor Retail Property Fund (ASX:ERF)	NSW (3), QLD (3), TAS (1)	Sub-regional and neighbourhood shopping centres	327.8
Fairfield Centre Syndicate	Fairfield, NSW	Sub-regional shopping centre	93.8
Hunters Plaza Syndicate	Auckland, NZ	Sub-regional shopping centre	59.8
Stirling Street Syndicate	Perth, WA	Commercial office building	33.5
Waverley Gardens Fund	Mulgrave, VIC	Sub-regional shopping centre	175.0
Additions since 30 June 2019			
Elanor Healthcare Real Estate Fund	Brisbane and Gold Coast, QLD	Commercial office building	128.1
Elanor Wildlife Park Fund	Sydney and Mogo, NSW	Wildlife parks	52.2
Disposals since 30 June 2019			
Auburn Office Syndicate	Auburn, NSW	Commercial office building	(4.7)
Total Managed Funds			**1,692.0**

4. Operating and financial review (continued)

MANAGED FUNDS AND INVESTMENT PORTFOLIO (CONTINUED)

Investment Portfolio

Asset	Location	Type	Note	Carrying Value $'m
Featherdale Wildlife Park	Sydney, NSW	Wildlife park	1	39.0
Hotel Ibis Styles Albany	Albany, WA	Accommodation hotel	1	5.3
1834 Hospitality	Adelaide, SA	Hotel management		2.5
				Equity accounted value
Managed Fund Co-Investments				**$'m**
Auburn Office Syndicate	Auburn, NSW	Commercial office building		2.4
Belconnen Markets Syndicate	Canberra, ACT	Shopping Centre	2	0.6
Bluewater Square Syndicate	Redcliffe, QLD	Neighbourhood shopping centre	3	7.3
Elanor Commercial Property Fund (ASX: ECF)	QLD (4), SA (1), WA (1), ACT (1)	Commercial office buildings	2	36.5
Elanor Metro and Prime Regional Hotel Fund	NSW (6), ACT (2), SA (2)	Accommodation hotels	1,3	36.3
Elanor Retail Property Fund (ASX: ERF)	NSW (3), QLD (3), TAS (1)	Sub-regional and neighbourhood shopping centres	2	30.6
Fairfield Centre Syndicate	Fairfield, NSW	Sub-regional shopping centre	2	8.6
Hunters Plaza Syndicate	Auckland, NZ	Sub-regional shopping centre	2	1.7
Waverley Gardens Fund	Mulgrave, VIC	Sub-regional shopping centre	2	13.4
Additions since 30 June 2019				
Elanor Healthcare Real Estate Fund	Brisbane and Gold Coast, QLD	Commercial office building	2	5.9
Elanor Luxury Hotel Fund	SA (2), TAS (1)	Accommodation hotels	1,3	56.6
Elanor Wildlife Park Fund	Sydney and Mogo, NSW	Wildlife parks	1	6.5
Disposals since 30 June 2019				
Auburn Office Syndicate	Auburn, NSW	Commercial office building		(2.4)
Fairfield Centre Syndicate	Fairfield, NSW	Sub-regional shopping centre	2	(8.6)
Featherdale Wildlife Park	Sydney, NSW	Wildlife park	1	(39.0)
Total Investment Portfolio				**203.2**
Total Managed Funds and Investment Portfolio				**1,895.2**

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

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

Note 3: The co-investments in Elanor Metro and Prime Regional Hotel Fund (EMPR), Elanor Luxury Hotel Fund (ELHF) and the Bluewater Square Syndicate (Bluewater) have been consolidated in the financial statements. The amount shown assumes that the investments were accounted for using the equity method.

Impact of COVID-19 on the Group's Operations

There has been a significant change to operating and financial conditions across the Australian economy due to the economic disruption caused by the COVID-19 pandemic. As a result, the Australian Government has taken steps to support jobs, incomes and businesses by providing multiple economic stimulus packages, including wage subsidies, income support to households and cash flow support to businesses. The recovery of the Australian economy is dependent on the successful and ongoing management of the COVID-19 related health outcomes.

4. Operating and financial review (continued)

MANAGED FUNDS AND INVESTMENT PORTFOLIO (CONTINUED)

The Group was well positioned for the challenges created by the COVID-19 pandemic, with a portfolio of high investment quality assets and a highly capable funds management and asset management team. The Group responded swiftly to these challenging market conditions to minimise the impact on Elanor's Managed Funds and Investments. Furthermore, the Group implemented a range of initiatives to reduce its cost base and preserve cash – with the clear objective of ensuring the operational fitness of all Managed Fund assets and investments in these challenging market conditions.

The health and well-being of our employees and customers are our priorities. Active communication is being maintained with all employees, tenants, and property managers across the Group's portfolio of properties as the impacts of the COVID-19 pandemic continue to unfold.

Social distancing requirements and other related measures mandated by the government, in response to the COVID-19 pandemic, have been monitored closely and implemented at each of the Group's properties, as required, in accordance with the various state government regulations and recommendations, and in accordance with various industry body recommendations. Operational procedures have also been modified, as required, to ensure the health, safety and wellbeing of our staff, tenants and visitors to the Group's properties.

The COVID-19 pandemic has created challenging trading conditions for some of the Group's Managed Fund assets, specifically its hotel, tourism and leisure and retail real estate assets. The Government enforced closures of international and domestic borders has impacted the wildlife park assets, and the Government health-related initiatives and restrictions have impacted both hotel and wildlife park assets as well as retail shopping centres.

The Group's asset management teams have been acutely focused on operational management of the Managed Fund assets, and positioning the assets for strong performance as market conditions improve. Notwithstanding the challenging market conditions presented by the COVID-19 pandemic, the Group's Managed Funds asset portfolio has proven to be resilient, with many properties now experiencing improved trading activity post 30 June 2020. The Group and the Managed Funds are well positioned to perform strongly in the post COVID-19 environment. The resilience of the Group's Managed Funds asset portfolio is evidenced by the table set out below. This table shows the movement in the valuations of the Group's Managed Funds property assets from 31 December 2019 to 30 June 2020.

	Managed Funds		Co-investments	
Real Estate Sectors	**Valuation Movement**	**Movement as % of GAV**	**Valuation Impact on Carrying Value**	**Impact as % of Co-investments**
	$m	**%**	**$m**	**%**
Commercial Office and Healthcare	5.2	1.3	(0.5)	(1.6)
Retail	(4.7)	(0.6)	(2.6)	(4.8)
Hotels, Tourism and Leisure	2.3	0.6	3.1	3.0
Total Managed Funds Property Assets	2.8	0.2	–	–

Independent valuers of the Group's properties have included a statement within their valuation reports noting that in their view, significant valuation uncertainty exists in the current market environment. The significant uncertainty declaration is to serve as a precaution and does not invalidate the valuation. Rather, the statement is to ensure transparency of the fact that in the current extraordinary market circumstances, as a result of the COVID-19 pandemic, less certainty can be attached to the valuations and continued periodic assessment should be performed subsequent to the date of the valuation. Elanor will manage this increased uncertainty by actively managing the Group's Managed Funds and Investments.

Commercial Office and Healthcare Real Estate

The Group's Commercial Office Managed Funds performed strongly during the period. The underlying real estate assets in the Group's Commercial Office Managed Funds generate approximately 88% of their income from Government, Multinational and ASX Listed tenants.

4. Operating and financial review (continued)

MANAGED FUNDS AND INVESTMENT PORTFOLIO (CONTINUED)

Commercial Office and Healthcare Real Estate (continued)

On 24 June 2020 the Elanor Commercial Property Fund (ASX: ECF) announced its Forecast Funds from Operations (FFO) for the period ending 30 June 2020 of $13.4 million, 9.1% above the PDS forecast for the same period as stated in the PDS for ECF dated 6 November 2019. This is a strong result in the current market environment and highlights the quality of the assets and tenant mix across ECF's property portfolio. The impact of the COVID-19 pandemic has had a minimal impact on the Fund's earnings (please refer to ECF's Annual Financial Report and financial results presentation for the year ended 30 June 2020 released on the ASX on 20 August 2020 for further information).

The Group's healthcare office real estate assets in the newly established Elanor Healthcare Real Estate Fund (EHREF) performed to expectations following establishment of the fund in March 2020, with the COVID-19 pandemic having a minimal impact on the fund's earnings.

The Group is pleased with the growing pipeline of opportunities in the commercial office and healthcare real estate sectors.

Retail Real Estate

The Group's retail Managed Funds 'defensive' shopping centre portfolio has performed well during the COVID-19 pandemic.

Following the outbreak of the COVID-19 pandemic both Federal and State Governments imposed operating restrictions on certain shopping centre retailers. Only those retailers deemed to be providers of 'essential services' were able to trade for the three months to 30 June 2020. The level of trading activity across ENN's retail Managed Funds continues to improve as Government imposed restrictions are relaxed.

In its ASX announcement on 24 June 2020, Elanor Retail Property Fund (ASX: ERF) confirmed that its shopping centre portfolio performed well during the COVID-19 pandemic. As at 31 July 2020, the percentage of rent collected across ERF's portfolio for the months of April, May and June 2020 was 78%. This is expected to improve as rental relief arrangements continue to be negotiated in accordance with the Code of Conduct. Furthermore, these negotiations have provided opportunities to improve tenancy mix and extend retailers' lease tenures at each centre. Rental waivers and provisions, as at 30 June 2020, for the impact of the COVID-19 pandemic, reduced ERF's net operating income (NOI) by approximately 4.8% for the year (please refer to ERF's Annual Financial Report and financial results presentation for the year ended 30 June 2020 released on the ASX on 20 August 2020 for further information).

The resilience of the Group's Managed Funds retail real estate portfolio reaffirms the Group's strategic focus on shopping centre investments anchored by strongly performing supermarkets and non-discretionary focused speciality retailers.

The Group is evaluating several retail shopping centre acquisitions that present significant value-add opportunities, consistent with the Group's 'retail repositioning' strategy.

Hotels, Tourism and Leisure

The COVID-19 pandemic has created difficult trading conditions across the accommodation hotels sector and the broader tourism industry.

Elanor Metro and Prime Regional Hotel Fund (EMPR) owns ten regional NSW, ACT and SA hotels. While occupancy levels and room rates declined significantly during the peak impacts of the COVID-19 pandemic in March and April 2020, the cost bases of all properties were significantly restructured to ensure that the hotels are well positioned for significantly improved profitability as market demand returns. Recent relaxations of certain Government health-related initiatives and restrictions have resulted in improved trading conditions, with the hotels benefitting from the resultant increase in regional domestic tourism activity.

4. Operating and financial review (continued)

MANAGED FUNDS AND INVESTMENT PORTFOLIO (CONTINUED)

Hotels, Tourism and Leisure (continued)

Cradle Mountain Lodge, an Elanor Luxury Hotel Fund (ELHF) property, was re-opened to the public on 12 June 2020 (having been forcibly closed on 30 March 2020) following the Tasmanian Government's relaxation of trading restrictions for hotels. Intrastate demand at the property has been strong since the re-opening, and early indications of near-term interstate tourism demand from forward bookings have also been strong. The Mayfair and Adabco Hotels in Adelaide, also ELHF properties, are seeing improving levels of occupancy following the recent relaxation of social distancing rules in South Australia.

The Group's hotels have received Government support during the COVID-19 pandemic, including the JobKeeper scheme and deferral and abatement of certain land tax obligations across the portfolio. Total payments received from the JobKeeper scheme by the Group's accommodation hotel portfolio, consisting of 14 properties, amounted to $1.6 million in the financial year. The JobKeeper receipts commenced in April 2020, and are expected to continue for the six months to September 2020 (inclusive).

The Group's Managed Funds hotel portfolio reflects the Group's investment strategy to acquire hotels with strong trading fundamentals, located in prime regional or metropolitan areas. Following the restructuring of the accommodation hotels' cost bases, all hotel properties are well positioned to trade profitably as economic conditions improve. The Group anticipates that, post COVID-19, there will be opportunities to acquire further high investment quality hotels.

Elanor Wildlife Park Fund

During the Government imposed shutdown of non-essential services in April 2020, Elanor's wildlife park assets, Featherdale Wildlife Park and Mogo Wildlife Park, were required to be closed to the public. During this time, the primary concern of the management team was to ensure the ongoing safety and welfare of the animals at both wildlife parks. Elanor ensured that staff responsible for animal care remained employed and supported throughout the duration of the shutdown period.

Featherdale Wildlife Park and Mogo Wildlife Park re-opened to the public on Monday 1 June 2020. While Featherdale's international inbound visitation has been impacted by the closure of Australia's borders, domestic visitation following the re-opening of the Park has been in line with expectations. Mogo Wildlife Park has performed particularly strongly since re-opening, reflecting the management team's success in integrating the wildlife park into the Fund and driving significant additional revenue and cost efficiencies.

4. Operating and financial review (continued)

REVIEW OF FINANCIAL RESULTS

The Consolidated Group recorded a statutory loss after tax from continuing operations of $23.4 million for the year ended 30 June 2020.

At the balance date, Elanor held a 42.63% interest in the Elanor Metro and Prime Regional Hotel Fund (EMPR), a 100% interest in the Elanor Luxury Hotel Fund (ELHF) and a 42.27% interest in the Bluewater Square Syndicate (Bluewater). For accounting purposes, Elanor is deemed to have a controlling interest in EMPR, ELHF and Bluewater given its level of ownership and role as manager of the funds. This means that the financial results and financial position of EMPR, ELHF and Bluewater are consolidated into the financial statements of the Group for the year ended 30 June 2020. Elanor held a 100% interest in Auburn Office Syndicate (Auburn Office) for the period to 18 December 2019, and hence the financial results of the fund have been consolidated into the financial results of the Group up until that date.

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

Presenting the summary consolidated financial results of the Group on the basis that EMPR, ELHF and Bluewater are accounted for using the equity method is important because Elanor considers that this gives the most appropriate presentation consistent with management and reporting of the Group, and to provide a comparable basis to the presentation of the results for prior periods.

The impact of the COVID-19 pandemic on financial conditions across the Australian economy has reduced the Group's transactional funds management activity in the second half of the financial year. Pleasingly, the Group was able to successfully complete the establishment of the Elanor Healthcare Real Estate Fund in March 2020.

Notwithstanding the impact of COVID-19 on the Group's transactional funds management activity in the period, the Group continues to grow recurring funds management income. The Group's funds under management of $1,692.0 million at 30 June 2020 generates annualised recurring funds management fees of $14.4 million, an increase of 27.4% on annualised recurring funds management fees as at 30 June 2019 of $11.3 million.

As a result of the impact of the COVID-19 pandemic in some of the Group's Managed Funds, quarterly investor distributions were suspended by those funds, to preserve capital and assist in managing the funds through these challenging market conditions. This has resulted in a reduction in the Group's income from co-investment distributions during the year. Total co-investment distributions received or receivable during the year amounted to $5.8 million, with $4.4 million attributed to the first half of FY20, compared to $1.4 million received or receivable during the second half of FY20. The co-investment distributions received in the second half FY20 were attributed to the Group's co-investment in the commercial office and healthcare real estate funds ECF and EHREF.

The Group has received certain limited Government support during the COVID-19 pandemic, including through the JobKeeper scheme, and the deferral and abatement of certain land tax obligations across the Group's asset portfolio. The Group received a total of $0.24 million from the JobKeeper scheme in the financial year (in addition to amounts received by the Group's Hotels, Tourism and Leisure Managed Funds).

The Group's balance sheet as at 30 June 2020 reflects Net Assets of $155 million and cash on hand of $17.3 million.

Core or Distributable Earnings for the period were $15.4 million or 13.09 cents per stapled security. 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.

4. Operating and financial review (continued)

REVIEW OF FINANCIAL RESULTS (CONTINUED)

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

Statutory financial results	Group 30 June 2020 $'000	Group 30 June 2019 $'000	EIF Group 30 June 2020 $'000	EIF Group 30 June 2019 $'000
Net (loss) / profit after tax from continuing operations ($'000)	(23,390)	16,044	(11,219)	26,209
Net (loss) / profit after tax from continuing operations ($'000) (EMPR, ELHF, Bluewater and Auburn Office equity accounted)	(17,988)	17,601	(8,503)	21,447
Core Earnings ($'000)	15,434	17,548	15,132	11,546
Distributions payable to security holders ($'000)	11,174	15,793	11,174	10,391
Core Earnings per stapled security (cents)	13.09	17.58	13.09	11.57
Core Earnings per weighted average stapled security (cents)	14.73	18.32	14.73	12.05
Distributions (cents per stapled security / unit)	9.51	16.06	9.51	10.63
Net tangible assets ($ per stapled security)	1.77	2.46	1.55	2.09
Net tangible assets ($ per stapled security) (EMPR, ELHF, Bluewater and Auburn Office equity accounted)	1.29	1.59	0.91	1.07
Gearing (net debt / total assets less cash) (%)	53.2	39.8	44.8	31.8
Gearing (net debt / total assets less cash) (%) (EMPR, ELHF, Bluewater and Auburn office equity accounted)	29.7	28.4	10.2	10.5

4. Operating and financial review (continued)

REVIEW OF FINANCIAL RESULTS (CONTINUED)

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

		Group 30 June 2020 $'000	Group 30 June 2019 $'000	EIF Group 30 June 2020 $'000	EIF Group 30 June 2019 $'000
Statutory Net (Loss) / Profit After Tax		**(23,390)**	**16,194**	**(11,219)**	**26,209**
Adjustment to remove the impact of consolidation of EMPR, ELHF, Bluewater and Auburn Office		16,277	606	9,328	(3,076)
Adjustment to include the impact of accounting for EMPR, ELHF, Bluewater and Auburn Office using the equity method		(10,875)	951	(6,613)	(1,686)
Adjusted Net (Loss) / Profit After Tax		**(17,988)**	**17,751**	**(8,503)**	**21,447**
Adjustment to exclude discountinued operations		–	–	–	–
Profit / (Loss) from discontinued operations for the period after tax		–	(150)	–	–
Adjusted Net (Loss) / Profit After Tax		**(17,988)**	**17,601**	**(8,503)**	**21,447**
Adjustments for items included in statutory profit / (loss)					
Increase in equity accounted investments to reflect distributions received / receivable	2	22,666	5,024	17,900	4,305
Net (gain) / loss on disposals of equity accounted investments	3	(1,279)	(2,002)	(2,434)	(1,286)
Profit on Sale of Featherdale Wildlife Park	4	26,000	–	23,484	–
Profit on Sale of Featherdale Wildlife Park Retained	4	(20,000)	–	(20,000)	–
Profit on Sale of Cradle Mountain Lodge	5	4,178	–	4,178	–
Holdback of Merrylands net profit after tax	6	–	(10,452)	–	–
Release of net profit after tax on sale of Merrylands	7	–	5,905	–	–
Building depreciation expense	8	34	34	34	34
Straight lining of rental expense		(44)	(8)	–	–
Fair value adjustments on investment property		–	–	(990)	(13,679)
Amortisation amounts	9	2,681	1,597	1,463	724
Tax adjustments		(815)	(151)	–	–
Core Earnings	1	**15,434**	**17,548**	**15,132**	**11,546**

Note 1: Core Earnings has been determined in accordance with ASIC RG 230 and represents the Directors view of underlying earnings from ongoing operating activities for the period, being net profit / (loss) after tax, adjusting for one-off realised items (being formation or other transaction costs that occur infrequently or are outside the course of ongoing business activities), non-cash items (being fair value movements, depreciation charges on the buildings held by the Trust, amortisation of intangibles, straight lining of rental expense, and amortisation of equity settled STI and LTI amounts), and restating share of profit from equity accounted investments to reflect distributions received / receivable in respect of those investments.

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

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

4. Operating and financial review (continued)

REVIEW OF FINANCIAL RESULTS (CONTINUED)

Note 4: During the period the Group sold Featherdale Wildlife Park to the Elanor Wildlife Park Fund for $39.0 million. This asset was accounted for by the Group on a fair value basis whereby revaluation increases arising from changes in the fair value of land and buildings are recognised in other comprehensive income and accumulated within equity as opposed to being reflected in the consolidated profit and loss of the Group. Consequently, and consistent with the Group's policy, the profit on divestment of Featherdale Wildlife Park ($26.0 million) has been included in Core Earnings for the period. Furthermore, an amount of $20.0 million of this profit has been retained to assist in achieving the future growth plans of the Group.

Note 5: During the period the Group sold the Cradle Mountain Lodge asset from the Elanor Metro and Prime Regional Hotel Fund (EMPR) to the recently established Elanor Luxury Hotel Fund (ELHF) for $55.0 million. Following the divestment, the EMPR Fund declared and paid a return of capital to its investors, incorporating the net proceeds from the sale. The Group has recognised its 42.63% share of profit on the sale and has included this amount in Core Earnings.

Note 6: As a result of the Group's adoption of the new Revenue accounting standard, AASB 15 Revenue from Contracts with Customers on 1 July 2018, the net profit on sale of the Merrylands Property, that was appropriately recognised in the Group's profit and loss for the period ended 30 June 2018, has also been recognised in the period ended 30 June 2019. This profit on the sale of the Merrylands Property was removed from Core Earnings. The net profit after tax on the sale of the Merrylands property of $10.45 million was included in the statutory net profit after tax for the prior year as a result of the Group's adoption of AASB 15.

Note 7: In August 2018, ENN completed the sale of the Merrylands Property, generating a total net profit after tax of $10.45 million. An amount of $4.5 million of this total net profit after tax was included in Core Earnings for the six months ended 30 June 2018. The remaining net profit after tax of $5.9 million has been included in Core Earnings for the six months ended 30 June 2019.

Note 8: During the period, the Group incurred total depreciation charges of $1.33 million, however only the depreciation expense on buildings of $0.03 million has been added back for the purposes of calculating Core Earnings.

Note 9: During the period, the Group incurred non-cash profit and loss charges in respect of the amortisation of certain amounts including the equity component of the Group's Short Term Incentive (STI), Long Term Incentive (LTI) amounts, intangibles and borrowing costs. These amounts have been added back for the purposes of calculating Core Earnings.

REVIEW OF OPERATIONAL RESULTS

The Group is organised into three divisions by business type.

Funds Management manages third party owned investment funds and syndicates.

The Hotels, Tourism and Leisure division has extensive and proven investment management expertise in acquiring and operating real estate backed accommodation hotel and leisure investments. The current investment portfolio includes Ibis Styles Albany Hotel and 1834 Hospitality, along with co-investments in Elanor Metro and Prime Regional Hotel Fund (EMPR), Elanor Luxury Hotel Fund (ELHF), and Elanor Wildlife Park Fund (EWPF).

The Real Estate division has extensive and proven investment management expertise in the commercial and healthcare office and retail real estate sectors. The division's focus is to identify and originate investments that provide superior risk adjusted investment returns through active asset management and the realisation of 'value-add' operational and strategic opportunities. The current investment portfolio comprises investments in Elanor Retail Property Fund (ASX: ERF), Elanor Commercial Property Fund (ASX: ECF), Elanor Healthcare Real Estate Fund, Hunters Plaza Syndicate, Bluewater Square Syndicate, Stirling Street Syndicate, Fairfield Centre Syndicate, Waverley Gardens Fund and the Belconnen Markets Syndicate.

Set out below is an adjusted presentation of the statutory financial results, by segment, on the basis that the Group's interest in EMPR, ELHF and Bluewater are accounted for using the equity method rather than on a consolidated basis. Elanor considers that presenting the operating performance of the Group on this adjusted basis gives the most appropriate presentation of the Group, consistent with the management and reporting of the Group, and to provide a comparable basis to the presentation of prior period results. The results provided on this basis are presented as the 'ENN Group'.

4. Operating and financial review (continued)

REVIEW OF OPERATIONAL RESULTS (CONTINUED)

The performance of the ENN Group for the period ended 30 June 2020, as represented by the aggregate results of its operations for the period, was as follows:

ENN Group Revenue and EBITDA (adjusted to reflect EMPR, ELHF, Bluewater and Auburn Office accounted for using the equity method)	ENN Group Segment Revenue 30 June 2020 $'000	ENN Group Segment Revenue 30 June 2019 $'000	ENN Group Segment EBITDA 30 June 2020 $'000	ENN Group Segment EBITDA 30 June 2019 $'000
Funds Management	21,487	15,031	17,238	12,109
Hotels, Tourism and Leisure	(2,245)	14,800	(8,246)	2,868
Real Estate	(7,978)	2,964	(10,920)	606
Sale of Merrylands property	–	36,000	–	14,503
Total Segment Revenue and EBITDA	**11,264**	**68,795**	**(1,928)**	**30,085**
Unallocated corporate costs			(10,166)	(7,057)
Group EBITDA			**(12,094)**	**23,028**
Depreciation and amortisation			(2,176)	(1,359)
Group EBIT			(14,270)	21,669
Fair value loss on revaluation of derivatives			(1,831)	–
Gain on investments			1,449	3,191
Interest income			1,926	2,088
Borrowing costs			(5,424)	(4,536)
Group net (loss) / profit before income tax			(18,150)	22,412
Income tax benefit / (expense)			162	(4,811)
Group net (loss) / profit after income tax			**(17,988)**	**17,601**

Group EBITDA shown above includes the equity accounted result of the Group's co-investments in funds managed by Elanor, including EMPR, ELHF, Bluewater and Auburn Office. The Group measures the performance of its co-investments based on distributions received / receivable from these co-investments, consistent with the treatment within Core Earnings. Group EBITDA, adjusted to show distributions received / receivable from co-investments rather than the equity accounted result is as follows:

Operating Performance for period ended 30 June 2020	ENN Group EBITDA $'000	Remove Equity Accounted Result $'000	Add Distributions received / receivable $'000	EBITDA Contribution to Core Earnings $'000
Funds Management	17,238	–	–	17,238
Hotels, Tourism and Leisure	(8,246)	9,006	1,500	2,260
Real Estate	(10,920)	7,978	4,337	1,395
Unallocated Corporate Costs	(10,166)	–	–	(10,166)
EBITDA	**(12,094)**	**16,984**	**5,837**	**10,727**

4. Operating and financial review (continued)

REVIEW OF OPERATIONAL RESULTS (CONTINUED)

Funds Management

The performance of the Funds Management division for the period is summarised as follows:

Operating Performance	30 June 2020 $'000	30 June 2019 $'000
Total adjusted revenue	21,487	15,031
EBITDA Contribution to Core Earnings	17,238	12,109
Operating margin	80.2%	80.6%

The Group's funds management revenue comprises:

Funds Management Revenue	30 June 2020 $'000	30 June 2019 $'000
Management fees	15,504	10,040
Acquisition fees	4,228	3,694
Performance fees	1,755	1,297
Total	**21,487**	**15,031**

Based on the 30 June 2020 funds under management of $1,692.0 million, annualised management fees total $14.4 million, an increase of 27.4% on the 30 June 2019 annualised management fees of $11.3 million.

