



# Interim Financial Report

For the half year ended  
31 December 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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# ELANOR INVESTORS GROUP

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# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

The Directors of Elanor Investors Limited (Company), and the Directors of Elanor Funds Management Limited (Responsible Entity or Manager), as responsible entity of the Elanor Investment Fund, present their report together with the 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 half year ended 31 December 2020 (period).

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

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

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

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

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

### 1. Directors

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

- Paul Bedbrook (Chairman)
- Glenn Willis (Managing Director and Chief Executive Officer)
- Nigel Ampherlaw
- Lim Kin Song (Resigned 25 January 2021)
- Anthony Fehon

### 2. Principal activities

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

### 3. Distributions

Distributions relating to the half year ended 31 December 2020 comprise:

<b>Distribution</b>	<b>Half Year Ended 31 December 2020</b>
Interim Distribution	
Amount payable (cents per stapled security)	4.13
Payment date	5 March 2021

A provision for the Interim Distribution has not been recognised in the consolidated financial statements for the half year as the distribution had not been declared at the reporting date. The Interim Distribution of 4.13 cents compares to an Interim Distribution for the financial year ended 30 June 2020 of 9.51 cents per stapled security.

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

### 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 asset management approach is a key driver for delivering strong investment performance.

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

Despite the continuing impacts of the COVID-19 pandemic on financial conditions across the Australian economy, during the six months to 31 December 2020, Elanor increased its assets and investments under management from \$1,895.2 million to \$2,083.3 million, due to new acquisition of \$204 million during the period and the sale of Auburn Central from the Elanor Retail Property Fund.

The growth in assets under management has been supported by the strong growth in capital sourced through both institutional and wholesale capital partners.

The Group completed the following funds management initiatives during the six-month period:

- The establishment of the Riverside Plaza Syndicate in September 2020 which acquired the Riverside Plaza neighbourhood shopping centre in Queanbeyan, NSW, for \$60.0 million.
- Two property acquisitions by the Elanor Healthcare Real Estate Fund, being the Woolloongabba Community Health Centre in Brisbane, Queensland for \$37.3 million in October 2020 and the 2 Civic Boulevard property in Rockingham, WA for \$22.9 million in December 2020. These acquisitions have grown the Fund to approximately \$188.0 million.
- The establishment of the Burke Street Fund in November 2020 which acquired the commercial office and healthcare properties in 2 Burke Street and 163 Ipswich Road, Wolloongabba QLD for \$80.2 million.
- The sale of Auburn Central from the Elanor Retail Property Fund (ASX: ERF) was completed in December 2020 for \$129.5 million, a 4.0% premium to book value, following its transformation into a triple-supermarket anchored, metropolitan neighbourhood shopping centre.

ENN's strong investment track record (average realised IRR of 20%) continues to drive demand from wholesale and institutional investors for ENN's funds. Elanor has a high calibre and scalable funds management platform with substantial capacity for growth. Further investment has been made in the platform during the year. Elanor is well positioned to grow its funds management business.

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

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

#### MANAGED FUNDS AND INVESTMENT PORTFOLIO

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

##### Managed Funds

<b>Funds</b>	<b>Location</b>	<b>Type</b>	<b>Gross Asset Value \$'m</b>
Elanor Commercial Property Fund (ASX: ECF)	QLD (4), SA (1), WA (1), ACT (1)	Commercial office buildings	388.2
Elanor Retail Property Fund (ASX: ERF)	NSW (2), QLD (3), TAS (1)	Sub-regional and neighbourhood shopping centres	238.6
Waverley Gardens Fund	Mulgrave, VIC	Sub-regional shopping centre	181.9
Elanor Luxury Hotel Fund	SA (2), TAS (1)	Accommodation hotels	176.2
Elanor Metro and Prime Regional Hotel Fund	NSW (6), ACT (2), SA (2)	Accommodation hotels	177.8
Elanor Healthcare Real Estate Fund	QLD (2)	Commercial office buildings	128.6
Fairfield Centre Syndicate	Fairfield, NSW	Sub-regional shopping centre	106.4
Belconnen Markets Syndicate	Canberra, ACT	Shopping centre	65.8
Hunters Plaza Syndicate	Auckland, NZ	Sub-regional shopping centre	60.4
Bluewater Square Syndicate	Redcliffe, QLD	Neighbourhood shopping centre	55.1
Elanor Wildlife Park Fund	Sydney and Mogo, NSW	Wildlife parks	52.5
Stirling Street Syndicate	Perth, WA	Commercial office building	34.4
<b>Additions since 30 June 2020</b>			
Elanor Healthcare Real Estate Fund	QLD (1), WA (1)	Commercial office buildings	59.2
Burke Street Fund	Woolloongabba, QLD	Commercial office buildings	81.4
Riverside Plaza Syndicate	Queanbeyan, NSW	Neighbourhood shopping centre	64.0
<b>Total Managed Funds</b>			<b>1,870.5</b>

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

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

#### MANAGED FUNDS AND INVESTMENT PORTFOLIO (CONTINUED)

##### Investment Portfolio

<b>Asset</b>	<b>Location</b>	<b>Type</b>	<b>Note</b>	<b>Carrying Value \$'m</b>
Hotel Ibis Styles Albany	Albany, WA	Accommodation hotel	1	5.3
1834 Hospitality	Adelaide, SA	Hotel management		2.8
				<b>Equity accounted value \$'m</b>
<b>Managed Fund</b>				
<b>Co-Investments</b>				
Elanor Luxury Hotel Fund	SA (2), TAS (1)	Accommodation hotels	1, 3	62.5
Elanor Metro and Prime Regional Hotel Fund	NSW (6), ACT (2), SA (2)	Accommodation hotels	1, 3	43.1
Elanor Commercial Property Fund (ASX: ECF)	QLD (4), SA (1), WA (1), ACT (1)	Commercial office buildings	2	37.4
Elanor Retail Property Fund (ASX: ERF)	NSW (2), QLD (3), TAS (1)	Sub-regional and neighbourhood shopping centres	2	31.4
Waverley Gardens Fund	Mulgrave, VIC	Sub-regional shopping centre	2	13.2
Bluewater Square Syndicate	Redcliffe, QLD	Neighbourhood shopping centre	3	7.6
Elanor Wildlife Park Fund	Sydney and Mogo, NSW	Wildlife parks	2	7.2
Elanor Healthcare Real Estate Fund	QLD (3), WA (1)	Commercial office buildings	2	5.9
Hunters Plaza Syndicate	Auckland, NZ	Sub-regional shopping centre	2	1.7
Belconnen Markets Syndicate	Canberra, ACT	Shopping centre	2	0.6
<b>Disposals since 30 June 2020</b>				
Elanor Healthcare Real Estate Fund	QLD (3), WA (1)	Commercial office buildings	2	(5.9)
<b>Total Investment Portfolio</b>				<b>212.8</b>
<b>Total Managed Funds and Investment Portfolio</b>				<b>2,083.3</b>

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.

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

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

#### MANAGED FUNDS AND INVESTMENT PORTFOLIO (CONTINUED)

##### Update on the Impact of COVID-19 on the Group's Operations

The operating and financial conditions across the Australian economy continue to be impacted by the COVID-19 pandemic. However, with the Australian Government's roll out of economic stimulus packages and the successful ongoing management of the COVID-19 related health outcomes, the Australian economy is well placed for recovery.

Please refer to the Group's Annual Financial Report for the year ended 30 June 2020 where the Directors' Report included a detailed discussion on the impact of the COVID-19 pandemic on the Elanor business. An update to this discussion for the six months ended 31 December 2020 is provided below.

##### Commercial Office

The performance of the Group's Commercial Office Managed Funds continues to be strong. In particular, the listed Elanor Commercial Property Fund (ASX: ECF) continues to exceed PDS forecasts, with the impact of COVID-19 having a negligible impact to Funds from Operations (FFO) for the period.

The valuation of ECF's portfolio of investment properties as at 31 December 2020 has increased by 1.4% or \$5.1 million since 30 June 2020, reflecting the strength of the fund's high investment quality commercial office properties. This increase in portfolio valuation is primarily driven by the tightening of capitalisation rates in independent valuations of ECF's assets.

As noted earlier in this report, the Group established the Burke Street Fund during the period, with investors continuing to demand high investment quality commercial office real estate.

##### Healthcare Real Estate

The Group's healthcare office real estate assets in the Elanor Healthcare Real Estate Fund (EHREF) continued to perform strongly following its establishment in March 2020. The COVID-19 pandemic had a minimal impact on the fund's earnings.

