



# Interim Financial Report

For the half year ended  
31 December 2022

## **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)

Level 38, 259 George Street,  
Sydney NSW 2000  
GPO Box 1511,  
Sydney NSW 2001  
[www.elanorinvestors.com](http://www.elanorinvestors.com)

# ELANOR INVESTORS GROUP

## TABLE OF CONTENTS

<u>Directors' Report</u>	<u>1</u>
<u>Auditor's Independence Declaration</u>	<u>14</u>
<u>Consolidated Statements of Profit or Loss</u>	<u>15</u>
<u>Consolidated Statements of Comprehensive Income</u>	<u>16</u>
<u>Consolidated Statements of Financial Position</u>	<u>17</u>
<u>Consolidated Statements of Changes in Equity</u>	<u>19</u>
<u>Consolidated Statements of Cash Flows</u>	<u>21</u>
<u>Notes to the Consolidated Financial Statements</u>	<u>22</u>
<u>Directors' Declaration to Stapled Securityholders</u>	<u>51</u>
<u>Independent Auditor's Report</u>	<u>52</u>

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

The Directors of Elanor Investors Limited (Company), and the Directors of Elanor Funds Management Limited (Responsible Entity or Manager), as responsible entity of the Elanor Investment Fund, present their report together with the interim financial report of Elanor Investors Group (Group, Consolidated Group or Elanor) and the interim financial report of the Elanor Investment Fund (EIF Group) for the half year ended 31 December 2022 (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 (Chair)
- Glenn Willis (Managing Director and Chief Executive Officer)
- Nigel Ampherlaw
- Anthony Fehon
- Su Kiat Lim
- Karyn Baylis

### 2. Principal activities

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

### 3. Distributions

Distributions relating to the half year ended 31 December 2022 comprise:

Distribution	Half Year Ended 31 December 2022
Interim Distribution	
Amount payable (cents per stapled security)	7.51
Payment date	28 February 2023

The Interim Distribution of 7.51 cents compares to an Interim Distribution for the half year ended 31 December 2021 of 9.05 cents per stapled security.

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

### 4. Operating and financial review

#### OVERVIEW AND STRATEGY

Elanor is a real estate funds management group with an investment focus on acquiring and unlocking value in assets that generate high quality income and capital growth potential. Elanor's highly active approach to asset management is fundamental to delivering investment outperformance.

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

During the period, Elanor increased its funds under management from \$2.7 billion to \$2.9 billion, (over \$3 billion including acquisitions exchanged but not settled at balance date), and reduced its co-investments and balance sheet investments from \$221.3 million to \$208.0 million. The growth in funds under management has been supported by strong growth in the Group's institutional and private wholesale investors base (refer to page 3 for a table detailing the Group's funds under management and co-investments and balance sheet investments as at 31 December 2022).

The significant funds management initiatives completed during the period included:

- the privatisation and delisting of the Elanor Retail Property Fund (ASX: ERF) and launch of the open-ended, unlisted, multi-sector Elanor Property Income Fund (EPIF) with an initial portfolio value of \$117 million;
- the acquisition of the Tweed Mall shopping Centre by the newly established Tweed Mall Mixed-use Real Estate Fund for \$87 million;
- the recapitalisation of the \$289 million Elanor Healthcare Real Estate Fund in December 2022 (providing a full liquidity event for investors) and establishment of a partnership with an Asian-based institutional real estate investor to grow the Fund's portfolio of core healthcare real estate assets;
- the repositioning and refinancing of the Riverside Plaza shopping centre following execution of the value-add strategy at the Centre – generating a valuation uplift of \$49 million and a capital return to investors of 52 cents per unit (reflecting an IRR of 45.0% since the Fund's inception);
- the acquisition of Sanctuary Inn Tamworth, NSW, by Elanor Hotel and Accommodation Fund (EHAF) in August 2022 for \$16.5 million;
- the acquisition of the Chateau Yering Hotel in Yarra Valley, Victoria and the Wildes Boutique Hotel in Kangaroo Valley, NSW for \$30.8 million by EHAF, growing the Fund's portfolio of high investment quality hotel accommodation properties to \$424 million (to be completed in early March 2023);
- the acquisition of Elanor of Country Place, an award-winning conference and events centre located in the Dandenong Ranges in Victoria, for \$6 million. Country Place will be converted and repositioned into a significant regional accommodation property suitable for EHAF (to be completed in early March 2023); and
- acquisition of Riverton Forum shopping centre by the Riverton Forum Fund in December 2022 for \$98.8 million (to be completed in late February 2023).

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

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

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

#### MANAGED FUNDS AND INVESTMENT PORTFOLIO

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

##### Managed Funds

Funds	Location <sup>2</sup>	Type	Gross Asset Value \$'m
<b>Commercial Office</b>			
Elanor Commercial Property Fund (ASX: ECF)	QLD (5), SA (1), WA (1), ACT (1)	Commercial office buildings	516.0
Harris Street Fund	Sydney, NSW	Commercial office building	188.7
Burke Street Fund	Woolloongabba, QLD	Commercial office building	85.7
Stirling Street Syndicate	Perth, WA	Commercial office building	35.3
<b>Healthcare Real Estate</b>			
Elanor Healthcare Real Estate Fund	QLD (4), WA (2)	Commercial healthcare properties	323.2
<b>Retail Real Estate</b>			
Elanor Property Income Fund	NSW (2), QLD (2), TAS (1)	Sub-regional and neighbourhood shopping centres	209.9
Waverley Gardens Fund	Mulgrave, VIC	Sub-regional shopping centre	224.5
Clifford Gardens Fund	Toowoomba, QLD	Neighbourhood shopping centre	177.0
Warrawong Plaza Fund	Warrawong, NSW	Sub-regional shopping centre	169.1
Fairfield Centre Syndicate	Fairfield, NSW	Neighbourhood shopping centre	119.7
Riverside Plaza Syndicate	Queanbeyan, NSW	Neighbourhood shopping centre	119.5
Belconnen Markets Syndicate	Canberra, ACT	Shopping centre	81.8
Hunters Plaza Syndicate	Auckland, NZ	Sub-regional shopping centre	59.8
Bluewater Square Syndicate	Redcliffe, QLD	Neighbourhood shopping centre	57.9
<b>Hotels, Tourism and Leisure</b>			
Elanor Hotel and Accommodation Fund	NSW (7), ACT (2), SA (4), TAS (1), WA (1)	Accommodation hotels	416.5
Elanor Wildlife Park Fund	NSW (3)	Wildlife parks	70.8
<b>Additions since 30 June 2022</b>			
Tweed Mall Syndicate	Tweed Heads, NSW	Sub-regional shopping centre	91.3
Elanor Hotel and Accommodation Fund	Tamworth, NSW	Accommodation hotel	16.5
<b>Disposals since 30 June 2022</b>			
Elanor Property Income Fund	Tweed Heads, NSW	Sub-regional shopping centre	(89.2)
<b>Total Managed Funds<sup>1</sup></b>			<b>2,874.0</b>

Note 1: The funds under management balance of \$2,874.0 million represents the gross asset value of the Group's Managed Funds at 31 December 2022, including those funds that have been consolidated in the Group's financial statements. As at 31 December 2022, Elanor Hotel and Accommodation Fund (EHAF), Elanor Wildlife Park Fund (EWPF), Stirling Street Syndicate (Stirling) and the Bluewater Square Syndicate (Bluewater) have been consolidated in the Group's financial statements.

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

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

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

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

##### Investment Portfolio

Asset	Location	Type	Note	Carrying Value \$'m
1834 Hospitality	Adelaide, SA	Hotel management		3.0
Cougal Street	Southport, QLD	Commercial office building	1	1.9

Managed Fund				Equity accounted value \$'m
<b>Co-Investments</b>				
Elanor Hotel and Accommodation Fund	NSW (8), ACT (2), SA (4), TAS (1), WA (1)	Accommodation hotels	1,3	75.7
Elanor Commercial Property Fund (ASX: ECF)	QLD (5), SA (1), WA (1), ACT (1)	Commercial office buildings	2	45.7
Elanor Property Income Fund	NSW (1), QLD (2), TAS (1)	Sub-regional and neighbourhood shopping centres	2	18.5
Waverley Gardens Fund	Mulgrave, VIC	Sub-regional shopping centre	2	13.7
Bluewater Square Syndicate	Redcliffe, QLD	Neighbourhood shopping centre	3	8.4
Elanor Wildlife Park Fund	NSW (3)	Wildlife parks	3	17.2
Hunters Plaza Syndicate	Auckland, NZ	Sub-regional shopping centre	2	1.8
Belconnen Markets Syndicate	Canberra, ACT	Shopping centre	2	0.5
Stirling Street Syndicate	Perth, WA	Commercial office building	3	6.6
Harris Street Fund	Sydney, NSW	Commercial office building	2	6.4

##### **Additions since 30 June 2022**

Elanor Healthcare Real Estate Fund	QLD (4), WA (2)	Commercial healthcare properties	2	8.6
------------------------------------	-----------------	----------------------------------	---	-----

<b>Total Investment Portfolio</b>	<b>208.0</b>
<b>Total Managed Funds and Investment Portfolio</b>	<b>3,082.0</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 property, plant and equipment and stated at fair value in the financial statements.

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

Note 3: The co-investments in EHAF, EWPF, Stirling and the Bluewater have been consolidated in the financial statements. The amount shown assumes that the investments were accounted for using the equity method.

##### Update on the Group's Managed Funds

The Group's Managed Funds have performed strongly over the period. In particular, the hotels, tourism and leisure sector has experienced significantly improved trading conditions during the six months to 31 December 2022 as the demand for domestic tourism and leisure strengthens post the lifting of COVID-19 travel restrictions.

##### Commercial Office

The listed Elanor Commercial Property Fund (ASX: ECF) achieved its distribution guidance during the period, reflecting the strength of the Fund's high investment quality commercial office properties and tenants, and the Fund's prudent capital management and hedged interest rate exposure. The Harris Street Fund, the Stirling Street Fund and the Burke Street Fund continued to perform in line with expectations during the period.

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

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

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

The valuation of the commercial portfolio decreased by \$18.6 million to \$791.4 million as at 31 December 2022. The valuation decrease was primarily driven by a 24-basis-point decompression in the average portfolio capitalisation rate.

The total funds under management for commercial office was \$825.7 million as at 31 December 2022.

##### Healthcare Real Estate

The Elanor Healthcare Real Estate Fund (EHREF) has continued to perform strongly. During the period EHREF was successfully recapitalised, providing full liquidity to Fund Investors (reflecting an IRR of 12.2% since the Fund's inception). The Fund is now majority-owned by an Asian-based institutional real estate investor, with a strategy to grow the Fund's portfolio of core healthcare real estate assets.