Funds under Management	30 June 2020 $'m	30 June 2019 $'m
Opening funds under management	1,387.0	1,082.6
Increase in value of funds under management	17.5	8.6
Disposals / decrease in value of funds under management	(4.7)	(159.5)
New funds and acquisitions in existing funds	292.2	455.3
Total	**1,692.0**	**1,387.0**

Elanor has added significant new funds under management since July 2019, with the Group establishing two new managed funds, being the Elanor Wildlife Park Fund and the Elanor Healthcare Real Estate Fund.

During the period, the Group continued to strengthen its internal asset management and investment management capabilities, along with its asset origination resources, (including in relation to the healthcare office real estate sector). Elanor continued to broaden its offshore and domestic institutional capital partner base to support the Group's strategic focus to deliver growth in funds under management and the performance of assets under management. The Group established its second listed REIT, Elanor Commercial Property Fund, during the year.

Hotels, Tourism and Leisure

The performance of the Hotels, Tourism and Leisure division for the period is summarised as follows:

Operating Performance	30 June 2020 $'000	30 June 2019 $'000
Total adjusted revenue[1]	8,261	18,370
EBITDA Contribution to Core Earnings	2,260	6,438
Operating margin	27.4%	35.0%

Note 1: Revenue has been adjusted to show distributions received / receivable from co-investments rather than the equity accounted result.

4. Operating and financial review (continued)

REVIEW OF OPERATIONAL RESULTS (CONTINUED)

The Hotels, Tourism and Leisure division's EBITDA contribution to Core Earnings includes the results of Featherdale Wildlife Park (until 29 November 2019 when it was sold into EWPF), and Ibis Styles Albany Hotel.

The Hotels, Tourism and Leisure division's EBITDA contribution to Core Earnings also includes distributions received / receivable from the Group's co-investment in funds managed by the Group of $1.5 million for the period ended 30 June 2020 ($2.6 million for the comparative period). This result reflects impacts of the COVID-19 pandemic on the distributions received / receivable from the Group's co-investments in the ELHF, EMPR and EWPF during the period, where distributions from these funds were suspended for the six months ended 30 June 2020.

The table below sets out the assessed value of each investment portfolio asset as at 30 June 2020.

Carrying Value of Investment Assets	30 June 2020 $'m	30 June 2019 $'m
Ibis Styles Albany Hotel	5.3	5.2
1834 Hospitality	2.5	2.6
Featherdale Wildlife Park	–	39.0
Total	**7.8**	**46.8**

The carrying value of the Group's Hotels, Tourism and Leisure co-investments as at 30 June 2020, using the equity method, is as follows:

Carrying Value of Co-Investments	30 June 2020 $'m	30 June 2019 $'m
Elanor Metro and Prime Regional Hotel Fund	36.3	30.1
Elanor Luxury Hotel Fund	56.6	–
Elanor Wildlife Park Fund	6.5	–
Total	**99.4**	**30.1**

Real Estate

The Real Estate division comprises distributions received / receivable from co-investments in funds managed by the Group as follows:

Operating Performance	30 June 2020 $'000	30 June 2019 $'000
Total adjusted revenue[1]	4,337	4,799
EBITDA Contribution to Core Earnings	1,395	2,441
Operating margin	32.2%	50.9%

Note 1: Revenue has been adjusted to show distributions received / receivable from co-investments rather than the equity accounted result.

The Real Estate division's EBITDA contribution to Core Earnings comprises distributions received / receivable from the Group's co-investment in funds managed by the Group of $4.3 million for the period ended 30 June 2020 ($4.8 million for the comparative period). This result reflects impacts of the COVID-19 pandemic on the distributions received / receivable from the Group's co-investments in the Real Estate sector during the period, where distributions were only received from ECF and the Elanor Healthcare Real Estate Fund for the six months ended 30 June 2020.

4. Operating and financial review (continued)

REVIEW OF OPERATIONAL RESULTS (CONTINUED)

The carrying value of these investments as at 30 June 2020, using the equity method, is as follows:

Carrying Value of Co-Investments	**30 June 2020 $'m**	**30 June 2019 $'m**
Elanor Commercial Property Fund (ASX: ECF)	36.5	13.8
Elanor Retail Property Fund (ASX: ERF)	30.6	34.9
Waverley Gardens Fund	13.4	15.0
Bluewater Square Syndicate	7.3	9.7
Elanor Healthcare Real Estate Fund	5.9	–
Hunters Plaza Syndicate	1.7	1.2
Belconnen Markets Syndicate	0.6	0.5
Fairfield Centre Syndicate	–	8.6
Auburn Office Syndicate	–	2.4
WorkZone West Syndicate	–	0.1
Total	**95.9**	**86.2**

Summary and Outlook

The Group's key strategic objective will remains unchanged: to grow funds under management and deliver strong investment returns for Elanor's capital partners and security holders. The Group will look to grow income from managed funds, recycle co-investment capital to facilitate future growth in a 'capital-lite' manner, and seed new managed funds with Group owned investments.

Risks to the Group in the coming year primarily comprise the potential earnings variability associated with general economic and market conditions related to the COVID-19 pandemic, including inbound tourism and domestic spending, the availability of capital for funds management opportunities, movement in property valuations, tightening debt capital markets, the general increase in cyber security risks and possible weather related events.

The Group manages these risks through its active asset management approach, its continued focus on broadening the Group's institutional and wholesale capital partner base, insurance arrangements and through the active management of its cash position and capital structure.

The Group is committed to growing funds under management through the acquisition of further high investment quality assets based on the Group's investment philosophy and criteria. The Group has an active pipeline of potential funds management opportunities across all sectors of focus. Furthermore, the Group is actively pursuing opportunities in new real estate sectors and continues to explore strategic opportunities to deliver its growth objectives.

5. Interests in the Group

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

	Consolidated Group 30 June 2020 '000	**Consolidated Group 30 June 2019 '000**
Stapled securities on issue at the beginning of the year	99,822	93,016
Stapled securities issued through Institutional Placement and SPP	17,347	3,500
Stapled securities issued under the short term incentive scheme	2,410	346
Stapled securities issued for 2014 LTI securities converted	–	2,960
Stapled securities on issue at the end of the period	**119,579**	**99,822**

6. Directors

Name	Particulars
Paul Bedbrook	Independent Non-Executive Chairman Chairman, Remuneration and Nominations Committee Paul was appointed a Director of both the Company and the Responsible Entity (also the Responsible Entity of ERF and ECF) in June 2014. Paul has had a career of over 30 years in financial services, originally as an analyst, fund manager and then the GM & Chief Investment Officer for Mercantile Mutual Investment Management Ltd (ING owned) from 1987 to 1995. Paul was an executive for 26 years with the Dutch global banking, insurance and investment group, ING, retiring in 2010. Paul's career included the roles of: President and CEO of ING Direct Bank, Canada (2000 – 2003), CEO of the ING Australia/ANZ Bank Wealth JV (2003 - 2008) and Regional CEO, ING Asia Pacific, Hong Kong (2008 – 2010). Paul is currently the Chairman of Zurich Financial Services Australia and its Life, General and Investment Companies, and a non-executive director of Credit Union Australia and the National Blood Authority. Former listed directorships in the last three years: None Interest in stapled securities: 306,137 Qualifications: B.Sc, F FIN, FAICD
Glenn Willis	Managing Director and Chief Executive Officer Glenn has over 30 years' experience in the Australian and international capital markets. Glenn was the co-founder and Chief Executive Officer of Moss Capital, prior to its ASX listing as Elanor Investors Group in July 2014. Prior to Elanor, Glenn co-founded Grange Securities and led the team in his role as Managing Director and CEO. After 12 years of growth, Grange Securities was acquired by Lehman Brothers International in 2007 as the platform for Lehman's Australian investment banking and funds management operations. Glenn was appointed Managing Director and Country Head in March 2007. In 2008, Glenn was appointed executive Vice Chairman of Lehman Brothers Australia. Glenn is a Director of FSHD Global Research Foundation. Former listed directorships in the last three years: None Interest in stapled securities: 9,358,447 Qualifications: B.Bus (Econ & Fin)

6. Directors (continued)

Nigel Ampherlaw	Independent Non-Executive Director Chairman, Audit and Risk Committee Nigel was appointed a Director of both the Company and the Responsible Entity (also the Responsible Entity of ERF and ECF) in June 2014. Nigel was a Partner of PricewaterhouseCoopers for 22 years where he held a number of leadership positions, including heading the financial services audit, business advisory services and consulting businesses. He also held a number of senior client Lead Partner roles. Nigel has extensive experience in risk management, technology, consulting and auditing in Australia and the Asia-Pacific region. Nigel's current Directorships include as Chairman of Credit Union Australia and non-executive Director of the Australia Red Cross Blood Service, where he is a member of the Finance and Audit Committee and a member of the Risk Committee. Former listed directorships in the last three years: Quickstep Holdings Ltd Interest in stapled securities: 200,000 Qualifications: B.Com, FCA, MAICD
William (Bill) Moss AO	Non-Executive Director Chairman, Remuneration and Nominations Committee Bill was appointed a Director of both the Company and the Responsible Entity (also the Responsible Entity of ERF and ECF) in June 2014. Bill is an Australian businessman and philanthropist with expertise in real estate, banking, funds and asset management. Bill spent 23 years as a senior executive and Executive Director with Macquarie Group, the pre-eminent Australian investment bank, where Bill managed the Global Banking and Real Estate businesses. Bill founded, grew and led Macquarie Real Estate Group to a point where it managed over $23 billion worth of investments around the world. Bill is Chairman of Moss Capital and Chairman and Founder of The FSHD Global Research Foundation. Bill is a commentator on the Australian finance and banking sectors, the global economy and the ongoing need for Australia to do more to advance the interests of the country's disabled and disadvantaged. In 2015, Bill was awarded one of Australia's highest honours, Office of the Order of Australia (AO), for services to the banking, charity, and finance sectors. Former listed directorships in the last three years: None Interest in stapled securities: 2,340,064 Qualifications: B.Ec (Resigned 17 September 2019)

6. Directors (continued)

Lim Kin Song	Non-Executive Director Kin Song was appointed as a Director of both the Company and the Responsible Entity (also the Responsible Entity of ERF and ECF) in May 2019. Kin Song is the CEO of Rockworth Capital Partners (which holds a 15% ownership interest in the Group) and is responsible for all aspects of Rockworth's business with a focus on strategy, transactions, business development and investor relations. With over 20 years of experience in the real estate sector, Kin Song specialises in acquisitions, asset management, business development and leasing. He has extensive experience across multi-core real estate sectors in Australia and South East Asia. Kin Song has been the key driver of Rockworth's rapid growth in its assets under management since its inception in 2011, and provided leadership and strategic direction in transactions, corporate development, capital allocation and asset management. Prior to founding Rockworth in 2011, Kin Song held various positions in leading property groups in Asia, including Frasers Centrepoint Ltd, Ascendas-MGM Funds Management and the CapitaLand Group. Former listed directorships in the last three years: None Interest in stapled securities: Nil Qualifications: MBA, B.Sci, SISV, RICS
Anthony (Tony) Fehon	Independent Non-Executive Director Tony was appointed as a Director of both the Company and the Responsible Entity (also the Responsible Entity of ERF and ECF) in August 2019. Tony has more than 30 years' experience working in senior roles with some of Australia's leading financial services and funds management businesses. He has broad experience in operational and leadership roles across many industries. Tony is an Executive Director of Volt Bank Limited and has primary responsibility for capital management. He is also director of enLighten Australia Pty Limited, Global Bioprotect Pty Limited, Maker Films and Team Mates Pty Limited. Previously Tony was an Executive Director of Macquarie Bank Limited where he was involved in the formation and listing of several of Macquarie's listed property trusts including being a director of the listed leisure trust. Tony continues to be involved in developing and completing investment structures for real estate investment and development, financial assets and leisure assets. Former listed directorships in the last three years: None Interest in stapled securities: 6,666 Qualifications: B. Com, FCA Appointed: 20 August 2019

7. Directors' relevant interests

	Stapled securities At 1 July 2019	Net Movement	Stapled securities at the date of this report
Paul Bedbrook	282,327	23,810	306,137
Glenn Willis[1]	4,664,470	443,977	5,108,447
Nigel Ampherlaw	170,307	29,693	200,000
William (Bill) Moss[2]	2,378,159	(38,095)	2,340,064
Anthony (Tony) Fehon	–	6,666	6,666
Lim Kin Song	–	–	–

Note 1: Glenn Willis has an entitlement to an additional 4,250,000 securities under equity based executive incentive plans.
Note 2: Mr W. Moss AO resigned as director on 17 September 2019.

Other than as disclosed in the Annual Financial Report, no contracts exist where a director is entitled to a benefit.

8. Meetings of Directors

The attendance at meetings of Directors of the Responsible Entity and the Company during the year is set out in the following table:

	Elanor Board (Responsible Entity & the Company)		Audit & Risk Committee		Remuneration and Nominations Committee	
	Held	Attended	Held	Attended	Held	Attended
Paul Bedbrook	17	17	6	6	3	3
Glenn Willis	17	17	6	6	1	1
Nigel Ampherlaw	17	17	6	6	3	3
William (Bill) Moss	3	3	–	–	–	–
Anthony (Tony) Fehon	15	15	–	–	2	2
Lim Kin Song	17	17	–	–	–	–

9. Remuneration Report (Audited)

The remuneration report for the year ended 30 June 2020 outlines the remuneration arrangements, philosophy and framework of the Elanor Investors Group (Group) in accordance with the requirements of the Corporations Act 2001 (Cth) and its regulations.

The remuneration report is set out under the following main headings:

a) Remuneration Policy and Approach
b) Key Management Personnel
c) Executive Remuneration Arrangements
d) Executive Remuneration Outcomes
e) Non-Executive Director Remuneration Arrangements and Outcomes
f) Additional Disclosures Relating to Long Term Incentive Plans and Securities
g) Loans to Key Management Personnel
h) Other Transactions and Balances with Key Management Personnel and their Related Parties

The information provided in the Remuneration Report has been audited as required by section 308 (3C) of the Corporations Act 2001 (Cth).

a) Remuneration Policy and Approach

The Elanor Investors Group aims to attract, retain and motivate highly skilled people and therefore ensures its remuneration is competitive with prevailing employment market conditions and also provides sufficient motivation by ensuring that remuneration is aligned to the Group's results.

9. Remuneration Report (Audited) (continued)

a) Remuneration Policy and Approach (continued)

The Group's remuneration framework seeks to align executive reward with the achievement of strategic objectives and in particular, the creation of sustainable value and earnings growth for investors. In addition, the Board seeks to have reference to market best practice to ensure that executive remuneration remains competitive, fair and reasonable.

The Group has a formally constituted Remuneration and Nomination Committee which comprises three Non-Executive Director (NED) members, Mr Paul Bedbrook (Chair), Mr Nigel Ampherlaw and Mr Anthony Fehon, who was appointed as a member of the Committee during the year.

The Remuneration and Nomination Committee meets at least annually for the purposes of reviewing and making recommendations to the Elanor Investors Group Board on the level of remuneration of the senior executives and the Directors. The Remuneration and Nomination Committee met 3 times during the year.

Specifically, the Board approves the remuneration arrangements of the Managing Director and other executives and all aggregate and individual awards made under the short term (STI) and long-term incentive (LTI) plans, following recommendations from the Remuneration and Nomination Committee. The Board also sets the aggregate remuneration of NED's, which is then subject to security holder approval.

When the Remuneration and Nomination Committee meets, the Managing Director is not present during any discussions related to his own remuneration arrangements.

The Remuneration and Nomination Committee endeavours to ensure that the remuneration outcomes strike an appropriate balance between the interests of the Group's security holders and rewarding, retaining and motivating the Group's executives and the Directors.

Further information on the Remuneration and Nomination Committee's role and responsibilities can be viewed at www.elanorinvestors.com.

b) Key Management Personnel

The remuneration report details the remuneration arrangements for Key Management Personnel (KMP), who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including the directors (whether executive or otherwise). The KMP of the Elanor Investors Group for the year ended 30 June 2020 were:

Executive	Position
Mr Glenn Willis	Managing Director and Chief Executive Officer
Mr Paul Siviour	Chief Operating Officer
Mr Symon Simmons	Chief Financial Officer and Company Secretary

Non-Executive	Position
Mr Paul Bedbrook	Independent Chairman and Non-Executive Director
Mr Nigel Ampherlaw	Independent Non-Executive Director
Mr Lim Kin Song	Non-Executive Director
Mr Anthony Fehon	Independent Non-Executive Director (Appointed 20 August 2019)
Mr William (Bill) Moss AO	Non-Executive Director (Resigned 17 September 2019)

9. Remuneration Report (Audited) (continued)

c) Executive Remuneration Arrangements

The Group's executive remuneration framework has three components:

- Base pay, including superannuation;
- Short term incentives; and
- Long term incentives.

Remuneration levels are considered annually through an assessment of each executive based on the individual's performance and achievements during the financial year and taking into account the overall performance of the Elanor Investors Group and prevailing remuneration rates of executives in similar positions.

Remuneration Structure

- Base pay, including superannuation

Base pay is determined by reference to appropriate benchmark information, taking into account an individual's responsibilities, performance, qualifications and experience. There are no guaranteed base pay increases in any executive's contracts.

- Short term incentive

The Group has implemented an STI scheme (the STI Scheme), based on an annual profit share, which is available to all staff. The STI Scheme is based on a profit share pool, to be calculated each year based on the Group's financial performance for the relevant year.

The purpose of the STI Scheme is to provide an annual bonus arrangement that incentivises and rewards management for achieving annual pre-tax ROE for security holders in excess of 10% per annum. The profit share pool is based on 20% of ROE above 10%, 22.5% of the ROE above 15%, 25% of the ROE above 17.5% and 30% of the ROE above 20%. The STI Scheme provides that 50% of any awards to individuals from the profit share pool may be delivered in deferred securities, which vest two years after award, provided that the employee remains with the Group and maintains minimum performance standards.

The Elanor Investors Group Board monitors the appropriateness of the profit share scheme and any distribution of the profit share pool will be at the Board's discretion, taking into consideration the forecast and actual financial performance and position of the Group.

- Long term incentive

The Group has implemented an LTI scheme (the LTI Scheme), based on an executive loan security plan and an executive options plan.

Under the executive loan security plan, awards (comprising the loan of funds to eligible Elanor employees to acquire Securities which are subject to vesting conditions) have been issued to certain employees. Awards totalling 11.8 million Securities were on issue at 30 June 2020.

The limited recourse loan provided by the Group under the loan security plan carries interest of an amount equal to any cash dividend or distribution but not including any dividend or distribution of capital, or an abnormal distribution.

In addition to the loan security plan, the Group has implemented an executive option plan comprising rights to acquire Securities at a specified exercise price, subject to the achievement of vesting conditions, which may be offered to certain eligible employees (including the Chief Executive Officer, direct reports to the Chief Executive Officer and other selected key executives) as determined by the Board. Options have been issued to the Chief Executive Officer only, over 2.0 million Securities.

9. Remuneration Report (Audited) (continued)

c) Executive Remuneration Arrangements (continued)

The purpose of the LTI Scheme is to assist in attracting, motivating and retaining key management and employees. The LTI Scheme operates by providing key management and employees with the opportunity to participate in the future performance of Group securities. The vesting conditions of LTI plans and related awards include both a service based hurdle and an absolute total security holder return (TSR) performance hurdle. The service based hurdle is 2, 3 and 4 years in the case of the loan security plan. The TSR is 10% per annum in the case of the loan security plan and 15% per annum in the case of the options plan. The 2017 loan security plan reflects loan amounts of $2.13 per security. The 2017 option plan has an exercise price of $3.05 per security (43% premium to the $2.13 offer price).

TSR was selected as the LTI performance measure to ensure an alignment between the security holder return and reward for executives.

d) Executive Remuneration Outcomes

The table below sets out summary information about the Group's earnings and movements in security holder wealth for the year ended 30 June 2020:

	30 June 2020	30 June 2019	30 June 2018	30 June 2017	30 June 2016
Net (loss) / profit before tax from continuing operations ($'000)	(26,419)	19,867	(2,270)	12,394	5,070
Net (loss) / profit before tax from continuing operations ($'000) (EMPR, ELHF Bluewater and Auburn Office equity accounted)	(18,151)	22,412	8,780	12,825	7,422
Net (loss) / profit after tax from continuing operations ($'000)	(23,390)	16,044	(2,036)	11,626	4,143
Net (loss) / profit after tax ($'000) from continuing operations (EMPR, ELHF, Bluewater and Auburn Office equity accounted)	(17,988)	17,601	3,944	11,400	6,810
Core earnings ($'000)	15,434	17,548	16,270	12,670	11,560
Security price at start of year	$1.83	$2.06	$2.14	$1.88	$1.70
Security price at end of year	$1.12	$1.83	$2.06	$2.14	$1.88
Interim distribution	9.51 cents	6.32 cents	7.16 cents	7.77 cents	7.31 cents
Final distribution	–	9.74 cents	8.61 cents	5.01 cents	7.34 cents
Total distributions	9.51 cents	16.06 cents	15.77 cents	12.78 cents	14.65 cents
Basic earnings per security from continuing operations	(16.59) cents	16.04 cents	3.32 cents	13.29 cents	5.86 cents
Basic earnings per security from continuing operations (EMPR, ELHF, Bluewater and Auburn Office equity accounted)	(17.39) cents	18.31 cents	4.24 cents	13.03 cents	9.64 cents

The financial performance measure driving STI payment outcomes is pre-tax return on equity (ROE). For the year ended 30 June 2020 the Group achieved Core Earnings of $15.4 million. Total distributions per security in respect of the period were 9.51 cents. The required pre-tax return hurdle under the STI plan rules was achieved for the financial year, following the sale of the Featherdale Wildlife Park for $39 million, generating a $26 million profit during the year.

For the year ended 30 June 2020, the bonus pool calculated in accordance with the STI plan rules was $4.7 million. On 26 June 2020, the Board approved an STI bonus for the year ended 30 June 2020 of $2.8 million, representing 60% of the total bonus pool calculated under the STI plan rules. The Board may consider approval of the balance of the bonus pool during the year ending 30 June 2021, based on the market and economic environment, at its discretion.

9. Remuneration Report (Audited) (continued)

d) Executive Remuneration Outcomes (continued)

Table 1: Remuneration of Key Management Personnel

		Short-term employee benefits				Post-employment benefits	Long-term employee benefits	Share-based payments			
		Salary[3] $	STI Cash Bonus $	Non-Monetary $	Other[1] $	Super $	Long Service Leave $	LTI Loan Security Payments[2] $	STI Deferred Security $	LTI Option Payments[2] $	Total $
Executive Officers											
G. Willis	2020	577,497	169,000	–	–	21,003	–	138,806	274,213	22,000	1,202,520
	2019	555,435	106,000	–	24,516	20,049	–	258,831	72,833	22,000	1,059,664
P. Siviour	2020	443,788	100,000	–	42,430	25,000	–	57,156	200,417	–	868,791
	2019	481,823	100,000	–	5,677	25,000	–	106,577	58,750	–	777,827
S. Simmons	2020	425,418	100,000	–	48,332	25,000	–	40,825	192,083	–	831,659
	2019	452,871	100,000	–	22,129	25,000	–	76,127	58,750	–	734,877

Note 1: Includes other short-term employee benefits including annual leave and other short-term compensated absences.

Note 2: The value of the loan securities and options granted to key management personnel as part of their remuneration is calculated as at the grant date using a binomial pricing model. The amounts disclosed as part of remuneration for the financial year have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date.

Note 3: In response to the COVID-19 pandemic, the Executive Officers agreed to a 20% salary reduction for the 3 months ended 30 June 2020.

9. Remuneration Report (Audited) (continued)

d) Executive Remuneration Outcomes (continued)

Table 2: Remuneration components as a proportion of total remuneration on an annualised basis

		Fixed remuneration (%)	Remuneration linked to performance (%)	Total (%)
Executive Officers				
G. Willis	2020	49.77	50.23	100
	2019	56.62	43.38	100
P. Siviour	2020	58.84	41.16	100
	2019	65.89	34.11	100
S. Simmons	2020	59.97	40.03	100
	2019	68.04	31.96	100

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Remuneration and other terms of employment for the key management personnel are formalised in employment contracts. The key provisions of the employment contracts for key management personal are set out below.

The Remuneration and Nomination Committee undertook a review of executive remuneration in June 2019 and resolved to increase the remuneration to the amounts shown in the tables below, with effect from 1 July 2019.