As noted earlier in this report, the Group added two additional properties to the EHREF portfolio during the period, reflecting the strong investor demand for healthcare office real estate assets.

##### Retail Real Estate

The controlled reduction of government imposed restrictions on shopping centres nationally during the period, together with the easing of social distancing measures over this time, has facilitated improved levels of trading and customer visitation across the Group's shopping centre portfolio.

Rental relief arrangements remain consistent with those as at 30 June 2020, in line with the government's Code of Conduct, with no material impact arising from new arrangements entered into with tenants. Debtor collections remain strong across the Group's non-discretionary focussed retail portfolio.

As noted earlier in this report, the Group established the Riverside Plaza Syndicate during the period. There continues to be strong investor demand for value-add neighbourhood retail real estate.

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

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

#### MANAGED FUNDS AND INVESTMENT PORTFOLIO (CONTINUED)

##### Hotels, Tourism and Leisure

The accommodation hotels sector and broader tourism industry continues to experience challenging trading conditions as a result of the COVID-19 pandemic. During the period, international borders remain closed, and most interstate borders were closed at various times during the period.

The Elanor Luxury Hotel Fund's (ELHF) hotels Cradle Mountain Lodge and Mayfair Hotel were affected by the closure of interstate borders. As interstate borders reopen, occupancy at these hotels is recovering as interstate tourism activity recovers, and the hotels are benefitting from the cost saving initiatives implemented in the prior period.

Domestic intrastate tourism increased in the period due substantially to international borders remaining closed. The regional hotel portfolio of Elanor Metro and Prime Regional Hotel Fund (EMPR) benefited from this, experiencing strong trading during the period.

The Group's hotel portfolio experienced a valuation uplift 6% or \$20.8 million from its value at 30 June 2020, from \$320.0 million to \$340.8 million. This reflects the strength of the Group's hotel portfolio and the recovery of the markets where the Group's properties operate.

##### Elanor Wildlife Park Fund

The Mogo Wildlife Park experienced strong trading in the period, benefiting from increased domestic tourism in the NSW South Coast region. Featherdale Wildlife Park continues to be impacted by the closure of international borders, where historically international travellers constituted a substantial proportion of its visitor numbers.

In summary, the trading results and outlook of the Group's Managed Funds and underlying assets have improved since the initial impact of the COVID-19 pandemic. Valuations of the Group's managed fund assets increased by 4% (\$59.8 million) during the period to 31 December 2020. The Group remains well positioned to grow as the Australian economy and market conditions recover, with a portfolio of high investment quality assets and highly capable funds management and asset management teams.

#### REVIEW OF FINANCIAL AND OPERATING RESULTS

The Consolidated Group recorded a statutory profit after tax of \$3.3 million for the six months ended 31 December 2020.

At 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 period ended 31 December 2020.

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.



# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

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

#### REVIEW OF FINANCIAL AND OPERATING RESULTS (CONTINUED)

Core or Distributable Earnings for the period were \$5.55 million or 4.59 cents per stapled security. The result reflects an interim Distribution of \$4.99 million or 4.13 cents per stapled security for the six months ended 31 December 2020 (90% pay-out ratio on Core Earnings). Core Earnings is considered the most appropriate estimate of the underlying recurring cash earnings of the Group and has been determined in accordance with ASIC Regulatory Guide 230.

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

Summary Financial Results	ENN Group	ENN Group	EIF Group	EIF Group
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Net profit / (loss) after tax (\$'000)	3,296	(12,386)	3,411	(5,244)
Net profit / (loss) after tax (\$'000) (EMPR, ELHF and Bluewater equity accounted)	3,218	(8,469)	3,013	(2,403)
Core Earnings (\$'000)	5,549	12,415	4,112	12,415
Distributions payable to security holders (\$'000)	4,994	11,174	3,701	11,174
Core Earnings per stapled security (cents)	4.59	10.57	3.40	10.57
Core Earnings per weighted average stapled security (cents)	4.64	12.00	3.44	12.00
Distributions (cents per stapled security / unit)	4.13	9.51	3.06	9.51
Net tangible assets (\$ per stapled security)	2.02	2.10	1.79	1.85
Net tangible assets (\$ per stapled security) (EMPR, ELHF and Bluewater equity accounted)	1.47	1.50	1.09	0.88
Gearing (net debt / total assets less cash) (%)	48.9	45.1	40.8	38.5
Gearing (net debt / total assets less cash) (%) (EMPR, ELHF and Bluewater equity accounted)	25.0	24.4	7.0	10.5

The table below provides a reconciliation from the Group's statutory net profit / (loss) after tax to the adjusted net profit / (loss) after tax, presented on the basis that EMPR, ELHF and Bluewater are equity accounted. Elanor considers that presenting the operating performance of the Group on this adjusted basis gives the most appropriate presentation of the Group consistent with 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'.

	ENN Group	ENN Group
	31 December 2020	31 December 2019
	\$'000	\$'000
<b>Statutory Net Profit / (Loss) After Tax</b>	<b>3,296</b>	<b>(12,386)</b>
Adjustment to remove the impact of consolidation of EMPR, ELHF and Bluewater	3,499	(3,538)
Adjustment to include the impact of accounting for EMPR, ELHF and Bluewater using the equity method	(3,577)	7,455
<b>Adjusted Net Profit / (Loss) After Tax</b>	<b>3,218</b>	<b>(8,469)</b>

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

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

#### REVIEW OF FINANCIAL AND OPERATING RESULTS (CONTINUED)

##### Adjusted Statement of Profit or Loss

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

	ENN Group 31 December 2020 \$'000	ENN Group 31 December 2019 \$'000
Funds management income	14,926	8,325
Share of profit/(loss) from equity accounted investments	505	(5,135)
Revenue from investment portfolio	1,037	6,097
Other income	–	200
Operating expenses	(10,834)	(16,019)
<b>EBITDA</b>	<b>5,634</b>	<b>(6,532)</b>
Depreciation and amortisation	(1,145)	(1,269)
<b>EBIT</b>	<b>4,489</b>	<b>(7,801)</b>
Fair value gain/(loss) on investment properties	(293)	–
Gain / (loss) sale on investments	2,244	(260)
Interest income	858	1,160
Borrowing costs	(2,665)	(2,737)
<b>Net profit / (loss) before income tax</b>	<b>4,634</b>	<b>(9,639)</b>
Income tax (expense) / benefit	(1,416)	1,170
<b>Adjusted net profit / (loss) after income tax</b>	<b>3,218</b>	<b>(8,469)</b>

##### Funds Management Income

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

	ENN Group 31 December 2020 \$'000	ENN Group 31 December 2019 \$'000
Management fees	9,398	5,741
Leasing and development management fees	1,821	–
Acquisition fees	3,707	1,993
Performance fees	–	591
<b>Total funds management income</b>	<b>14,926</b>	<b>8,325</b>

As at 31 December 2020, the Group's annualised recurring funds management fees and cost recoveries was \$15.5 million, an increase of 12.2% from 31 December 2019.

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

Acquisition fees for the period of \$3.7 million were generated from the new acquisitions during the period as discussed earlier in this report.

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

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

#### REVIEW OF FINANCIAL AND OPERATING RESULTS (CONTINUED)

##### Distributions from Co-Investments

The Group measures the performance of its co-investments based on distributions received / receivable from these co-investments, rather than the share of equity accounted profit / (loss) from these co-investments. This is consistent with the treatment within Core Earnings.

The table below provides a breakdown of the Group's distributions received and/or receivable from its Managed Funds for the six months ended 31 December 2020.

	ENN Group 31 December 2020 \$'000	ENN Group 31 December 2019 \$'000
Elanor Commercial Property Fund	1,675	656
Elanor Healthcare Real Estate Fund	135	–
Elanor Retail Property Fund	1,114	1,206
Auburn Office Syndicate	–	111
Hunters Plaza Syndicate	37	49
Fairfield Centre Syndicate	–	243
Waverley Gardens Partnership	–	669
Elanor Metro and Prime Regional Hotel Fund	–	1,372
Elanor Luxury Hotel Fund	–	128
<b>Total distributions received/receivable from Managed Funds</b>	<b>2,961</b>	<b>4,434</b>

As a result of the impact of the COVID-19 pandemic on some of the Group's Managed Funds during the period, investor distributions were suspended by those funds, to preserve capital and assist in managing the funds through the challenging market conditions. In particular, no distributions were received and/or receivable from Managed Funds in the hotels, tourism and leisure sector in the period. This has resulted in a reduction in the Group's income from co-investment distributions during the half year. Total co-investment distributions received or receivable during the half year amounted to \$2.96 million, compared to \$4.43 million received or receivable during the first half of FY20, and \$1.40 million during the second half of FY20.