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

The valuation of the healthcare real estate portfolio remained stable over the period. The portfolio value was \$287.3 million at 31 December 2022.

The total funds under management for healthcare real estate increased from \$304.3 million as at 30 June 2022 to \$323.2 million as at 31 December 2022.

##### Retail Real Estate

The Group's retail real estate managed funds assets continued to experience improved trading and customer visitation over the period. Rental collections have been strong and continue to improve across the Group's non-discretionary focussed retail portfolio.

The privatisation of the Elanor Retail Property Fund (ASX: ERF) was completed in November 2022. The privatisation and delisting incorporated the syndication of the Fund's Tweed Mall property to Elanor's wholesale private capital partners, a security buy-back offer and the delisting of ERF to become the Elanor Property Income Fund (EPIF). EPIF is an open-ended, multi-sector, property fund generating reliable income from a portfolio of high investment quality real estate assets.

The retail real estate portfolio increased in value by \$86.6 million to \$1,167.5 million at 31 December 2022. The uplift was predominately driven by significant leasing deals at Riverside Plaza and Warrawong Plaza.

Total retail real estate funds under management increased from \$1,122.1 million at 30 June 2022 to \$1,221.3 million as at 31 December 2022.

##### Hotels, Tourism and Leisure

The hotel industry continues to recover from the impacts of COVID-19. Traveller confidence has improved, as evidenced by the return of corporate, conference and group business to EHAF's hotels. Regional and luxury markets have performed well during the period with occupancy and average room rates continuing to rise.

The hotels, tourism and leisure portfolio valuation increased by \$28.6 million to \$393.2 million at 31 December 2022. This increase reflects the acquisition of Sanctuary Inn, Tamworth and the value-add projects at the Fund's Barossa Weintal, Clare Country Club and Parklands Resort hotels.

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

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

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

Total funds under management for hotels, tourism and leisure increased from \$394.6 million to \$433.0 million during the period.

##### Elanor Wildlife Park Fund

During the period, the trading performance of the Fund's wildlife parks continued to improve, particularly Hunter Valley Wildlife Park and Featherdale Sydney Wildlife Park (driven by an increasing level of international visitors).

The value of the Fund's portfolio was \$65.3 million at 31 December 2022 (consistent with 30 June 2022).

The total funds under management for Elanor Wildlife Park Fund was \$70.8 million as at 31 December 2022.

##### Summary

Notwithstanding the prevailing economic uncertainty, the Group's Managed Funds are well positioned to grow earnings as market conditions continue to improve. The Group is well positioned to deliver strong investment returns for Elanor's capital partners and to grow funds under management.

#### REVIEW OF FINANCIAL AND OPERATING RESULTS

The Consolidated Group recorded a net statutory loss after tax of \$7.8 million for the half year ended 31 December 2022 (31 December 2021: \$10.2 million loss).

At balance date, Elanor held a 30.90% (30 June 2022: 35.07%) interest in the Elanor Hotel Accommodation Fund (EHAF), a 42.82% (30 June 2022: 42.82%) interest in Elanor Wildlife Park Fund (EWPF), a 42.27% (30 June 2022: 42.27%) interest in the Bluewater Square Syndicate (Bluewater) and 42.98% (30 June 2022: 42.98%) in Stirling Street Syndicate (Stirling). For accounting purposes, Elanor is deemed to have a controlling interest in EHAF, EWPF, Bluewater and Stirling given its level of ownership and role as manager of the funds. This requires that the financial results and financial position of EHAF, EWPF, Bluewater and Stirling are consolidated into the financial statements of the Group for the year ended half year.

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

##### **Statutory results**

Revenue from operating activities for the Consolidated Group for the half year ended 31 December 2022 was \$75.5 million, including strong growth in the Group's funds management income as a result of the execution of a range of funds management initiatives.

The Group's balance sheet as at half year reflects net assets of \$360.5 million and cash on hand of \$47.1 million.

The Group recorded a statutory net loss after tax for the half year of \$7.8 million compared to statutory net loss after tax of \$10.2 million in prior year. Revenue increased significantly from prior year, with revenue from operating activities and rental income all increasing against the prior year. Total expenses have increased with rises in borrowing costs as well as salary and employee benefit costs.



# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

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

#### REVIEW OF FINANCIAL AND OPERATIONAL RESULTS (continued)

##### Statutory results (continued)

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

	ENN Group 31 December 2022	ENN Group 31 December 2021	EIF Group 31 December 2022	EIF Group 31 December 2021
<b>Summary Financial Results</b>				
Net loss after tax (\$'000)	(7,762)	(10,177)	(6,541)	(12,402)
Net loss attributable to ENN security holders (\$'000)	(4,003)	(1,976)	(3,659)	(2,998)
Statutory earnings per stapled security (cents)	(3.25)	(1.62)		
Statutory earnings per weighted average stapled security (cents)	(3.37)	(1.69)		
Net tangible assets (\$ per stapled security)	2.91	2.41	2.73	2.21
Gearing (net debt / total assets less cash) (%)	43.4	46.3	41.8	40.6

##### Adjusted Statement of Profit and Loss

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

	ENN Group 31 December 2022 \$'000	ENN Group 31 December 2021 \$'000
<b>Statutory Net Loss After Tax</b>	<b>(7,762)</b>	<b>(10,177)</b>
Adjustment to remove the impact of the consolidated statutory results of EHAF, EWPF, Stirling and Bluewater	5,726	14,530
Adjustment to include the impact of recognising the investments in EHAF, EWPF, Stirling and Bluewater using the equity method	(471)	(9,053)
<b>Adjusted Net Loss After Tax</b>	<b>(2,507)</b>	<b>(4,700)</b>

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

	ENN Group 31 December 2022 \$'000	ENN Group 31 December 2021 \$'000
Funds management income	29,909	20,193
Share of (loss) / profit from equity accounted investments	(1,618)	(4,102)
Revenue from investment portfolio	166	310
Operating expenses	(23,642)	(17,822)
<b>EBITDA</b>	<b>4,815</b>	<b>(1,421)</b>
Amortisation of contract asset	(467)	–
Depreciation and amortisation	(1,718)	(1,694)
<b>EBIT</b>	<b>2,630</b>	<b>(3,115)</b>
Fair value revaluation on financial assets and liabilities	508	(1,516)
Gain on sale of investments	90	2,792
Interest income	429	649
Borrowing costs	(3,580)	(2,992)
<b>Net profit / (loss) before income tax expense</b>	<b>77</b>	<b>(4,182)</b>
Income tax (expense) / benefit	(2,584)	(518)
<b>Adjusted net loss after income tax</b>	<b>(2,507)</b>	<b>(4,700)</b>

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

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

#### REVIEW OF FINANCIAL AND OPERATIONAL RESULTS (continued)

##### Core Earnings

Core Earnings represents an estimate of the underlying recurring cash earnings of the Group. Core Earnings is used by the Board to make strategic decisions and as a guide to assessing appropriate distribution declarations.

A summary of the Group Core Earnings' results for the period is set out below:

	ENN Group 31 December 2022	ENN Group 31 December 2021
<b>Summary Financial Results</b>		
Adjusted net loss after tax (\$'000)	(2,507)	(4,700)
(EHAF, EWPF, Stirling and Bluewater equity accounted)		
Core Earnings (\$'000)	10,290	12,263
Distributions paid / payable to security holders (\$'000)	9,261	11,037
Core earnings per stapled security (cents)	8.35	10.06
Core earnings per weighted average stapled security (cents)	8.66	10.46
Distributions (cents per stapled security / unit)	7.51	9.05
Net tangible assets (\$ per stapled security)	1.34	1.32
(EHAF, EWPF, Stirling and Bluewater equity accounted)		
Gearing (net debt / total assets less cash) (%)	27.2	25.2
(EHAF, EWPF, Stirling and Bluewater equity accounted)		

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

		ENN Group 31 December 2022	ENN Group 31 December 2021
	Note	\$'000	\$'000
<b>Adjusted Net Loss After Tax</b>		<b>(2,507)</b>	<b>(4,700)</b>
<i>Adjustments for items included in statutory profit / (loss)</i>			
Increase in equity accounted investments to reflect distributions received / receivable	2	6,391	7,122
Net (gain) / loss on disposals of equity accounted investments	3	289	(2,261)
Profit on Sale of EHAF	4	–	10,500
Profit on Sale of EHAF Retained	4	–	(2,659)
Building depreciation expense	5	–	10
Amortisation amounts	6	2,629	2,366
Tax and other non-cash adjustments	7	3,488	1,885
<b>Core Earnings</b>	<b>1</b>	<b>10,290</b>	<b>12,263</b>

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

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

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

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

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

#### REVIEW OF FINANCIAL AND OPERATIONAL RESULTS (continued)

Note 4: On 30 September 2021, the Group sold its holding in Elanor Luxury Hotel Fund (ELHF) and Albany Hotel Syndicate (Albany) to Elanor Metro and Prime Regional Hotel Fund (EMPR) to establish the Elanor Hotel Accommodation Fund. The hotel assets held by ELHF and Albany were 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 ELHF and Albany (\$10.5 million) was included in Core Earnings for the period. Furthermore, an amount of \$2.7 million of this profit was retained to assist in achieving the future growth plans of the Group.

Note 5: During the period, the Group (on the basis that EHAF, EWPF, Stirling and Bluewater are equity accounted) incurred total depreciation charges of \$1.1 million, however only the depreciation expense on buildings of nil has been added back for the purposes of calculating Core Earnings.

Note 6: 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.

Note 7: Tax and other non-cash adjustments include non-cash interest and depreciation in respect of the Group's leases, other non-cash profit and loss charges impacting the Group's result for the period, and the tax effect for non-cash items during the period.

#### Funds Management Income

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

	ENN Group 31 December 2022 \$'000	ENN Group 31 December 2021 \$'000
Management fees and cost recoveries	16,651	12,406
Leasing and development management fees	2,808	2,229
Acquisition fees	4,006	5,558
Performance fees	6,444	–
<b>Total funds management income</b>	<b>29,909</b>	<b>20,193</b>

Note: Total funds management income includes \$3.6 million (31 December 2021: \$6.6 million) relating to the Group's consolidated funds (EHAF, EWPF, Bluewater and Stirling), which is eliminated upon consolidation into the Group's consolidated financial results.