Table 3: Employment contracts of key management personnel

Executive	**G. Willis**	**P. Siviour**	**S. Simmons**
Position	Managing Director and Chief Executive Officer	Chief Operating Officer	Chief Financial Officer and Company Secretary
Term	No fixed term	No fixed term	No fixed term
Salary (including Superannuation)	$630,000	$538,125	$525,000
Incentive remuneration	Eligible for an award of short term and long term incentive remuneration (if any) as described above	Eligible for an award of short term and long term incentive remuneration (if any) as described above	Eligible for an award of short term and long term incentive remuneration (if any) as described above

9. Remuneration Report (Audited) (continued)

d) Executive Remuneration Outcomes (continued)

Benefits	Entitled to participate in Elanor Investors Group benefit plans that are made available	Entitled to participate in Elanor Investors Group benefit plans that are made available	Entitled to participate in Elanor Investors Group benefit plans that are made available
Termination	Employment shall continue with the Group unless either party gives 12 months' notice in writing	Employment shall continue with the Group unless either party gives 9 months' notice in writing	Employment shall continue with the Group unless either party gives 4 weeks' notice in writing
Restraint	12 months from the time of Termination	N/A	N/A

e) Non-Executive Director Remuneration Arrangements and Outcomes

The Elanor Board determines the remuneration structure for NED's based on recommendations from the Remuneration and Nomination Committee. The NED's individual fees are annually reviewed by the Remuneration and Nomination Committee taking into consideration the level of fees paid to NED's by companies of similar size and stature. The Remuneration and Nomination Committee undertook a review of the remuneration of NEDs in June 2020 and resolved not to change the amount of fees paid. The maximum aggregate amount of fees that can be paid to NEDs is subject to approval by security holders at the Annual General Meeting (currently $750,000, as approved by security holders in October 2019).

The NEDs receive a fixed remuneration amount, in respect of their services provided to the Responsible Entity and Elanor Investors Limited. They do not receive any performance based remuneration or any retirement benefits other than statutory superannuation.

Table 4: Remuneration of Non-Executive Directors

		Salary (including Superannuation)[1] $	Committee Fees $	Total (including Superannuation) $
Non-Executive Directors				
P. Bedbrook	2020	152,000	9,500	161,500
	2019	160,000	10,000	170,000
N. Ampherlaw	2020	80,750	9,500	90,250
	2019	85,000	10,000	95,000
W. Moss[2]	2020	20,217	–	20,217
	2019	85,000	10,000	95,000
L. Kin Song	2020	80,750	–	80,750
	2019	6,986	–	6,986
A. Fehon	2020	69,312	–	69,312
	2019	–	–	–

Note 1: In response to the COVID-19 pandemic, the NEDs agreed to a 20% salary reduction for the 3 months ended 30 June 2020.
Note 2: Mr W. Moss AO resigned as director on 17 September 2019.

9. Remuneration Report (Audited) (continued)

e) Non-Executive Director Remuneration Arrangements and Outcomes (continued)

During the year no options were issued to the NEDs.

The following options were issued to the NEDs under the FY17 Fee Sacrifice Offer, approved by security holders on 10 November 2016:

			During the financial year					
Name	**Award Type**	**Year**	**Number Granted**	**Number Vested**	**% of Grant Vested**	**Number Forfeited**	**% of Grant Forfeited**	**% of the actual compensation for the year consisting of awards**
P. Bedbrook	Options	2020	–	–	0%	–	N/A	0%
	Options	2019	–	–	0%	–	N/A	0%
	Options	2018	–	–	0%	–	N/A	0%
	Options	2017	851,064	–	0%	–	N/A	25%
N. Ampherlaw	Options	2020	–	–	0%	–	N/A	0%
	Options	2019	–	–	0%	–	N/A	0%
	Options	2018	–	–	0%	–	N/A	0%
	Options	2017	1,063,830	–	0%	–	N/A	63%
W. Moss[1]	Options	2020	–	–	0%	–	N/A	0%
	Options	2019	–	–	0%	–	N/A	0%
	Options	2018	–	–	0%	–	N/A	0%
	Options	2017	957,447	–	0%	–	N/A	56%
L. Kin Song	Options	2020	–	–	0%	–	N/A	0%
	Options	2019	–	–	0%	–	N/A	0%
	Options	2018	–	–	0%	–	N/A	0%
	Options	2017	–	–	0%	–	N/A	0%
A. Fehon	Options	2020	–	–	0%	–	N/A	0%
	Options	2019	–	–	0%	–	N/A	0%
	Options	2018	–	–	0%	–	N/A	0%
	Options	2017	–	–	0%	–	N/A	0%

Note 1: Mr W. Moss AO resigned as director on 17 September 2019.

The fair value at grant date of each Option was $0.04. The NED option vesting period ended on 30 June 2017. The options issued under the FY17 Fee Sacrifice Offer have an exercise price of $3.08 per security (43% premium to the $2.15 offer price). The NED options are available for exercise until 10 November 2020.

Remuneration and other items of appointment of the NEDs are formalised in contracts.

The NEDs are employed on employment contracts with no fixed term. The NEDs employment is subject to the Constitution of the Group, the Corporations Act, and the 3 year cycle of the rotation and election of Directors.

9. Remuneration Report (Audited) (continued)

f) Additional Disclosures Relating to Long Term Incentive Plans and Securities

Details of Long Term Incentive Plan payments granted or vested as Loan Security compensation to Key Management Personnel during the current financial year:

			During the financial year					
Name	Award Type	Year	Number Granted	Number Vested	% of Grant Vested	Number Forfeited	% of Grant Forfeited	% of the actual compensation for the year consisting of awards
G. Willis	Loan Securities	2020	–	–	0%	–	N/A	0%
		2019	–	–	0%	–	N/A	0%
		2018	4,250,000	–	0%	–	N/A	23%
P. Siviour	Loan Securities	2020	–	–	0%	–	N/A	0%
		2019	–	–	0%	–	N/A	0%
		2018	1,750,000	–	0%	–	N/A	13%
S. Simmons	Loan Securities	2020	–	–	0%	–	N/A	0%
		2019	–	–	0%	–	N/A	0%
		2018	1,250,000	–	0%	–	N/A	10%

The Loan Security plan has been accounted for as 'in-substance' options. The fair value at grant date of each Loan Security was $0.10.

Details of Long Term Incentive Plan payments granted or vested as Option compensation to key management personnel during the current financial year:

			During the financial year					
Name	Award Type	Year	Number Granted	Number Vested	% of Grant Vested	Number Forfeited	% of Grant Forfeited	% of the actual compensation for the year consisting of awards
G. Willis	Options	2020	–	–	0%	–	N/A	0%
		2019	–	–	0%	–	N/A	0%
		2018	2,000,000	–	0%	–	N/A	2%

The fair value at grant date of each Option was $0.03.

The following table summarises the value of options granted during the financial year, in relation to options granted to Key Management Personnel as part of the remuneration:

Name	Year	Value of options granted at the grant date[1] $	Value of options exercised at the exercise date[2] $
G. Willis	2020	–	–
	2019	–	–
	2018	66,000	–

Note 1: The value of options granted during the financial year is calculated as at the grant date using a binomial pricing model. This grant date value is allocated to remuneration of key management personnel on a straight-line basis over the period from grant date to vesting date.

Note 2: The value of options exercised during the financial year is calculated as at the exercise date using a binomial pricing model. No options were exercised in the period to 30 June 2020.

9. Remuneration Report (Audited) (continued)

f) Additional Disclosures Relating to Long Term Incentive Plans and Securities (continued)

Key Management Personnel equity holdings

Changes to the interests of Key Management Personnel in the Group's Securities are set out below:

Elanor Investors Group – Stapled Securities

Name	Opening Balance 1 July 2019	Acquired[1]	Disposed	Closing Balance 30 June 2020
Non-Executive Directors				
P. Bedbrook	282,327	23,810	–	306,137
N. Ampherlaw	170,307	29,693	–	200,000
W. Moss AO[2]	2,378,159	–	(38,095)	2,340,064
A. Fehon	–	6,666	–	6,666
L. Kin Song	–	–	–	–
Executive Officers				
G. Willis	4,664,470	443,977	–	5,108,447
P. Siviour	1,692,312	355,117	(209,295)	1,838,134
S. Simmons	586,965	298,413	–	885,378

Note 1: The number of stapled securities acquired during the year includes issues of securities under the Group's short term and long term incentive schemes, and securities acquired on market.
Note 2: Mr W. Moss AO resigned as director on 17 September 2019.

Options over Elanor Investors Group – Stapled Securities

Name	Opening Balance 1 July 2019	Acquired under the Group's incentive plans	Exercised or Disposed	Closing Balance 30 June 2020	Balance vested at Closing	Vested but not exercisable	Vested and exercisable	Options vested during the year
G. Willis	2,000,000	–	–	2,000,000	–	–	–	–

All options issued to Key Management Personnel were made in accordance with the provisions of the employee share option plan.

Name	Opening Balance 1 July 2019	Acquired under the Group's incentive plans	Exercised or Disposed	Closing Balance 30 June 2020	Balance vested at Closing	Vested but not exercisable	Vested and exercisable	Options vested during the year
P. Bedbrook	851,064	–	–	851,064	851,064	–	851,064	–
N. Ampherlaw	1,063,830	–	–	1,063,830	1,063,830	–	1,063,830	–
W. Moss AO[1]	957,447	–	–	957,447	957,447	–	957,447	–
A. Fehon	–	–	–	–	–	–	–	–
L. Kin Song	–	–	–	–	–	–	–	–

Note 1: Mr W. Moss AO resigned as director on 17 September 2019.

All options issued to NEDs were made under the FY17 Fee Sacrifice offer, approved by security holders on 10 November 2016.

9. Remuneration Report (Audited) (continued)

g) Loans to Key Management Personnel

No loans have been provided to Key Management Personnel of the Group during the year.

h) Other Transactions and Balances with Key Management Personnel and their Related Parties

There were no transactions with Key Management Personnel and their Related Parties during the financial year that are not otherwise referred to in the consolidated financial statements.

10. Company Secretary

Symon Simmons held the position of Company Secretary of the Responsible Entity during the period. Symon is the Chief Financial Officer of the Group, and holds a Bachelor of Economics with majors in Economics and Accounting, and has extensive experience as a company secretary, is a Justice of the Peace in NSW and is a Responsible Manager on the Australian Financial Services Licence held by the Responsible Entity.

11. Indemnification and insurance of officers and auditors

During the financial year, the Group paid a premium in respect of a contract insuring the Directors of the Group (as named above), the company secretary, and all executive officers of the Company and of any related body corporate against a liability incurred in their capacity as Directors and officers of the Company to the extent permitted by the Corporations Act 2001 (Cth). The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the Company or of any related body corporate against a liability incurred in their capacity as an officer.

The auditor of the Group is not indemnified out of the assets of the Group.

12. Environmental regulation

To the best of their knowledge and belief after making due enquiry, the Directors have determined that the Group has complied with all significant environmental regulations applicable to its operations in the jurisdictions in which it operates.

13. Significant changes in state of affairs

Other than as described in this report, there was no significant change in the state of affairs of the Group during the year.

14. Auditor's independence declaration

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

15. Non audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 27 to the consolidated financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth).

The Directors are of the opinion that the services as disclosed in Note 27 to the consolidated financial statements do not compromise the external auditor's independence, based on advice received from the Audit and Risk Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the group or jointly sharing economic risks and rewards.

16. Likely developments and expected results of operations

The financial statements have been prepared on the basis of the current known market conditions. The extent of any potential deterioration in either the capital or physical property markets on the future results of the Group is unknown. Such results could include property market valuations, the ability of borrowers, including the Group, to raise or refinance debt, and the cost of such debt and the ability to raise equity.

The Group will continue to monitor the potential impact of Government announcements and market conditions in relation to the COVID-19 pandemic on the Group and its Managed Funds. The ongoing impact of these unprecedented events on the Group will be a function of the extent and duration of the prevailing health and economic crisis. Potential financial impacts of the COVID-19 pandemic are currently extremely difficult to forecast.

At the date of this report and to the best of the Directors' knowledge and belief, there are no other anticipated changes in the operations of the Group which would have a material impact on the future results of the Group.

17. Fees paid to and interests held in the Trust by the Manager or its associates

The interest in the Trust held by the Manager or its related entities as at 30 June 2020 and fees paid to and expenses reimbursed by its related entities during the financial year are disclosed in Note 24 to the consolidated financial statements.

18. Going concern

As at 30 June 2020, the Group's current liabilities exceeded its current assets by $28.0 million and EIF Group's current liabilities exceeded its current assets by $46.8 million due primarily to the maturity of debt facilities of $63.3 million in October 2020. These facilities relate to two Elanor Managed Funds (consolidated into the Group's financial statements) with both debt facilities being wholly non-recourse. The Group is currently negotiating with the relevant banks in respect of a renewal of the maturing facilities, and is confident the facilities will be renewed before the maturity date.

The Group and EIF have access to sufficient facilities and cash reserves to enable the Group and EIF Group to continue as a going concern and meet their ongoing obligations which arise from the ordinary course of business as and when they fall due, for at least 12 months from the date of signing of the Group's financial statements for the year ended 30 June 2020.

19. Events occurring after reporting date

The directors are not aware of any matter or circumstance not otherwise dealt with in the financial reports or the Directors' Report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in the financial period subsequent to the year ended 30 June 2020.

20. Rounding of amounts to the nearest thousand dollars

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

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

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

Paul Bedbrook
Chairman

Glenn Willis
CEO and Managing Director

Sydney, 19 August 2020

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

19 August 2020

Dear Board Members

Auditor's Independence Declaration to
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 audit of the consolidated financial statements of Elanor Investors Limited and Elanor Investment Fund for the year ended 30 June 2020, 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 audit; and

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D Nell
Partner
Chartered Accountants

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000	EIF Group 30 June 2020 $'000	EIF Group 30 June 2019 $'000
Income					
Revenue from operating activities	2	66,459	73,600	–	–
Revenue from property inventory		–	36,000	–	–
Interest income		1,812	2,123	18	22
Rental income		4,110	4,908	17,875	18,245
Share of profit / (loss) from equity accounted investments		(5,991)	2,243	(5,451)	2,210
Realised (loss) / gain on disposal of investment		1,449	2,940	2,604	4,650
Fair value (loss) / gain on revaluation of assets / investment properties		(11,769)	285	(10,381)	15,093
Other income		864	432	403	386
Total income		**56,934**	**122,531**	**5,068**	**40,606**
Expenses					
Changes in inventories of finished goods		4,310	26,604	–	–
Salary and employee benefits		33,463	33,503	1,238	879
Property expenses		7,589	7,692	709	638
Operator management costs		2,738	4,650	4,227	2,621
Borrowing costs		12,072	9,257	8,249	5,789
Depreciation		12,111	9,207	–	1,748
Amortisation		1,204	781	566	242
Marketing and promotion		3,091	3,194	–	97
Repairs, maintenance and technology		1,784	1,312	153	165
Other expenses		4,991	6,464	1,145	2,218
Total expenses		**83,353**	**102,664**	**16,287**	**14,397**
Net (loss) / profit before income tax expense		**(26,419)**	**19,867**	**(11,219)**	**26,209**
Income tax (benefit) / expense	5	(3,029)	3,823	–	–
Net (loss) / profit for the period from continuing operations		**(23,390)**	**16,044**	**(11,219)**	**26,209**
Discontinued operations:					
Net profit / (loss) for the period from discontinued operations after tax	28	–	150	–	–
Net (loss) / profit for the period		**(23,390)**	**16,194**	**(11,219)**	**26,209**
Attributable to security holders of:					
- Parent Entity		(9,905)	4,900	(8,424)	25,803
- Non-controlling interest EIF		(8,424)	10,622	–	–
Net (loss) / profit attributable to ENN security holders		**(18,329)**	**15,522**	**(8,424)**	**25,803**
Attributable to security holders of:					
- External Non-controlling interest		(5,061)	672	(2,795)	407
Net (loss) / profit for the period		**(23,390)**	**16,194**	**(11,219)**	**26,210**
Net profit / (loss) attributable to equity holders of the parent entity relates to:					
(Loss) / profit from continuing operations		(9,905)	4,750	(8,424)	25,803
Profit / (loss) from discontinued operations		–	150	–	–
Net (loss) / profit for the period		**(9,905)**	**4,900**	**(8,424)**	**25,803**
Basic (loss) / earnings per stapled security from continuing operations (cents)		(16.59)	16.04		
Diluted (loss) / earnings per stapled security from continuing operations (cents)		(16.59)	16.04		
Basic (loss) / earnings of the parent entity from continuing operations (cents)		(10.04)	4.96		
Diluted (loss) / earnings of the parent entity from continuing operations (cents)		(10.04)	4.96		

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000	EIF Group 30 June 2020 $'000	EIF Group 30 June 2019 $'000
Net (loss) / profit for the period	**(23,390)**	**16,194**	**(11,219)**	**26,209**
Other comprehensive income				
Items that may be reclassified subsequently to profit and loss				
(Loss) on revaluation of cash flow hedge	(64)	(1,790)	(45)	(1,697)
Items that may not be reclassified to profit and loss				
Share of asset revaluation reserve from equity accounted investments	(5,373)	3,519	(5,412)	3,555
(Loss)/ gain on revaluation of property, plant and equipment	(3,045)	15,487	(3,012)	15,487
Income tax relating to these items	–	(12)	–	–
Other comprehensive income for the period, net of tax	(8,482)	17,204	(8,468)	17,345
Total comprehensive income / (loss) net of tax from continuing operations	(31,872)	33,248	(19,687)	43,554
Total comprehensive income / (loss) net of tax from discontinued operations	–	150	–	–
Total comprehensive income / (loss) for the period, net of tax	**(31,872)**	**33,398**	**(19,687)**	**43,554**
Attributable to security holders of:				
- Parent entity	(9,919)	4,682	(18,381)	32,674
- Non-controlling interest - EIF	(18,381)	17,642	–	(1)
Total comprehensive income / (loss) for the period, net of tax, of ENN security holders	**(28,300)**	**22,324**	**(18,381)**	**32,673**
Attributable to security holders of:				
- External non-controlling interest	(3,572)	11,074	(1,306)	10,881
Total comprehensive income / (loss) for the period, net of tax	**(31,872)**	**33,398**	**(19,687)**	**43,554**

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000	EIF Group 30 June 2020 $'000	EIF Group 30 June 2019 $'000
Current assets					
Cash and cash equivalents	6	23,548	19,281	3,980	1,094
Receivables	18,29	7,143	14,735	21,080	15,681
Financial assets	12	11,668	45,034	–	–
Inventories		863	994	–	–
Other current assets		1,113	1,735	263	698
Current tax asset	5	8,857	4,674	–	–
Assets held for sale	28	–	714	–	–
Total current assets		**53,192**	**87,167**	**25,323**	**17,473**
Non-current assets					
Property, plant and equipment	7	320,959	237,286	–	–
Investment properties	8,29	50,864	58,859	332,811	270,747
Equity accounted investments	9,29	97,651	76,701	93,496	73,598
Intangible assets	20	600	750	–	–
Deferred tax assets	5	3,964	4,122	–	–
Total non-current assets		**474,038**	**377,718**	**426,307**	**344,345**
Total assets		**527,230**	**464,885**	**451,630**	**361,818**
Current liabilities					
Payables	19,29	10,223	7,392	1,606	5,342
Derivative financial instruments	11,29	2,955	1,261	870	1,180
Interest bearing liabilities	10,29	62,339	–	69,638	1,600
Current provisions	19	2,068	2,076	–	–
Other current liabilities	19	177	310	27	10
Contract liabilities		1,274	692	4	19
Liabilities directly associated with discontinued operations	28	2,119	4,677	–	–
Total current liabilities		**81,155**	**16,408**	**72,145**	**8,151**
Non-current liabilities					
Derivative financial instruments	11	917	1,030	1,298	937
Interest bearing liabilities	10,29	229,006	198,241	132,126	114,166
Non-current provisions	19	288	747	–	–
Other non-current liabilities	19	5	366	–	300
Deferred tax liabilities	5	3,509	2,218	–	–
Loan from the Company		–	–	60,701	29,538
Total non-current liabilities		**233,725**	**202,602**	**194,125**	**144,941**
Total liabilities		**314,880**	**219,010**	**266,270**	**153,092**
Net assets		**212,350**	**245,875**	**185,360**	**208,726**

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020

		Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000	EIF Group 30 June 2020 $'000	EIF Group 30 June 2019 $'000
Equity					
Equity Holders of Parent Entity					
Contributed equity	13	71,891	61,672	102,853	74,466
Treasury shares	13	(1,005)	(349)	(2,796)	(808)
Reserves	14	14,354	13,929	5,229	13,972
Retained accumulated profits / (losses)		(46,713)	(32,699)	10,951	45,503
Parent entity interest		**38,527**	**42,553**	**116,237**	**133,133**
Equity Holders of Non Controlling Interest					
Contributed equity - Elanor Investment Fund	13	102,853	74,466	–	–
Treasury shares	13	(2,796)	(808)	–	–
Reserves	14	10,678	40,550	–	–
Retained accumulated profits / (losses)		5,502	3,925	–	–
Non-controlling interest		**116,237**	**118,133**	**–**	**–**
Equity Holders of Non Controlling Interest - External					
Contributed equity - External		37,465	54,023	40,989	52,138
Reserves	14	21,172	19,682	12,374	5,789
Retained accumulated profits / (losses)		(1,051)	11,484	15,760	17,666
External Non-controlling interest		**57,586**	**85,189**	**69,123**	**75,593**
Total equity attributable to stapled security holders:					
- Parent Entity		38,527	42,553	116,237	133,133
- Non-controlling Interest - EIF		116,237	118,133	–	–
Total equity attributable to ENN security holders		**154,764**	**160,686**	**116,237**	**133,133**
Total equity attributable to stapled security holders:					
- Non-controlling interest - External		57,586	85,189	69,123	75,593
Total equity		**212,350**	**245,875**	**185,360**	**208,726**

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 YEAR ENDED 30 JUNE 2020

	Note	Contributed equity	Treasury shares	Asset Revaluation Reserve	Cash flow Hedge Reserve	Security Based Payment Reserve	Retained profits/ (accumulated losses)	Parent Entity Total Equity	Non-controlling interest EIF	Total ENN Equity	External Non-controlling interest	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated Group												
Total equity at 1 July 2019		61,672	(349)	13,094	(15)	849	(32,699)	42,553	118,133	160,686	85,189	245,875
Profit / (loss) for the period		–	–	–	–	–	(9,905)	(9,905)	(8,424)	(18,329)	(5,061)	(23,390)
Other comprehensive income / (expense) for the period		–	–	5	(18)	–	–	(13)	(9,958)	(9,971)	1,489	(8,482)
Total comprehensive income / (expense) for the period		–	–	5	(18)	–	(9,905)	(9,918)	(18,382)	(28,300)	(3,572)	(31,872)
Transactions with owners in their capacity as owners:												
Contributions of equity, net of issue costs	13	10,219	(656)	–	–	–	–	9,563	26,401	35,963	–	35,963
Reversed to retained earnings due to asset disposed		–	–	–	–	–	–	–	–	–	(21,129)	(21,129)
Security-based payments	13	–	–	–	–	440	(179)	261	869	1,130	–	1,130
Distributions paid and payable		–	–	–	–	–	(3,931)	(3,931)	(10,784)	(14,715)	(2,902)	(17,617)
Total equity at 30 June 2020		**71,891**	**(1,005)**	**13,099**	**(33)**	**1,289**	**(46,714)**	**38,527**	**116,237**	**154,765**	**57,586**	**212,350**

	Note	Contributed equity	Treasury shares	Asset Revaluation Reserve	Cash flow Hedge Reserve	Security Based Payment Reserve	Retained profits/ (accumulated losses)	Parent Entity Total Equity	Non-controlling interest EIF	Total ENN Equity	External Non-controlling interest	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated Group												
Total equity at 1 July 2018		57,994	(179)	13,130	18	500	(33,730)	37,733	101,020	138,753	69,757	208,512
Profit / (loss) for the period		–	–	–	–	–	4,750	4,750	10,772	15,522	672	16,194
Other comprehensive income / (expense) for the period		–	–	(36)	(32)	–	–	(68)	6,871	6,802	10,393	17,195
Total comprehensive income / (expense) for the period		**–**	**–**	**(36)**	**(32)**	**–**	**4,750**	**4,682**	**17,643**	**22,324**	**11,065**	**33,389**
Transactions with owners in their capacity as owners:												
Contributions of equity, net of issue costs	13	3,678	(170)	–	–	–	–	3,508	7,119	10,627	11,207	21,834
Security-based payments	13	–	–	–	–	349	–	349	721	1,071	–	1,071
Distributions paid and payable		–	–	–	–	–	(3,719)	(3,719)	(8,370)	(12,090)	(6,841)	(18,931)
Total equity at 30 June 2019		**61,672**	**(349)**	**13,094**	**(15)**	**849**	**(32,699)**	**42,553**	**118,133**	**160,685**	**85,189**	**245,875**

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Contributed equity $'000	Treasury shares $'000	Asset Revaluation Reserve $'000	Cash flow Hedge Reserve $'000	Security Based Payment Reserve $'000	Retained profits/ (accumulated losses) $'000	Parent Entity Total Equity $'000	External Non-controlling interest $'000	Total Equity $'000
EIF Group										
Total equity at 1 July 2019		74,466	(808)	13,371	(764)	1,365	45,503	133,133	75,593	208,726
Profit / (loss) for the period		–	–	–	–	–	(8,424)	(8,424)	(2,795)	(11,219)
Other comprehensive income / (expense) for the period		–	–		(584)	–	–	(584)	539	(45)
Share of reserves of equity accounted investments		–	–	(9,373)	–	–	–	(9,373)	950	(8,423)
Total comprehensive income / (expense) for the period		–	–	(9,373)	(584)	–	(8,424)	(18,381)	(1,306)	(19,687)
Transactions with owners in their capacity as owners:										
Contributions of equity, net of issue costs	13	28,387	(1,988)	–	–	–	–	26,399	–	26,399
Security-based payments		–	–	–	–	1,215	(347)	868	–	868
Distributions paid and payable		–	–	–	–	–	(25,782)	(25,782)	(5,164)	(30,946)
Total equity at 30 June 2020		**102,853**	**(2,796)**	**3,998**	**(1,348)**	**2,580**	**10,950**	**116,237**	**69,123**	**185,360**