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

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

#### REVIEW OF FINANCIAL AND OPERATING RESULTS (CONTINUED)

The table below provides a reconciliation from the Group's adjusted statutory profit / (loss) after tax (presented on the basis that EMPR, ELHF and Bluewater are equity accounted) to distributable Core Earnings:

		ENN Group 31 December 2020 \$'000	ENN Group 31 December 2019 \$'000
	<b>Note</b>		
<b>Adjusted Net Profit / (Loss) After Tax</b>		<b>3,218</b>	<b>(8,469)</b>
Adjustments for items included in statutory profit / (loss)			
Increase in equity accounted investments to reflect distributions received / receivable	2	2,506	9,415
Net (gain) / loss on disposals of equity accounted investments	3	(2,244)	38
Profit on Sale of Featherdale Wildlife Park	4	–	26,000
Profit on Sale of Featherdale Wildlife Park Retained	4	–	(20,000)
Profit on Sale of Cradle Mountain Lodge	5	–	4,178
Building depreciation expense	6	17	17
Non-cash interest expense from right of use lease liability		30	–
Amortisation amounts	7	2,151	1,336
Tax adjustments		(129)	(100)
<b>Core Earnings</b>	<b>1</b>	<b>5,549</b>	<b>12,415</b>

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 (\$2.96 million for the period).

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

Note 4: In November 2019, 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: In December 2019, 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 42.6% share of profit on the sale and has included this amount in Core Earnings.

Note 6: During the period, the Group incurred total depreciation charges of \$0.7 million, however only the depreciation expense on buildings of \$0.02 million has been added back for the purposes of calculating Core Earnings.

Note 7: 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.

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

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

#### REVIEW OF FINANCIAL AND OPERATING RESULTS (CONTINUED)

##### Summary and Outlook

The Group's key strategic objective remains unchanged: to deliver strong returns for Elanor capital partners and security holders and grow funds under management. 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 including inbound tourism (including the impact of recent global viruses) and domestic retail spending, the availability of capital for funds management opportunities, movement in property valuations, tightening debt capital markets, the general increase in cyber security risks and possible weather related events. The Group manages these risks through its active asset management approach across its investment portfolio, its continued focus on broadening the Group's capital partner base, insurance arrangements and through the active management of its capital structure.

The Group is committed to growing funds under management through the acquisition of high investment quality assets based on the Group's investment philosophy and criteria. The Group has a strong pipeline of 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:

	<b>Consolidated Group 31 December 2020 '000</b>	<b>Consolidated Group 30 June 2020 '000</b>
Stapled securities on issue at the beginning of the period	119,579	99,822
Stapled securities issued through Institutional Placement and SPP	–	17,347
Stapled securities issued under the short term incentive scheme	1,395	2,410
<b>Stapled securities on issue at the end of the period</b>	<b>120,974</b>	<b>119,579</b>

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

### 6. Auditor's independence declaration

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

### 7. Going Concern

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

As at 31 December 2020, the Consolidated Group and EIF Group have a net current asset deficiency of \$50.4 million and \$76.3 million respectively (30 June 2020: \$28.0 million and \$46.8 million respectively). The net current asset deficiency is attributable to a debt facility of \$63.95 million maturing on 5 November 2021 and a debt facility of \$26.65 million expiring on 31 December 2021. These facilities relate to two Managed Funds (consolidated into the Group's financial statements) with recourse only to the secured assets of these two Managed Funds.

The Group actively manages debt expiries and is in preliminary discussions with lenders regarding refinancing the maturing facilities in the two Managed Funds. The Directors are confident the Group will be able to successfully refinance the debt given its strong refinancing track record. In addition, the Group has access to undrawn facilities of \$5.5 million and cash reserves of \$26.0 million at balance date.

### 8. Events occurring after reporting date

Subsequent to period end, a distribution of 4.13 cents per stapled security has been declared by the Board of Directors. The total distribution amount of \$4.99 million will be paid on or before 5 March 2021 in respect of the six months ended 31 December 2020.

Other than the events disclosed above, the directors are not aware of any other matter or circumstance not otherwise dealt with in the financial reports or the Directors' Report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in the financial period subsequent to the half year ended 31 December 2020.

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

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

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

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



Paul Bedbrook  
Chairman



Glenn Willis  
CEO and Managing Director

Sydney, 19 February 2021



## *Auditor's Independence Declaration*

As lead auditor for the review of Elanor Investors Limited and Elanor Investment Fund for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in blue ink that reads 'Buckman'.

Bianca Buckman  
Partner

Sydney  
19 February 2021

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# ELANOR INVESTORS GROUP

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

		Consolidated Group 31 December 2020 \$'000	Consolidated Group 31 December 2019 \$'000	EIF Group 31 December 2020 \$'000	EIF Group 31 December 2019 \$'000
	Note				
<b>Revenue and other income</b>					
Revenue from operating activities	2	36,829	37,750	–	–
Interest income		526	1,095	–	16
Rental income		1,846	2,202	6,106	8,406
Share of profit from equity accounted investments		3,971	1,175	3,917	1,220
Realised gain / (loss) on disposal of investment		2,244	(260)	1,994	(260)
Fair value gain / (loss) on revaluation of assets / investment properties		750	(7,845)	786	(8,432)
Other income		128	418	127	216
<b>Total revenue and other income</b>		<b>46,294</b>	<b>34,535</b>	<b>12,930</b>	<b>1,166</b>
<b>Expenses</b>					
Changes in inventories of finished goods		2,107	2,823	–	–
Salary and employee benefits		14,489	20,856	1,161	683
Property expenses		4,027	4,021	333	395
Operator management costs		2,086	3,676	1,965	1,403
Borrowing costs		6,819	5,100	5,231	3,182
Depreciation		7,018	5,520	–	–
Amortisation		884	537	557	233
Marketing and promotion		916	2,072	–	–
Repairs, maintenance and technology		1,090	714	66	57
Other expenses		2,632	2,929	206	458
<b>Total expenses</b>		<b>42,068</b>	<b>48,248</b>	<b>9,519</b>	<b>6,411</b>
<b>Net profit / (loss) before income tax expense</b>		<b>4,226</b>	<b>(13,713)</b>	<b>3,411</b>	<b>(5,245)</b>
Income tax expense/ (benefit)	4	930	(1,327)	–	–
<b>Net profit / (loss) for the period</b>		<b>3,296</b>	<b>(12,386)</b>	<b>3,411</b>	<b>(5,245)</b>
<b>Attributable to security holders of:</b>					
- Parent Entity		315	(6,238)	3,013	(2,393)
- Non-controlling interest EIF		3,014	(2,393)	–	–
<b>Net profit / (loss) attributable to ENN security holders</b>		<b>3,329</b>	<b>(8,631)</b>	<b>3,013</b>	<b>(2,393)</b>
<b>Attributable to security holders of:</b>					
- External Non-controlling interest		(33)	(3,755)	398	(2,852)
<b>Net profit / (loss) for the period</b>		<b>3,296</b>	<b>(12,386)</b>	<b>3,411</b>	<b>(5,245)</b>
<hr/>					
Basic earnings / (loss) per stapled security (cents)		2.75	(11.97)		
Diluted earnings / (loss) per stapled security (cents)		2.54	(11.97)		
<hr/>					
Basic earnings / (loss) of the parent entity (cents)		0.26	(6.03)		
Diluted earnings / (loss) of the parent entity (cents)		0.24	(6.03)		

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



## ELANOR INVESTORS GROUP

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Consolidated Group 31 December 2020 \$'000	Consolidated Group 31 December 2019 \$'000	EIF Group 31 December 2020 \$'000	EIF Group 31 December 2019 \$'000
<b>Net profit / (loss) for the period</b>	<b>3,296</b>	<b>(12,386)</b>	<b>3,411</b>	<b>(5,245)</b>
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit and loss</i>				
Profit / (loss) on revaluation of cash flow hedge	493	438	485	438
<i>Items that may not be reclassified to profit and loss</i>				
Share of asset revaluation reserve from equity accounted investments	783	(3,490)	754	(3,528)
Gain / (loss) on revaluation of property, plant and equipment	25,855	1,359	25,510	1,359
Other comprehensive income for the period, net of tax	27,131	(1,693)	26,749	(1,730)
<b>Total comprehensive income / (loss) for the period, net of tax</b>	<b>30,427</b>	<b>(14,079)</b>	<b>30,160</b>	<b>(6,975)</b>
<b>Attributable to security holders of:</b>				
- Parent entity	355	(6,133)	20,208	(4,950)
- Non-controlling interest - EIF	20,209	(4,950)	-	-
<b>Total comprehensive income / (loss) for the period, net of tax, of ENN security holders</b>	<b>20,564</b>	<b>(11,083)</b>	<b>20,208</b>	<b>(4,950)</b>
<b>Attributable to security holders of:</b>				
- External non-controlling interest	9,863	(2,996)	9,952	(2,025)
<b>Total comprehensive income / (loss) for the period, net of tax</b>	<b>30,427</b>	<b>(14,079)</b>	<b>30,160</b>	<b>(6,975)</b>