The Group's funds management income has grown strongly during the period as a result of the execution of a range of funds management initiatives. Management fees generated from the Group's hotel operating platform are expected to grow as the demand for domestic tourism and leisure continues to strengthen. Leasing and development management fees continue to be a sustainable and growing income stream as a result of the breadth of development and repositioning projects across the Group's Managed Funds in the Retail, Hotels and Commercial sectors.

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

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

#### REVIEW OF FINANCIAL AND OPERATIONAL RESULTS (continued)

##### Distributions from Co-Investments

The Group measures the performance of its co-investments based on distributions received / receivable from these co-investments. The table below provides a breakdown of the Group's distributions received and / or receivable from its Managed Funds for the period ended 31 December 2022.

	ENN Group 31 December 2022 \$'000	ENN Group 31 December 2021 \$'000
Elanor Hotel Accommodation Fund	2,036	–
Elanor Commercial Property Fund	1,869	1,869
Waverley Gardens Syndicate	364	–
Harris Street Fund	228	–
Elanor Property Income Fund	179	691
Stirling Street Syndicate	75	104
Hunters Plaza Syndicate	22	–
Warrawong Plaza Syndicate	–	138
Bluewater Square Syndicate	–	219
<b>Total distributions received / receivable from Managed Funds</b>	<b>4,773</b>	<b>3,021</b>

Note: As the Group consolidates Stirling, EHAF and Bluewater into its consolidated financial results, the distribution receivable from these funds are eliminated on consolidation. The distributions receivable relating to the other funds that are equity accounted are contained within the equity accounted investments balance and will reduce the equity accounted investments balance when the distribution is received.

Total co-investment distributions received or receivable during the half year amounted to \$4.8 million.

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

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

#### REVIEW OF FINANCIAL AND OPERATIONAL RESULTS (continued)

##### Risk Management

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

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

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

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

With regards to climate related risks, the Group is progressing its alignment with the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD). This initiative is a key focus of the Group's ESG Committee.

##### Environmental, Social, Governance (ESG)

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

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

Elanor published its inaugural Annual ESG Report in September 2022. We look forward to further progressing the Group's key ESG initiatives during FY23.

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

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

#### REVIEW OF FINANCIAL AND OPERATIONAL RESULTS (continued)

##### Summary and Outlook

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

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

### 5. Interests in the Group

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

	Consolidated Group 31 December 2022 \$'000	Consolidated Group 31 December 2021 \$'000
Stapled securities on issue at the beginning of the period	121,916	120,974
Stapled securities issued under the short term incentive scheme	1,337	941
<b>Stapled securities on issue at the end of the period</b>	<b>123,253</b>	<b>121,915</b>

### 6. Auditor's independence declaration

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

### 7. Events occurring after reporting date

Subsequent to 31 December 2022, an interim distribution of 7.51 cents per stapled security has been declared by the Board of Directors. The interim distribution amount of \$9.3 million will be paid on 28 February 2023 in respect of the half year ended 31 December 2022.

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 2022.

# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT

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

In accordance with Legislative Instrument 2022/519 issued by the Australian Securities and Investments Commission relating to the rounding off of amounts in the Directors' Report, amounts in the Directors' Report have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, unless otherwise indicated.

The Directors' report is made in accordance with a resolution of the Boards of Directors of Elanor Funds Management Limited and Elanor Investors Limited. The Financial Statements were authorised for issue by the Directors on 24 February 2023.

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



Paul Bedbrook  
Chair



Glenn Willis  
CEO and Managing Director

Sydney, 24 February 2023



## 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 2022, I declare that to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'N R McConnell'.

N R McConnell  
Partner  
PricewaterhouseCoopers

Sydney  
24 February 2023



# ELANOR INVESTORS GROUP

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

		Consolidated Group 31 December 2022 \$'000	Consolidated Group 31 December 2021 \$'000	EIF Group 31 December 2022 \$'000	EIF Group 31 December 2021 \$'000
	Note				
<b>Revenue and other income</b>					
Revenue from operating activities	2	75,451	35,805	–	–
Interest income		85	197	6	–
Rental income		4,587	2,404	13,146	10,142
Share of profit from equity accounted investments	7	277	3,562	53	3,494
Realised gain on disposal of investment		107	920	107	919
Fair value gain on revaluation of derivatives		99	–	–	–
Other income		1,464	868	–	191
<b>Total revenue and other income</b>		<b>82,070</b>	<b>43,756</b>	<b>13,312</b>	<b>14,746</b>
<b>Expenses</b>					
Changes in inventories of finished goods		4,944	2,197	–	–
Salary and employee benefits		35,453	23,665	1,435	1,336
Property expenses		7,030	4,406	1,244	841
Operator management costs		4,008	1,201	2,558	2,537
Borrowing costs	8,17	9,416	8,730	7,871	6,792
Depreciation	5	7,325	6,509	–	–
Amortisation		323	209	63	6
Marketing and promotion		1,835	1,219	4	–
Repairs, maintenance and technology		1,281	1,221	28	110
Fair value loss on revaluation of PP&E and investment properties		5,595	2,363	2,090	2,572
Fair value loss on revaluation of derivatives		–	295	395	295
Impairment expense	7	2,831	1,503	2,831	–
Other expenses	17	6,034	3,653	1,334	12,659
<b>Total expenses</b>		<b>86,075</b>	<b>57,171</b>	<b>19,853</b>	<b>27,148</b>
<b>Net loss before income tax expense</b>		<b>(4,005)</b>	<b>(13,415)</b>	<b>(6,541)</b>	<b>(12,402)</b>
Income tax benefit / (expense)	4	(3,757)	3,238	–	–
<b>Net loss for the period</b>		<b>(7,762)</b>	<b>(10,177)</b>	<b>(6,541)</b>	<b>(12,402)</b>
<b>Attributable to security holders of:</b>					
- Parent Entity		(344)	1,022	(3,659)	(2,998)
- Non-controlling interest EIF		(3,659)	(2,998)	–	–
<b>Net profit / (loss) attributable to ENN security holders</b>		<b>(4,003)</b>	<b>(1,976)</b>	<b>(3,659)</b>	<b>(2,998)</b>
<b>Attributable to security holders of:</b>					
- External Non-controlling interest		(3,759)	(8,201)	(2,882)	(9,404)
<b>Net loss for the period</b>		<b>(7,762)</b>	<b>(10,177)</b>	<b>(6,541)</b>	<b>(12,402)</b>
Basic loss per stapled security (cents)		(3.37)	(1.69)		
Diluted loss per stapled security (cents)		(2.89)	(1.69)		
Basic earnings / (loss) of the parent entity (cents)		(0.29)	0.87		
Diluted earnings / (loss) of the parent entity (cents)		(0.25)	0.74		

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 2022

	Consolidated Group 31 December 2022 \$'000	Consolidated Group 31 December 2021 \$'000	EIF Group 31 December 2022 \$'000	EIF Group 31 December 2021 \$'000
<b>Net loss for the period</b>	<b>(7,762)</b>	<b>(10,177)</b>	<b>(6,541)</b>	<b>(12,402)</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit and loss</i>				
Gain on revaluation of cash flow hedge	–	449	–	422
<i>Items that may not be reclassified to profit and loss</i>				
Share of reserves of equity accounted investments	56	443	56	443
Gain on revaluation of property, plant and equipment	12,208	2,939	12,208	2,997
Other comprehensive income for the period, net of tax	<b>12,264</b>	<b>3,831</b>	<b>12,264</b>	<b>3,862</b>
<b>Total comprehensive income / (loss) for the period, net of tax</b>	<b>4,502</b>	<b>(6,346)</b>	<b>5,723</b>	<b>(8,540)</b>
<b>Attributable to security holders of:</b>				
- Parent entity	(344)	991	52	(676)
- Non-controlling interest - EIF	52	(676)	–	–
<b>Total comprehensive income / (loss) for the period, net of tax, of ENN security holders</b>	<b>(292)</b>	<b>315</b>	<b>52</b>	<b>(676)</b>
<b>Attributable to security holders of:</b>				
- External Non-controlling interest	4,794	(6,661)	5,671	(7,864)
<b>Total comprehensive income / (loss) for the period, net of tax</b>	<b>4,502</b>	<b>(6,346)</b>	<b>5,723</b>	<b>(8,540)</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 2022

		Consolidated Group 31 December 2022 Note	Consolidated Group 30 June 2022 \$'000	EIF Group 31 December 2022 \$'000	EIF Group 30 June 2022 \$'000
<b>Current assets</b>					
Cash and cash equivalents		47,104	27,774	19,864	9,008
Trade and other receivables	12,17	20,507	17,653	43,441	47,528
Other financial assets	10	2,157	2,186	–	–
Inventories		1,977	1,809	–	–
Other current assets		2,750	2,241	95	61
Derivative financial instruments	9	2,225	1,898	2,225	1,898
<b>Total current assets</b>		<b>76,720</b>	<b>53,561</b>	<b>65,625</b>	<b>58,495</b>
<b>Non-current assets</b>					
Property, plant and equipment	5	464,266	437,454	–	–
Contract assets		4,078	4,545	–	–
Investment properties	6,17	93,875	93,875	532,403	498,382
Derivative financial instruments	9	508	723	–	723
Equity accounted investments	7,17	98,051	110,394	94,615	107,182
Intangible assets		1,465	1,448	–	–
Other assets		1,881	–	1,881	–
Deferred tax assets		11,532	12,150	–	–
<b>Total non-current assets</b>		<b>675,656</b>	<b>660,589</b>	<b>628,899</b>	<b>606,287</b>
<b>Total assets</b>		<b>752,376</b>	<b>714,150</b>	<b>694,524</b>	<b>664,782</b>
<b>Current liabilities</b>					
Payables	13,17	13,730	15,569	4,718	7,349
Loan from the Company	17	–	–	9,282	16,302
Lease liabilities	5	1,772	1,660	–	–
Current provisions		4,725	4,367	–	–
Other current liabilities	13	11,708	9,825	11,915	9,826
Income tax payable		2,090	363	–	–
Contract liabilities		1,375	1,323	–	–
<b>Total current liabilities</b>		<b>35,400</b>	<b>33,107</b>	<b>25,915</b>	<b>33,477</b>
<b>Non-current liabilities</b>					
Interest bearing liabilities	8,17	353,309	335,835	292,399	275,392
Non-current provisions		282	196	–	–
Lease liabilities	5	2,843	3,758	–	–
Loan from the Company	17	–	–	40,344	43,950
<b>Total non-current liabilities</b>		<b>356,434</b>	<b>339,789</b>	<b>332,743</b>	<b>319,342</b>
<b>Total liabilities</b>		<b>391,834</b>	<b>372,896</b>	<b>358,658</b>	<b>352,819</b>
<b>Net assets</b>		<b>360,542</b>	<b>341,254</b>	<b>335,866</b>	<b>311,963</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 2022