	Note	Contributed equity $'000	Treasury shares $'000	Asset Revaluation Reserve $'000	Cash flow Hedge Reserve $'000	Security Based Payment Reserve $'000	Retained profits/ (accumulated losses) $'000	Parent Entity Total Equity $'000	External Non-controlling interest $'000	Total Equity $'000
EIF Group										
Total equity at 1 July 2018		67,338	(347)	7,903	(194)	644	30,114	105,457	69,667	175,124
Profit / (loss) for the period		–	–	–	–	–	25,803	25,803	407	26,210
Other comprehensive income / (expense) for the period		–	–		(570)	–	–	(570)	(1,126)	(1,696)
Share of reserves of equity accounted investments		–	–	7,442	–	–	–	7,442	11,601	19,043
Total comprehensive income / (expense) for the period		**–**	**–**	**7,442**	**(570)**	**–**	**25,803**	**32,674**	**10,881**	**43,557**
Transactions with owners in their capacity as owners:										
Contributions of equity, net of issues costs	13	7,128	(461)	–	–	–	–	6,667	(2,132)	4,535
Reserve transfer relating to disposed assets		–	–	(1,974)	–	–	1,974	–	–	–
Security-based payments		–	–	–	–	721	–	721	–	721
Distributions paid and payable		–	–	–	–	–	(12,388)	(12,388)	(2,822)	(15,211)
Total equity at 30 June 2019		**74,466**	**(808)**	**13,371**	**(764)**	**1,365**	**45,503**	**133,131**	**75,593**	**208,726**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000	EIF Group 30 June 2020 $'000	EIF Group 30 June 2019 $'000
Cash flows from operating activities					
Receipts from customers		79,591	86,747	–	–
Payments to suppliers and employees		(63,534)	(76,995)	(6,500)	(4,743)
Interest received		2,733	2,122	18	22
Finance costs paid		(11,996)	(9,131)	(8,192)	(5,697)
Rent receipts from the Company		–	–	14,864	11,663
Income tax paid		–	(16)	–	–
Net cash flows from operating activities	6	**6,794**	**2,727**	**190**	**1,245**
Cash flows from investing activities					
Receipts for business and asset disposals		43,650	5,400	43,650	–
Financial assets repaid / (acquired)		33,313	825	–	–
Payments for property, plant and equipment / investment properties		(139,523)	(15,088)	(101,800)	(6,046)
Loans to associates		6,988	1,332	–	16
Payments for equity accounted investments		(77,746)	(48,432)	(73,266)	(44,758)
Receipts for equity accounted investments		34,142	28,368	33,022	27,930
Distributions received from equity accounted investments		5,092	3,589	5,092	3,589
Loans from Company		–	–	20,413	(1,353)
Net cash flows used in investing activities		**(94,084)**	**(24,006)**	**(72,889)**	**(20,622)**
Cash flows from financing activities					
Net proceeds from borrowings		92,093	24,134	71,659	17,639
Payments for lease liability		(945)	–	–	–
Proceeds from equity raisings		36,429	18,464	26,783	15,466
Costs associated with equity raisings		(1,078)	(462)	(802)	(306)
Distributions paid to unit holders		(34,943)	(18,931)	(22,055)	(15,211)
Net cash flows from financing activities		**91,556**	**23,205**	**75,585**	**17,588**
Net increase / (decrease) in cash and cash equivalents		4,267	1,926	2,886	(1,789)
Cash and cash equivalents at the beginning of the period		19,281	17,355	1,094	2,883
Cash at the end of the period		**23,548**	**19,281**	**3,980**	**1,094**
Cash and cash equivalents (as presented in the Consolidated Statement of Financial Position)		23,548	19,281	3,980	1,094
Cash at the end of the period		**23,548**	**19,281**	**3,980**	**1,094**

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

About this Report

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

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (the Board or AASB) and the Corporations Act 2001.

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

For the purposes of preparing the financial statements, the Group is a for-profit entity. The financial report has been presented in Australian dollars unless otherwise stated.

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

Going concern

As at 30 June 2020, the Group's current liabilities exceeded its current assets by $28.0 million and EIF Group's current liabilities exceeded its current assets by $46.8 million due primarily to the maturity of debt facilities of $63.3 million in October 2020. These facilities relate to two Elanor Managed Funds (consolidated into the Group's financial statements) with both debt facilities being wholly non-recourse. The Group is currently negotiating with the relevant banks in respect of a renewal of the maturing facilities, and is confident the facilities will be renewed before the maturity date.

The Group and EIF have access to sufficient facilities and cash reserves to enable the Group and EIF Group to continue as a going concern and meet their ongoing obligations which arise from the ordinary course of business as and when they fall due, for at least 12 months from the date of signing of the Group's financial statements for the year ended 30 June 2020.

Critical accounting judgments and key sources of estimation uncertainty

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

In preparing the consolidated financial statements for the year ended 30 June 2020, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are consistent with those disclosed in the financial report of the previous financial year.

About this Report (continued)

Critical accounting judgments and key sources of estimation uncertainty (continued)

Where the impact of the COVID-19 pandemic has heightened uncertainty in applying these accounting estimates and critical judgments for the year ended 30 June 2020, enhanced disclosures have been incorporated throughout the consolidated financial statements to enable users to understand the basis for the estimates and judgments utilised.

COVID-19 Pandemic

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of the financial statements. This uncertainty is associated with the extent and duration of the economic disruption to business arising from the response of government, businesses and consumers in response to the COVID-19 pandemic.

In response to the recent market volatility, the appropriateness of the inputs to the valuation of the Group's property, plant and equipment (including average daily rate assumptions and occupancy levels) and investment properties (including vacancy allowances, lease renewal probabilities, levels of leasing incentives and market rent growth assumptions), and the impact of any changes in these inputs have been considered in detail in both independent and internal property valuations (including relevant sensitivity analysis) with respect to the fair value hierarchies. The fair value assessments as at the balance date include the best estimate of the impacts of the COVID-19 pandemic using information available at the time of preparation of the financial statements and includes forward looking assumptions. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may impact the fair value of the Group's portfolio. Refer to Note 7 and 8 for further information.

The recoverability of the Group's receivables from Elanor's Managed Funds has been assessed. This assessment has been completed with reference to each of the Managed Funds' cash flow forecasts prepared by each fund's asset management team in conjunction with the property manager for each asset. Refer to Note 15 Financial Risk Management for further discussion on the Group's management of credit risk.

Enhanced disclosures have been incorporated throughout the consolidated financial statements to enable users to understand the basis for the estimates and judgments utilised. Refer to Note 2 Revenue, Note 7 Property, Plant and Equipment, Note 8 Investment Properties, Note 9 Equity Accounted Investments and Note 15 Financial Risk Management.

The Group received Government support during the COVID-19 pandemic through the JobKeeper scheme. The receipts from the JobKeeper scheme has been recognised in the Consolidated Statements of Profit or Loss as a reduction in the salary and employee benefits expense.

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 30 June 2020. Elanor Investors Limited is the parent entity in relation to the stapling. The results and equity of Elanor Investment Fund (which is not directly owned by Elanor Investors Limited) have been treated and disclosed as a non-controlling interest. Whilst the results and equity of Elanor Investment Fund are disclosed as a non-controlling interest, the stapled security holders of Elanor Investment Fund are the same as the stapled security holders of Elanor Investors Limited.

These consolidated Financial Statements also include a separate column representing the consolidated Financial Statements of EIF Group, incorporating the assets and liabilities of Elanor Investment Fund and all of its subsidiaries, as at 30 June 2020.

Control of Elanor Metro and Prime Regional Hotel Fund (EMPR), Elanor Luxury Hotel Fund (ELHF), and Bluewater Square Syndicate (Bluewater)

EMPR

EMPR comprises stapled securities in Elanor Metro and Prime Regional Hotel Fund, EMPR Management Pty Limited, Elanor Metro and Prime Regional Hotel Fund II (formerly known as Elanor Hospitality and Accommodation Fund) and EMPR II Management Pty Limited (formerly known as EHAF Management Pty Limited). The Group holds 42.63% of the equity in EMPR. The Group's ownership interest in EMPR gives the Group the same percentage of the voting rights in EMPR. EMPR is an unregistered trust for which Elanor Funds Management Limited acts as the Manager of the asset and Trustee of the trust.

ELHF

ELHF comprises stapled securities in Elanor Luxury Hotel Fund and Elanor Luxury Hotel Fund Pty Limited. The Group holds 100% of the equity in ELHF. The Group's 100% ownership interest in ELHF gives the Group the same percentage of the voting rights in ELHF. ELHF is an unregistered trust for which Elanor Funds Management Limited acts as the Manager of the asset and Trustee of the trust.

Bluewater

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

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

Based on the assessment above, at the current level of equity investment in EMPR, ELHF, and Bluewater the AASB 10 definition of control for these investments is met, and therefore each of these investments are consolidated into Elanor Investors Group Financial Statements.

Impact of the application of AASB 16 *Leases* on Comparatives of Consolidated Statements of Financial Position for Consolidated Group

AASB 16 introduced new requirements in relation to lease classification and recognition, measurement and presentation and disclosure of leases for lessees and lessors. The Group has adopted AASB 16 from 1 July 2019, which has resulted in changes in accounting policy and adjustments to the amounts recognised in the consolidated financial statements. In accordance with transitional provisions in AASB 16, the Group has adopted a modified retrospective approach and has not restated comparatives, as permitted by the standard. The impact as a result of the new standard is recognised in the opening balance sheet on 1 July 2019.

Lessee accounting

A reconciliation of the adjustment to the consolidated statements of Financial Position due to the application of AASB 16 is presented below:

	As reported on 1 July 2019 $'000	AASB 16 restatement $'000	Restated 1 July 2019 $'000
Property, plant and equipment			
Right-of-use assets	–	995	995
Net impact on total asset	**–**	**995**	**995**
			–
Other current liabilities			
Lease liabilities	–	(995)	(995)
Net impact on total liabilities	**–**	**(995)**	**(995)**

The right of use asset has been included as part of Property, Plant and Equipment and the Lease Liability as part of Other Liabilities. The only operating lease that the Group holds as lessee relates to that of the corporate office space expiring next financial year.

Lessor accounting

The Group has deemed there not to be a material impact on lessor accounting.

New accounting standards and interpretations

Certain new Accounting Standards and Interpretations have been published that are mandatory for the financial year ended 30 June 2020. The Group's assessment of the impact of these new standards and interpretation are set out below.

Reference	Description	Impact on the Group's financial statements
AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle* *Effective for reporting periods after 1 January 2019*	Amendments made to the following accounting standards: • AASB 3 *Business Combination* to clarify that remeasure of a previously held interest in a joint operation is required on obtaining control of the joint operation; • AASB 11 *Joint Arrangements* to clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business; • AASB 112 *Income Tax* to clarify the requirements surrounding when the tax consequence of distributions should be recognised in income tax expense rather than retained earnings; and • AASB 13 *Borrowing Costs* to clarify that if any specific borrowing cost remains outstanding after the related asset is ready for its intended use or sale that borrowing becomes part of the funds that any entity borrows generally when calculating the capitalisation rate on general borrowings.	The application of the amendments does not have a material impact on the Group's financial statements.

Certain new Accounting Standards and Interpretations have been published that are not mandatory for the financial year ended 30 June 2020 but are available for early adoption. They have not been applied in preparing this financial report. The Group's assessment of the impact of these new standards and interpretation are set out below.

Reference	Description	Impact on the Group's financial statements
AASB 2018-7 *Amendments to Australia Accounting Standards – Definition of Material* *Effective for annual periods beginning on or after 1 January 2020*	These amendments are intended to address concerns that the wording in the definition of 'material' was different in the Conceptual Framework for Financial Reporting, AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.	The application of the amendments is not expected to have a material impact on the Group's financial statements.

New accounting standards and interpretations (continued)

Reference	Description	Impact on the Group's financial statements
AASB 2018-7 *Amendments to Australia Accounting Standards – Definition of Material* (continued)	The amendments address these concerns by: • Replacing the term 'could influence' with 'could reasonably be expected to influence'; • Including the concept of 'obscuring information' alongside the concepts of 'omitting' and 'misstating' information in the definition of material; • Clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework; and Aligning the definition of material across IFRS Standards and other publications.	
AASB 2019-1 *Amendments to Australia Accounting Standards – References to the Conceptual Framework* *Effective for annual periods beginning on or after 1 January 2020*	Makes amendments to various Accounting Standards and other pronouncements to support the issue of the revised *Conceptual Framework for Financial Reporting.* Some Accounting Standards and other pronouncements contain references to, or quotations from, the previous versions of the *Conceptual Framework.* This Standard updates some of these references and quotations so they refer to the *Conceptual Framework* issued by the AASB In June 2019, and also makes other amendments to clarify which version of the *Conceptual Framework* is referred to in particular documents.	The application of the amendments is not expected to have a material impact on the Group's financial statements.
AASB 2019-3 *Amendments to Australia Accounting Standards – Interest Rates Benchmark Reform* *Effective for annual periods beginning on or after 1 January 2020*	The amendments affect entities that apply the hedge accounting requirements of AASB 9 *Financial Instruments* to hedging relationships directly affected by the interest rate benchmark reform. The amendments would mandatorily apply to all hedging relationships that are directly affected by the interest rate benchmark reform and modify specific hedge accounting requirements, so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark is not altered as a result of the interest rate benchmark reform.	The application of the amendments is not expected to have a material impact on the Group's financial statements.
Conceptual Framework for Financial Reporting *Effective for annual periods beginning on or after 1 January 2020*	Revised version of the AASB's framework for financial reporting. The *Conceptual Framework* replaces an earlier version, updating a number of definitions and guidance, introduces new guidance on a number of topics including the reporting entity and presentation and disclosure, and clarifies a number of other matters.	The application of the amendments is not expected to have a material impact on the Group's financial statements.

New accounting standards and interpretations (continued)

Reference	Description	Impact on the Group's financial statements
AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia* *Effective for annual periods beginning on or after 1 January 2020*	Amends AASB 1054 *Australian Additional Disclosures* to add a requirement for entities that intend to be compliant with IFRS standards to disclose the information required by AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (specifically paragraphs 30 and 31) for the potential effect of each IFRS pronouncement that has not yet been issued by the AASB.	The application of the amendments is not expected to have a material impact on the Group's financial statements.
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* *Effective for annual periods beginning on or after 1 January 2022*	Amends AASB 101 *Presentation of Financial Statements* to: • Clarify that the classification of liabilities as current or non-current is based on rights that in existence at the end of the reporting period • Specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability • Explain that rights are in existence if covenants are complied with at the end of the reporting period Introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	The directors of the Company have not yet assessed the impact that the application of this Standard will have on the Group's consolidated financial statements.
AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* *Effective for annual periods beginning on or after 1 January 2022*	The annual improvements amend the following standards: • AASB 9 *Financial Instruments* to clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of AASB 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf are included AASB 16 *Leases* to amend Illustrative Example 13 to remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.	The directors of the Group anticipate that the application of the amendments will not have an impact on the Group's consolidated financial statements, as many of the amendments either do not affect the Group's existing accounting policies, or apply to situations, transactions and events that the Group does not undertake.

New accounting standards and interpretations (continued)

<table>
<tr>
<td>AASB 2020-4
Amendments to Australian Accounting Standards – COVID-19 - Related Rent Concessions

Effective for annual periods beginning on or after 1 June 2020</td>
<td>Amends AASB 16 Leases to provide practical relief to lessees in accounting for rent concessions arising as a result of COVID-19, by including an additional practical expedient in the standard.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying AASB 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

• The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
• Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021)

There is no substantive change to other terms and conditions of the lease.</td>
<td>The application of the amendments is not expected to have a material impact on the Group’s financial statements.</td>
</tr>
</table>

ELANOR INVESTORS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

Results

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

1. Segment information

OVERVIEW

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

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

BUSINESS SEGMENTS

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

Funds Management

The Funds Management division manages third party owned investment funds and syndicates. As at 30 June 2020, the Funds Management division has approximately $1,692.0 million of external investments under management, being the managed investments.

Hotels, Tourism and Leisure

Hotels, Tourism and Leisure originates and manages investment and fund management assets. The current investment portfolio includes Ibis Styles Albany Hotel and 1834 Hospitality, along with a co-investment in Elanor Metro and Prime Regional Fund (EMPR), Elanor Luxury Hotel Fund (ELHF) and Elanor Wildlife Park Fund (EWPF). EMPR and ELHF are consolidated in the Financial Statements.

Real Estate

Real Estate originates and manages investment and fund management assets. The current investment portfolio comprises co-investments in Elanor Commercial Property Fund, Elanor Retail Property Fund, Elanor Healthcare Real Estate Fund, Fairfield Centre Syndicate, Hunters Plaza Syndicate, Waverley Gardens Fund and the Belconnen Markets Syndicate. The Bluewater Square Syndicate is consolidated in the Financial Statements.

1. Segment information (continued)

The table below shows segment results from continuing operations:

Consolidated Group – 30 June 2020

	Funds Management $'000	Hotels, Tourism & Leisure $'000	Real Estate $'000	Unallocated Corporate $'000	Total $'000
Revenue from trading activities	15,126	46,173	4,110	–	65,409
Revenue from wildlife parks	–	5,160	–	–	5,160
Share of profit of equity accounted investments	–	(541)	(5,449)	–	(5,991)
Operating expense	(4,000)	(39,281)	513	(14,334)	(57,103)
Divisional EBITDA	11,126	11,510	(827)	(14,334)	7,475
Depreciation and amortisation	(150)	(10,864)	(23)	(1,246)	(12,283)
Divisional EBIT from continuing operations	10,976	646	(850)	(15,581)	(4,808)
Fair value adjustment on revaluation of investment property	–	–	(11,127)	–	(11,127)
Realised gain on disposal of investment	–	29	1,420	–	1,449
Acquisition costs	–	(643)	–	–	(643)
Interest income	53	39	1	1,718	1,812
Amortisation of Borrowing costs	–	(296)	(44)	(691)	(1,031)
Borrowing costs	–	(5,508)	(1,139)	(5,424)	(12,072)
Net tax benefit / (expense)	–	–	–	3,029	3,029
Profit / (loss) for the year	**11,030**	**(5,732)**	**(11,739)**	**(16,948)**	**(23,390)**
Total assets	23,973	240,013	35,784	227,460	527,230
Total liabilities	10,746	185,942	26,471	91,720	314,880

Consolidated Group – 30 June 2019

	Funds Management $'000	Hotels, Tourism & Leisure $'000	Real Estate $'000	Unallocated Corporate $'000	Total $'000
Revenue from trading activities	11,219	48,468	4,891	17	64,595
Revenue from wildlife parks	–	13,913	–	–	13,913
Revenue from sale of property inventory	–	–	–	36,000	36,000
Share of profit of equity accounted investments	–	(29)	2,272	–	2,243
Operating expense	(2,651)	(46,458)	(4,727)	(27,930)	(81,766)
Divisional EBITDA	8,569	15,893	2,436	8,087	34,985
Depreciation and amortisation	(150)	(8,734)	–	(473)	(9,357)
Divisional EBIT from continuing operations	8,419	7,160	2,436	7,614	25,628
Fair value gain on revaluation of investment properties	–	–	3,436	–	3,436
Realised gain on disposal of investment	–	1,520	1,420	–	2,940
Unrealised Loss		(1,070)	–	–	(1,070)
Acquisition costs		(3,151)	–	–	(3,151)
Interest income	219	33	2	1,869	2,123
Amortisation of borrowing costs	–	–	–	(631)	(631)
Borrowing costs	–	–	–	(9,257)	(9,257)
Net tax benefit / (expense)	–	–	–	(3,823)	(3,823)
Profit / (loss) for the year	**8,638**	**4,491**	**7,294**	**(4,229)**	**16,194**
Total assets	10,782	247,890	59,697	146,516	464,885
Total liabilities	3,935	113,802	34,889	66,384	219,010

2. Revenue

OVERVIEW

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

Revenue from operating activities

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Revenue from hotels	46,173	48,468
Revenue from wildlife park	5,160	13,913
Revenue from funds management	15,126	11,219
Total revenue from continuing operations	**66,459**	**73,600**

ACCOUNTING POLICY

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it can be readily measured and when it transfers control over a product or services for each of Elanor's activities as described below.

Funds management fee revenue

Funds management fee revenue is recognised when the performance obligation is completed, in accordance with the Fund's constitution. The funds management and transaction related services are utilised when the Group has provided the services, and revenue is calculated and recognised in accordance with the Fund's constitution over time. Where fees are subject to meeting certain performance hurdles, they are recognised as income at the point in time when those conditions have been met.

Hotel and wildlife park revenue

Revenue from contracts with customers is recognised when control of the good or service is transferred to the customer.

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

Rental income

The Group is the lessor in a number of operating leases. Rental income arising from operating leases is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the lease asset and recognised as an expense over the term of the lease on the same basis as the lease income.

When an agreement is made with tenants impacted by the COVID-19 pandemic to waive rent, any rent waived that relates to future occupancy is spread over the remaining lease term and recognised on a straight-line basis. Rent waived that relates to past occupancy is expensed immediately in Other Expenses, except to the extent of a pre-existing provision for expected credit losses relating to the unpaid rent.

2. Revenue (continued)

Rental income (continued)

Rental deferrals as part of COVID-19 rent concessions subsequently waived in consideration for extension of the lease term will be treated as Lease Incentive on straight-line basis over the new lease term.

The Group's rental income represents only 5.5% of the total income for the financial year to 30 June 2020, derived from its sole investment property Bluewater Square. The impact of COVID-19 on Bluewater Square has been minimal. At balance date, the Group has recognised a total provision for COVID-19 related rental relief requests of $0.2 million which is 4.1% of total rental income for the financial year.

3. Distributions

OVERVIEW

The Group's aim is to provide investors with superior risk adjusted returns.

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

The following distribution was declared by the ENN Group either during the period or post balance date:

ENN Group

	Distribution cents per stapled security 30 June 2020	Distribution cents per stapled security 30 June 2019	Total Amount 30 June 2020 $'000	Total Amount 30 June 2019 $'000
Interim distribution[1]	9.51	6.32	11,174	6,070
Final distribution[2]	–	9.74	–	9,723

1. The interim distribution of 9.51 cents per stapled security was declared on 17 February 2020 and paid on 28 February 2020.
2. The final distribution for the period ended 30 June 2020 has been suspended. Please refer to the Director's Report for further information.

4. Earnings / (losses) per stapled security

OVERVIEW

This note provides information about Elanor Investor Group's earnings on a per security basis. Earnings per security (EPS) is a measure that makes it easier for users of Elanor's financial report to compare Elanor's performance between different reporting periods. Accounting standards require the disclosure of two EPS measures, basic EPS and diluted EPS. EPS information provides a measure of interests of each ordinary issued security of the parent entity in the performance of the entity over the reporting period while diluted EPS information provides the same information but takes into account the effect of all potential dilutive, ordinary securities outstanding during the period, such as Elanor's options.

The tables below show the earnings per share of the Company, the parent entity of the Group and its controlled entities as required by accounting standards.

4. Earnings / (losses) per stapled security (continued)

The earning / (losses) per stapled security measure shown below is based upon the profit / (loss) attributable to security holders:

	Consolidated Group 30 June 2020	Consolidated Group 30 June 2019
Basic (cents)		
Continuing operations	(16.59)	16.04
Discontinued operations	–	0.16
Diluted (cents)		
Continuing operations	(16.59)	16.04
Discontinued operations	–	0.16
(Loss) / profit attributable to security holders used in calculating basic and diluted earnings per stapled security ($'000)		
Continuing operations	(18,329)	15,372
Discontinued operations	–	150
Weighted average number of stapled securities used as denominator in calculating basic earnings per stapled security		
Continuing operations	110,472	95,810
Discontinued operations	110,472	95,810
Weighted average number of stapled securities used as denominator in calculating diluted earnings per stapled security		
Continuing operations	110,472	95,810
Discontinued operations	110,472	95,810

The weighted average number of stapled securities and options granted used as the denominator in calculating basic and diluted earnings / (losses) per stapled securities shown above is based on the number of stapled security on issue and options granted during the period.

4. Earnings / (losses) per stapled security (continued)

The earnings / (losses) per stapled security measures shown below are based upon the profit / (loss) attributable to security holders of the ENN Group:

	ENN Parent 30 June 2020	ENN Parent 30 June 2019
Basic (cents)		
Continuing operations	(10.04)	4.96
Discontinued operations	–	0.16
Diluted (cents)		
Continuing operations	(10.04)	4.96
Discontinued operations	–	0.16
(Loss) / profit attributable to security holders used in calculating basic and diluted earnings per stapled security ($'000)		
Continuing operations	(11,091)	4,750
Discontinued operations	–	150
Weighted average number of stapled securities used as denominator in calculating basic earnings per stapled security		
Continuing operations	110,472	95,810
Discontinued operations	110,472	95,810
Weighted average number of stapled securities used as denominator in calculating diluted earnings per stapled security		
Continuing operations	110,472	95,810
Discontinued operations	110,472	95,810

The weighted average number of stapled securities and options granted used as the denominator in calculating basic and diluted earnings / (losses) per stapled securities shown above is based on the number of stapled securities on issue and options granted during the period.

ACCOUNTING POLICY

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 potential dilutive, stapled securities divided by the weighted average number of stapled securities and dilutive stapled securities.