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

## ELANOR INVESTORS GROUP

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		Consolidated Group 31 December 2020 \$'000	Consolidated Group 30 June 2020 \$'000	EIF Group 31 December 2020 \$'000	EIF Group 30 June 2020 \$'000
	Note				
<b>Current assets</b>					
Cash and cash equivalents		25,993	23,548	4,538	3,980
Receivables	11,16	5,652	7,143	22,653	21,080
Financial assets	9	16,512	11,668	–	–
Inventories		818	863	–	–
Other current assets		1,839	1,113	392	263
Current tax asset		8,083	8,857	–	–
<b>Total current assets</b>		<b>58,897</b>	<b>53,192</b>	<b>27,583</b>	<b>25,323</b>
<b>Non-current assets</b>					
Property, plant and equipment	5	345,870	320,959	–	–
Investment properties	6,16	54,000	50,864	363,108	332,811
Equity accounted investments	7,16	94,299	97,651	89,587	93,496
Intangible assets		525	600	–	–
Deferred tax assets		4,571	3,964	–	–
<b>Total non-current assets</b>		<b>499,265</b>	<b>474,038</b>	<b>452,695</b>	<b>426,307</b>
<b>Total assets</b>		<b>558,162</b>	<b>527,230</b>	<b>480,278</b>	<b>451,630</b>
<b>Current liabilities</b>					
Payables	12,16	12,353	10,223	2,820	1,606
Derivative financial instruments		1,881	2,955	1,222	870
Interest bearing liabilities	8,16	90,205	62,339	99,779	69,638
Current provisions		2,931	4,187	–	–
Other current liabilities		751	177	–	27
Contract liabilities		1,239	1,274	21	4
<b>Total current liabilities</b>		<b>109,360</b>	<b>81,155</b>	<b>103,842</b>	<b>72,145</b>
<b>Non-current liabilities</b>					
Derivative financial instruments		470	917	470	1,298
Interest bearing liabilities	8,16	195,800	229,006	98,722	132,126
Non-current provisions		288	293	–	–
Lease liabilities		3,377	–	–	–
Deferred tax liabilities		4,034	3,509	–	–
Loan from the Company	16	–	–	60,575	60,701
<b>Total non-current liabilities</b>		<b>203,969</b>	<b>233,725</b>	<b>159,767</b>	<b>194,125</b>
<b>Total liabilities</b>		<b>313,329</b>	<b>314,880</b>	<b>263,609</b>	<b>266,270</b>
<b>Net assets</b>		<b>244,833</b>	<b>212,350</b>	<b>216,669</b>	<b>185,360</b>

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

## ELANOR INVESTORS GROUP

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		Consolidated Group 31 December 2020 \$'000	Consolidated Group 30 June 2020 \$'000	EIF Group 31 December 2020 \$'000	EIF Group 30 June 2020 \$'000
<b>Equity</b>					
<i>Equity Holders of Parent Entity</i>					
Contributed equity	10	72,305	71,891	104,101	102,853
Treasury shares	10	(1,419)	(1,005)	(4,044)	(2,796)
Reserves		15,299	14,354	23,575	5,229
Retained accumulated (losses) / profits		(46,396)	(46,713)	13,963	10,951
<b>Parent entity interest</b>		<b>39,789</b>	<b>38,527</b>	<b>137,595</b>	<b>116,237</b>
<i>Equity Holders of Non Controlling Interest</i>					
Contributed equity - Elanor Investment Fund	10	104,101	102,853	-	-
Treasury shares	10	(4,044)	(2,796)	-	-
Reserves		29,023	10,678	-	-
Retained accumulated profits / (losses)		8,515	5,502	-	-
<b>Non-controlling interest</b>		<b>137,595</b>	<b>116,237</b>	<b>-</b>	<b>-</b>
<i>Equity Holders of Non Controlling Interest - External</i>					
Contributed equity - External		37,466	37,465	40,990	40,989
Reserves		30,818	21,172	21,936	12,374
Retained accumulated (losses) / profits		(835)	(1,051)	16,148	15,760
<b>External Non-controlling interest</b>		<b>67,449</b>	<b>57,586</b>	<b>79,074</b>	<b>69,123</b>
<b>Total equity attributable to stapled security holders:</b>					
- Parent Entity		39,789	38,527	137,595	116,237
- Non-controlling Interest - EIF		137,595	116,237	-	-
<b>Total equity attributable to ENN security holders</b>		<b>177,384</b>	<b>154,764</b>	<b>137,595</b>	<b>116,237</b>
<b>Total equity attributable to stapled security holders:</b>					
- Non-controlling interest - External		67,449	57,586	79,074	69,123
<b>Total equity</b>		<b>244,833</b>	<b>212,350</b>	<b>216,669</b>	<b>185,360</b>

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

## ELANOR INVESTORS GROUP

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	Contributed equity	Treasury shares	Asset Revaluation Reserve	Cash flow Hedge Reserve	Security Based Payment (accumulated Reserve	Retained profits/ 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
<b>Consolidated Group</b>												
Total equity at 1 July 2020		71,891	(1,005)	13,098	(33)	1,289	(46,713)	38,527	116,237	154,764	57,586	212,350
Profit / (loss) for the period		–	–	–	–	–	315	315	3,014	3,329	(33)	3,296
Other comprehensive income / (expense) for the period		–	–	33	7	–	–	40	17,195	17,235	9,896	27,131
<b>Total comprehensive income / (expense) for the period</b>		–	–	33	7	–	315	355	20,209	20,564	9,863	30,427
<b>Transactions with owners in their capacity as owners:</b>												
Contributions of equity, net of issue costs	10	414	(414)	–	–	–	–	–	–	–	–	–
Security-based payments	10	–	–	–	–	905	–	905	1,149	2,054	–	2,054
Distributions paid and payable		–	–	–	–	–	–	–	–	–	–	–
<b>Total equity at 31 December 2020</b>		<b>72,305</b>	<b>(1,419)</b>	<b>13,131</b>	<b>(26)</b>	<b>2,194</b>	<b>(46,398)</b>	<b>39,787</b>	<b>137,595</b>	<b>177,382</b>	<b>67,449</b>	<b>244,833</b>

	Note	Contributed equity	Treasury shares	Asset Revaluation Reserve	Cash flow Hedge Reserve	Security Based Payment (accumulated Reserve	Retained profits/ 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
<b>Consolidated Group</b>												
Total equity at 1 July 2019		61,672	(349)	13,094	(15)	849	(32,699)	42,553	118,133	160,685	85,189	245,875
Profit / (loss) for the period		–	–	–	–	–	(6,238)	(6,238)	(2,393)	(8,631)	(3,755)	(12,386)
Other comprehensive income / (expense) for the period		–	–	38	–	68	–	106	(2,557)	(2,451)	759	(1,693)
<b>Total comprehensive income / (expense) for the period</b>		–	–	38	–	68	(6,238)	(6,133)	(4,950)	(11,082)	(2,996)	(14,079)
<b>Transactions with owners in their capacity as owners:</b>												
Contributions of equity, net of issue costs	10	9,563	(179)	–	–	–	–	9,384	26,053	35,437	–	35,437
Security-based payments	10	–	–	–	–	415	–	415	673	1,087	–	1,087
Distributions paid and payable		–	–	–	–	–	–	–	(10,403)	(10,403)	(10,501)	(20,905)
<b>Total equity at 31 December 2019</b>		<b>71,325</b>	<b>(528)</b>	<b>13,132</b>	<b>(15)</b>	<b>1,332</b>	<b>(38,937)</b>	<b>46,219</b>	<b>129,505</b>	<b>175,723</b>	<b>71,691</b>	<b>247,414</b>