		Consolidated Group 31 December 2022 \$'000	Consolidated Group 30 June 2022 \$'000	EIF Group 31 December 2022 \$'000	EIF Group 30 June 2022 \$'000
	Note				
<b>Equity</b>					
<i>Equity Holders of Parent Entity</i>					
Contributed equity	11	73,321	72,783	107,388	105,559
Treasury shares	11	(1,397)	(1,682)	(4,619)	(5,086)
Reserves		16,144	16,275	42,607	39,809
Accumulated losses		(50,528)	(50,184)	(28,807)	(13,770)
<b>Parent entity interest</b>		<b>37,540</b>	<b>37,192</b>	<b>116,569</b>	<b>126,512</b>
<i>Equity Holders of Non Controlling Interest</i>					
Contributed equity - Elanor Investment Fund	11	107,388	105,559	–	–
Treasury shares	11	(4,619)	(5,086)	–	–
Reserves		42,607	39,809	–	–
Accumulated losses		(28,807)	(13,770)	–	–
<b>Non-controlling interest</b>		<b>116,569</b>	<b>126,512</b>	<b>–</b>	<b>–</b>
<i>Equity Holders of Non Controlling Interest - External</i>					
Contributed equity - External		159,593	140,000	165,049	145,646
Reserves		58,970	44,735	44,843	31,950
Accumulated (losses) / Retained profits		(12,130)	(7,185)	9,405	7,855
<b>External Non-controlling interest</b>		<b>206,433</b>	<b>177,550</b>	<b>219,297</b>	<b>185,451</b>
<b>Total equity attributable to stapled security holders:</b>					
- Parent Entity		37,540	37,192	116,569	126,512
- Non-controlling Interest - EIF		116,569	126,512	–	–
<b>Total equity attributable to ENN security holders</b>		<b>154,109</b>	<b>163,704</b>	<b>116,569</b>	<b>126,512</b>
<b>Total equity attributable to stapled security holders:</b>					
- Non-controlling interest - External		206,433	177,550	219,297	185,451
<b>Total equity</b>		<b>360,542</b>	<b>341,254</b>	<b>335,866</b>	<b>311,963</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 2022

		Contributed equity	Treasury shares	Asset Revaluation Reserve	Cash flow Hedge Reserve	Security Based Payment Reserve	Retained profits/ (accumulated losses)	Parent Entity Total Equity	Non- controlling interest EIF	Total ENN Equity	External Non- controlling interest	Total Equity
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated Group</b>												
Total equity at 1 July 2022		72,783	(1,682)	13,082	–	3,193	(50,184)	37,192	126,512	163,704	177,550	341,254
Loss for the period		–	–	–	–	–	(344)	(344)	(3,659)	(4,003)	(3,759)	(7,762)
Other comprehensive income for the period		–	–	–	–	–	–	–	3,711	3,711	8,553	12,264
<b>Total comprehensive income / (expense) for the period</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(344)</b>	<b>(344)</b>	<b>52</b>	<b>(292)</b>	<b>4,794</b>	<b>4,502</b>
<b>Transactions with owners in their capacity as owners:</b>												
Contributions of equity, net of issue costs	11	538	285	–	–	–	–	823	2,296	3,119	28,116	31,235
Transfers between reserves and retained earnings		–	–	–	–	–	–	–	–	–	–	–
Security-based payments		–	–	–	–	(131)	–	(131)	(913)	(1,044)	–	(1,044)
Distributions paid and payable	3	–	–	–	–	–	–	–	(11,378)	(11,378)	(4,010)	(15,388)
Transaction with non-controlling interest		–	–	–	–	–	–	–	–	–	(17)	(17)
<b>Total equity at 31 December 2022</b>		<b>73,321</b>	<b>(1,397)</b>	<b>13,082</b>	<b>–</b>	<b>3,062</b>	<b>(50,528)</b>	<b>37,540</b>	<b>116,569</b>	<b>154,109</b>	<b>206,433</b>	<b>360,542</b>

  

		Contributed equity	Treasury shares	Asset Revaluation Reserve	Cash flow Hedge Reserve	Security Based Payment Reserve	Retained profits/ (accumulated losses)	Parent Entity Total Equity	Non- controlling interest EIF	Total ENN Equity	External Non- controlling interest	Total Equity
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated Group</b>												
Total equity at 1 July 2021		72,305	(1,204)	13,129	10	1,896	(44,607)	41,531	132,580	174,110	69,873	243,983
Profit / (loss) for the period		–	–	–	–	–	1,022	1,022	(2,998)	(1,976)	(8,201)	(10,177)
Other comprehensive income / (expense) for the period		–	–	(59)	28	–	–	(31)	2,322	2,291	1,540	3,831
<b>Total comprehensive income / (expense) for the period</b>		<b>–</b>	<b>–</b>	<b>(59)</b>	<b>28</b>	<b>–</b>	<b>1,022</b>	<b>991</b>	<b>(676)</b>	<b>315</b>	<b>(6,661)</b>	<b>(6,346)</b>
<b>Transactions with owners in their capacity as owners:</b>												
Contributions of equity, net of issue costs	11	478	(299)	–	–	(179)	–	–	–	–	75,924	75,924
Transfers between reserves and retained earnings		–	–	–	(38)	–	38	–	–	–	–	–
Security-based payments		–	–	–	–	640	–	640	831	1,471	–	1,471
Distributions paid and payable	3	–	–	–	–	–	–	–	(14,687)	(14,687)	(4,716)	(19,403)
Transaction with non-controlling interest		–	–	–	–	–	–	–	–	–	(116)	(116)
<b>Total equity at 31 December 2021</b>		<b>72,783</b>	<b>(1,503)</b>	<b>13,070</b>	<b>–</b>	<b>2,357</b>	<b>(43,548)</b>	<b>43,160</b>	<b>118,047</b>	<b>161,207</b>	<b>134,307</b>	<b>295,514</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 2022

		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
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>EIF Group</b>										
Total equity at 1 July 2022		105,559	(5,086)	33,159	–	6,650	(13,770)	126,512	185,451	311,963
Loss for the period		–	–	–	–	–	(3,659)	(3,659)	(2,882)	(6,541)
Other comprehensive income for the period		–	–	3,711	–	–	–	3,711	8,553	12,264
<b>Total comprehensive income / (expense) for the period</b>		<b>–</b>	<b>–</b>	<b>3,711</b>	<b>–</b>	<b>–</b>	<b>(3,659)</b>	<b>52</b>	<b>5,671</b>	<b>5,723</b>
<b>Transactions with owners in their capacity as owners:</b>										
Contributions of equity, net of issue costs	11	1,829	467	–	–	–	–	2,296	32,126	34,422
Transfers between reserves and retained earnings		–	–	–	–	–	–	–	–	–
Security-based payments		–	–	–	–	(913)	–	(913)	–	(913)
Distributions paid and payable	3	–	–	–	–	–	(11,378)	(11,378)	(4,010)	(15,388)
Transaction with non-controlling interest		–	–	–	–	–	–	–	59	59
<b>Total equity at 31 December 2022</b>		<b>107,388</b>	<b>(4,619)</b>	<b>36,870</b>	<b>–</b>	<b>5,737</b>	<b>(28,807)</b>	<b>116,569</b>	<b>219,297</b>	<b>335,866</b>

  

		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
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>EIF Group</b>										
Total equity at 1 July 2021		104,101	(3,628)	26,849	(369)	3,811	1,815	132,580	81,352	213,932
Loss for the period		–	–	–	–	–	(2,998)	(2,998)	(9,404)	(12,402)
Other comprehensive income for the period		–	–	1,784	538	–	–	2,322	1,540	3,862
<b>Total comprehensive income / (expense) for the period</b>		<b>–</b>	<b>–</b>	<b>1,784</b>	<b>538</b>	<b>–</b>	<b>(2,998)</b>	<b>(676)</b>	<b>(7,864)</b>	<b>(8,540)</b>
<b>Transactions with owners in their capacity as owners:</b>										
Contributions of equity, net of issue costs	11	1,458	(960)	–	–	(498)	–	–	83,848	83,848
Transfers between reserves and retained earnings		–	–	–	(169)	–	169	–	–	–
Security-based payments		–	–	–	–	831	–	831	(116)	715
Distributions paid and payable	3	–	–	–	–	–	(14,687)	(14,687)	(4,716)	(19,403)
Transaction with non-controlling interest		–	–	–	–	–	–	–	(886)	(886)
<b>Total equity at 31 December 2021</b>		<b>105,559</b>	<b>(4,588)</b>	<b>28,632</b>	<b>–</b>	<b>4,144</b>	<b>(15,701)</b>	<b>118,046</b>	<b>151,620</b>	<b>269,666</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 2022

	Consolidated Group 31 December 2022 \$'000	Consolidated Group 31 December 2021 \$'000	EIF Group 31 December 2022 \$'000	EIF Group 31 December 2021 \$'000
<b>Cash flows from operating activities</b>				
Receipts from customers	95,693	41,375	—	—
Payments to suppliers and employees	(76,968)	(43,488)	(8,426)	(4,911)
Interest received	572	170	6	—
Finance costs paid	(8,219)	(9,018)	(6,114)	(6,903)
Rental Receipts	—	—	13,147	11,058
Income tax paid	(793)	—	—	—
<b>Net cash flows from operating activities</b>	<b>10,285</b>	<b>(10,961)</b>	<b>(1,387)</b>	<b>(756)</b>
<b>Cash flows from investing activities</b>				
Financial assets (provided) / repaid	(340)	10,954	—	—
Payments for property, plant and equipment / investment properties	(23,939)	(5,460)	(23,903)	(1,977)
Loans to associates	(6,475)	(1,995)	(692)	52
Receipts for equity accounted investments	8,125	46,777	6,860	41,721
Payments for equity accounted investments	(8,732)	(27,150)	(8,732)	(27,150)
Payments for the business combination subsidiaries	—	(9,952)	—	(9,854)
Distributions received from equity accounted investments	11,724	5,502	11,724	5,502
Loans from Company	—	—	(2,778)	(4,507)
<b>Net cash flows from investing activities</b>	<b>(19,637)</b>	<b>18,676</b>	<b>(17,521)</b>	<b>3,787</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	47,478	51,690	47,558	70,931
Repayments of borrowings	(31,000)	(53,660)	(31,000)	(65,582)
Payments for lease liability	(1,002)	(925)	—	—
Proceeds from equity raisings	25,500	7,100	25,500	7,100
Costs associated with equity raisings	(669)	(1,898)	(669)	(1,898)
Distributions paid to security holders	(11,625)	(12,708)	(11,625)	(12,708)
<b>Net cash flows from financing activities</b>	<b>28,682</b>	<b>(10,401)</b>	<b>29,764</b>	<b>(2,157)</b>
Net increase / (decrease) in cash and cash equivalents	19,330	(2,686)	10,856	874
Cash and cash equivalents at the beginning of the period	27,774	20,771	9,008	1,954
<b>Cash at the end of the period</b>	<b>47,104</b>	<b>18,085</b>	<b>19,864</b>	<b>2,828</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 2022