5. Income tax

OVERVIEW

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

(a) Income Tax Expense

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Current tax expense	(3,780)	(986)
Deferred tax expense	751	4,809
Income tax (benefit) / expense	**(3,029)**	**3,823**
Income tax expense is attributable to:		
(Loss) / Profit from continuing operations (as reported in the Consolidated Statement of Profit or Loss)	(3,029)	3,823
Income tax (benefit) / expense	**(3,029)**	**3,823**

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

(Loss) / profit before income tax expense - continuing operations	(26,419)	19,867
(Loss) / profit before income tax expense - discontinued operations	–	150
(Loss) / profit before income tax expense	(26,419)	20,017
Less: Loss / (profit) from the Trust (which is not taxable)	11,219	(26,209)
Prima facie (loss) / profit	(15,200)	(6,192)
Tax at the Australian tax rate of 30%	(4,560)	(1,858)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Entertainment	24	23
Non-deductible depreciation and amortisation	1,215	951
Fair value adjustments to investment property in the Trust	(297)	4,442
Non-deductible expenses	95	71
Impact of consolidations	148	27
Other	346	167
Income tax (benefit) / expense	**(3,029)**	**3,823**

ACCOUNTING POLICY

Accounting standards require the application of the "balance sheet method" to account for Elanor's income tax. Accounting profit does not always equal taxable income. There are a number of timing differences between the recognition of accounting expenses and the availability of tax deductions or when revenue is recognised for accounting purpose and tax purposes. These timing differences reverse over time, but they are recognised as deferred tax assets and deferred tax liabilities in the balance sheet until they are fully reversed. This is referred to as the "balance sheet method".

5. Income tax (continued)

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.

EIL 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.

EMPR II Management Pty Limited and its wholly-owned Australian resident entities are part of a tax-consolidated group, formed on 21 March 2016, 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 EMPR II Management Pty Limited.

EMPR Management Pty Limited and its wholly-owned Australian resident entities are part of a tax-consolidated group, formed on 6 November 2017, 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 EMPR Management Pty Limited.

Elanor Luxury Hotel Fund Pty Limited and its wholly-owned Australian resident entities are part of a tax-consolidated group, formed on 2 December 2019, 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 Luxury Hotel Fund Pty Limited.

(c) Deferred taxes

OVERVIEW

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 projection, growth rates and discount rates.

5. Income tax (continued)

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
(a) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Employee entitlements	677	636
Audit accrual	21	39
Asset acquisitions and blackhole expenses	2,126	2,253
Lease incentive	630	70
Other	510	1,124
Total deferred tax assets	**3,964**	**4,122**
Movements:		
Opening balance at beginning of year	4,122	4,265
Tax group consolidation adjustments	–	(473)
Debited to the Consolidated Statements of Profit or Loss	(465)	426
Credited to Equity	307	(96)
Closing balance at the end of the year	**3,964**	**4,122**
Deferred tax expected to be recovered within 12 months	677	636
Deferred tax expected to be recovered after more than 12 months	3,287	3,486
(b) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Employee incentive plans	208	78
Other	3,301	2,140
Total deferred tax liabilities	**3,509**	**2,218**
Movements:		
Opening balance at beginning of year	2,218	421
Transfer DTL to liabilities held for sale	1,005	(51)
Credited to the Consolidated Statements of Profit or Loss	286	1,848
Closing balance at the end of the year	**3,509**	**2,218**
Deferred tax expected to be settled within 12 months	208	78
Deferred tax expected to be settled after more than 12 months	3,301	2,140
Net deferred tax position	**455**	**1,904**
(c) Deferred tax asset / liability per tax group		
Deferred tax asset / (liability) of the ENN tax group	(744)	1,107
Deferred tax asset / (liability) of the EMPR II tax group	1,357	1,011
Deferred tax asset / (liability) of the EMPR tax group	(212)	(214)
Deferred tax asset / (liability) of the ELHF tax group	54	–
Net deferred tax position	**455**	**1,904**

ACCOUNTING POLICY

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 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.

6. Cash flow information

OVERVIEW

This note provides further information on the consolidated cash flow statements of the Group. It reconciles (loss) / profit for the year to cash flows from operating activities, reconciles liabilities arising from financing activities and provides information about non-cash transactions.

(a) Reconciliation of profit after income tax to net cash flows from operating activities

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Profit / (Loss) for the period	**(23,390)**	**16,194**
Depreciation of non-current assets	12,111	9,207
Amortisation	1,204	781
Fair value adjustment on revaluation of investment property	11,769	(285)
Net unrealised revenue from equity accounted investments	5,991	(2,243)
Net realised gain/(loss) on sale of investment	(1,449)	(2,940)
Other non cash items	1,323	1,145
Non cash impact from adoption of AASB15	–	(20,237)
Straight line lease expense and lease incentive income	(31)	(224)
Employee costs funded directly through equity	1,840	1,093
Net cash provided by operating activities before changes in assets and liabilities	**9,368**	**2,491**
Movement in working capital:		
Decrease / (increase) in trade and other receivables	604	1,079
Decrease / (increase) in stock	130	(124)
Decrease / (increase) in deferred tax	1,450	5,879
Decrease / (increase) in other current assets	(410)	(473)
Increase / (decrease) in current tax liability	(4,183)	(5,850)
Increase / (decrease) in trade and other payables	1,827	871
Increase / (decrease) in other liabilities	1,033	(1,620)
Increase / (decrease) in other provision	(3,026)	474
Net cash from operating activities	**6,794**	**2,727**

(b) Reconciliation of liabilities arising from financing activities

	30 June 2019 $'000	AASB 16 adjustment $'000	Cash flows $'000	Acquisitions $'000	Amortisation of borrowing costs $'000	30 June 2020 $'000
Bank loan - term debt	139,373	–	(19,717)	111,800	677	232,133
Unsecured notes	58,868	–	–	–	343	59,211
Lease liability	–	995	(944)		25	76
Total liabilities from financing activities	**198,241**	**995**	**(20,661)**	**111,800**	**1,046**	**291,420**

	30 June 2018 $'000	AASB 16 adjustment $'000	Cash flows $'000	Acquisitions $'000	Amortisation of borrowing costs $'000	30 June 2019 $'000
Bank loan - term debt	115,134	–	21,826	2,308	105	139,373
Unsecured notes	58,525	–	–	–	343	58,868
Total liabilities from financing activities	**173,658**	**173,658**	**21,826**	**2,308**	**448**	**198,241**

Operating Assets

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

7. Property, plant and equipment

OVERVIEW

All owner-occupied investment properties held by the Group are deemed to be held for use by the Group for the supply of services, and are therefore classified as property, plant and equipment under Australian Accounting Standards. At balance date, the Group's owner-occupied investment property portfolio comprised 14 accommodation hotels in Australia. A range of independent and internal valuations were performed as at 30 June 2020.

All hotels experienced operating challenges during the lock down period resulting from the COVID-19 pandemic. The cash flow forecasts adopted in the valuations assume a gradual return to pre-COVID-19 levels of trading performance for the Group's accommodation hotels in 18-24 months.

In response to the COVID-19 pandemic, the Group's hotel management teams implemented a review of the operational structures at each hotel which has resulted in a significant reduction of both payroll and operating costs.

In particular, the Group's hotel management team performed a detailed review and restructure of operations at the Mayfair and Adabco Hotels. Notwithstanding the operational review continuing, the operational restructure has resulted in a material reduction in wages and other costs across a number of departments which were deemed surplus to required hotel operations, without impacting the hotel guest experience. Given the significant restructuring of the business operations at both the Mayfair and Adabco properties, an internal valuation approach was deemed appropriate. The valuations of these properties at 30 June 2020 are consistent with their acquisition values in December 2019.

The assumptions adopted in the internal valuation for the Mayfair Hotel were reviewed and supported by the independent valuer of the property at acquisition in December 2019. The independent valuer noted that their current approach to valuation assessments, as a result of the COVID-19 pandemic, is to apply a stabilised yield approach (based on a year 5 trading forecast) as opposed to an initial yield approach widely used in the pre-COVID-19 period. This approach has been adopted across the Group's internal and independent hotel valuations. Refer to section (c) of this Note for further discussion on valuation techniques and inputs.

7. Property, plant and equipment (continued)

(a) Movement in property, plant and equipment

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

	Freehold land $'000	Buildings $'000	Plant and equipment $'000	Livestock $'000	Right-of-use asset $'000	Consolidated Group 30 June 2020 $'000
Carrying amount at the beginning of the period for continuing operations	71,857	147,486	45,765	728	–	265,836
Acquisitions	6,391	107,647	4,203	–	–	118,241
Additions	–	5,851	12,503	–	–	18,354
AASB 16 adjustment	–	–	–	–	995	995
Revaluation increments / (decrements)	–	(2,806)	–	–	–	(2,806)
Disposals	(38,034)	(238)	–	(728)	–	(39,000)
Carrying amount at the end of the period	40,214	257,940	62,471	–	995	361,620
Accumulated depreciation at the beginning of the period for continuing operations	–	(10,427)	(17,844)	(278)	–	(28,550)
Depreciation	–	(6,246)	(5,225)	278	(918)	(12,111)
Accumulated depreciation at the end of the period	–	(16,673)	(23,069)	–	(918)	(40,661)
Total carrying value at the end of the period	**40,214**	**241,267**	**39,402**	**–**	**77**	**320,959**

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the 30 June 2019 year is set out below:

	Freehold land $'000	Buildings $'000	Plant and equipment $'000	Livestock $'000	Consolidated Group 30 June 2019 $'000
Carrying amount at the beginning of the period for continuing operations	73,745	129,977	39,695	728	244,145
Additions	–	65	6,070	–	6,135
Revaluation increments / (decrements)	–	17,482	–	–	17,482
Disposals	(1,888)	(38)	–	–	(1,926)
Carrying amount at the end of the period	71,857	147,486	45,765	728	265,836
Accumulated depreciation at the beginning of the period for continuing operations	–	(7,311)	(11,809)	(222)	(19,342)
Depreciation	–	(3,116)	(6,035)	(56)	(9,207)
Accumulated depreciation at the end of the period	–	(10,427)	(17,844)	(278)	(28,550)
Total carrying value at the end of the period	**71,857**	**137,059**	**27,921**	**450**	**237,286**

7. Property, plant and equipment (continued)

(b) Carrying value of property, plant and equipment

The following table represents the total fair value of property, plant and equipment at 30 June 2020:

Property	Valuation	Date	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Eaglehawk Hotel	Internal	June 2020	21,000	21,500
Wollongong Hotel	Independent	June 2020	12,750	13,800
Albany Hotel	Internal	June 2020	5,250	5,250
Featherdale Wildlife Park	Internal	June 2020	–	39,000
Port Macquarie Hotel	Independent	June 2020	12,000	12,000
Tall Trees Hotel	Internal	June 2020	14,000	14,250
Pavillion Wagga Wagga Hotel	Internal	June 2020	7,250	7,250
Parklands Resort Mudgee	Independent	June 2020	14,250	11,600
Narrabundah Hotel	Internal	June 2020	31,000	31,000
Byron Bay Hotel	Independent	June 2020	25,880	25,880
Adabco Boutique Hotel	Internal	June 2020	13,000	–
Mayfair Hotel	Internal	June 2020	86,000	–
Clare Country Club	Internal	June 2020	7,600	–
Barossa Weintal Hotel	Internal	June 2020	7,000	–
Cradle Mountain Lodge	Independent	June 2020	63,000	55,000
Other			979	756
Total			**320,959**	**237,286**

As at 30 June 2020, the Directors assessed the fair value of the properties above, supported by independent or internal valuation reports.

Had the Consolidated Group's property, plant and equipment been measured on a historical cost less accumulated depreciation basis, their carrying amount would have been as follows:

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Freehold land	60	31,703
Buildings	212,866	105,852
Plant and equipment	41,722	30,242
Livestock	–	450
Right-of-use asset	77	–
Total	**254,725**	**168,247**

7. Property, plant and equipment (continued)

ACCOUNTING POLICY

Fair value of Property, Plant and Equipment

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 judgement needs to be exercised. The level of management judgement 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.

Land and Buildings

All owner occupied properties in the Hotel, Tourism and Leisure class are held for use by the Group for the supply of services and are classified as land and buildings and stated at their revalued amounts under the revaluation model, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. 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.

Furniture, fittings and equipment

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

Right-of-use assets

The Group recognises right-of-use assets at commencement of a lease which is considered to be the date at which the underlying asset is available for use. The initial measurement of right-of-use asset includes the amount of lease liabilities recognised, initial direct cost incurred, lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and is adjusted for any remeasurement of lease liabilities. The right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term unless the Group is reasonably certain that they will obtain ownership of the asset at the end of the lease term.

7. Property, plant and equipment (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
Plant and equipment:	
Computer Equipment	3 - 5 years
Vehicles	8 years
Furniture, fittings and equipment	3 - 10 years

(c) Valuation technique and inputs

The key inputs used to measure fair values of property, plant and equipment are disclosed below along with their sensitivity to an increase or decrease.

The property assets fair values presented are based on market values, which are derived using the capitalisation and the discounted cash flow methods. The Group's preferred or primary method is the capitalisation method.

Property Assets

The aim of the valuation process is to ensure that assets are held at fair value and the Group is compliant with applicable Australian Accounting Standards, regulations, and the Trust's Constitution and Compliance Plan.

All properties are required to be internally valued every six months with the exception of those independently valued during that six month period. The internal valuations are performed by utilising the information from a combination of asset plans and forecasting tools prepared by the asset management team. Appropriate capitalisation rate, terminal yield and discount rates based on comparable market evidence and recent external valuation parameters are used to produce a capitalisation based valuation and a discounted cash flow valuation.

The internal valuations are reviewed by the Chief Operating Officer who recommends each property's valuation to the Audit, Risk & Compliance Committee and the Board in accordance with the Group's internal valuation protocol.

The Group's valuation policy requires that each property in the portfolio is valued by an independent valuer at least every three years. In practice, properties may be valued more frequently than every three years primarily where there may have been a material movement in the market and where there is a significant variation between the carrying value and the internal valuation.

Independent valuations are performed by independent and external valuers who hold a recognised relevant professional qualification and have specialised expertise in the types of property assets valued.

Independent valuers of the Group's properties have included a statement within their valuation reports noting that in their view, significant valuation uncertainty exists in the current market environment. The significant uncertainty declaration is to serve as a precaution and does not invalidate the valuation. Rather, the statement is to ensure transparency of the fact that in the current extraordinary market circumstances as a result of the COVID-19 pandemic, less certainty can be attached to the valuations and continued periodic assessment should be performed subsequent to the date of the valuation assessment. The Group will manage this increased uncertainty through active management of the investment portfolio.

7. Property, plant and equipment (continued)

(c) Valuation technique and inputs (continued)

Property Assets (continued)

Internal valuations use the Group's best estimate of the economic and financial impacts of the COVID-19 pandemic using information available, at the time of preparation of the consolidated financial statements, in respect of existing conditions at reporting date and in relation to forward looking assumptions. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have a further adverse impact on the fair value of the Group's property, plant and equipment portfolio.

Capitalisation method

Capitalisation rate is an approximation of the ratio between the net operating income produced by a property asset and its fair value. This excludes consideration of costs of acquisition or disposal. The net income is capitalised in perpetuity from the valuation date at an appropriate investment yield. The adopted percentage rate investment yield reflects the capitalisation rate and includes consideration of the property type, location, comparable sales and whether the property is subject to vacant possession (in the case of hotel properties).

Discounted cash flows (DCF)

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. The DCF method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate discount rate is applied to establish the present value of the income stream associated with the property. The discount rate is the rate of return used to convert a monetary sum, payable or receivable in the future, into present value. The rate is determined with regard to market evidence and prior independent valuation.

All property investments are categorised as level 3 in the fair value hierarchy. There were no transfers between the hierarchies during the period.

Assets measured at fair value

The significant unobservable inputs associated with the valuation of the Group's property, plant and equipment are as follows:

Consolidated Group	Book Value 30 June 2020 $'000	Capitalisation Rate %	Discount Rate %	Average Daily Rate $	Occupancy Rate %
Assets measured at fair value					
Property, plant and equipment	320,959	6.00 - 13.00	8.00 - 15.00	107 - 297	53.6 - 83.4
Total assets	**320,959**				

7. Property, plant and equipment (continued)

(c) Valuation technique and inputs (continued)

Sensitivity Information

The key unobservable inputs to measure the fair value of property, plant and equipment are disclosed below along with sensitivity to a significant increase or decrease set out in the following table:

	Fair value measurement sensitivity to increase in input	Fair value measurement sensitivity to decrease in input
Capitalisation rate (%)	Decrease	Increase
Discount rate (%)	Decrease	Increase
Terminal yield (%)	Decrease	Increase
Average daily rate ($)	Increase	Decrease
Occupancy (%)	Increase	Decrease

Sensitivity Analysis

When calculating the income capitalisation approach, the net property income has a strong inter-relationship with the adopted capitalisation rate given the methodology involves assessing the total income receivable from the property and capitalising this in perpetuity to derive a capital value. In theory, an increase in the income and an increase (softening) in the adopted capitalisation rate could potentially offset the impact to the fair value. The same can be said for a decrease in the income and a decrease (tightening) in the adopted capitalisation rate. A directionally opposite change in the income and the adopted capitalisation rate could potentially magnify the impact to the fair value.

When assessing a discounted cash flow, the adopted discount rate and adopted terminal yield have a strong interrelationship in deriving a fair value given the discount rate will determine the rate at which the terminal value is discounted to the present value. The impact on the fair value of an increase (softening) in the adopted discount rate could potentially offset the impact of a decrease (tightening) in the adopted terminal yield. The same can be said for a decrease (tightening) in the adopted discount rate and an increase (softening) in the adopted terminal yield. A directionally similar change in the adopted discount rate and adopted terminal yield could potentially magnify the impact to the fair value.

The average daily rate and occupancy percentage assumptions drive the forecast hotel revenue for the accommodation hotel assets. The average daily rate reflects the average rate for a room sold over a period of time, while the occupancy percentage reflects the number of rooms occupied by guests over a period of time. An increase in these assumptions will increase the forecast hotel revenue and valuation of the hotels, whilst a decrease in these assumptions will have the opposite effect on forecast hotel revenue and valuations.

	Fair value measurement sensitivity			
	Increase by 0.50% $'000	Decrease by 0.50% $'000	Increase by 0.50% %	Decrease by 0.50% %
Discount rate (%)	(6,100)	6,850	(1.9)	2.1
Terminal yield (%)	(14,650)	17,300	(4.6)	5.4
Average daily rate ($)	2,883	(2,958)	0.9	(0.9)
Occupancy (%)	2,475	(2,525)	0.8	(0.8)

8. Investment properties

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

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Carrying amount at the beginning of the period	58,859	52,202
Total costs on acquisition	–	4,650
Additions	2,371	241
Revaluation increments / (decrements)	(5,716)	1,766
Disposals	(4,650)	–
Carrying amount at the end of the period	**50,864**	**58,859**

The following table represents the total fair value of investment properties at 30 June 2020.

Property	Valuation	Date	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Bluewater Square Syndicate	Internal	June 2020	50,864	54,209
Auburn Office Syndicate	Internal	June 2020	–	4,650
Total			**50,864**	**58,859**

As at 30 June 2020, the Directors assessed the fair value of the investment property above, supported by an independent or internal valuation report.

The internal valuations were completed with reference to both a discounted cash flow and income capitalisation valuation methods. The property valuations were completed using detailed forecasts prepared by the Group's asset management team. Key valuation assumptions including capitalisation rates, terminal yields and discount rates were determined based on comparable market evidence and valuation parameters determined in external valuations completed for comparable properties.

The value of Bluewater Square increased by 5.5% from $48.2 million as at 31 December 2019, whilst down from its 30 June 2019 value of $58.9 million. This increase from December 2019 is mainly attributable to the success of the asset management team's significant focus on leasing activity at the property. The strong leasing performance in the 6 months has supported the investment metrics used in the external valuation performed for Bluewater Square at 31 December 2019, which has been held and adopted in the internal valuation performed at 30 June 2020. The asset's Net Operating Income has not been significantly impacted by COVID-19 due to the strong tenant mix in the portfolio, with approximately 56% of rental income derived from non-discretionary retail tenants. Only 8 tenants have had rental relief arrangements agreed with the Group at 30 June 2020, with waivers agreed representing 1.9% of the total rental income of the asset.

The internal valuation used the Group's best estimate of the economic and financial impacts of the COVID-19 pandemic using information available, at the time of preparation of the consolidated financial statements, in respect of existing conditions at reporting date and in relation to forward looking assumptions. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have a further adverse impact on the fair value of the Bluewater Square asset.

8. Investment properties (continued)

ACCOUNTING POLICY

Fair value of Investment Properties

Land and Buildings are carried at fair value with changes in fair value recognised through profit or loss in the consolidated statement of profit and loss. 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 judgement 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.

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.

Fair value measurement

The fair value measurement for investment properties has been categorised as Level 3 fair value based on the key inputs to the valuation techniques used below:

Valuation Techniques	Significant unobservable inputs	Value
Discounted cash flows – involves the projection of a series of inflows and outflows to which a market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the property.	Adopted discount rate[1]	7.75%
	Adopted terminal yield[2]	7.25%
	Net property income (per sqm) [3]	$368
Capitalisation method – involves determining the net market income of the investment property. This net market income is then capitalised at the adopted capitalisation rate to derive a core value.	Adopted capitalisation rate[4]	7.00%

[1] Adopted discount rate: The rate of return used to convert cash flows, payable or receivable in the future, into present value. It reflects the opportunity cost of capital, that is the rate of return the cash can earn if put to other uses having similar risk. The rate is determined with regard to market evidence.

[2] Adopted terminal yield: The capitalisation rate used to convert the future net market rental revenue into an indication of the anticipated value of the property at the end of the holding period when carrying out a discounted cash flow calculation. The rate is determined with regard to market evidence.

8. Investment properties (continued)

ACCOUNTING POLICY (continued)

(3) Net property income (per sqm): The forecast annual net rental income per sqm reflecting leased occupancy and likely to be leased space based on commitments and estimates. The rate is determined with regard to existing lease terms and other market evidence.

(3) Adopted capitalisation rate: The rate at which net market rental revenue is capitalised to determine the value of a property. The rate is determined with regard to market evidence.

Valuation technique

Capitalisation method

Capitalisation rate is an approximation of the ratio between the net operating income produced by an investment property and its fair value. This excludes consideration of costs of acquisition or disposal. The net income is capitalised in perpetuity from the valuation date at an appropriate investment yield. The adopted percentage rate investment yield reflects the capitalisation rate and includes consideration of the property type, location and comparable sales.

Discounted cash flows (DCF)

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. The DCF method involves the projection of a series of cash flows on a real property interest. The cash flow projections reflect tenants currently in occupation or are contracted to meet lease commitments or are likely to be in occupation based on market's general perception and relevant available market evidence. To this projected cash flow series, an appropriate discount rate is applied to establish the present value of the income stream associated with the property. The discount rate is the rate of return used to convert a monetary sum, payable or receivable in the future, into present value. The rate is determined with regard to market evidence and prior independent valuation.

Sensitivity information

The key unobservable inputs to measure the fair value of investment properties are disclosed below along with sensitivity to a significant increase or decrease set out in the following table:

	Fair value measurement sensitivity to increase in input	Fair value measurement sensitivity to decrease in input
Discount rate (%)	Decrease	Increase
Terminal yield (%)	Decrease	Increase
Net property income ($)	Increase	Decrease
Capitalisation rate (%)	Decrease	Increase

8. Investment properties (continued)

ACCOUNTING POLICY (continued)

Sensitivity Analysis

When calculating the income capitalisation approach, the net property income has a strong inter-relationship with the adopted capitalisation rate given the methodology involves assessing the total income receivable from the property and capitalising this in perpetuity to derive a capital value. In theory, an increase in the income and an increase (softening) in the adopted capitalisation rate could potentially offset the impact to the fair value. The same can be said for a decrease in the income and a decrease (tightening) in the adopted capitalisation rate. A directionally opposite change in the income and the adopted capitalisation rate could potentially magnify the impact to the fair value.

When assessing a discounted cash flow, the adopted discount rate and adopted terminal yield have a strong interrelationship in deriving a fair value given the discount rate will determine the rate at which the terminal value is discounted to the present value. The impact on the fair value of an increase (softening) in the adopted discount rate could potentially offset the impact of a decrease (tightening) in the adopted terminal yield. The same can be said for a decrease (tightening) in the adopted discount rate and an increase (softening) in the adopted terminal yield. A directionally similar change in the adopted discount rate and adopted terminal yield could potentially magnify the impact to the fair value.

	Fair value measurement sensitivity			
	Increase by 0.50% $'000	Decrease by 0.50% $'000	Increase by 0.50% %	Decrease by 0.50% %
Discount rate (%)	(1,810)	1,896	(3.6)	3.7
Terminal yield (%)	(1,900)	2,181	(3.7)	4.3
Capitalisation rate (%)	(3,400)	3,923	(6.7)	7.7

9. Equity accounted investments

OVERVIEW

This note provides an overview and detailed financial information of the Group's investments that are accounted for using the equity method of accounting. These include joint ventures where the Group has joint control over an investee together with one or more joint venture partners and investments in associates, which are entities over which the Group is presumed to have significant influence but not control or joint control.