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

## ELANOR INVESTORS GROUP

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 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	External Non-controlling interest	Total Equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>EIF Group</b>										
Total equity at 1 July 2020		102,853	(2,796)	3,998	(1,348)	2,580	10,950	116,237	69,123	185,360
Profit / (loss) for the period		–	–	–	–	–	3,013	3,013	398	3,411
Other comprehensive income / (expense) for the period		–	–	16,976	219	–	–	17,195	9,553	26,748
<b>Total comprehensive income / (expense) for the period</b>		–	–	16,976	219	–	3,013	20,208	9,951	30,159
<b>Transactions with owners in their capacity as owners:</b>										
Contributions of equity, net of issue costs	10	1,248	(1,248)	–	–	–	–	–	–	–
Security-based payments		–	–	–	–	1,150	–	1,150	–	1,150
Distributions paid and payable		–	–	–	–	–	–	–	–	–
<b>Total equity at 31 December 2020</b>		<b>104,101</b>	<b>(4,044)</b>	<b>20,974</b>	<b>(1,129)</b>	<b>3,730</b>	<b>13,963</b>	<b>137,595</b>	<b>79,074</b>	<b>216,669</b>

	Note	Contributed equity	Treasury shares	Asset Revaluation Reserve	Cash flow Hedge Reserve	Security Based Payment Reserve	Retained profits/ (accumulated losses)	Parent Entity Total Equity	External Non-controlling interest	Total Equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>EIF Group</b>										
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		–	–	–	–	–	(2,393)	(2,393)	(2,852)	(5,245)
Other comprehensive income / (expense) for the period		–	–	–	204	–	–	204	234	438
Share of reserves of equity accounted investments		–	–	(2,761)	–	–	–	(2,761)	594	(2,167)
<b>Total comprehensive income / (expense) for the period</b>		–	–	(2,761)	204	–	(2,393)	(4,950)	(2,025)	(6,974)
<b>Transactions with owners in their capacity as owners:</b>										
Contributions of equity, net of issues costs	10	26,551	(498)	–	–	–	–	26,053	895	26,948
Reserve transfer relating to disposed assets		–	–	–	–	–	–	–	–	–
Security-based payments		–	–	–	–	673	–	673	–	673
Distributions paid and payable		–	–	–	–	–	(10,403)	(10,403)	(915)	(11,319)
<b>Total equity at 31 December 2019</b>		<b>101,017</b>	<b>(1,306)</b>	<b>10,610</b>	<b>(560)</b>	<b>2,038</b>	<b>32,707</b>	<b>144,505</b>	<b>73,548</b>	<b>218,053</b>

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

## ELANOR INVESTORS GROUP

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Consolidated Group 31 December 2020 \$'000	Consolidated Group 31 December 2019 \$'000	EIF Group 31 December 2020 \$'000	EIF Group 31 December 2019 \$'000
<b>Cash flows from operating activities</b>				
Receipts from customers	43,769	45,376	–	–
Payments to suppliers and employees	(30,115)	(40,115)	(1,915)	(2,665)
Interest received	775	2,641	–	16
Finance costs paid	(6,401)	(4,931)	(3,463)	(3,148)
Rent receipts from the Company	–	–	5,162	10,513
<b>Net cash flows from operating activities</b>	<b>8,028</b>	<b>2,971</b>	<b>(216)</b>	<b>4,716</b>
<b>Cash flows from investing activities</b>				
Receipts for business and asset disposals	–	43,650	–	41,385
Financial assets (acquired) / repaid	(3,920)	35,670	–	–
Payments for property, plant and equipment / investment properties	(4,036)	(111,672)	(3,899)	(93,281)
Loans to associates	(1,076)	(4,871)	20	–
Net proceeds from / (payments) for equity accounted investments	7,345	(35,966)	8,664	(32,404)
Distributions received from equity accounted investments	1,902	2,656	1,902	2,656
Loans from Company	–	–	(126)	6,776
<b>Net cash flows from investing activities</b>	<b>215</b>	<b>(70,533)</b>	<b>6,561</b>	<b>(74,868)</b>
<b>Cash flows from financing activities</b>				
Net (repayments) / proceeds from borrowings	(5,798)	55,275	(5,787)	55,275
Proceeds from equity raisings	–	36,429	–	26,783
Costs associated with equity raisings	–	(1,058)	–	(788)
Distributions paid to security holders	–	(11,451)	–	(11,451)
<b>Net cash flows from financing activities</b>	<b>(5,798)</b>	<b>79,195</b>	<b>(5,787)</b>	<b>69,819</b>
Net increase / (decrease) in cash and cash equivalents	2,445	11,633	558	(333)
Cash and cash equivalents at the beginning of the period	23,548	19,281	3,980	1,094
<b>Cash at the end of the period</b>	<b>25,993</b>	<b>30,914</b>	<b>4,538</b>	<b>761</b>

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

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 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 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.

### Basis of preparation

These interim financial reports do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2020 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001. The accounting policies adopted in the preparation of the Interim Financial Report are consistent with those of the Annual Financial Report for the year ended 30 June 2020.

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

#### *Going concern*

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

As at 31 December 2020, the Consolidated Group and the EIF Group have a net current asset deficiency of \$50.4 million and \$76.3 million respectively (30 June 2020: \$28.0 million and \$46.8 million respectively). The EIF Group has also experienced operating cash outflows of \$0.2 million during the period ending on that date. The net current asset deficiency is attributable to a debt facility of \$63.95 million maturing on 5 November 2021 and a debt facility of \$26.65 million expiring on 31 December 2021. These facilities relate to two Managed Funds (consolidated into the Group's financial statements) with recourse only to the secured assets of these two Managed Funds.

Given this scenario, the continuing viability of the Consolidated Group and EIF Group and their ability to continue as a going concern and meet their debts and commitments as they fall due, is dependent upon the Consolidated Group and EIF Group being successful in refinancing the debt or executing one or more of the following alternative capital management strategies: the Group providing subordinated debt facilities, undertaking a capital raising in the two Managed Funds, or asset sale(s). The Group actively manages debt expiries and is in preliminary discussions with lenders regarding refinancing the facilities. The Directors are confident the Group will be able to refinance the debt successfully due to having a strong refinancing track record. In addition, the Group has access to undrawn facilities of \$5.5 million and cash reserves of \$26.0 million at balance date.

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### Basis of preparation (continued)

#### *Statement of Compliance*

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

#### *Critical accounting judgments and key sources of estimation uncertainty*

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

In preparing the consolidated financial statements for the half year ended 31 December 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.

Refer to the Group's Annual Financial Report for the year ended 30 June 2020 for discussions on the Group's COVID-19 considerations in applying critical accounting judgements, which remain consistent for the preparation of the financial statements for the half year ended 31 December 2020.

### New accounting standards and interpretations

Certain new Accounting Standards and Interpretations have been published that are mandatory for the half year ended 31 December 2020. The Group did not have to change its accounting policies or make retrospective adjustment as a result of adopting these standards.

Reference	Description	Impact on the Group's financial statements
AASB 2019-3 <i>Amendments to Australia Accounting Standards – Interest Rates Benchmark Reform</i> <i>Effective for annual periods beginning on or after 1 January 2020</i>	The amendments affect entities that apply the hedge accounting requirements of AASB 9 <i>Financial Instruments</i> 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.

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. The Group does not expect the adoption of these Standards to have a material impact on the financial statements.



# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

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

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# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 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 31 December 2020, the Funds Management division has approximately \$1,870.5 million of external investments under management, being the managed investments.

##### Hotels, Tourism and Leisure

Hotels, Tourism and Leisure originates and manages investment and funds management assets. 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.

##### Retail

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

##### Commercial Office

Commercial Office originates and manages investment and funds management assets in the commercial office real estate sector. The current investment portfolio comprises a co-investment in Elanor Commercial Property Fund.