### About this Report

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

<b>RESULTS</b>	<b>26</b>
1. Segment information	26
2. Revenue from operating activities	28
3. Distributions	28
4. Income tax	29
<b>OPERATING ASSETS</b>	<b>30</b>
5. Property, plant and equipment	30
6. Investment properties	34
7. Equity accounted investments	34
<b>FINANCE AND CAPITAL STRUCTURE</b>	<b>36</b>
8. Interest bearing liabilities	36
9. Derivative financial instruments	38
10. Other financial assets	39
11. Contributed equity	40
<b>OTHER INFORMATION</b>	<b>41</b>
12. Trade and other receivables	41
13. Payables and other liabilities	41
14. Related parties	42
15. Significant events	43
16. Events occurring after reporting date	44
17. Non-Parent disclosure	45



# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### About this report (continued)

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

### Statement of compliance

This interim financial report for the half year ended 31 December 2022 has been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The interim financial report does not include notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 30 June 2022 and the public announcements made by Elanor during the half year ended 31 December 2022, in accordance with the continuous disclosure requirements of *Corporations Act 2001*.

The accounting policies adopted in the preparation of the interim financial report are consistent with those of the previous financial year unless stated otherwise.

Comparative figures have been restated where appropriate to ensure consistency of presentation throughout the financial report.

### New accounting standards and interpretations

#### New and amended standards adopted by the Group

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

#### New standards, amendments and interpretations effective after 1 July 2022 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2022, and have not been adopted early in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Group.

### Rounding

The amounts in the consolidated financial statements have been rounded off to the nearest one thousand dollars, unless otherwise indicated, in accordance with *ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2022/519*.

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### About this report (continued)

#### Critical accounting judgements and key sources of estimation uncertainty

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

In preparing the consolidated financial statements for the half year ended 31 December 2022, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are consistent with those disclosed in the financial report of the previous financial year.

#### Basis of Consolidation

The consolidated Financial Statements of the Group incorporate the assets and liabilities of Elanor Investors Limited (the Parent) and all of its subsidiaries, including Elanor Investment Fund and its subsidiaries as at 31 December 2022. Elanor Investors Limited is the parent entity in relation to the stapling. The results and equity of Elanor Investment Fund (which is not directly owned by Elanor Investors Limited) have been treated and disclosed as a non-controlling interest. Whilst the results and equity of Elanor Investment Fund are disclosed as a non-controlling interest, the stapled securityholders of Elanor Investment Fund are the same as the stapled securityholders of Elanor Investors Limited.

These consolidated Financial Statements also include a separate column representing the consolidated Financial Statements of EIF Group, incorporating the assets and liabilities of Elanor Investment Fund and all of its subsidiaries, as at 31 December 2022.

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

##### Elanor Hotel Accommodation Fund (EHAF)

EHAF comprises stapled securities in Elanor Hotel Accommodation Fund (formerly known as Elanor Metro and Prime Regional Hotel Fund), Elanor Metro and Prime Regional Hotel Fund II (formerly known as Elanor Metro and Prime Regional Hotel Fund), Elanor Hotel Accommodation Fund III (formerly known as Elanor Hospitality and Accommodation Fund II), Elanor Hotel Accommodation Fund Limited (formerly known as Elanor Luxury Hotel Fund), Elanor Metro and Prime Regional Hotel Fund II (formerly known as EMPR II Management Pty Limited). The Group holds 30.90% (2022: 35.07%) of the equity in EHAF. The Group's ownership interest in EHAF gives the Group the same percentage of voting rights in EHAF. EHAF is an unregistered trust for which Elanor Funds Management Limited acts as the Manager of the asset and Trustee of the trust.

##### Elanor Wildlife Park Fund (EWPF)

EWPF comprises stapled securities in Elanor Wildlife Park Fund and Elanor Wildlife Park Pty Limited. The Group holds 42.82% (2022: 42.82%) of the equity in EWPF. The Group's 42.82% ownership interest in EWPF gives the Group the same percentage of voting rights in EWPF. EWPF is an unregistered trust for which Elanor Funds Management Limited acts as the Manager and Trustee of the trust.

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### About this report (continued)

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

##### Stirling Street Syndicate (Stirling)

The Group holds 42.98% (2022: 42.98%) of the equity in Stirling. The Group's ownership interest in Stirling gives the Group the same percentage of the voting rights in Stirling. Stirling is an unregistered trust for which Elanor Funds Management Limited acts as the Manager of the asset and Trustee of the trust.

##### Bluewater Square Syndicate (Bluewater)

The Group holds 42.27% (2022: 42.27%) of the equity in Bluewater. The Group's ownership interest in Bluewater gives the Group the same percentage of voting rights in Bluewater. Bluewater is an unregistered trust for which Elanor Funds Management Limited acts as the Manager of the asset and Trustee of the trust.

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

Based on the assessment above, at the current level of equity investment in EHAF, EWPF, Stirling and Bluewater and the Group's ability to direct the relevant activities of these entities based on the powers of the Trustee, the AASB 10 definition of control for these investments is met, and therefore each of these investments are consolidated into Elanor Investors Group Financial Statements.

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### Results

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

## 1. Segment information

### OVERVIEW

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

The main income statement items used by management to assess each of the divisions are divisional revenue and divisional EBITDA.

### BUSINESS SEGMENTS

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

#### Funds Management

The Funds Management division manages third party owned investment funds and syndicates. As at 31 December 2022, the Funds Management division has approximately \$2,874.0 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 1834 Hospitality, along with a co-investment in EHAF and EWPF. EHAF and EWPF are consolidated in the Financial Statements.

#### Retail

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

#### Commercial Office

Commercial Office originates and manages investment and funds management assets in the commercial office real estate sector. The current investment portfolio comprises co-investments in the Elanor Commercial Property Fund (ASX: ECF), Stirling and the Harris Street Fund. Stirling is consolidated in the Financial Statements.

#### Healthcare

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

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 1. Segment information (continued)

The table below shows the Group's segment results:

#### Consolidated Group – 31 December 2022

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

#### Consolidated Group – 31 December 2021

	Funds Management	Hotels, Tourism & Leisure	Retail	Commercial Office	Healthcare	Unallocated Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from trading activities	13,609	22,196	1,999	223	–	–	38,027
Share of profit of equity accounted investments	–	(10)	400	3,171	–	–	3,561
Operating expense	(3,767)	(15,102)	(3,131)	(4,552)	(195)	(11,266)	(38,013)
<b>Divisional EBITDA</b>	<b>9,842</b>	<b>7,084</b>	<b>(732)</b>	<b>(1,158)</b>	<b>(195)</b>	<b>(11,266)</b>	<b>3,575</b>
Depreciation and amortisation	(75)	(5,651)	(6)	–	–	(987)	(6,719)
<b>Divisional EBIT from continuing operations</b>	<b>9,767</b>	<b>1,433</b>	<b>(738)</b>	<b>(1,158)</b>	<b>(195)</b>	<b>(12,253)</b>	<b>(3,144)</b>
Fair value adjustment on revaluation of investment property and derivatives	–	(1,761)	(698)	(77)	–	(125)	(2,661)
Realised gain/(loss) on disposal of investment	1,361	(594)	–	153	–	–	920
Interest income	–	–	–	–	–	198	198
Amortisation of borrowing costs	–	–	–	–	–	(1,650)	(1,650)
Interest expense	–	–	–	–	–	(7,078)	(7,078)
Net tax benefit / (expense)	–	–	–	–	–	3,238	3,238
<b>Profit / (loss) for the period</b>	<b>11,128</b>	<b>(922)</b>	<b>(1,436)</b>	<b>(1,082)</b>	<b>(195)</b>	<b>(17,670)</b>	<b>(10,177)</b>
Total assets	28,154	337,473	55,978	35,357	–	195,357	652,319
Total liabilities	6,560	154,529	37,830	20,614	–	137,271	356,805

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 2. Revenue from operating activities

#### OVERVIEW

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

	Consolidated Group 31 December 2022 \$'000	Consolidated Group 31 December 2021 \$'000
Revenue from Hotels operations	45,037	19,405
Revenue from Funds Management activities	22,841	13,609
Revenue from Wildlife Parks operations	8,040	2,791
Amortisation of Contract Asset	(467)	–
<b>Total revenue from operating activities</b>	<b>75,451</b>	<b>35,805</b>

### 3. Distributions

#### OVERVIEW

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

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

#### ENN Group

	Distribution cents per stapled security 31 December 2022	Distribution cents per stapled security 31 December 2021	Total Amount 31 December 2022 \$'000	Total Amount 31 December 2021 \$'000
Interim distribution	7.51	9.05	9,261	11,037

The distribution will be paid on 28 February 2023. Please refer to the Director's report for the calculation of Core Earnings and the Distribution.

#### ACCOUNTING POLICY

Distributions are recognised as a liability when declared or at the record date (if earlier). Distributions paid and payable are recognised as distributions within equity. Distributions paid are included in cash flows from financing activities in the consolidated statement of cash flows.

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 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 2022 \$'000	Consolidated Group 31 December 2021 \$'000
Current tax expense	3,845	246
Deferred tax expense / (benefit)	(88)	(3,484)
<b>Income tax expense / (benefit)</b>	<b>3,757</b>	<b>(3,238)</b>

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

	Consolidated Group 31 December 2022 \$'000	Consolidated Group 31 December 2021 \$'000
(Loss)/profit before income tax expense	(4,005)	(13,415)
Less: profit from the Trust (which is not taxable)	6,541	12,402
Prima facie profit / (loss)	2,536	(1,013)
Tax at the Australian tax rate of 30%	761	(304)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Entertainment	31	34
Non-deductible depreciation and amortisation	1,256	786
Non-deductible expenses	45	(21)
Impact of consolidations	2	(612)
Non-assessable income	—	(3,674)
Other	1,662	553
<b>Income tax expense / (benefit)</b>	<b>3,757</b>	<b>(3,238)</b>

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### Operating Assets

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

## 5. Property, plant and equipment

### OVERVIEW

All owner-occupied investment properties held by the Group are deemed to be held for use by the Group for the supply of services, and are therefore classified as property, plant and equipment under Australian Accounting Standards. At balance date, the Group's owner-occupied investment property portfolio comprised 16 accommodation hotels and 3 wildlife parks in Australia.