The Group's equity accounted investments are as follows:

30 June 2020

	Principal activity	Percentage Ownership	Consolidated Group 30 June 2020 $'000
Elanor Retail Property Fund (ASX: ERF)	Shopping Centres	17.89%	30,550
Elanor Commercial Property Fund (ASX: ECF)	Office Buildings	15.00%	36,550
Belconnen Markets Syndicate	Shopping Centre	2.08%	573
Hunters Plaza Syndicate	Shopping Centre	4.73%	1,658
Waverley Gardens Fund	Shopping Centre	19.64%	13,382
1834 Hospitality	Hotel Management	25.00%	2,484
Elanor Wildlife Park Fund	Wildlife Parks	26.61%	6,541
Elanor Healthcare Real Estate Fund	Office Buildings	12.46%	5,913
Total equity accounted investments			**97,651**

30 June 2019

	Principal activity	Percentage Ownership	Consolidated Group 30 June 2019 $'000
Elanor Retail Property Fund (ASX: ERF)	Shopping Centres	17.89%	34,945
Elanor Commercial Property Fund	Office Buildings	13.27%	13,784
Belconnen Markets Syndicate	Shopping Centre	2.08%	536
Hunters Plaza Syndicate	Shopping Centre	4.73%	1,194
Workzone West Syndicate	Office Building	0.16%	104
Waverley Gardens Fund	Shopping Centre	20.27%	14,960
Fairfield Centre Syndicate	Shopping Centre	22.30%	8,611
1834 Hospitality	Hotel Management	25.00%	2,567
Total equity accounted investments			**76,701**

Details of Material Associates

Summarised financial information in respect of each of the Group's material associates is set out below. Materiality is assessed on the investments' contribution to Group income and net assets. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with accounting standards, adjusted by the Group for equity accounting purposes.

9. Equity accounted investments (continued)

Details of Material Associates (continued)

The following information represents the aggregated financial position and financial performance of the Elanor Retail Property Fund, Elanor Commercial Property Fund and the Waverley Gardens Fund. This summarised financial information represents amounts shown in the associate's financial statements prepared in accordance with AASBs, adjusted by the Group for equity accounting purposes.

Financial position	Elanor Retail Property Fund 30 June 2020 $'000	Elanor Commercial Property Fund 30 June 2020 $'000	Waverley Gardens Fund 30 June 2020 $'000
Current assets	10,626	8,520	3,967
Non - current assets	317,197	373,500	171,010
Total Assets	**327,823**	**382,020**	**174,977**
Current liabilities	6,849	4,631	2,727
Non - current liabilities	148,256	140,969	102,824
Total Liabilities	**155,105**	**145,600**	**105,550**
Contributed equity	156,537	250,975	88,001
Reserves	(4,248)	(1,989)	–
Retained profits / (accumulated losses)	20,429	(12,566)	(18,575)
Total Equity	**172,718**	**236,420**	**69,426**

Financial performance	Elanor Retail Property Fund Period ended 30 June 2020 $'000	Elanor Commercial Property Fund Period ended 30 June 2020 $'000	Waverley Gardens Fund Period ended 30 June 2020 $'000
(Loss) / profit for the period	(11,964)	(2,301)	(3,579)
Other comprehensive income for the period	(453)	1,319	–
Total comprehensive income for the period	**(12,417)**	**(982)**	**(3,579)**
Distributions received from the associate during the period	1,207	1,344	593

Reconciliation of the above summarised financial information to the carrying amount of the interest in each of the material associates recognised in the consolidated financial statements:

	Elanor Retail Property Fund Period ended 30 June 2020 $'000	Elanor Commercial Property Fund Period ended 30 June 2020 $'000	Waverley Gardens Fund Period ended 30 June 2020 $'000
Net assets of the associate	172,718	236,420	69,426
Proportion of the Group's ownership interest	17.89%	15.00%	19.64%
Carrying amount of the Group's interest	**30,550**	**36,550**	**13,382**

9. Equity accounted investments (continued)

Details of Material Associates (continued)

30 June 2019

Financial position	Elanor Retail Property Fund 30 June 2019 $'000	Elanor Commercial Property Fund 30 June 2019 $'000	Waverley Gardens Fund 30 June 2019 $'000
Current assets	5,585	10,934	3,648
Non - current assets	334,518	164,716	178,528
Total Assets	**340,103**	**175,650**	**182,176**
Current liabilities	47,445	10,124	1,818
Non - current liabilities	95,208	64,756	102,754
Total Liabilities	**142,653**	**74,880**	**104,572**
Contributed equity	156,537	97,965	88,001
Reserves	(3,804)	(1,147)	–
Retained profits / (accumulated losses)	44,717	3,952	(10,397)
Total Equity	**197,450**	**100,770**	**77,604**

Financial performance	Elanor Retail Property Fund Period ended 30 June 2019 $'000	Elanor Commercial Property Fund Period ended 30 June 2019 $'000	Waverley Gardens Fund Period ended 30 June 2019 $'000
Profit / (loss) for the period	20,015	11,279	(8,834)
Other comprehensive income for the period	(3,112)	(188)	–
Total comprehensive income for the period	**16,903**	**11,091**	**(8,834)**
Distributions received from the associate during the period	2,260	809	301

Reconciliation of the above summarised financial information to the carrying amount of the interest in each of the material associates recognised in the consolidated financial statements:

	Elanor Retail Property Fund Period ended 30 June 2019 $'000	Elanor Commercial Property Fund Period ended 30 June 2019 $'000	Waverley Gardens Fund Period ended 30 June 2019 $'000
Net assets of the associate	197,450	100,770	77,604
Proportion of the Group's ownership interest	17.89%	13.27%	20.27%
Carrying amount of the Group's interest	**34,945**	**13,784**	**14,960**

9. Equity accounted investments (continued)

Aggregate information of associates that are not individually material

	Period ended 30 June 2020 $'000	Period ended 30 June 2019 $'000
Profit / (loss) for the period	(5,726)	11,104
Other comprehensive income for the period	11,236	(1,959)
Total comprehensive income for the period	**5,510**	**9,145**
Aggregate carrying amount of the Group's interests in these associates	17,310	13,012

ACCOUNTING POLICY

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.

Under the equity method, investments in associates are carried in the statement of financial position at cost as adjusted for post-acquisition charges in the Group's share of profit or loss and other comprehensive income of the associate, less any impairment in the value of individual investments.

Management of the Group reviewed and assessed the classification of the Group's investment in the associated entities in accordance with AASB 128 on the basis that the Group has significant influence over the financial and operating policy decisions of the investee.

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 9 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.

9. Equity accounted investments (continued)

ACCOUNTING POLICY (continued)

Investment in associates and joint ventures (continued)

In response to the impact of the COVID-19 pandemic on the Group's Managed Funds, an assessment has been performed for each of the Managed Funds to ensure the underlying property assets of these Funds have been recognised at fair value, in accordance with the Group's accounting policy and methodology for fair value measurement of Property, Plant and Equipment and Investment Properties as described in Note 7 and 8 above.

Furthermore, the forecast cash flows of the underlying assets of the Group's Managed Funds have been assessed. For the Group's retail and commercial office Managed Funds, recoverability risks have been assessed through detailed tenant specific reviews of the financial position of certain tenants in addition to maintaining active tenant engagement and observation of relevant market conditions and factored into the cash flow forecast of these funds. For the Group's accommodation hotel Managed Funds, the cash flow forecasts include the hotel management team's best estimate of future operating revenue generated by the assets within these funds, with detailed assumptions in respect of future hotel guest stays in the context of the COVID-19 environment and expected recovery of future trading performance.

At balance date, no impairment loss has been recognised with respect to the Group's equity accounted investments.

When an 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.

Finance and Capital Structure

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

10. Interest bearing liabilities

OVERVIEW

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

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Current		
Bank loan - term debt	63,250	–
Bank loan - borrowing costs less amortisation	(911)	–
Total current	**62,339**	**–**
Non-current		
Unsecured notes	60,000	60,000
Unsecured notes - borrowing costs less amortisation	(789)	(1,132)
Bank loan - term debt	171,323	140,901
Bank loan - borrowing costs less amortisation	(1,528)	(1,528)
Total non-current	**229,006**	**198,241**
Total interest bearing liabilities	**291,345**	**198,241**

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

Unsecured Fixed Rate Notes

On 17 October 2017 and 18 December 2017, the Group issued $40 million and $20 million 7.1% unsecured 5-year fixed rate notes respectively. The total $60 million unsecured fixed rate notes are due for repayment on 17 October 2022.

The unsecured notes include Loan to Value Ratio and Interest Cover Covenants. The Group is currently meeting all of its covenants.

10. Interest bearing liabilities (continued)

CREDIT FACILITIES

As at 30 June 2020, the Group had unrestricted access to the following credit facilities:

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
ENN Group		
Facility - ENN	30,000	30,000
Total amount used	(29,500)	(25,500)
Total amount unused - ENN	**500**	**4,500**
EMPR Group		
Facility - EMPR	70,605	87,425
Total amount used	(70,605)	(83,325)
Total amount unused - EMPR	**–**	**4,100**
Bluewater Square Syndicate		
Facility - Bluewater	26,650	30,150
Total amount used	(26,650)	(29,700)
Total amount unused - Bluewater	**–**	**450**
Auburn Office Syndicate		
Facility - Auburn Office	–	2,325
Total amount used	–	(2,325)
Total amount unused - Auburn Office	**–**	**–**
Elanor Luxury Hotel Fund		
Facility - ELHF	107,800	–
Total amount used	(107,800)	–
Total amount unused - ELHF	**–**	**–**
Total amount unused - Consolidated Group	**500**	**9,050**

The ENN Group has access to a $30.0 million revolver facility, with a maturity date of 29 April 2022. The drawn amount at 30 June 2020 is $29.5 million. At 30 June 2020 the amount of drawn facilities was not hedged.

The EMPR Group has access to a $70.61 million facility, upon which both the company and trust can draw. The drawn amount at 30 June 2020 is $70.61 million. Of the EMPR Group facility, $36.6 million will mature on 31 October 2020, with the remaining $46.7 million maturing on 31 October 2021. A renewal of the $36.6 million facility is currently undergoing negotiation and is expected to be renewed before the maturity date. At 30 June 2020, the amount of drawn facilities is hedged to 100%.

At 30 June 2020, the ELHF Group has access to a $107.8 million facility. The drawn amount at 30 June 2020 was $107.8 million which will mature on 3 December 2022. As a result of the impacts of the COVID-19 pandemic, the Group sought and received certain covenant waivers and relief from the financiers of the Elanor Luxury Hotel Fund, including a waiver of the ICR covenant at 30 June 2020 for 12 months and a deferral of interest payments for 3 months from 30 June 2020. This has supported the cash flows of the fund.

The Bluewater Square Syndicate has access to a $26.7 million facility. The drawn amount at 30 June 2020 is $26.7 million which will mature on 30 October 2020. A renewal of the $26.7 million facility is currently undergoing negotiation and is expected to be renewed before the maturity date. At 30 June 2020, the drawn amount is unhedged. As a result of the impacts of the COVID-19 pandemic, the Group sought and received certain covenant waivers from the financier of the Bluewater Square property, including a waiver of the ICR covenant at 30 June 2020.

10. Interest bearing liabilities (continued)

CREDIT FACILITIES (CONTINUED)

All of the facilities have a variable interest rate. The interest rates on the loans are partially fixed using interest rate swaps. The weighted average annual interest rates payable of the loans at 30 June 2020, including the impact of the interest rate swaps, is 4.58% per annum.

ACCOUNTING POLICY

Interest bearing liabilities

Interest bearing liabilities are recognised initially at fair value, being the consideration received net of transaction costs associated with the borrowing. After initial recognition, interest bearing liabilities are stated 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

11. Derivative financial instruments

OVERVIEW

The Group's derivative financial instruments consist of interest rate swap contracts to hedge its exposure to movements in variable interest rates. The interest rate swap agreements allow the Group to raise long term borrowings at a floating rate and effectively swap them into a fixed rate.

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Current liabilities		
Interest rate swaps	1,486	1,261
Other derivative liabilities	1,469	–
	2,955	**1,261**
Non-current liabilities		
Interest rate swaps	917	1,030
	917	**1,030**
Total derivative financial instruments	**3,872**	**2,291**

ACCOUNTING POLICY

The Group is party to underwrite arrangements with third parties, including a put and call option to acquire an investment in Elanor Wildlife Park Fund at fair value. The call option is held by Elanor and the put option is held by the third party. As at balance date, the total value of the underwrite arrangements was $1.5 million.

Interest rate swaps

EMPR and ELHF have entered into interest rate swap agreements with a notional principal amount totalling $178.4 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 raising of long term borrowings at a floating rate and effectively swap them into a fixed rate.

Derivatives

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.

11. Derivative financial instruments (continued)

ACCOUNTING POLICY (CONTINUED)

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 non-financial 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.

Valuation, techniques and inputs

Financial Instruments

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 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; and
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

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

12. Financial assets

OVERVIEW

The Group's financial assets consist of short term financing provided by the Group. The Group's financial assets as at 30 June 2020 are detailed below:

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Merrylands property vendor finance	6,413	30,152
Other financial assets and receivables	5,255	14,882
Total financial assets	**11,668**	**45,034**

ACCOUNTING POLICY

The Group measures its financial assets at amortised cost.

At initial recognition, the Group measures its financial assets at fair value and subsequently at amortised cost. The Group assessed that the credit risk of its financial asset has not significantly increased since initial recognition. Hence, the Group applies the simplified approach permitted by AASB 9 which requires expected lifetime losses to be recognised from initial recognition of receivables.

The expected credit losses in these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions, including the impacts of the COVID-19 pandemic, where appropriate at reporting date.

Refer to Note 15(b) for further discussion on the Group's management of credit risk, including that for its financial assets.

13. Contributed equity

OVERVIEW

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

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

Contributed equity for the period ended 30 June 2020

No. of securities/ shares	Details	Date of income entitlement	Total Equity 30 June 2020 $'000	Parent Entity 30 June 2020 $'000	EIF 30 June 2020 $'000
99,822,220	Opening balance	1 Jul 2019	136,138	61,672	74,466
14,973,333	Securities issued (Placement)	18 Nov 2019	30,491	8,075	22,416
2,373,857	Securities issued (Securities Purchase Plan)	17 Dec 2019	4,945	1,309	3,636
317,165	2020 STI Securities granted	19 Dec 2019	677	179	498
2,092,764	2020 STI Securities granted	29 Jun 2020	2,493	656	1,837
119,579,339	**Securities on issue**	**30 Jun 2020**	**174,744**	**71,891**	**102,853**

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

No. of securities/ shares	Details	Date of income entitlement	Total Equity 30 June 2020 $'000	Parent Entity 30 June 2020 $'000	EIF 30 June 2020 $'000
609,991	Opening balance	1 Jul 2019	1,157	349	808
317,165	2020 STI Securities granted	19 Dec 2019	677	179	498
(263,274)	2018 STI Securities vested	27 Jun 2020	(526)	(179)	(347)
2,092,764	2020 STI Securities granted	29 Jun 2020	2,493	656	1,837
2,756,646	**Treasury securities on issue**	**30 Jun 2020**	**3,801**	**1,005**	**2,796**

Contributed equity for the period ended 30 June 2019

No. of securities/ shares	Details	Date of income entitlement	Total Equity 30 June 2019 $'000	Parent Entity 30 June 2019 $'000	EIF 30 June 2019 $'000
93,015,503	Opening balance	1 Jul 2018	125,332	57,994	67,338
160,000	Securities issued	28 Sep 2018	200	96	104
2,800,000	Securities issued	26 Oct 2018	3,500	1,673	1,827
3,500,000	Securities issued	10 Apr 2019	6,475	1,739	4,736
346,717	2019 STI Securities granted	27 Jun 2019	631	170	461
99,822,220	**Securities on issue**	**30 Jun 2019**	**136,138**	**61,672**	**74,466**

13. Contributed equity (continued)

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

No. of securities/ shares	Details	Date of income entitlement	Total Equity 30 June 2019 $'000	Parent Entity 30 June 2019 $'000	EIF 30 June 2019 $'000
263,274	Opening balance	1 Jul 2018	526	179	347
346,717	2019 STI Securities issued	27 Jun 2019	631	170	461
609,991	**Treasury securities on issue**	**30 Jun 2019**	**1,157**	**349**	**808**

ACCOUNTING POLICY

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.

14. Reserves

OVERVIEW

Reserves are balances that form part of equity that record other comprehensive income amounts that are retained in the business and not distributed until such time the underlying balance sheet item is realised. This note provides information about movements in the other reserves line item of the balance sheet and a description of the nature and purpose of each reserve.

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Asset revaluation reserve		
Opening balance	74,239	57,207
Revaluation	(3,045)	15,487
Reversed to retained earnings as a result of sale	(21,129)	–
Equity accounted investment revaluation reserve	(5,373)	1,545
Closing balance	44,692	74,239
Cash flow hedge reserve		
Opening balance	(2,180)	(379)
Revaluation	(64)	(1,801)
Closing balance	(2,244)	(2,180)
Stapled security-based payment reserve		
Opening balance	2,102	1,148
Loan securities and option expense	196	553
Short term incentive scheme expense	1,459	401
Closing balance	3,757	2,102
Total reserves	**46,205**	**74,161**

14. Reserves (continued)

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

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

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

15. Financial risk management

OVERVIEW

The Group's principal financial instruments comprise cash, receivables, financial assets carried at fair value through profit and loss, interest bearing loans, derivatives, payables and distributions payable.

The Group's activities are exposed to a variety of financial risks: market risk (including interest rate risk and equity price risk), credit risk and liquidity risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included through these consolidated financial statements.

The Group's Board of Directors (Board) has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established an Audit & Risk Committee (ARC), which is responsible for monitoring the identification and management of key risks to the business. The ARC meets regularly and reports to the Board on its activities.

The Board has established Treasury Guidelines outlining principles for overall risk management and policies covering specific areas, such as mitigating foreign exchange, interest rate and liquidity risks.

The Group's Treasury Guidelines provide a framework for managing the financial risks of the Group with a key philosophy of risk mitigation. Derivatives are exclusively used for hedging purposes, not as trading or other speculative instruments. The Group uses derivative financial instruments such as interest rate swaps where possible to hedge certain risk exposures.

The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk, ageing analysis for credit risk and cash flow forecasting for liquidity risk.

There have been no other significant changes in the types of financial risks or the Group's risk management program (including methods used to measure the risks).

15. Financial risk management (continued)

(a) Market risk

Market risk refers to the potential for changes in the value of the Group's financial instruments or revenue streams from changes in market prices. There are various types of market risks to which the Group is exposed including those associated with interest rates, currency rates and equity market price.

(i) Interest rate risk

Interest rate risk refers to the potential fluctuations in the fair value or future cash flows of a financial instrument because of changes in market interest rates

As at reporting date, the Consolidated Group had the following interest bearing assets and liabilities:

Consolidated Group 30 June 2020	Maturity < 1 yr $'000	Maturity 1 - 5 yrs $'000	Maturity > 5 yrs $'000	Total $'000
Assets				
Cash and cash equivalents	23,548	–	–	23,548
Financial assets	11,668	–	–	11,668
Total assets	**35,216**	**–**	**–**	**35,216**
Weighted average interest rate				**3.81%**
Liabilities				
Interest bearing loans	62,339	229,006	–	291,345
Derivative financial instruments	2,955	917	–	3,872
Total liabilities	**65,294**	**229,923**	**–**	**295,217**
Weighted average interest rate				**4.58%**

Consolidated Group 30 June 2019	Maturity < 1 yr $'000	Maturity 1 - 5 yrs $'000	Maturity > 5 yrs $'000	Total $'000
Assets				
Cash and cash equivalents	19,281	–	–	19,281
Financial assets	45,034	–	–	45,034
Total assets	**64,315**	**–**	**–**	**64,315**
Weighted average interest rate				**4.26%**
Liabilities				
Interest bearing loans	25,500	172,741	–	198,241
Derivative financial instruments	1,261	1,030	–	2,291
Total liabilities	**26,761**	**173,771**	**–**	**200,532**
Weighted average interest rate				**4.96%**

Of the $291.3 million floating interest bearing loans, $178.4 million have been hedged using interest rate swap agreements. These agreements are in place to swap the variable / floating interest payable to a fixed rate to minimise the interest rate risk.

15. Financial risk management (continued)

(ii) Interest Rate Sensitivity

At reporting date if Australian interest rates had been 1% higher / lower and all other variables were held constant, the impact on the Group in relation to cash and cash equivalents, derivatives, interest bearing loans and the Group's profit and equity would be:

Consolidated Group 30 June 2020	Amount $'000	Increase by 1% Profit $'000	Increase by 1% Equity $'000	Decrease by 1% Profit $'000	Decrease by 1% Equity $'000
Cash and cash equivalents	23,548	235	–	(235)	–
Derivative financial instruments	3,872	–	1,694	–	(1,694)
Interest bearing loans	291,345	(2,946)	–	2,946	–
Total increase / (decrease)	**318,765**	**(2,711)**	**1,694**	**2,711**	**(1,694)**

Consolidated Group 30 June 2019	Amount $'000	Increase by 1% Profit $'000	Increase by 1% Equity $'000	Decrease by 1% Profit $'000	Decrease by 1% Equity $'000
Cash and cash equivalents	19,281	193	–	(193)	–
Derivative financial instruments	2,291	–	(23)	–	23
Interest bearing loans	140,901	(899)	–	899	–
Total increase / (decrease)	**162,473**	**(706)**	**(23)**	**706**	**23**

(b) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The Group manages credit risk on receivables by performing credit reviews of prospective debtors, obtaining collateral where appropriate and performing detailed reviews on any debtor arrears. Credit risk on derivatives is managed through limiting transactions to investment grade counterparties.

At balance date, the Group’s outstanding debtors consists primarily of loans to Elanor’s Managed Funds and accrued funds management fees payable by these Managed Funds, rental arrears from its investment property Bluewater Square, and outstanding payments receivable from hotel guests across its hotel portfolio.

In respect of outstanding loans and trade debtors receivable from its Managed Funds, the Group has performed a detailed analysis of the recoverability of these amounts with reference to the cash flow forecasts of each of these funds. For each of the Group’s Managed Funds, the Group’s management teams have performed a detailed asset level analysis of the recoverability of the outstanding arrears at balance date for these assets, and future expected impacts of the COVID-19 pandemic on the funds’ cash flows.

For the Group’s retail investment property Bluewater Square, recoverability risks have been assessed through detailed tenant specific reviews of the financial position of certain tenants in addition to maintaining active tenant engagement and observation of relevant market conditions and factored into the cash flow forecast of this asset.

For the Group’s accommodation hotels, the cash flow forecasts include the hotel management team’s best estimate of future operating revenue generated by the assets within these funds, with detailed assumptions in respect of future hotel guest stays in the context of the COVID-19 environment and expected recovery of future trading performance.

At balance date, no provisions have been recognised in respect of loans and funds management fees receivable from the Group’s Managed Funds.

At balance date, the Group has recognised a provision in respect of COVID-19 rental income of $0.2 million.

15. Financial risk management (continued)

(b) Credit risk (continued)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as detailed below:

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Cash and cash equivalents	23,548	19,281
Financial assets	11,668	45,034
Trade and other receivables	7,143	14,735
Total	**42,359**	**79,050**

Where entities have a right of set-off and intend to settle on a net basis under netting arrangements, this set-off has been recognised in the consolidated financial statements on a net basis. Details of the Group's commitments are disclosed in Note 22.

Trade and other receivables consist of GST, trade debtors and other receivables.

At balance date there were no other significant concentrations of credit risk.

No allowance has been recognised for the GST and trade debtors from the taxation authorities and related parties respectively. Based on historical experience, there is no evidence of default from these counterparties which would indicate that an allowance was necessary.

Impairment losses

The ageing of trade and other receivables at reporting date is detailed below:

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Current	4,186	10,693
Past due 31-61 days	434	1,617
Past due 61+ days	2,523	2,425
Total	**7,143**	**14,735**

15. Financial risk management (continued)

(c) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash including working capital and other reserves, as well as through securing appropriate committed credit facilities.

As a result of the uncertain economic environment created by the COVID-19 pandemic, Group cashflow management and Managed Funds related cash flows have been subject to heightened levels of review and focus to ensure the Group maintains strong balance sheet liquidity.

The following are the undiscounted contractual cash flows of derivatives and non-derivative financial liabilities shown at their nominal amount (including future interest payable).

Consolidated Group
30 June 2020

	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	Contractual cash flows $'000	Carrying amount $'000
Derivative financial liabilities						
Derivatives	2,955	917	–	–	3,872	3,872
Non derivative financial liabilities						
Payables	10,401	5	–	–	10,406	10,406
Interest bearing loans	66,546	72,190	194,528	–	333,264	291,345
Current tax liabilities	(304)	3,510	–	–	3,206	3,206
Total	**79,598**	**76,622**	**194,528**	**–**	**350,748**	**308,829**

Consolidated Group
30 June 2019

	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	Contractual cash flows $'000	Carrying amount $'000
Derivative financial liabilities						
Derivatives	1,261	1,030	–	–	2,291	2,291
Non derivative financial liabilities						
Payables	8,832	1,115	–	–	9,947	9,947
Interest bearing loans	–	109,055	119,359	–	228,414	198,240
Current tax liabilities	946	6,157	–	–	7,103	7,103
Total	**11,039**	**117,357**	**119,359**	**–**	**247,755**	**217,581**

15. Financial risk management (continued)

(d) Capital risk management

The Group maintains its capital structure with the objective to safeguard its ability to continue as a going concern, to increase the returns for security holders and to maintain an optimal capital structure. The capital structure of the Group consists of equity as listed in Note 13.

The Group assesses its capital management approach as a key part of the Group's overall strategy and it is continuously reviewed by management and the Directors.

To achieve the optimal capital structure, the Board may use the following strategies: amend the distribution policy of the Group; issue new securities through a private or public placement; activate the Distribution Reinvestment Plan (DRP); issue securities under a Security Purchase Plan (SPP); conduct an on-market buyback of securities; acquire debt; or dispose of investment properties.

Australian Financial Services License

The Responsible Entity is licensed as an Australian Financial Services Licensee.