##### Healthcare

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

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 1. Segment information (continued)

The table below shows segment results of the Consolidated Group:

#### Consolidated Group – 31 December 2020

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

#### Consolidated Group – 31 December 2019

	Funds Management	Hotels, Tourism & Leisure	Retail	Commercial Office	Unallocated Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from trading activities	5,440	27,150	1,296	907	–	34,793
Revenue from wildlife parks	–	5,160	–	–	–	5,160
Share of profit of equity accounted investments	–	65	653	457	–	1,175
Operating expense	(853)	(24,224)	(1,534)	(1,073)	(11,274)	(38,958)
Divisional EBITDA	4,587	8,151	415	291	(11,274)	2,170
Depreciation and amortisation	(75)	(4,625)	–	–	(723)	(5,423)
Divisional EBIT from continuing operations	4,512	3,526	415	291	(11,997)	(3,253)
Fair value adjustment on revaluation of investment properties	–	–	(3,260)	(2,282)	–	(5,542)
Realised gain on disposal of investment	–	(1,680)	835	585	–	(260)
Acquisition costs	–	(190)	–	–	–	(190)
Interest income	85	(35)	–	–	1,044	1,094
Amortisation of borrowing costs	–	–	–	–	(462)	(462)
Borrowing costs	–	–	–	–	(5,100)	(5,100)
Net tax expense	–	–	–	–	1,327	1,327
<b>Profit / (loss) for the period</b>	<b>4,597</b>	<b>1,621</b>	<b>(2,009)</b>	<b>(1,407)</b>	<b>(15,188)</b>	<b>(12,386)</b>
Total assets	11,916	238,497	48,884	–	226,716	526,013
Total liabilities	4,042	153,226	32,572	–	88,759	278,599

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 2. Revenue

#### OVERVIEW

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

#### Revenue from operating activities

	Consolidated Group 31 December 2020 \$'000	Consolidated Group 31 December 2019 \$'000
Revenue from hotels	24,445	27,150
Revenue from funds management	12,384	5,440
Revenue from wildlife parks	–	5,160
<b>Total revenue from operating activities</b>	<b>36,829</b>	<b>37,750</b>

### 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 table summarises the distributions of the ENN Group either during the period or post balance date:

#### ENN Group

	Distribution cents per stapled security 31 December 2020	Distribution cents per stapled security 31 December 2019	Total Amount 31 December 2020 \$'000	Total Amount 31 December 2019 \$'000
Distribution for the half year ended 31 December 2020	4.13	9.51	4,994	11,173

\*The interim distribution of 4.13 cents per stapled security for the period ended 31 December 2020 was not declared prior to 31 December 2020. The Distribution will be paid on 5 March 2021. Please refer to the Director's Report for the calculation of Core Earnings and the Distribution.

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 4. Income tax

#### OVERVIEW

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

#### (a) Income Tax Expense

	Consolidated Group 31 December 2020 \$'000	Consolidated Group 31 December 2019 \$'000
Current tax expense	1,397	(2,284)
Deferred tax expense	(467)	957
<b>Income tax expense / (benefit)</b>	<b>930</b>	<b>(1,327)</b>

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

Profit / (loss) before income tax expense	4,226	(13,713)
Less: Profit from the Trust (which is not taxable)	(3,411)	5,245
Prima facie profit / (loss)	815	(8,468)
Tax at the Australian tax rate of 30%	245	(2,540)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Entertainment	20	15
Non-deductible depreciation and amortisation	756	1,098
Fair value adjustments to investment property in the Trust	(31)	(176)
Non-deductible expenses	26	48
Impact of consolidations	(91)	226
Other	6	2
<b>Income tax expense / (benefit)</b>	<b>930</b>	<b>(1,327)</b>

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### Operating Assets

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

## 5. Property, plant and equipment

### OVERVIEW

All owner-occupied investment properties held by the Group are deemed to be held for use by the Group for the supply of services, and are therefore classified as property, plant and equipment under Australian Accounting Standards.

### Carrying value of 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:

	Consolidated Group 31 December 2020 \$'000	Consolidated Group 30 June 2020 \$'000
Carrying amount at the beginning of the period	361,620	265,836
Acquisitions	–	118,241
Additions	1,495	18,354
Additions - right of use asset	4,036	995
Revaluation increments / (decrements)	26,398	(2,806)
Disposals	–	(39,000)
<b>Carrying amount at the end of the period</b>	<b>393,549</b>	<b>361,620</b>
Accumulated depreciation at the beginning of the period	(40,661)	(28,550)
Depreciation	(7,018)	(12,111)
<b>Accumulated depreciation at the end of the period</b>	<b>(47,679)</b>	<b>(40,661)</b>
<b>Total carrying value at the end of the period</b>	<b>345,870</b>	<b>320,959</b>

The following table represents the total fair value of property, plant and equipment at 31 December 2020:

		Consolidated Group 31 December 2020 \$'000	Consolidated Group 30 June 2020 \$'000
<b>Property</b>	<b>Valuation</b>		
Eaglehawk Hotel	Internal	21,000	21,000
Wollongong Hotel	Internal	13,700	12,750
Albany Hotel	Internal	5,250	5,250
Port Macquarie Hotel	Internal	14,200	12,000
Tall Trees Hotel	Internal	14,000	14,000
Pavillion Wagga Wagga Hotel	Internal	7,100	7,250
Parklands Resort Mudgee	Internal	18,200	14,250
Narrabundah Hotel	Independent	29,750	31,000
Byron Bay Hotel	Internal	32,700	25,880
Adabco Boutique Hotel	Independent	12,500	13,000
Mayfair Hotel	Independent	84,000	86,000
Clare Country Club	Internal	8,750	7,600
Barossa Weintal Hotel	Internal	7,000	7,000
Cradle Mountain Lodge	Internal	72,600	63,000
Right-of-use asset		4,009	77
Other		1,111	902
<b>Total</b>		<b>345,870</b>	<b>320,959</b>

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 5. Property, plant and equipment (continued)

#### Valuation technique and inputs

As at 31 December 2020, The Group obtained both independent valuations and internal valuations at balance sheet date. Internal valuations were prepared on both discounted cash flow and income capitalisation valuation methodologies. The property valuations were completed using detailed forecasts prepared by the Fund's asset management teams. The significant unobservable inputs associated with the valuation of the Group's property, plant and equipment are as follows:

	Book Value				
	31 December 2020	Capitalisation Rate	Discount Rate	Average Daily Rate	Occupancy Rate
	\$'000	%	%	\$	%
<b>Consolidated Group</b>					
<b>Assets measured at fair value</b>					
Property, plant and equipment	345,870	5.75 - 10.00	7.25 - 12.00	106 - 352	31 - 86
<b>Total assets</b>	<b>345,870</b>				

Refer to the Group's Annual Financial Report for the year ended 30 June 2020 for further discussion on the valuation techniques and inputs associated with the valuation of the Group's property, plant and equipment as at 31 December 2020.

All the external valuations obtained indicated that their valuation reports are subject to material uncertainty. The valuations have been certified as appropriate at the valuation date of 31 December 2020, however, due to current uncertainty in the market, valuations may change materially after the valuation date as new information comes to light.

All relevant information available at 31 December 2020 has been incorporated in determining the fair value of the Group's property, plant and equipment, including relevant market information between 31 December 2020 and the date of approval of the Group's financial statements. No additional information after balance date had an impact on the fair value of the Group's property, plant and equipment reported at 31 December 2020.

The following sensitivity analysis has been prepared to illustrate the exposure of the fair value of the property, plant and equipment balance at 31 December 2020 to changes in the key drivers most impacted by the current market uncertainty. Significant unobservable assumptions such as discount and capitalisation rates, average daily rate and occupancy may be impacted by market movement after 31 December 2020. While it is unlikely that the significant assumptions would move in isolation, these sensitivities have been performed independently to illustrate the impact each individual assumption has on fair value.

	Fair value measurement sensitivity			
	Increase by	Decrease by	Increase by	Decrease by
	0.50%	0.50%	0.50%	0.50%
	\$'000	\$'000	%	%
Discount rate (%)	(8,650)	9,000	(2.5)	2.6
Terminal yield (%)	(14,600)	16,350	(4.3)	4.8
Average daily rate (\$)	3,575	(3,563)	1.0	(1.0)
Occupancy (%)	3,475	(3,475)	1.0	(1.0)

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 6. Investment properties

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

	Consolidated Group 31 December 2020 \$'000	Consolidated Group 30 June 2020 \$'000
Carrying amount at the beginning of the period	50,864	58,859
Additions	2,542	2,371
Revaluation (decrements) / increments	594	(5,716)
Disposals	–	(4,650)
<b>Carrying amount at the end of the period</b>	<b>54,000</b>	<b>50,864</b>

The following table represents the total fair value of investment properties at 31 December 2020.

Property	Valuation	Consolidated Group 31 December 2020 \$'000	Consolidated Group 30 June 2020 \$'000
Bluewater Square	Independent	54,000	50,864
<b>Total</b>		<b>54,000</b>	<b>50,864</b>

As at 31 December 2020, the Directors assessed the fair value of the property above, supported by an independent or internal valuation report.