### (a) Carrying value and movement in property, plant and equipment (including right-of-use asset)

The carrying amount of property, plant and equipment (including the right-of-use asset) at the beginning and end of the current period is set out below:

	Consolidated Group 31 December 2022 \$'000	Consolidated Group 30 June 2022 \$'000
Carrying amount at the beginning of the period	501,324	402,136
Business combinations	–	62,318
Additions	23,673	21,608
Impairment	–	(1,503)
Revaluation increments / (decrements)	10,522	17,747
Disposals	(58)	(982)
<b>Carrying amount at the end of the period</b>	<b>535,461</b>	<b>501,324</b>
Accumulated depreciation at the beginning of the period	(63,870)	(51,316)
Depreciation	(7,325)	(12,554)
<b>Accumulated depreciation at the end of the period</b>	<b>(71,195)</b>	<b>(63,870)</b>
<b>Total carrying value at the end of the period</b>	<b>464,266</b>	<b>437,454</b>



# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

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

#### (b) Carrying value of property, plant and equipment

The following table represents the total fair value of property, plant and equipment as at 31 December 2022:

Property	Valuation	Consolidated Group 31 December 2022 \$'000	Consolidated Group 30 June 2022 \$'000
Mayfair Hotel	Independent	88,500	87,000
Cradle Mountain Lodge	Internal	76,500	73,500
Byron Bay Hotel	Internal	34,500	34,500
Narrabundah Hotel	Internal	32,000	32,000
Featherdale Wildlife Park	Internal	31,000	30,100
Eaglehawk Hotel	Internal	21,001	21,000
Parklands Resort Mudgee	Internal	20,100	19,500
Hunter Valley Wildlife Park	Internal	17,800	17,500
Mogo Wildlife Park	Internal	16,500	18,600
Tamworth Hotel	Internal	16,450	–
Port Macquarie Hotel	Independent	15,500	15,000
Tall Trees Hotel	Internal	14,000	14,000
Wollongong Hotel	Internal	13,500	13,500
Clare Country Club	Internal	13,500	10,500
Adabco Boutique Hotel	Internal	13,000	13,000
Estate Tuscany Hotel	Internal	12,750	12,750
Barossa Weintal Hotel	Internal	11,000	7,500
Pavillion Wagga Wagga Hotel	Independent	7,750	7,500
Right-of-use asset		3,130	3,728
Albany Hotel	Internal	3,100	3,100
Other		2,685	3,176
<b>Total</b>		<b>464,266</b>	<b>437,454</b>

#### (c) Leases / right of use assets

This note provides information for leases where the group is a lessee.

#### Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	Consolidated Group 31 December 2022 \$'000	Consolidated Group 30 June 2022 \$'000
<b>Right-of-use assets</b>		
Office premise lease	3,130	3,728
<b>Total</b>	<b>3,130</b>	<b>3,728</b>
<b>Lease liabilities</b>		
Current	1,772	1,660
Non-current	2,843	3,758
<b>Total</b>	<b>4,615</b>	<b>5,418</b>

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

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

#### (d) Valuation technique and inputs

As at 31 December 2022, the Group obtained both independent valuations and internal valuations at balance date. Where independent valuations were not obtained, internal valuations were prepared using both the discounted cash flow and income capitalisation valuation methodologies. The property valuations were completed using detailed forecasts prepared by the Fund's asset management teams. The significant unobservable inputs associated with the valuation of the Group's property, plant and equipment are as follows:

#### 31 December 2022

	Discount Rate %	Terminal Yield %	Capitalisation Rate %	Average Daily Rate \$	Occupancy %
<b>Consolidated Group - Hotels</b>					
<b>Assets measured at fair value</b>					
Property, plant and equipment	7.5 - 10.75	6.00 - 9.25	5.75 - 11.00	135 - 540	55 - 81
<b>Consolidated Group - Wildlife Parks</b>					
<b>Assets measured at fair value</b>					
Property, plant and equipment	15.0 - 16.5	14.0 - 15.0	13.0 - 14.0		

#### 30 June 2022

	Discount Rate %	Terminal Yield %	Capitalisation Rate %	Average Daily Rate \$	Occupancy %
<b>Consolidated Group - Hotels</b>					
<b>Assets measured at fair value</b>					
Property, plant and equipment	7.5 - 10.75	6.50 - 9.25	6.50 - 11.00	122 - 523	39 - 77
<b>Consolidated Group - Wildlife Parks</b>					
<b>Assets measured at fair value</b>					
Property, plant and equipment	15.0 - 16.5	14.0 - 15.0	13.0 - 14.0		

Refer to the Group's Annual Financial Report for the year ended 30 June 2022 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 2022.

The hotel external valuations obtained indicated that their valuation reports are subject to material uncertainty. The valuations have been certified by the valuers as appropriate at the valuation date of 31 December 2022, 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 2022 has been incorporated in determining the fair value of the Group's property, plant and equipment, including relevant market information between 31 December 2022 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 2022.

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

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

#### (d) Valuation technique and inputs (continued)

##### Sensitivity Analysis

The following sensitivity analysis has been prepared to illustrate the exposure of the fair value of the property, plant and equipment balance at 31 December 2022 to changes in the key drivers most impacted by the current market uncertainty. Significant unobservable assumptions such as discount and capitalisation rates, average daily rate and occupancy (for the hotels only) may be impacted by market movement after 31 December 2022. While it is unlikely that the significant assumptions would move in isolation, these sensitivities have been performed independently to illustrate the impact each individual assumption has on fair value.

##### Sensitivity Analysis - Hotels

	Fair value measurement sensitivity			
	Increase by	Decrease by	Increase by	Decrease by
	0.50%	0.50%	0.50%	0.50%
	\$'000	\$'000	%	%
Discount rate (%)	(10,882)	10,475	(2.8)	2.7
Terminal yield (%)	(16,492)	13,293	(4.2)	3.4
Capitalisation rate (%)	(25,480)	28,924	(6.5)	7.4

	Fair value measurement sensitivity			
	Increase by	Decrease by	Increase by	Decrease by
	2.50%	2.50%	2.50%	2.50%
	\$'000	\$'000	%	%
Average daily rate (\$)	11,498	(14,700)	2.9	(3.7)
Occupancy (%)	10,103	(17,316)	2.6	(4.4)

##### Sensitivity Analysis – Wildlife Parks

	Fair value measurement sensitivity			
	Increase by	Decrease by	Increase by	Decrease by
	0.50%	0.50%	0.50%	0.50%
	\$'000	\$'000	%	%
Discount rate (%)	(800)	1,100	(1.2)	1.7
Terminal yield (%)	(1,100)	1,300	(1.7)	2.0
Capitalisation rate (%)	(2,500)	2,600	(0.8)	4.0

#### (e) Commitments

In December 2022, EHAF exchanged purchase agreements to acquire two additional hotels Wildes, Kangaroo Valley and Chateau Yering, Yarra Valley for \$12.0 million and \$18.8 million respectively (inclusive of deposits paid in December 2022). The acquisitions are expected to complete in late February 2023. As at 31 December EHAF has the commitment to purchase these hotels. Also, the Group has capital expenditure commitments related to EHAF, but not recognised as liabilities, as at 31 December of \$6.2 million (30 June 2022: \$5.9 million).

In December 2022, Elanor exchanged contracts for the acquisition of a conference facility, Country Place, on balance sheet. The acquisition is expected to complete for \$6.0 million in late February 2023.

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 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 2022 \$'000	Consolidated Group 30 June 2022 \$'000
Carrying amount at the beginning of the period	93,875	55,500
Additions from consolidation of Stirling	–	34,000
Additions	485	2,489
Revaluation (decrements) / increments	(485)	1,886
<b>Carrying amount at the end of the period</b>	<b>93,875</b>	<b>93,875</b>

The following table represents the total fair value of investment properties at 31 December 2022:

Property	Valuation	Consolidated Group 31 December 2022 \$'000	Consolidated Group 30 June 2022 \$'000
Bluewater Square	Internal	57,500	58,000
Stirling Street	Independent	34,500	34,000
Cougal Street	Internal	1,875	1,875
<b>Total</b>		<b>93,875</b>	<b>93,875</b>

As at 31 December 2022, the Directors assessed the fair value of the investment properties above, supported by independent or internal valuation reports. The investment properties are categorised as level 3 in the fair value hierarchy. There were no transfers between hierarchies during the period.

### 7. Equity accounted investments

#### OVERVIEW

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

The Group's equity accounted investments are as follows:

#### 31 December 2022

	Principal activity	Percentage Ownership	Consolidated Group 31 December 2022 \$'000
Elanor Commercial Property Fund (ASX: ECF)	Office Buildings	12.56%	45,711
Elanor Property Income Fund	Real Estate Properties	24.70%	18,509
Waverley Gardens Fund	Shopping Centre	15.00%	13,727
Elanor Healthcare Real Estate	Healthcare Properties	5.00%	8,552
Harris Street Fund	Office Building	7.21%	6,358
1834 Hospitality	Hotel Management	25.00%	2,986
Hunters Plaza Syndicate	Shopping Centre	5.87%	1,758
Belconnen Markets Syndicate	Shopping Centre	1.04%	450
<b>Total equity accounted investments</b>			<b>98,051</b>

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 7. Equity accounted investments (continued)

30 June 2022

	Principal activity	Percentage Ownership	Consolidated Group 30 June 2022 \$'000
Elanor Commercial Property Fund (ASX: ECF)	Office Buildings	12.56%	51,459
Elanor Property Income Fund	Shopping Centres	18.03%	27,725
Waverley Gardens Fund	Shopping Centre	15.00%	14,005
Harris Street Fund	Office Building	13.88%	12,305
1834 Hospitality	Hotel Management	25.00%	2,881
Hunters Plaza Syndicate	Shopping Centre	5.49%	1,688
Belconnen Markets Syndicate	Shopping Centre	1.04%	331
<b>Total equity accounted investments</b>			<b>110,394</b>

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

	Consolidated Group 31 December 2022 \$'000	Consolidated Group 30 June 2022 \$'000
Carrying amount at the beginning of the period	110,394	92,588
Consolidation of Elanor Wildlife Park Fund and Stirling Street Syndicate	–	(8,132)
Share of profit from equity accounted investments	277	10,050
Distributions received	(11,724)	(8,399)
Share of movement in reserves	56	68
Net investment in / (sale of) equity accounted investments	1,772	21,998
Realised gain on disposal of investments	107	1,482
(Impairment) / reversal of Impairment of equity accounted investments <sup>1</sup>	(2,831)	739
<b>Total carrying value at the end of the period</b>	<b>98,051</b>	<b>110,394</b>

<sup>1</sup> During the six months to 31 December 2022 Elanor's investment in Elanor Commercial Property Fund was impaired down to the Elanor's share of Elanor Commercial Property Fund's net tangible assets.