Under licence condition 9, the Responsible Entity must:

(a) be able to pay its debts as and when they become due and payable; and

(b) show in its most recent statement of financial position lodged with ASIC that its total (adjusted) assets exceed total (adjusted) liabilities; and

(c) have no reason to suspect that its total (adjusted) assets would not exceed total (adjusted) liabilities on a current statement of financial position; and

(d) meet the cash needs requirements by complying with Option 1.

Under licence condition 10, the Responsible Entity must maintain net tangible assets (NTA) of not less than the greater of:

(a) $150,000; or

(b) 0.5% of the value of Scheme Assets; or

(c) 10% of Average Responsible Entity revenue.

The Responsible Entity must also maintain Cash or Cash Equivalents of the greater of $150,000 or 50% of the required NTA as well as Liquid Assets of greater than the required NTA.

The Responsible Entity had at all times a cash flow projection of at least 15 months, with assumptions, showing its ability to meet debts as and when they fall due.

The Responsible Entity has not reported to ASIC any breaches of its financial requirements under its Australian Financial Services License.

Group Structure

This section provides information about the Group's structure including parent entity information, information about controlled entities (subsidiaries) and business combination information relating to the acquisition of controlled entities.

16. Parent entity

OVERVIEW

The financial information below on Elanor Investor Group's parent entity Elanor Investors Limited (the Company) and the Trust's parent entity Elanor Investment Fund (EIF) as stand-alone entities has been provided in accordance with the requirements of the Corporations Act 2001.

(a) Summarised financial information

Financial position	Elanor Investors Limited[1] 30 June 2020 $'000	Elanor Investors Limited[1] 30 June 2019 $'000	Elanor Investment Fund[2] 30 June 2020 $'000	Elanor Investment Fund[2] 30 June 2019 $'000
Current assets	19,144	41,799	117,996	41,219
Non - current assets	107,205	77,546	84,827	91,336
Total assets	**126,349**	**119,345**	**202,823**	**132,555**
Current liabilities	14,276	10,958	9,734	10,413
Non - current liabilities	68,599	67,352	81,153	47,297
Total liabilities	**82,875**	**78,310**	**90,887**	**57,710**
Contributed equity	70,551	61,194	99,324	73,343
Reserves	941	501	8,218	6,096
(Acumulated losses) / retained profits	(28,018)	(20,660)	4,395	(4,594)
Total equity	**43,474**	**41,035**	**111,937**	**74,845**
Financial performance				
(Loss) / profit for the period	(10,091)	(8,484)	32,618	(2,604)
Other comprehensive income for the period	(347)	(347)	5,638	4,730
Total comprehensive income for the period	**(10,438)**	**(8,831)**	**38,256**	**2,126**

1. Elanor Investors Limited is the parent entity of the Consolidated Group.
2. Elanor Investment Fund is the parent entity of the EIF Group.

(b) Commitments

At balance date Elanor Investors Limited and Elanor Investment Fund had no commitments (2019: none) in relation to capital expenditure contracted for but not recognised as liabilities.

(c) Guarantees provided

At balance date Elanor Investors Limited and Elanor Investment Fund had no outstanding guarantees (2019: none).

(d) Contingent liabilities

At balance date Elanor Investors Limited and Elanor Investment Fund had no contingent liabilities (2019: none).

16. Parent entity (continued)

ACCOUNTING POLICY

The financial information of the parent entities of the Group and the EIF Group have been prepared on the same basis as the consolidated financial statements.

17. Subsidiaries and Controlled entities

OVERVIEW

This note provides information about the Group's subsidiaries and controlled entities.

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Elanor Investors Limited Name of Subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power by the Group 30 June 2020	30 June 2019
Elanor Asset Services Pty Limited[1]	Asset services	Australia	100%	100%
Elanor Funds Management Limited[1]	Responsible entity	Australia	100%	100%
Elanor Operations Pty Limited[1]	Operational services	Australia	100%	100%
Elanor Investment Nominees Pty Limited[1]	Trustee services	Australia	100%	100%
Elanor Waverley Property Nominees Pty Limited[1]	Trustee services	Australia	100%	100%
Elanor Investment Holdings Pty Limited[1]	Holding company	Australia	100%	100%
Elanor Management Pty Limited[1]	Holding company	Australia	100%	100%
Featherdale Management Pty Limited[1]	Wildlife park operator	Australia	0%	100%
JCF Management Pty Limited[1]	Furniture retailer	Australia	100%	100%
Wiltex Wholesale Pty Limited[1]	Landholder	Australia	100%	100%
Albany Hotel Management Pty Limited[1]	Hotel operator	Australia	100%	100%
Cradle Mountain Lodge Pty Limited[2]	Hotel operator	Australia	43%	31%
Wollongong Hotel Management Pty Limited[2]	Hotel operator	Australia	43%	31%
Port Macquarie Hotel Management Pty Limited[2]	Hotel operator	Australia	43%	31%
Tall Trees Hotel Management Pty Limited[2]	Hotel operator	Australia	43%	31%
Pavilion Wagga Wagga Hotel Management Pty Limited[2]	Hotel operator	Australia	43%	31%
Parklands Resort Hotel Management Pty Limited[2]	Hotel operator	Australia	43%	31%
EMPR II Management Pty Limited[2]	Holding company	Australia	43%	31%
Eaglehawk Hotel Management Pty Limited[3]	Hotel operator	Australia	43%	31%
Narrabundah Hotel Management Pty Limited[3]	Hotel operator	Australia	43%	31%
Byron Bay Hotel Management Pty Limited[3]	Hotel operator	Australia	43%	31%
EMPR Management Pty Limited[3]	Holding company	Australia	43%	31%
Elanor Luxury Hotel Fund Pty Limited[4]	Holding company	Australia	100%	0%
Mayfair Hotel Management Pty Ltd[4]	Hotel operator	Australia	100%	0%
Wakefield Street Hotel Management Pty Ltd[4]	Hotel operator	Australia	100%	0%
Cradle Mountain Lodge Management II Pty Ltd[4]	Hotel operator	Australia	100%	0%

1. Elanor Investors Limited ("EIL") is the head entity within the EIL tax-consolidated group. The companies in which EIL has 100% ownership are members of the EIL tax-consolidated group.

17. Subsidiaries and Controlled entities (continued)

2. EMPR II Management Pty Limited is the head entity of the EMPR II tax-consolidated group.

3. EMPR Management Pty Limited is the head entity of the EMPR tax-consolidated group.

4. Elanor Luxury Hotel Fund Pty Limited is the head entity of the ELHF tax-consolidated group.

Elanor Investment Fund Name of Subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power by the Group	
			30 June 2020	30 June 2019
Elanor Investment Trust	Co-investment in Managed Funds	Australia	100%	100%
Featherdale Wildlife Park Syndicate	Wildlife Park landholder	Australia	0%	100%
Albany Hotel Syndicate	Hotel landholder	Australia	100%	100%
Wollongong Hotel Syndicate	Hotel landholder	Australia	43%	31%
Elanor Metro and Prime Regional Hotel Fund II	Hotel landholder	Australia	43%	31%
Wollongong Hotel Property Trust	Hotel landholder	Australia	43%	31%
Port Macquarie Property Trust	Hotel landholder	Australia	43%	31%
Tall Trees Property Trust	Hotel landholder	Australia	43%	31%
Pavilion Wagga Wagga Property Trust	Hotel landholder	Australia	43%	31%
Parklands Resort Property Trust	Hotel landholder	Australia	43%	31%
Narrabundah Property Trust	Hotel landholder	Australia	43%	31%
Byron Bay Hotel Property Trust	Hotel landholder	Australia	43%	31%
Elanor Metro and Prime Regional Hotel Fund	Hotel landholder	Australia	43%	31%
Elanor Luxury Hotel Fund	Hotel landholder	Australia	100%	0%
Mayfair Hotel Property Trust	Hotel landholder	Australia	100%	0%
Wakefield Street Hotel Property Trust	Hotel landholder	Australia	100%	0%
Cradle Mountain Lodge Property Trust	Hotel operator	Australia	100%	0%
Bluewater Square Syndicate	Shopping centre	Australia	42%	42%
Auburn Office Syndicate	Commercial office	Australia	0%	100%

Other Items

This section includes information that is not directly related to the specific line items in the consolidated financial statements, including information about related parties, events after the end of the reporting period and certain EIF Group disclosures.

18. Receivables

OVERVIEW

This note provides further information about assets that are incidental to the Group's trading activities, being trade and other receivables. Refer to Note 15(b) for discussion on the Group's management of credit risk, including that of the Group's trade and other receivables.

Receivables

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Current		
Trade receivables	5,569	6,173
Other receivables	1,574	8,562
Total receivables	**7,143**	**14,735**

19. Payables

OVERVIEW

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

Payables

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Trade creditors	2,823	1,290
Accrued expenses	7,669	5,156
GST payable	(269)	946
Total payables	**10,223**	**7,392**

19. Payables (continued)

Provisions

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Current		
Provision for annual leave	1,117	1,290
Provision for long service leave	674	145
Provision for short term incentives	277	641
Total current	**2,068**	**2,076**
Non-current		
Provision for annual leave	153	192
Provision for long service leave	135	556
Total non-current	**288**	**748**
Total provisions	**2,356**	**2,824**

Other liabilities

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Current		
Lease incentive liability	105	301
Other	72	9
Total other current liabilities	**177**	**310**
Non-current		
Lease incentive liability	5	366
Total other non-current liabilities	**5**	**366**

ACCOUNTING POLICY

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.

19. Payables (continued)

ACCOUNTING POLICY (continued)

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, using a high quality Corporate Bond rate as the discount rate, to be made in respect of services provided by employees up to reporting date.

Lease liabilities

The Group recognises lease liability measured at the present value of lease payments to be made over the lease term at commencement of the lease. The lease payments include fixed payments less any lease incentives. Lease payments also include renewal periods where the Group is reasonably certain to exercise the renewal option under the lease agreement. Outgoings are recognised as incurred. To determine the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date should the implicit rate of the lease not be readily available. After commencement, the lease liabilities are increased to reflect the accretion of interest and reduced for lease payments made. If changes are made to the lease term, fixed payments or the assessment to purchase the underlying asset, the carrying amount of the lease liability is remeasured.

20. Intangible assets

OVERVIEW

Management Rights

Management Rights represent the acquisition of funds management rights and associated licences from Moss Capital Pty Limited at IPO for $1.5 million. At IPO, the estimated useful life of the acquired funds management rights was 10 years.

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Management rights	1,500	1,500
Accumulated amortisation	(900)	(750)
Total management rights	**600**	**750**
Total intangible assets	**600**	**750**

ACCOUNTING POLICY

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 licenses over their estimated useful lives of 10 years.

21. Net tangible assets

OVERVIEW

This note sets out the net tangible assets of the Group.

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Net tangible assets are calculated as follows:		
Total assets	527,230	468,824
Less: Intangible assets	(600)	(637)
Less: Right of use assets	(77)	–
Less: Total liabilities	(314,880)	(222,949)
Net tangible assets	**211,673**	**245,238**
Total number of stapled securities on issue	119,579	99,822
Net tangible asset backing per stapled security	1.77	2.46

22. Commitments

OVERVIEW

This note sets out the material commitments of the Group.

Contingent liabilities and commitments

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

Lease commitments: the Group as lessee

The Group has non-cancellable leases in respect of premises. The leases are for a duration of between 1 to 5 years and are classified as operating leases. The minimum lease payments are as follows:

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Within one year	80	946
Later than one year but not later than 5 years	–	80
Later than 5 years	–	–
Total lease commitments	**80**	**1,026**

Lease commitments: the Group as lessor

The Group has non-cancellable leases in respect of premises. The leases are for a duration of between 1 to 10 years and are classified as operating leases. The minimum lease commitments receivable are as follows:

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Within one year	3,430	3,827
Later than one year but not later than 5 years	9,894	10,934
Later than 5 years	3,966	6,486
Total lease commitments	**17,290**	**21,247**

In the opinion of the Directors, there were no other commitments at the end of the reporting period.

23. Share-based payments

OVERVIEW

The Group has short term and long term ownership-based compensation schemes for executives and senior employees.

The Group has implemented an STI scheme (the STI Scheme), based on an annual profit share. The STI Scheme is based on a profit share pool, to be calculated each year based on the Group's financial performance for the relevant year.

The purpose of the STI Scheme is to provide an annual bonus arrangement that incentivises and rewards management for achieving annual pre-tax ROE for security holders in excess of 10% per annum. The profit share pool is based on 20% of ROE above 10%, 22.5% of the ROE above 15%, 25% of the ROE above 17.5% and 30% of the ROE above 20%. The Scheme provides that 50% of any awards to individuals from the profit share pool may be delivered in deferred securities, which vest two years after award, provided that the employee remains with the Group and maintains minimum performance standards.

The Elanor Investors Group Board monitors the appropriateness of the profit share scheme and any distribution of the profit share pool will be at the Board's discretion, taking into consideration the forecast and actual financial performance and position of the Group.

The Group has implemented an LTI scheme (the LTI Scheme), based on an executive loan security plan and an executive options plan.

Under the executive loan security plan awards (comprising the loan of funds to eligible Elanor employees to acquire securities which are subject to vesting conditions) have been issued to certain employees.

The limited recourse loan provided by the Group under the loan security plan carries interest of an amount equal to any cash dividend or distribution but not including any dividend or distribution of capital, or an abnormal distribution.

In addition to the loan security plan, the Group has implemented an executive option plan comprising rights to acquire securities at a specified exercise price, subject to the achievement of vesting conditions, which may be offered to certain eligible employees (including the Chief Executive Officer, direct reports to the Chief Executive Officer and other selected key executives) as determined by the Board. Executive Options currently on issue are to the Chief Executive Officer only, over 2.0 million securities.

The purpose of the LTI Scheme is to assist in attracting, motivating and retaining key management and employees. The LTI Scheme operates by providing key management and employees with the opportunity to participate in the future performance of Group securities. The vesting conditions LTI plans and related awards include both a service based hurdle and an absolute total security holder return (TSR) performance hurdle. The service based hurdle is 2, 3 and 4 years in the case of the loan security plan. The TSR is 10% per annum in the case of the loan security plan and 15% per annum in the case of the options plan. The 2017 option plan has an exercise price of $3.05 per security (40% premium to the $2.18 offer price)

TSR was selected as the LTI performance measure to ensure an alignment between the security holder return and reward for executives.

23. Share-based payments (continued)

The following share-based payment arrangements were in existence during the current reporting period:

Employee Loan Securities

Award Type	Number Granted	Grant Date	Vesting Date	Vesting Conditions[1]	Security Price at Grant Date	Fair Value at Grant Date
Loan Securities	5,750,000	28/08/2017	30/06/2021	Service & non-market	$2.13	$0.17
Loan Securities	4,250,000	17/10/2017	30/06/2021	Service & non-market	$2.18	$0.17
Loan Securities	1,000,000	8/12/2017	30/06/2021	Service & non-market	$2.15	$0.15
Loan Securities	750,000	26/08/2019	30/06/2023	Service & non-market	$1.85	$0.15

1. Service and non-market conditions include financial and non-financial targets along with a deferred vesting period.

Options

Award Type	Number Granted	Grant Date	Vesting Date	Vesting Conditions[1]	Exercise Price	Fair Value at Grant Date
Options Tranche 2	2,000,000	28/08/2017	28/08/2020	Service & non-market	$3.05	$0.03

Award Type	Number Granted	Grant Date	Vesting Date	Vesting Conditions[1]	Exercise Price	Fair Value at Grant Date
NED Options	2,872,341	10/11/2016	30/06/2017	Service & non-market	$3.08	$0.04

1. Service and non-market conditions include financial and non-financial targets along with a deferred vesting period

The Group recognises the fair value at the grant date of equity settled securities above as an employee benefit expense proportionally over the vesting period with a corresponding increase in equity. Fair value of options is measured at grant date using a Monte-Carlo Simulation and Binomial option pricing model, performed by an independent valuer, and models the future price of the Group's stapled securities.

Securities issued under STI plan

Award Type	Number Granted	Grant Date	Vesting Date	Vesting Conditions[1]	Security Price at Grant Date	Fair Value at Grant Date
FY18 STI	263,274	27/06/2018	27/06/2020	Service	$1.99	$1.99
FY19 STI	346,717	27/06/2019	27/06/2021	Service	$1.82	$1.82
FY20 STI Tranche 1	317,165	19/12/2019	19/12/2021	Service	$2.15	$2.15
FY20 STI Tranche 2	2,092,764	29/06/2020	29/06/2022	Service	$1.19	$1.19

1. Service conditions include a deferred vesting period.

The total expense recognised during the year in relation to the Group's equity settled share-based payments was $1,840,454.

23. Share-based payments (continued)

ACCOUNTING POLICY

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.

24. Related parties

OVERVIEW

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

Elanor Investors Group

Responsible Entity fees

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

In accordance with the Constitution of Elanor Investment Fund (EIF), EFML is entitled to receive a management fee equal to its reasonable costs in providing its services as Responsible Entity for which it is not otherwise reimbursed. For the year ended 30 June 2020, this amount is $129,996.

EFML makes payments for EIF from time to time. These payments are incurred by EFML in properly performing or exercising its powers or duties in relation to EIF. EFML has a right of indemnity from EIF for any liability incurred by EFML in properly performing or exercising any of its powers or duties in relation to EIF. The amount reimbursed for the year ended 30 June 2020 was nil.

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

24. Related parties (continued)

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

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Elanor Retail Property Fund	4,531	3,806
Elanor Commercial Property Fund	3,153	1,837
Elanor Commercial Property Fund II (formerly Limestone Street Centre Syndicate)	398	369
Hunters Plaza Syndicate	603	543
Belconnen Markets Syndicate	815	498
Workzone West Syndicate	603	1,084
Waverley Gardens Fund	809	1,242
Stirling Street Syndicate	265	712
Fairfield Centre Syndicate	504	1,105
Elanor Wildlife Park Fund	1,455	–
Elanor Healthcare Real Estate Fund	1,989	–
Total	**15,126**	**11,196**

Key Management Personnel (KMP)

Executive	**Position**
Mr. Glenn Willis	Managing Director and Chief Executive Officer
Mr. Paul Siviour	Chief Operating Officer
Mr. Symon Simmons	Chief Financial Officer and Company Secretary

Non-Executive	**Position**
Mr. Paul Bedbrook	Independent Chairman and Non-Executive Director
Mr. Nigel Ampherlaw	Independent Non-Executive Director
Mr. Lim Kin Song	Non-Executive Director
Mr Anthony Fehon	Independent Non-Executive Director (Appointed 20 August 2019)
Mr. William (Bill) Moss AO	Non-Executive Director (Resigned 17 September 2019)

The aggregate compensation made to the Key Management Personnel of the Group is set out below:

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Short term benefits	2,306	2,185
Post-employment benefits	100	93
Share-based payment	259	464
Total	**2,665**	**2,742**

25. Significant events

Establishment of Elanor Wildlife Park Fund

On 28 November 2019, the Group established Elanor Wildlife Park Fund (EWPF) which acquired Mogo Zoo in Mogo, NSW for $9.7 million and Featherdale Wildlife Park in Doonside, NSW for $39 million, which was previously owned by the Group.

Settlement of Elanor Luxury Hotel Fund acquisitions

On 5 December 2019, the Elanor Luxury Hotel Fund (ELHF) settled on the acquisitions of Mayfair Hotel and Adabco Boutique Hotel in Adelaide, SA, for $99 million. Subsequent to balance date, the fund also settled on the acquisition of Peppers Cradle Mountain Lodge for $55 million, purchased from another Group managed fund, Elanor Metro and Prime Regional Hotel Fund.

Initial Public Offering of Elanor Commercial Property Fund

The Group completed the Initial Public Offering (“IPO”) of Elanor Commercial Property Fund (ASX: ECF) on 6 December 2019, offering 138.9 million securities at an offer price of $1.25, raising $173.6 million. ECF listed with an initial market capitalisation of $255.5 million.

Elanor holds a 15.0% co-investment in ECF and is therefore strongly aligned with the Fund’s investors.

ECF was an existing Elanor managed fund and acquired a new property, 200 Adelaide Street, at IPO. In conjunction with the listing, the fund acquired the residual 48.5% equity interest in the WorkZone West property in Perth, WA for $66.0 million. Existing investors in ECF provided overwhelming support for ECF, with 83.6% of existing investors electing to retain their investment. In addition, these investors elected to invest further significant funds in ECF.

At 30 June 2020, ECF had a portfolio of 7 commercial office buildings, valued at $372.9 million.

Elanor Healthcare Real Estate Fund

The Group established the Elanor Healthcare Real Estate Fund in December 2019, to be seeded with medical offices in Brisbane and Gold Coast, QLD, with a combined asset value of $123.3 million. Settlement of the fund occurred in March 2020.

Sale of Auburn Office

On 18 December 2019, the Group disposed of its investment in the Auburn Office Syndicate when the fund sold its commercial property for $4.75 million and subsequently wound up the fund.

26. Events occurring after reporting date

The directors are not aware of any matter or circumstance not otherwise dealt with in the financial reports or the Directors' Report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in the financial period subsequent to the year ended 30 June 2020.

27. Auditor's remuneration

OVERVIEW

The independent auditors of Elanor Investors Group (Deloitte Touche Tohmatsu) have provided a number of audit and other assurance related services as well as other non-assurance related services to Elanor Investors Group and the Trust during the year. Pitcher Partners provided audit services in respect of the Trust's Compliance Plan.

Below is a summary of fees paid for various services to Deloitte Touche Tohmatsu and Pitcher Partners during the year.

	Consolidated Group 30 June 2020 $	Consolidated Group 30 June 2019 $
Audit services:		
Auditors of the Elanor Investors Group		
Deloitte Touche Tohmatsu Australia:		
Audit and review of financial reports	297,000	275,750
	297,000	275,750
Other services:		
Auditors of the Elanor Investors Group		
Deloitte Touche Tohmatsu Australia:		
Taxation advisory services	2,314	20,000
Taxation compliance services	121,683	122,400
	123,997	142,400
Total - Deloitte Touche Tohmatsu Australia	**420,997**	**418,150**
Auditors of the Elanor Investors Group		
Pitcher Partners:		
Compliance Plan Audit	23,300	16,000
Total - Pitcher Partners	**23,300**	**16,000**

28. Discontinued operations

The John Cootes Furniture business has continued to be classified as discontinued operations within these financial statements.

Analysis of Profit or Loss for the year from Discontinued Operations

The combined results of the discontinued operations included in the profit and loss for the period ended 30 June 2020 are set out below. The comparative profit and cash flows from discontinued operations have been presented to include those operations classified as discontinued in the current year.

Profit or Loss for the period from Discontinued Operations

John Cootes Furniture Business	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Revenue from sale of goods	–	18,198
Cost of goods sold	–	(12,101)
Expenses relating to discontinuing operations[1]	–	(5,947)
Profit / (loss) before income tax	–	150
Net tax benefit / (expense)	–	–
Profit / (loss) for the year from discontinued operations	**–**	**150**

Note 1: Includes the updated provision assumptions relating to the discontinued operations.

Cash flows from / (used in) discontinued operations

John Cootes Furniture Business	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Net cash outflow from operating activities	(1,844)	(7,433)
Net cash inflow / (outflow) from investing activities	–	–
Net cash outflow / (inflow) from financing activities	–	(84)
Total cash flows used in discontinued operations	**(1,844)**	**(7,517)**

Assets held for sale

Assets relating to the Ashley stores held for sale are included in the following table:

John Cootes Furniture Business	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Other assets	–	714
Total assets classified as held for sale	**–**	**714**

28. Discontinued operations

Total liabilities directly associated with discontinued operations

John Cootes Furniture Business	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000
Provisions for onerous leases relating to the JCF business	2,119	4,677
Total liabilities directly associated with discontinued operations	**2,119**	**4,677**

ACCOUNTING POLICY

Discontinued Operations

A discontinued operation is a component of the Group that represents a separate major line of business that is part of a disposal plan. The results of discontinued operations are presented separately in the Consolidated Statement of Profit or Loss.

Critical Accounting Estimates

The estimates and judgements of impairment of the John Cootes Furniture business assets and associated costs, that involve a high degree of complexity and have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within subsequent periods, are incorporated above. Any changes to carrying values in subsequent periods due to revisions to estimates or assumptions or as a result of the final realisation of the business assets and liabilities upon exit of the business will be recognised in the Group's profit or loss as part of discontinued operations up to the cessation of the John Cootes Furniture business.

29. Non-Parent disclosure

OVERVIEW

This note provides information relating to the non-parent EIF Group only. The accounting policies are consistent with the Group, except as otherwise disclosed. Refer to the corresponding notes in the Group section of the financials for further discussion on the Group's response to COVID-19, which covers EIF Group as its subsidiary.

Segment information

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

Distributions

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

	Distribution cents per stapled security 30 June 2020	Distribution cents per stapled security 30 June 2019	Total Amount 30 June 2020 $'000	Total Amount 30 June 2019 $'000
Interim distribution[1]	9.51	5.81	11,174	5,579
Final distribution[2]	–	9.74	–	9,723

1. The interim distribution of 9.51 cents per stapled security was declared on 17 February 2020 and paid on 28 February 2020.
2. The final distribution for the period ended 30 June 2020 has been suspended. Please refer to the Director's Report for further information.

Taxation of the Trust

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

Earnings / (losses) per stapled security

The earnings / (losses) per stapled security measure shown below is based upon the profit / (loss) attributable to security holders:

	EIF Group 30 June 2020	EIF Group 30 June 2019
Basic (cents)	(10.16)	27.36
Diluted (cents)	(10.16)	27.36
(Loss) / profit attributable to security holders used in calculating basic and diluted earnings per stapled security ($'000)	(11,219)	26,209
Weighted average number of stapled securities used as denominator in calculating basic earnings per stapled security	110,472	95,810
Weighted average number of stapled securities used as denominator in calculating diluted earnings per stapled security	110,472	95,810

29. Non-Parent disclosure (continued)

Investment Properties

Movement in investment properties

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

	EIF Group 30 June 2020 $'000	EIF Group 30 June 2019 $'000
Carrying amount at the beginning of the period	270,747	248,291
Total costs on acquisition	89,306	4,650
Additions	12,495	324
Revaluation (decrements) / increments	(2,806)	17,482
Disposals	(36,930)	–
Carrying amount at the end of the period	**332,811**	**270,747**

Refer to Note 5 Property, plant and equipment and Note 6 Investment properties for further details.