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



# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 7. Equity accounted investments

#### OVERVIEW

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

#### 31 December 2020

	Principal activity	Percentage Ownership	Consolidated Group 31 December 2020 \$'000
Elanor Retail Property Fund (ASX: ERF)	Shopping Centres	17.98%	31,420
Elanor Commercial Property Fund (ASX: ECF)	Office Buildings	15.00%	37,365
Belconnen Markets Syndicate	Shopping Centre	2.08%	595
Hunters Plaza Syndicate	Shopping Centre	4.73%	1,703
Waverley Gardens Fund	Shopping Centre	17.74%	13,186
1834 Hospitality	Hotel Management	25.00%	2,808
Elanor Wildlife Park Fund	Wildlife Parks	26.61%	7,222
<b>Total equity accounted investments</b>			<b>94,299</b>

#### 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
<b>Total equity accounted investments</b>			<b>97,651</b>

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

	Consolidated Group 31 December 2020 \$'000	Consolidated Group 30 June 2020 \$'000
Carrying amount at the beginning of the period	97,651	76,701
Share of profit / (loss) from equity accounted investments	3,971	(5,991)
Distributions received	(1,902)	(5,092)
Share of movement in reserves	999	(1,186)
Net (sale of) / investment in equity accounted investments	(8,664)	31,313
Share of fair value gain on revaluation of assets	2,244	1,906
<b>Total carrying value at the end of the period</b>	<b>94,299</b>	<b>97,651</b>

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### Finance and Capital Structure

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

## 8. Interest bearing liabilities

### OVERVIEW

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

	Consolidated Group 31 December 2020 \$'000	Consolidated Group 30 June 2020 \$'000
<b>Current</b>		
Bank loan - term debt	90,595	63,250
Bank loan - borrowing costs less amortisation	(390)	(911)
<b>Total current</b>	<b>90,205</b>	<b>62,339</b>
<b>Non-current</b>		
Unsecured notes	60,000	60,000
Unsecured notes - borrowing costs less amortisation	(616)	(789)
Bank loan - term debt	138,088	171,323
Bank loan - borrowing costs less amortisation	(1,672)	(1,528)
<b>Total non-current</b>	<b>195,800</b>	<b>229,006</b>
<b>Total interest bearing liabilities</b>	<b>286,005</b>	<b>291,345</b>

The term debt is secured by registered mortgages over all freehold property and registered security interests over all present and after acquired property of key Group 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.

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 8. Interest bearing liabilities (continued)

#### CREDIT FACILITIES

As at 31 December 2020, the Group had unrestricted access to the following credit facilities:

	Consolidated Group 31 December 2020 \$'000	Consolidated Group 30 June 2020 \$'000
<b>ENN Group</b>		
Facility - ENN	30,000	30,000
Total amount used	(24,500)	(29,500)
<b>Total amount unused - ENN</b>	<b>5,500</b>	<b>500</b>
<b>EMPR Group</b>		
Facility - EMPR	69,725	70,605
Total amount used	(69,725)	(70,605)
<b>Total amount unused - EMPR</b>	<b>-</b>	<b>-</b>
<b>Bluewater Square Syndicate</b>		
Facility - Bluewater	26,650	26,650
Total amount used	(26,650)	(26,650)
<b>Total amount unused - Bluewater</b>	<b>-</b>	<b>-</b>
<b>Elanor Luxury Hotel Fund</b>		
Facility - ELHF	107,800	107,800
Total amount used	(107,800)	(107,800)
<b>Total amount unused - Elanor Luxury Hotel Fund</b>	<b>-</b>	<b>-</b>
<b>Total amount unused - Consolidated Group</b>	<b>5,500</b>	<b>500</b>

The ENN Group has access to a \$30.0 million revolver facility, with a maturity date of 29 April 2022. The drawn amount at 31 December 2020 is \$24.5 million. At 31 December 2020 the amount of drawn facilities was not hedged.

The EMPR Group has access to a \$69.7 million facility. The drawn amount at 31 December 2020 is \$69.7 million. Of the EMPR Group facility, \$63.9 million will mature on 5 November 2021, with the remaining \$5.8 million maturing on 30 November 2022. At 31 December 2020, the amount of drawn facilities was hedged to 94%.

The ELHF Group has access to a \$107.8 million facility. The drawn amount at 31 December 2020 was \$107.8 million. Of the ELHF Group facility, \$77.0 million will mature on 3 December 2022, with the remaining \$30.8 million on 2 June 2023.

The Bluewater Square Syndicate has access to a \$26.7 million facility. The drawn amount at 31 December 2020 was \$26.7 million which will mature on 31 December 2021. At 31 December 2020, the drawn amount was not hedged.

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 31 December 2020, including the impact of the interest rate swaps, is 3.99% per annum.

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 9. Financial assets

#### OVERVIEW

The Group's financial assets consist of short term financing provided by the Group. The Group's financial assets as at 31 December 2020 are detailed below:

	Consolidated Group 31 December 2020 \$'000	Consolidated Group 30 June 2020 \$'000
Merrylands property vendor finance	–	6,413
Other financial assets and receivables	16,512	5,255
<b>Total financial assets</b>	<b>16,512</b>	<b>11,668</b>

### 10. Contributed equity

#### OVERVIEW

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

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

#### Contributed equity for the period ended 31 December 2020

No. of securities/ shares	Details	Date of income entitlement	Total Equity 31 December 2020 \$'000	Parent Entity 31 December 2020 \$'000	EIF 31 December 2020 \$'000
			119,579,339	Opening balance	1 Jul 2020
1,395,176	2020 STI Securities granted	17 Dec 2020	1,662	414	1,248
<b>120,974,515</b>	<b>Securities on issue</b>	<b>31 Dec 2020</b>	<b>176,406</b>	<b>72,305</b>	<b>104,101</b>

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 31 December 2020 \$'000	Parent Entity 31 December 2020 \$'000	EIF 31 December 2020 \$'000
			2,756,646	Opening balance	1 Jul 2020
1,395,176	2020 STI Securities granted	17 Dec 2020	1,662	414	1,248
<b>4,151,822</b>	<b>Treasury securities on issue</b>	<b>31 Dec 2020</b>	<b>5,463</b>	<b>1,419</b>	<b>4,044</b>

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 10. Contributed equity (continued)

#### 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
<b>119,579,339</b>	<b>Securities on issue</b>	<b>30 Jun 2020</b>	<b>174,744</b>	<b>71,891</b>	<b>102,853</b>

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 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
<b>2,756,646</b>	<b>Treasury securities on issue</b>	<b>30 Jun 2020</b>	<b>3,801</b>	<b>1,005</b>	<b>2,796</b>

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 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.

## 11. Receivables

### OVERVIEW

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

### Receivables

	Consolidated Group 31 December 2020 \$'000	Consolidated Group 30 June 2020 \$'000
Trade receivables	3,686	5,569
Other receivables	1,966	1,574
<b>Total receivables</b>	<b>5,652</b>	<b>7,143</b>

## 12. 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 31 December 2020 \$'000	Consolidated Group 30 June 2020 \$'000
Trade creditors	2,653	2,823
Accrued expenses	8,303	7,669
GST payable / (receivable)	1,397	(269)
<b>Total payables</b>	<b>12,353</b>	<b>10,223</b>

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 13. 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 six months ended 31 December 2020, this amount is \$65,000.

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

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

	Consolidated Group 31 December 2020 \$'000	Consolidated Group 31 December 2019 \$'000
Elanor Healthcare Real Estate Fund	2,491	–
Elanor Retail Property Fund	2,215	1,314
Elanor Commercial Property Fund	1,662	1,410
Riverside Plaza Syndicate	1,603	–
Burke Street Fund	1,494	–
Belconnen Markets Syndicate	802	259
Fairfield Centre Syndicate	642	7
Waverley Gardens Fund	599	385
Elanor Wildlife Park Fund	363	1,060
Hunters Plaza Syndicate	336	275
Stirling Street Syndicate	177	134
Workzone West Syndicate	–	596
<b>Total</b>	<b>12,384</b>	<b>5,440</b>

### 14. Significant events

#### Establishment of Riverside Plaza Syndicate

The Group established the Riverside Plaza Syndicate in September 2020 which acquired the Riverside Plaza neighbourhood shopping centre in Queanbeyan, NSW for \$60.0 million.

#### Establishment of Burke Street Fund

The Group established the Burke Street Fund in November 2020 which acquired the commercial office properties 2 Burke Street and 163 Ipswich Road, Wollongabba QLD for \$80.2 million.

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 14. Significant events (continued)

#### Elanor Healthcare Real Estate Fund

The Elanor Health Care Real Estate Fund acquired two additional assets in the period, being the Woolloongabba Community Health Centre property in Brisbane, QLD for \$37.25 million in October 2020 and the 2 Civic Boulevard property in Rockingham, WA for \$22.9 million in December 2020. These acquisitions have grown the Fund to approximately \$188 million as at 31 December 2020.