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 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 EHAF, EWPF, Stirling and Bluewater. The EHAF, EWPF, Stirling and Bluewater facilities are non-recourse.

	Consolidated Group 31 December 2022 \$'000	Consolidated Group 30 June 2022 \$'000
Corporate notes	64,000	64,000
Corporate notes - borrowing costs less amortisation	(1,675)	(1,796)
Bank loan - term debt	292,014	275,175
Bank loan - borrowing costs less amortisation	(1,030)	(1,544)
<b>Total non-current</b>	<b>353,309</b>	<b>335,835</b>
<b>Total interest bearing liabilities</b>	<b>353,309</b>	<b>335,835</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.

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 8. Interest bearing liabilities (continued)

#### CREDIT FACILITIES

As at 31 December 2022, the Group had unrestricted access to the following credit facilities:

	Consolidated Group 31 December 2022 \$'000	Consolidated Group 30 June 2022 \$'000
<b>ENN Group</b>		
Facility - ENN	65,000	65,000
Total amount used	(55,000)	(59,850)
<b>Total amount unused - ENN</b>	<b>10,000</b>	<b>5,150</b>
<b>EHAF Group</b>		
Facility - EHAF	196,140	165,000
Total amount used	(186,689)	(165,000)
<b>Total amount unused - EHAF</b>	<b>9,451</b>	<b>-</b>
<b>Bluewater</b>		
Facility - Bluewater	30,525	30,525
Total amount used	(30,525)	(30,525)
<b>Total amount unused - Bluewater</b>	<b>-</b>	<b>-</b>
<b>Stirling</b>		
Facility - Stirling	19,800	19,800
Total amount used	(19,800)	(19,800)
<b>Total amount unused - Stirling</b>	<b>-</b>	<b>-</b>
<b>Total amount unused - Consolidated Group</b>	<b>19,451</b>	<b>5,150</b>

The ENN Group has access to a \$65.0 million debt facility, with a maturity date of 31 July 2025. The drawn amount at 31 December 2022 was \$55.0 million and this facility was not hedged.

The EHAF Group has access to secured debt facilities of \$82.5 million, \$95.6 million and an \$18.0 million capex facility (from which both the EHAF hotel management companies and property trusts can draw) which will mature on 23 December 2024. The drawn amount at 31 December 2022 was \$186.7 million. The \$82.5 million secured debt facility was 100% hedged, the remaining debt facilities were not hedged as of 31 December 2022.

Bluewater has access to a \$30.5 million facility. The drawn amount at 31 December 2022 was \$30.5 million which will mature on 29 February 2024. As at 31 December 2022, the drawn amount was not hedged.

Stirling has access to a \$19.8 million facility. The drawn amount at 31 December 2022 was \$19.8 million which will mature on 28 February 2024. As at 31 December 2022, the drawn amount was not hedged.

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 8. Interest bearing liabilities (continued)

#### BORROWING COSTS

A breakdown of the borrowing costs included in the Group's Consolidated Statement of Profit or Loss is provided below:

	Consolidated Group 31 December 2022 \$'000	Consolidated Group 31 December 2021 \$'000
Interest expense	8,754	7,078
Amortisation of debt establishment costs	662	1,652
<b>Total borrowing costs</b>	<b>9,416</b>	<b>8,730</b>

### 9. Derivative financial instruments

#### OVERVIEW

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

	Consolidated Group 31 December 2022 \$'000	Consolidated Group 30 June 2022 \$'000
<b>Current assets / (liabilities)</b>		
Interest rate swaps	2,225	1,898
	<b>2,225</b>	<b>1,898</b>
<b>Non-current assets</b>		
Interest rate swaps	508	723
	<b>508</b>	<b>723</b>
<b>Total derivative financial instruments</b>	<b>2,733</b>	<b>2,621</b>



# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 10. Other financial assets

#### OVERVIEW

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

The Group's other financial assets as at 31 December 2022 are detailed below:

	Consolidated Group 31 December 2022 \$'000	Consolidated Group 30 June 2022 \$'000
Other financial assets and receivables	2,157	2,186
<b>Total other financial assets</b>	<b>2,157</b>	<b>2,186</b>

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 11. 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 2022

No. of securities/ shares	Details	Date of income entitlement	Total Equity 31 December 2022 \$'000	Parent Entity 31 December 2022 \$'000	EIF 31 December 2022 \$'000
121,915,824	Opening balance	1 Jul 2022	178,342	72,783	105,559
1,336,940	2023 STI Securities granted	15 Aug 2022	2,367	538	1,829
<b>123,252,764</b>	<b>Securities on issue</b>	<b>31 Dec 2022</b>	<b>180,709</b>	<b>73,321</b>	<b>107,388</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 2022 \$'000	Parent Entity 31 December 2022 \$'000	EIF 31 December 2022 \$'000
4,746,414	Opening balance	1 Jul 2022	6,768	1,682	5,086
1,336,940	2023 STI Securities granted	15 Aug 2022	2,367	538	1,829
(317,165)	2020 STI Securities vested	19 Aug 2022	(672)	(178)	(494)
(2,092,764)	2020 STI Securities vested	19 Aug 2022	(2,447)	(645)	(1,802)
<b>3,673,425</b>	<b>Treasury securities on issue</b>	<b>31 Dec 2022</b>	<b>6,016</b>	<b>1,397</b>	<b>4,619</b>

#### Contributed equity for the period ended 30 June 2022

No. of securities/ shares	Details	Date of income entitlement	Total Equity 30 June 2022 \$'000	Parent Entity 30 June 2022 \$'000	EIF 30 June 2022 \$'000
120,974,515	Opening balance	1 Jul 2021	176,406	72,305	104,101
941,309	2022 STI Securities granted	30 Sep 2021	1,936	478	1,458
<b>121,915,824</b>	<b>Securities on issue</b>	<b>30 Jun 2022</b>	<b>178,342</b>	<b>72,783</b>	<b>105,559</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 2022 \$'000	Parent Entity 30 June 2022 \$'000	EIF 30 June 2022 \$'000
3,805,105	Opening balance	1 Jul 2021	4,832	1,204	3,628
941,309	2022 STI Securities granted	30 Sep 2021	1,936	478	1,458
<b>4,746,414</b>	<b>Treasury securities on issue</b>	<b>30 Jun 2022</b>	<b>6,768</b>	<b>1,682</b>	<b>5,086</b>

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### Other Information

This section includes other information that must be disclosed to comply with the Accounting Standards, the *Corporations Act 2001* or the Corporations Regulations, but which are not considered critical in understanding the financial performance or position of the Group, including information about related parties, events after the end of the reporting period and certain EIF Group disclosures.

## 12. Trade and other receivables

### OVERVIEW

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

	Consolidated Group 31 December 2022 \$'000	Consolidated Group 30 June 2022 \$'000
<b>Current</b>		
Trade receivables	14,419	16,978
Other receivables	7,556	1,977
Provision for expected credit loss	(1,468)	(1,302)
<b>Total trade and other receivables</b>	<b>20,507</b>	<b>17,653</b>

## 13. Payables and other liabilities

### OVERVIEW

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

### Payables

	Consolidated Group 31 December 2022 \$'000	Consolidated Group 30 June 2022 \$'000
Trade creditors	4,882	5,107
Accrued expenses	6,926	7,581
GST payable	1,922	2,880
<b>Total payables</b>	<b>13,730</b>	<b>15,569</b>

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 13. Payables and other liabilities (continued)

#### Other liabilities

	Consolidated Group 31 December 2022 \$'000	Consolidated Group 30 June 2022 \$'000
Distribution payable	9,261	5,397
Distribution payable by consolidated Funds	2,188	4,418
Other liabilities	259	10
<b>Total other current liabilities</b>	<b>11,708</b>	<b>9,825</b>

The other liabilities include a payable to an investor of a Group managed fund.

### 14. Related parties

#### OVERVIEW

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

#### Elanor Investors Group

##### Responsible Entity fees

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

In accordance with the Constitution of Elanor Investment Fund (EIF), EFML is entitled to receive a management fee equal to its reasonable costs in providing its services as Responsible Entity for which it is not otherwise reimbursed. For the half year ended 31 December 2022, this amount is \$65,000 (31 December 2021: \$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 2022 was nil (31 December 2021: nil).

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

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 14. Related parties (continued)

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

	Consolidated Group 31 December 2022 \$	Consolidated Group 31 December 2021 \$
Riverside Plaza Syndicate	6,078,220	483,886
Elanor Healthcare Real Estate Fund	2,778,842	2,284,073
Elanor Commercial Property Fund	2,473,953	2,820,580
Elanor Property Income Fund	2,420,866	1,970,836
Riverton Forum Fund	1,731,250	–
Tweed Mall Fund	1,492,064	–
Warrawong Plaza Syndicate	1,470,856	3,351,183
Harris Street Syndicate	1,021,105	–
Clifford Gardens Fund	997,132	769,601
Waverley Gardens Fund	627,425	466,749
Belconnen Markets Syndicate	575,102	461,789
Fairfield Centre Syndicate	556,247	416,315
Hunters Plaza Syndicate	324,412	353,734
Burke Street Fund	293,881	230,024
<b>Total</b>	<b>22,841,355</b>	<b>13,608,770</b>

### Other related party transactions

On 16 December 2022, the Group sold 5,714,286 units of its holding in the unlisted Harris Street Fund to Elanor Property Income Fund (EPIF) on an arms-length basis. As EPIF is managed by Elanor Asset Services Pty Limited (a wholly owned subsidiary of the Group), it is considered to be a related party. As part of the transaction, the Group entered into a put option agreement with EPIF, such that EPIF has the option to put the Harris Street Fund units back to the Group with a 30 day notice period based on the market value of the Harris Street units at the time the put option will be exercised.

### 15. Significant events

#### Elanor Property Income Fund

The privatisation of the Elanor Retail Property Fund (ASX: ERF) was completed in November 2022. The privatisation and delisting incorporated the syndication of the fund's Tweed Mall property to Elanor's wholesale private capital partners, a security buy-back offer and the delisting of ERF to become the Elanor Property Income Fund (EPIF). EPIF is an open-ended, multi-sector, property fund generating reliable income from a portfolio of high investment quality real estate assets.