The following table represents the total fair value of Investment Properties at 30 June 2020:

	Valuation	Date	EIF Group 30 June 2020 $'000	EIF Group 30 June 2019 $'000
Cradle Mountain Lodge	Independent	June 2020	57,141	51,534
Albany Hotel	Internal	June 2020	4,954	4,882
Featherdale Wildlife Park	Internal	June 2020	–	33,780
Eaglehawk Hotel	Internal	June 2020	20,718	21,305
Wollongong Hotel	Independent	June 2020	12,573	13,343
Port Macquarie Hotel	Independent	June 2020	10,866	10,959
Tall Trees Hotel	Internal	June 2020	11,085	10,369
Pavilion Wagga Wagga Hotel	Internal	June 2020	5,806	5,024
Parklands Resort	Independent	June 2020	8,570	8,190
Narrabundah Hotel	Internal	June 2020	28,373	26,829
Byron Bay Hotel	Independent	June 2020	25,155	25,673
Adabco Boutique Hotel	Internal	June 2020	10,583	–
Mayfair Hotel	Internal	June 2020	79,457	–
Clare Country Club	Internal	June 2020	3,646	–
Barossa Weintal Hotel	Internal	June 2020	2,867	–
Bluewater Square	Internal	June 2020	51,017	54,209
Auburn Office Syndicate	Internal	June 2020	–	4,650
Total			**332,811**	**270,747**

29. Non-Parent disclosure (continued)

ACCOUNTING POLICY

Fair value of Investment Properties

Investment property relates to the land and buildings owned by the EIF Group (being the Elanor Investment Fund and its controlled entities) only, in which rental income is earned from entities within the EIL Group.

Valuation, technique and inputs

Investment properties are categorised as level 3 in the fair value hierarchy. There were no transfers between hierarchies during the period.

Fair value measurement

The significant unobservable inputs associated with the valuation of the Group's investment properties are as follows

EIF Group	Book Value 30 June 2020 $'000	Capitalisation Rate %	Discount Rate %	Average Daily Rate $	Occupancy Rate %
Assets measured at fair value					
Investment properties	332,811	6.00 - 13.00	8.00 - 15.00	107 - 297	53.6 - 83.4
Total assets	**332,811**				

29. Non-Parent disclosure (continued)

Equity accounted investments

The Trust's equity accounted investments are as follows:

30 June 2020

	Principal activity	Percentage Ownership	EIF Group 30 June 2020 $'000
Elanor Retail Property Fund (ASX: ERF)	Shopping Centres	17.89%	30,550
Elanor Commercial Property Fund (ASX: ECF)	Office Buildings	15.00%	36,550
Hunters Plaza Syndicate	Shopping Centre	4.73%	1,658
Waverley Gardens Fund	Shopping Centre	19.64%	13,447
Elanor Wildlife Park Fund	Wildlife Parks	26.61%	5,378
Elanor Healthcare Real Estate Fund	Office Buildings	12.46%	5,913
Total equity accounted investments			**93,496**

30 June 2019

	Principal activity	Percentage Ownership	EIF Group 30 June 2019 $'000
Elanor Retail Property Fund (ASX: ERF)	Shopping Centres	17.89%	34,945
Elanor Commercial Property Fund	Office Buildings	13.27%	13,784
Hunters Plaza Syndicate	Shopping Centre	4.73%	1,194
Workzone West Syndicate	Office Building	0.16%	104
Waverley Gardens Fund	Shopping Centre	20.27%	14,960
Fairfield Centre Syndicate	Shopping Centre	22.30%	8,611
Total equity accounted investments			**73,598**

The following information represents the aggregated financial position and financial performance of the Elanor Retail Property Fund, Elanor Commercial Property Fund and the Waverley Gardens Fund. This summarised financial information represents amounts shown in the associate's financial statements prepared in accordance with AASBs, adjusted by the Trust for equity accounting purposes.

29. Non-Parent disclosure (continued)

Equity accounted investments (continued)

30 June 2020

Financial position	Elanor Retail Property Fund 30 June 2020 $'000	Elanor Commercial Property Fund 30 June 2020 $'000	Waverley Gardens Fund 30 June 2020 $'000
Current assets	10,626	8,520	3,967
Non - current assets	317,197	373,500	171,010
Total Assets	**327,823**	**382,020**	**174,977**
Current liabilities	6,849	4,631	2,727
Non - current liabilities	148,256	140,969	102,824
Total Liabilities	**155,105**	**145,600**	**105,550**
Contributed equity	156,537	250,975	88,001
Reserves	(4,248)	(1,989)	–
Retained profits / (accumulated losses)	20,429	(12,566)	(18,575)
Total Equity	**172,718**	**236,420**	**69,426**

Financial performance	Elanor Retail Property Fund Period ended 30 June 2020 $'000	Elanor Commercial Property Fund Period ended 30 June 2020 $'000	Waverley Gardens Fund Period ended 30 June 2020 $'000
(Loss) / profit for the period	(11,964)	(2,301)	(3,579)
Other comprehensive income for the period	(453)	1,319	–
Total comprehensive income for the period	**(12,417)**	**(982)**	**(3,579)**
Distributions received from the associate during the period	1,207	1,344	593

Reconciliation of the above summarised financial information to the carrying amount of the interest in Elanor Retail Property Fund recognised in the consolidated financial statements:

	Elanor Retail Property Fund Period ended 30 June 2020 $'000	Elanor Commercial Property Fund Period ended 30 June 2020 $'000	Waverley Gardens Fund Period ended 30 June 2020 $'000
Net assets of the associate	172,718	236,420	69,426
Proportion of the Group's ownership interest	17.89%	15.00%	19.64%
Carrying amount of the Group's interest	**30,550**	**36,550**	**13,447**

29. Non-Parent disclosure (continued)

Equity accounted investments (continued)

30 June 2019

Financial position	Elanor Retail Property Fund 30 June 2019 $'000	Elanor Commercial Property Fund 30 June 2019 $'000	Waverley Gardens Fund 30 June 2019 $'000
Current assets	5,585	10,934	3,648
Non - current assets	334,518	164,716	178,528
Total Assets	**340,103**	**175,650**	**182,176**
Current liabilities	47,445	10,124	1,818
Non - current liabilities	95,208	64,756	102,754
Total Liabilities	**142,653**	**74,880**	**104,572**
Contributed equity	156,537	97,965	88,001
Reserves	(3,804)	(1,147)	–
Retained profits / (accumulated losses)	44,717	3,952	(10,397)
Total Equity	**197,450**	**100,770**	**77,604**

Financial performance	Elanor Retail Property Fund Period ended 30 June 2019 $'000	Elanor Commercial Property Fund Period ended 30 June 2019 $'000	Waverley Gardens Fund Period ended 30 June 2019 $'000
Profit / (loss) for the period	20,015	11,279	(8,834)
Other comprehensive income for the period	(3,112)	(188)	–
Total comprehensive income for the period	**16,903**	**11,091**	**(8,834)**
Distributions received from the associate during the period	2,260	809	301

Reconciliation of the above summarised financial information to the carrying amount of the interest in Elanor Retail Property Fund recognised in the consolidated financial statements:

	Elanor Retail Property Fund Period ended 30 June 2019 $'000	Elanor Commercial Property Fund Period ended 30 June 2019 $'000	Waverley Gardens Fund Period ended 30 June 2019 $'000
Net assets of the associate	197,450	100,770	77,604
Proportion of the Group's ownership interest	17.89%	13.27%	20.27%
Carrying amount of the Group's interest	**34,945**	**13,784**	**14,960**

29. Non-Parent disclosure (continued)

Aggregate information of associates that are not individually material

	Period ended 30 June 2020 $'000	Period ended 30 June 2019 $'000
Profit / (loss) for the period	(4,815)	9,100
Other comprehensive income for the period	11,236	(1,959)
Total comprehensive income for the period	**6,421**	**7,141**
Aggregate carrying amount of the Group's interests in these associates	13,206	9,909

Interest bearing liabilities

	EIF Group 30 June 2020 $'000	EIF Group 30 June 2019 $'000
Current		
Bank loan - term debt	70,549	1,600
Borrowing costs less amortisation	(911)	–
Total current	**69,638**	**1,600**
Non-current		
Bank loan - term debt	133,293	115,388
Bank loan - borrowing costs less amortisation	(1,167)	(1,223)
Loan from the company	60,701	29,538
Total non-current	**192,827**	**143,703**
Total interest bearing liabilities	**262,465**	**145,303**

As part of the internal funding of the Fund, EIF entered into a long term interest-bearing loan with EIL at arm's length terms, maturing in July 2024. As at 30 June 2020, the outstanding payable to the Company was $60.7 million.

29. Non-Parent disclosure (continued)

Credit facilities

As at 30 June 2020, the EIF Group had unrestricted access to the following credit facilities:

EIF	EIF Group 30 June 2020 $'000	EIF Group 30 June 2019 $'000
Facility - EIF	30,000	30,000
Total amount used	(29,500)	(25,500)
Total amount unused - EIF	**500**	**4,500**
EMPR Group		
Facility - EMPR	70,605	87,425
Total amount used	(70,605)	(83,325)
Total amount unused - EMPR	**–**	**4,100**
Bluewater Square Syndicate		
Facility - Bluewater	26,650	30,150
Total amount used	(26,650)	(29,700)
Total amount unused - Bluewater	**–**	**450**
Auburn Office Syndicate		
Facility - Auburn Office	–	2,325
Total amount used	–	(2,325)
Total amount unused - Auburn Office	**–**	**–**
Elanor Luxury Hotel Fund		
Facility - ELHF	107,800	–
Total amount used	(107,800)	–
Total amount unused - ELHF	**–**	**–**
Total amount unused - EIF Group	**500**	**9,050**

The ENN Group has access to a $30.0 million revolver facility, with a maturity date of 29 April 2022. The drawn amount at 30 June 2020 is $29.5 million. At 30 June 2020 the amount of drawn facilities was not hedged.

29. Non-Parent disclosure (continued)

The EMPR Group has access to a $70.61 million facility, upon which both the company and trust can draw. The drawn amount at 30 June 2020 is $70.61 million. Of the EMPR Group facility, $36.6 million will mature on 31 October 2020, with the remaining $46.7 million maturing on 31 October 2021. A renewal of the $36.6 million facility is currently undergoing negotiation and is expected to be renewed before the maturity date. At 30 June 2020, the amount of drawn facilities is hedged to 100%.

At 30 June 2020, the ELHF Group has access to a $107.8 million facility. The drawn amount at 30 June 2020 was $107.8 million which will mature on 3 December 2022. As a result of the impacts of the COVID-19 pandemic, the Group sought and received certain covenant waivers and relief from the financiers of the Elanor Luxury Hotel Fund, including a waiver of the ICR covenant at 30 June 2020 and a deferral of interest payments.

The Bluewater Square Syndicate has access to a $26.7 million facility. The drawn amount at 30 June 2020 is $26.7 million which will mature on 30 October 2020. A renewal of the $26.7 million facility is currently undergoing negotiation and is expected to be renewed before the maturity date. At 30 June 2020, the drawn amount is unhedged. As a result of the impacts of the COVID-19 pandemic, the Group sought and received certain covenant waivers from the financier of the Bluewater Square property, including a waiver of the ICR covenant at 30 June 2020.

All of the facilities have a variable interest rate. The interest rates on the loans are partially fixed using interest rate swaps. The weighted average annual interest rates payable of the loans at 30 June 2020, including the impact of the interest rate swaps, is 3.90% per annum.

Derivative Financial instruments

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

	EIF Group 30 June 2020 $'000	EIF Group 30 June 2019 $'000
Current liabilities		
Interest rate swaps	870	1,180
	870	**1,180**
Non-current liabilities		
Interest rate swaps	1,298	937
	1,298	**937**
Total derivative financial instruments	**2,168**	**2,117**

29. Non-Parent disclosure (continued)

Reserves

Reserves are balances that form part of equity that record other comprehensive income amounts that are retained in the business and not distributed until such time the underlying balance sheet item is realised. This note provides information about movements in the other reserves line item of the balance sheet and a description of the nature and purpose of each reserve.

	EIF Group 30 June 2020 $'000	EIF Group 30 June 2019 $'000
Asset revaluation reserve		
Opening balance	20,514	17,239
Revaluation	2,059	1,807
Equity accounted investment revaluation reserve	(5,412)	1,468
Closing balance	17,161	20,514
Cash flow hedge reserve		
Opening balance	(2,117)	(420)
Revaluation	(20)	(1,697)
Closing balance	(2,137)	(2,117)
Stapled security-based payment reserve		
Opening balance	1,363	644
Loan Securities and Option expense	250	455
Short term incentive scheme expense	963	265
Closing balance	2,576	1,363
Total reserves	**17,600**	**19,761**

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

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

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

29. Non-Parent disclosure (continued)

Financial Risk Management

(1) Market Risk

Interest rate risk

As at reporting date, the EIF Group had the following interest-bearing assets and liabilities:

EIF Group 30 June 2020	Maturity < 1 yr $'000	Maturity 1 - 5 yrs $'000	Maturity > 5 yrs $'000	Total $'000
Assets				
Cash and cash equivalents	3,980	–	–	3,980
Total Assets	**3,980**	**–**	**–**	**3,980**
Weighted average interest rate				**2.16%**
Liabilities				
Interest bearing loans	69,638	132,126	–	201,764
Derivative financial instruments	870	1,298	–	2,168
Total Liabilities	**70,508**	**133,424**	**–**	**203,932**
Weighted average interest rate				**3.90%**

EIF Group 30 June 2019	Maturity < 1 yr $'000	Maturity 1 - 5 yrs $'000	Maturity > 5 yrs $'000	Total $'000
Assets				
Cash and cash equivalents	1,094	–	–	1,094
Total Assets	**1,094**	**–**	**–**	**1,094**
Weighted average interest rate				**2.41%**
Liabilities				
Interest bearing loans	18,600	98,388	–	116,987
Derivative financial instruments	1,180	937	–	2,117
Total Liabilities	**19,780**	**99,325**	**–**	**119,104**
Weighted average interest rate				**3.41%**

Of the $201.8 million floating interest bearing loans, $132.1 million have been hedged using interest rate swap agreements. These agreements are in place to swap the variable / floating interest payable to a fixed rate to minimise the interest rate risk.

29. Non-Parent disclosure (continued)

Interest Rate Sensitivity

EIF Group	Amount	Increase by 1% Profit	Increase by 1% Equity	Decrease by 1% Profit	Decrease by 1% Equity
30 June 2020	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	3,980	40	–	(40)	–
Derivative financial instruments	2,168	–	1,527	–	(1,527)
Interest bearing loans	201,764	(2,038)	–	2,038	–
Total increase / (decrease)	**207,912**	**(1,998)**	**1,527**	**1,998**	**(1,527)**

EIF Group	Amount	Increase by 1% Profit	Increase by 1% Equity	Decrease by 1% Profit	Decrease by 1% Equity
30 June 2019	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	1,094	11	–	(11)	–
Derivative financial instruments	2,117	–	–	–	–
Interest bearing loans	116,988	(830)	–	830	–
Total increase / (decrease)	**120,199**	**(819)**	**–**	**819**	**–**

Credit Risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as detailed below:

	EIF Group 30 June 2020 $'000	EIF Group 30 June 2019 $'000
Cash and cash equivalents	3,980	1,094
Trade and other receivables	21,080	15,681
Total	**25,060**	**16,775**

Impairment losses

The ageing of trade and other receivables at reporting date is detailed below:

	EIF Group 30 June 2020 $'000	EIF Group 30 June 2019 $'000
Current	20,815	15,681
Past due 31-61 days	136	–
Past due 61+ days	129	–
Total	**21,080**	**15,681**

29. Non-Parent disclosure (continued)

Liquidity risk

EIF Group
30 June 2020

	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	Contractual cash flows $'000	Carrying amount $'000
Derivative financial liabilities						
Derivatives	870	1,298	–	–	2,168	2,168
Non derivative financial liabilities						
Payables	1,634	–	–	–	1,634	1,634
Interest bearing loans	71,515	37,709	114,921	–	224,145	201,764
Current tax liabilities	18	–	–	–	18	18
Total	**74,036**	**39,007**	**114,921**	**–**	**227,964**	**205,584**

EIF Group
30 June 2019

	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	Contractual cash flows $'000	Carrying amount $'000
Derivative financial liabilities						
Derivatives	1,165	952	–	–	2,117	2,117
Non derivative financial liabilities						
Payables	5,047	300	–	–	5,347	5,347
Interest bearing loans	–	21,000	65,095	60,585	146,681	115,766
Current tax liabilities	305	–	–	–	305	305
Total	**6,517**	**22,252**	**65,095**	**60,585**	**154,450**	**123,535**

Other financial assets and liabilities

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

Trade and Other Receivables

	EIF Group 30 June 2020 $'000	EIF Group 30 June 2019 $'000
Current		
Trade receivables	21,059	15,415
Other receivables	21	266
Total receivables	**21,080**	**15,681**

29. Non-Parent disclosure (continued)

Payables

	EIF Group 30 June 2020 $'000	EIF Group 30 June 2019 $'000
Trade creditors	54	2,987
Accrued expenses	1,534	2,050
GST payable	18	305
Total payables	**1,606**	**5,342**

Cash flow information

This note provides further information on the consolidated cash flow statements of the Trust. It reconciles profit for the year to cash flows from operating activities and information about non-cash transactions

Reconciliation of profit after income tax to net cash flows from operating activities

	EIF Group 30 June 2020 $'000	EIF Group 30 June 2019 $'000
Profit / (Loss) for the period	**(11,219)**	**26,209**
Depreciation of non-current assets	–	1,748
Amortisation	566	242
Fair value adjustment on revaluation of investment property	10,381	(15,093)
Net unrealised revenue from equity accounted investments	5,451	(2,210)
Net realised gain/(loss) on sale of investment	(2,604)	(4,650)
Other non cash items	457	1,184
Straight line lease expense and lease incentive income	(31)	–
Employee costs funded directly through equity	1,215	721
Net cash provided by operating activities before changes in assets and liabilities	**4,215**	**8,151**
Movement in working capital:		
Decrease / (increase) in trade and other receivables	(2,547)	(8,832)
Decrease / (increase) in other current assets	(403)	(581)
Increase / (decrease) in trade and other payables	(776)	2,348
Increase / (decrease) in other liabilities	(299)	(141)
Increase / (decrease) in other provision	–	300
Net cash from operating activities	**190**	**1,245**

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 35-119 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 30 June 2020 and of their performance, for the financial 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.

c) the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

d) The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the *Corporations Act 2001 (Cth)*.

This declaration is made in accordance with a resolution of the Boards of Directors in accordance with Section 295(5) of the Corporations Act 2001 (Cth).

Glenn Willis
CEO and Managing Director

Sydney
19 August 2020

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Independent Auditor's Report to the Stapled Securityholders of Elanor Investors Group and the Securityholders of Elanor Investment Fund Group

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of:

- Elanor Investors Group (the "Group" or "Elanor") which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity Elanor Investors Group, being the consolidated stapled entity ("Elanor Investors Group"). The consolidated stapled entity comprises Elanor Investors Limited and the entities it controlled at the year's end or from time to time during the year, including Elanor Investment Fund and the entities it controlled at year's end or from time to time during the financial year end;

- Elanor Investment Fund which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity Elanor Investment Fund, being the consolidated entity ("EIF Group"). The consolidated entity comprises Elanor Investment Fund and the entities it controlled at the year's end or from time to time during the year;

- Audit the Remuneration Report of Elanor Investors Limited included in the Director's Report of Elanor Investors Group for the year ended 30 June 2020;

In our opinion, the accompanying financial report of Elanor Investors Group and EIF Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Elanor Investors Group and EIF Group's financial position as at 30 June 2020 and of their financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Elanor Investors Group and EIF Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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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 (the "Responsible Entity"), 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report in respect of Elanor Investors Group for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Property, plant and equipment and investment property valuation
 	
At 30 June 2020, Elanor Investors Group recognised property, plant and equipment valued at $321.0 million as disclosed in Note 7 and investment property valued at $50.9 million as disclosed in Note 8.
 	
The fair value of property, plant and equipment and investment property is calculated in accordance with the valuation policies set out in Notes 7 and 8 which outline the two valuation methodologies used by Elanor Investors Group.
 	
The Critical accounting judgements and key sources of estimation uncertainty Note and Notes 7 and 8 disclose the significant judgements and estimates made by Elanor Investors Group in estimating the fair values. These include the following assumptions:
• forecast cash flows: including average daily rates and occupancy rates (hotel specific) and market rental income, market growth rates, rent relief provided and letting up assumptions for other properties. There is increase in judgement being applied as a result of the uncertainty of future average daily rates and occupancy of the properties as a result of COVID-19;
• capitalisation rates: since the start of COVID-19 there has been limited relevant transaction evidence; and
• discount rates: are subjective due to the specific nature and characteristics of individual assets.
 	
In addition, Note 7 highlights the uncertainty created by COVID-19 and as a result the valuers have included a significant valuation uncertainty statement in their valuation reports as at 30 June 2020. This clause indicates that less certainty, and consequently a higher
	Our procedures included, but were not limited to:
	• Assessing management's process over property valuations and the oversight applied by the directors are consistent with relevant accounting standards and Elanor Investors Group's valuation policy;
	• Performing an analytical review and risk assessment of the portfolio, analysing the key inputs and assumptions;
	• Benchmarking the capitalisation rates and discount rates with reference to external market trends and transactions and challenging those assumptions where appropriate;
	• Performing procedures over the specific assumptions and judgements made around the impact of COVID-19 on the valuation models including average daily rates, occupancy rates, market rental income, market growth rates, rent relief provided and letting up assumptions;
	• Holding discussions with management and the external valuers to obtain an understanding of portfolio movements and their assessment of the impact of COVID-19 on the valuations, including the material uncertainty statement included in their reports;
	• Assessing the independence, competence and objectivity of the internal and external valuers; and
	• Testing on a sample basis of externally and internally valued properties, the following:
	    o the integrity of the information in the valuation models by agreeing key inputs such as net operating income to underlying records and source evidence;
	    o the forecasts used in the valuation models with reference to current

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<td>degree of caution should be attached to the valuations as a result of COVID-19.

The sensitivity to changes associated with the greater levels of estimation uncertainty being applied in respect of these assumptions are disclosed in Notes 7 and 8.</td>
<td>financial results such as revenues and expenses, average daily rates, occupancy rates, capital expenditure requirements, vacancy rates and lease renewals; and

o the mathematical accuracy of the valuation models.

We also assessed the appropriateness of the disclosures included in the Notes to the financial statements.</td>
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<td>Carrying value of the equity accounted investments

At 30 June 2020, Elanor Investors Group recognised equity accounted investments valued at $97.7 million as disclosed in Note 9.

These investments represent Elanor Investors Group’s shareholding in these managed funds and are accounted for in accordance with accounting policy as outlined in Note 9.

The Critical accounting judgements and key sources of estimation uncertainty Note and Note 9 disclose the significant judgements and estimates made by Elanor Investors Group to ensure that the underlying property assets of these funds have been recognised at fair value, in accordance with the Group’s accounting policy and methodology for fair value measurement of Property, Plant and Equipment and Investment Properties as described in Notes 7 and 8 and thereby ensuring that the investment is not impaired.</td>
<td>Our procedures included, but were not limited to:

• Assessing management’s process over the determination of the carrying value of the equity accounted investment and whether or not an impairment loss is required to be recorded;

• Assessing management’s process over the determination of property valuations within the managed funds and the oversight applied by the directors to ensure that the property valuations are determined consistent with relevant accounting standards and Elanor Investors Group’s valuation policy;

• Performing an analytical review and risk assessment of the portfolio, analysing the key inputs and assumptions;

• Benchmarking the capitalisation rates and discount rates with reference to external market trends and transactions and challenging those assumptions where appropriate;

• Performing procedures over the specific assumptions and judgements made around the impact of COVID-19 on the valuation models including market rental income, market growth rates, rent relief provided and letting up assumptions;

• Holding discussions with management and the external valuers to obtain an understanding of portfolio movements and their assessment of the impact of COVID-19 on the valuations, including the material uncertainty statement included in their reports;

• Assessing the independence, competence and objectivity of the internal and external valuers; and

• Testing on a sample basis of externally and internally valued properties, the following:

o the integrity of the information in the valuation models by agreeing key inputs such as net operating income to underlying records and source evidence;</td>
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	○ the forecasts used in the valuation financial results such as revenues and expenses, capital expenditure requirements, vacancy rates and lease renewals; and ○ the mathematical accuracy of the valuation models. We also assessed the appropriateness of the disclosures included in Note 9 to the financial statements.

Other Information

The directors of Elanor Investors Limited and the Responsible Entity (the "Directors") are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report. The other information also includes the following information which will be included in the Annual Report (but does not include the financial report and our auditor's report thereon): the Message from the Chairman, Message from the CEO and other documents which are expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Message from the Chairman, Message from the CEO and other documents in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of Elanor Investors Group and EIF Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and/or the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Elanor Investors Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of Elanor Investors Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in 21 to 31 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Elanor Investors Group, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of Elanor Investors Limited and Elanor Funds Management Limited, as responsible entity of Elanor Investment Fund, are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

D Nell
Partner
Chartered Accountants
Sydney, 19 August 2020