### 15. Events occurring after reporting date

Subsequent to the period end, a distribution of 4.13 cents per stapled security has been declared by the Board of Directors. The total distribution amount of \$4.99 million will be paid on or before 5 March 2021 in respect of the six months ended 31 December 2020.

Other than the events disclosed above, the directors are not aware of any other matter or circumstance not otherwise dealt with in the financial reports or the Directors' Report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in the financial period subsequent to the half year ended 31 December 2020.

### 16. 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 table summarises the distributions of the EIF Group in respect of the period:

	Distribution cents per stapled security 31 December 2020	Distribution cents per stapled security 31 December 2019	Total Amount 31 December 2020 \$'000	Total Amount 31 December 2019 \$'000
Distribution for the half year ended 31 December 2020	3.06	9.51	3,701	11,173

1. The interim distribution of 3.06 cents per stapled security for the period ended 31 December 2020 was not declared prior to 31 December 2020. The distribution will be paid on 5 March 2021.

#### 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.



# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 16. 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 31 December 2020 \$'000	EIF Group 30 June 2020 \$'000
Carrying amount at the beginning of the period	332,811	270,747
Total costs on acquisition	–	89,305
Additions	3,899	12,495
Revaluation (decrements) / increments	26,398	(2,806)
Disposals	–	(36,930)
<b>Carrying amount at the end of the period</b>	<b>363,108</b>	<b>332,811</b>

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 31 December 2020:

	EIF Group 31 December 2020 \$'000	EIF Group 30 June 2020 \$'000
Cradle Mountain Lodge	65,150	57,294
Albany Hotel	5,248	4,954
Eaglehawk Hotel	20,980	20,718
Wollongong Hotel	13,620	12,573
Port Macquarie Hotel	13,531	10,866
Tall Trees Hotel	11,659	11,085
Pavillion Wagga Wagga Hotel	5,626	5,806
Parklands Resort Mudgee	13,383	8,570
Narrabundah Hotel	28,590	28,373
Byron Bay Hotel	32,580	25,155
Bluewater Square	54,000	50,864
Adabco Boutique Hotel	10,572	10,583
Mayfair Hotel	79,947	79,457
Clare Country Club	5,098	3,646
Barossa Weintal Hotel	3,124	2,867
<b>Total</b>	<b>363,108</b>	<b>332,811</b>

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 16. Non-Parent disclosure (continued)

#### Equity accounted investments

The Trust's equity accounted investments are as follows:

#### 31 December 2020

	Principal activity	Percentage Ownership	EIF Group 31 December 2020 \$'000
Elanor Retail Property Fund (ASX: ERF)	Shopping Centres	17.98%	31,420
Elanor Commercial Property Fund (ASX: ECF)	Office Buildings	15.00%	37,365
Hunters Plaza Syndicate	Shopping Centre	4.73%	1,703
Waverley Gardens Fund	Shopping Centre	17.74%	13,251
Elanor Wildlife Park Fund	Wildlife Parks	26.61%	5,848
<b>Total equity accounted investments</b>			<b>89,587</b>

#### 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
<b>Total equity accounted investments</b>			<b>93,496</b>

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

	EIF Group 31 December 2020 \$'000	EIF Group 30 June 2020 \$'000
Carrying amount at the beginning of the period	93,496	73,598
Share of profit / (loss) from equity accounted investments	3,917	(5,451)
Distributions received	(1,902)	(5,092)
Share of movement in reserves	746	(1,185)
Net (sale of) / investment in equity accounted investments	(8,664)	29,812
Share of fair value gain on revaluation of assets	1,994	1,814
<b>Total carrying value at the end of the period</b>	<b>89,587</b>	<b>93,496</b>

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 16. Non-Parent disclosure (continued)

#### Interest bearing liabilities

As part of the internal funding of the Fund, EIF entered into a long term interest-bearing loan with EIL at arm's length terms, maturing in July 2024. As at 31 December 2020, the outstanding payable to the Company was \$60.6 million.

	EIF Group 31 December 2020 \$'000	EIF Group 30 June 2020 \$'000
<b>Current</b>		
Bank loan - term debt	100,169	70,549
Borrowing costs less amortisation	(390)	(911)
<b>Total current</b>	<b>99,779</b>	<b>69,638</b>
<b>Non-current</b>		
Bank loan - term debt	100,070	133,293
Bank loan - borrowing costs less amortisation	(1,348)	(1,167)
Loan from the company	60,575	60,701
<b>Total non-current</b>	<b>159,297</b>	<b>192,827</b>
<b>Total interest bearing liabilities</b>	<b>259,076</b>	<b>262,465</b>

#### Credit facilities

As at 31 December 2020, the EIF Group had unrestricted access to the following credit facilities:

	EIF Group 31 December 2020 \$'000	EIF Group 30 June 2020 \$'000
<b>EIF</b>		
Facility - EIF	30,000	30,000
Total amount used	(24,500)	(29,500)
<b>Total amount unused - EIF</b>	<b>5,500</b>	<b>500</b>
<b>EMPR Group</b>		
Facility - EMPR	69,725	70,605
Total amount used	(69,725)	(70,605)
<b>Total amount unused - EMPR</b>	<b>-</b>	<b>-</b>
<b>Bluewater Square Syndicate</b>		
Facility - Bluewater	26,650	26,650
Total amount used	(26,650)	(26,650)
<b>Total amount unused - Bluewater</b>	<b>-</b>	<b>-</b>
<b>Elanor Luxury Hotel Fund</b>		
Facility - ELHF	107,800	107,800
Total amount used	(107,800)	(107,800)
<b>Total amount unused - Auburn Office</b>	<b>-</b>	<b>-</b>
<b>Total amount unused - EIF Group</b>	<b>5,500</b>	<b>500</b>

The ENN Group has access to a \$30.0 million revolver facility, with a maturity date of 29 April 2022. The drawn amount at 31 December 2020 is \$24.5 million. At 31 December 2020 the amount of drawn facilities was not hedged.

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 16. Non-Parent disclosure (continued)

#### Credit facilities (continued)

The EMPR Group has access to a \$69.7 million facility. The drawn amount at 31 December 2020 was \$69.7 million. Of the EMPR Group facility, \$63.9 million will mature on 5 November 2021, with the remaining \$5.8 million maturing on 30 November 2022. At 31 December 2020, the amount of drawn facilities was hedged to 94%.

The ELHF Group has access to a \$107.8 million facility. The drawn amount at 31 December 2020 was \$107.8 million. Of the ELHF Group facility, \$77.0 million will mature on 3 December 2022, with the remaining \$30.8 million on 2 June 2023.

The Bluewater Square Syndicate has access to a \$26.6 million facility. The drawn amount at 31 December 2020 was \$26.6 million which will mature on 31 December 2021. At 31 December 2020, the drawn amount was not hedged.

#### 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 31 December 2020 \$'000	EIF Group 30 June 2020 \$'000
Trade receivables	22,653	21,059
Other receivables	–	21
<b>Total receivables</b>	<b>22,653</b>	<b>21,080</b>

#### Payables

	EIF Group 31 December 2020 \$'000	EIF Group 30 June 2020 \$'000
Trade creditors	813	54
Accrued expenses	1,880	1,534
GST payable	127	18
<b>Total payables</b>	<b>2,820</b>	<b>1,606</b>

## ELANOR INVESTORS GROUP

### DIRECTORS' DECLARATION TO STAPLED SECURITY HOLDERS

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

- a) the financial statements and notes set out on pages 16-44 are in accordance with the *Corporations Act 2001 (Cth)* including:
  - i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - ii. giving a true and fair view of the Group's and EIF's financial position as at 31 December 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.

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



Glenn Willis  
CEO and Managing Director

Sydney  
19 February 2021



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

## *Report on the half-year financial reports*

### *Conclusion*

We have reviewed the half-year financial report of:

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

which comprise the consolidated statements of financial position as at 31 December 2020, the consolidated statements of comprehensive income, consolidated statements of profit or loss, consolidated statements of changes in equity and consolidated statements of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the financial positions of the Consolidated Group and EIF Group as at 31 December 2020 and of their performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### *Basis for conclusion*

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

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

### *Responsibility of the directors for the half-year financial report*

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

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the financial positions of the Consolidated Group and EIF Group as at 31 December 2020 and of their performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*Buckman*

Bianca Buckman  
Partner

Sydney  
19 February 2021