#### Elanor Healthcare Real Estate Fund

The recapitalisation of the \$289.0 million Elanor Healthcare Real Estate Fund was completed in December 2022 resulting in a full return of capital to investors and the realisation of a \$1.2 million performance fee to Elanor.

#### Riverside Plaza Fund

The repositioning and refinancing of Riverside Plaza in December 2022 resulting in a valuation uplift of \$49.0 million, a return of capital to investors of \$21.7 million and the realisation of a \$5.2 million performance fee to Elanor.

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### **16. Events occurring after reporting date**

Subsequent to 31 December 2022, an interim distribution of 7.51 cents per stapled security has been declared by the Board of Directors. The interim distribution amount of \$9.3 million will be paid on 28 February 2023 in respect of the half year ended 31 December 2022.

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 2022.

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 17. Non-Parent disclosure

#### OVERVIEW

This note provides information relating to the non-parent EIF Group only. The accounting policies are consistent with the Group, except as otherwise disclosed.

#### Segment information

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

#### Distributions

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

	Distribution cents per stapled security 31 December 2022	Distribution cents per stapled security 31 December 2021	Total Amount 31 December 2022 \$'000	Total Amount 31 December 2021 \$'000
Interim distribution	7.51	9.05	9,261	11,037

The distribution will be paid on 28 February 2023. Please refer to the Director's report for the calculation of Core Earnings and the Distribution.

#### Taxation of the Trust

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

#### Investment Properties

##### Movement in investment properties

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

	EIF Group 31 December 2022 \$'000	EIF Group 30 June 2022 \$'000
Carrying amount at the beginning of the period	498,382	384,825
Additions from consolidation of Elanor Wildlife Park Fund	–	44,446
Additions from consolidation of Stirling	–	34,000
Additions	23,903	16,073
Revaluation (decrements) / increments	10,749	19,038
Disposals	(631)	–
<b>Carrying amount at the end of the period</b>	<b>532,403</b>	<b>498,382</b>

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

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

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

#### Equity accounted investments

The Trust's equity accounted investments are as follows:

#### 31 December 2022

	Principal activity	Percentage Ownership	EIF Group 31 December 2022 \$'000
Elanor Commercial Property Fund (ASX: ECF)	Office Buildings	12.56%	45,711
Elanor Property Income Fund	Real Estate Properties	24.70%	18,509
Waverley Gardens Fund	Shopping Centre	15.00%	13,727
Elanor Healthcare Real Estate	Healthcare properties	5.00%	8,552
Harris Street Fund	Office Building	7.21%	6,358
Hunters Plaza Syndicate	Shopping Centre	5.87%	1,758
<b>Total equity accounted investments</b>			<b>94,615</b>

#### 30 June 2022

	Principal activity	Percentage Ownership	EIF Group 30 June 2022 \$'000
Elanor Commercial Property Fund (ASX: ECF)	Office Buildings	12.56%	51,459
Elanor Property Income Fund	Shopping Centres	18.03%	27,725
Waverley Gardens Fund	Shopping Centre	15.00%	14,005
Harris Street Fund	Office Building	13.88%	12,305
Hunters Plaza Syndicate	Shopping Centre	5.49%	1,688
<b>Total equity accounted investments</b>			<b>107,182</b>

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

	EIF Group 31 December 2022 \$'000	EIF Group 30 June 2022 \$'000
Carrying amount at the beginning of the period	107,182	88,647
Consolidation of Elanor Wildlife Park Fund and Stirling Street Syndicate	–	(6,794)
Share of profit from equity accounted investments	53	9,871
Distributions received	(11,724)	(8,399)
Share of movement in reserves	56	68
Net investment in / (sale of) equity accounted investments	1,772	22,307
Realised gain on disposal of investments	107	1,482
Impairment of equity accounted investments <sup>1</sup>	(2,831)	–
<b>Total carrying value at the end of the period</b>	<b>94,615</b>	<b>107,182</b>

<sup>1</sup> During the six months to 31 December 2022 Elanor's investment in Elanor Commercial Property Fund was impaired down to the Elanor's share of Elanor Commercial Property Fund's net tangible assets.



# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

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

#### Interest bearing liabilities

	EIF Group 31 December 2022 \$'000	EIF Group 30 June 2022 \$'000
<b>Current</b>		
Loan from the company	9,282	16,302
<b>Total current</b>	<b>9,282</b>	<b>16,302</b>
<b>Non-current</b>		
Corporate notes	19,591	19,591
Corporate notes - borrowing costs less amortisation	(445)	(445)
Bank loan - term debt	274,614	257,775
Bank loan - borrowing costs less amortisation	(1,361)	(1,529)
Loan from the company	40,344	43,950
<b>Total non-current</b>	<b>332,743</b>	<b>319,342</b>
<b>Total interest bearing liabilities</b>	<b>342,025</b>	<b>335,644</b>

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 2022, the outstanding payable to the Company was \$40.3 million (2022: \$44.0 million).

#### Corporate Notes

On 24 November 2019, the EWPF issued \$25.0 million 7.2% secured 5-year fixed rate notes, of which \$19.6 million is held on the EIF Group side of the Group's stapled structure. The \$25.0 million secured fix rate notes are due for repayment on 29 November 2024. The secured notes include Loan to Value Ratio and Interest Cover Covenants. The EWPF is currently meeting all of its covenants.

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

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

#### Credit facilities

As at 31 December 2022, the EIF Group had unrestricted access to the following credit facilities:

	EIF Group 31 December 2022 \$'000	EIF Group 30 June 2022 \$'000
<b>ENN Group</b>		
Facility - ENN	65,000	65,000
Total amount used	(55,000)	(59,850)
<b>Total amount unused - ENN</b>	<b>10,000</b>	<b>5,150</b>
<b>EHAF Group</b>		
Facility - EHAF	196,140	165,000
Total amount used	(186,689)	(165,000)
<b>Total amount unused - EHAF</b>	<b>9,451</b>	<b>–</b>
<b>Bluewater</b>		
Facility - Bluewater	30,525	30,525
Total amount used	(30,525)	(30,525)
<b>Total amount unused - Bluewater</b>	<b>–</b>	<b>–</b>
<b>Stirling</b>		
Facility - Stirling	19,800	19,800
Total amount used	(19,800)	(19,800)
<b>Total amount unused - Stirling</b>	<b>–</b>	<b>–</b>
<b>Total amount unused - EIF Group</b>	<b>19,451</b>	<b>5,150</b>

The ENN Group has access to a \$65.0 million debt facility, with a maturity date of 31 July 2025. The drawn amount at 31 December 2022 was \$55.0 million and this facility was not hedged.

The EHAF Group has access to secured debt facilities of \$82.5 million, \$95.6 million and an \$18.0 million capex facility (from which both the EHAF hotel management companies and property trusts can draw) which will mature on 23 December 2024. The drawn amount at 31 December 2022 was \$186.7 million. The \$82.5 million secured debt facility was 100% hedged, the remaining debt facilities were not hedged as at 31 December 2022.

Bluewater has access to a \$30.5 million facility. The drawn amount at 31 December 2022 was \$30.5 million which will mature on 29 February 2024. As at 31 December 2022, the drawn amount was not hedged.

Stirling has access to a \$19.8 million facility. The drawn amount at 31 December 2022 was \$19.8 million which will mature on 28 February 2024. As at 31 December 2022, the drawn amount was not hedged.

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

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

#### Borrowing costs

A breakdown of borrowing costs included in the EIF Group's Consolidated Statement of Profit or Loss is provided below:

	EIF Group 31 December 2022 \$'000	EIF Group 31 December 2021 \$'000
Interest expense	7,465	5,484
Amortisation of debt establishment costs	406	1,308
<b>Total borrowing costs</b>	<b>7,871</b>	<b>6,792</b>

#### Other financial assets and liabilities

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

#### Trade and Other Receivables

	EIF Group 31 December 2022 \$'000	EIF Group 30 June 2022 \$'000
Trade receivables	42,509	46,394
Other receivables	765	1,134
GST receivable	167	–
<b>Total trade and other receivables</b>	<b>43,441</b>	<b>47,528</b>

Trade receivables consists primarily of intercompany receivables between the landowning trusts of the Group's consolidated hotels and wildlife parks (which are held on the EIF Group side of the Group's stapled structure), and their respective operating entities (which are held on the EIL side of the Group's stapled structure). These intercompany receivables balances are eliminated upon consolidation into ENN Group balance sheet.

# ELANOR INVESTORS GROUP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

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

#### Payables

	EIF Group 31 December 2022 \$'000	EIF Group 30 June 2022 \$'000
Trade creditors	2,651	5,022
Accrued expenses	2,067	2,018
GST payable	–	309
<b>Total payables</b>	<b>4,718</b>	<b>7,349</b>

#### Other expenses

A breakdown of other expenses included in the EIF Group's Consolidated Statement of Profit or Loss is provided below:

	EIF Group 31 December 2022 \$'000	EIF Group 31 December 2021 \$'000
General expenses	1,334	1,021
Loan forgiveness expense	–	11,638
<b>Total other expenses</b>	<b>1,334</b>	<b>12,659</b>

# ELANOR INVESTORS GROUP

## DIRECTORS' DECLARATION TO STAPLED SECURITYHOLDERS

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

- a) the financial statements and notes set out on pages 15 to 50 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 2022 and of their performance, for the financial period ended on that date; and
- b) there are reasonable grounds to believe that the Group and EIF will be able to pay their debts as and when they become due and payable.

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



Glenn Willis  
CEO and Managing Director

Sydney  
24 February 2023



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

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

### **Conclusion**

We have reviewed the half-year financial reports of:

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

which comprise the consolidated statements of financial position as at 31 December 2022, the consolidated statements of profit or loss, consolidated statements of comprehensive income, 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 to the stapled security holders.

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

1. giving a true and fair view of the Consolidated Group's and EIF Group's financial position as at 31 December 2022 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 reports* 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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757  
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001  
T: +61 2 8266 0000, F: +61 2 8266 9999  
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124  
T: +61 2 9659 2476, F: +61 2 8266 9999

Liability limited by a scheme approved under Professional Standards Legislation.



### ***Responsibilities of the directors for the half-year financial reports***

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

### ***Auditor's responsibilities for the review of the half-year financial reports***

Our responsibility is to express a conclusion on the half-year financial reports based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial reports are not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Group's and EIF Group's financial position as at 31 December 2022 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.

A stylized signature of PricewaterhouseCoopers in cursive script.

PricewaterhouseCoopers

A stylized signature of N R McConnell in cursive script.

N R McConnell  
Partner

Sydney  
24 February 2023